WAKE COUNTY, NC 269
LAURA M RIDDICK
REGISTER OF DEEDS
PRESENTED & RECORDED ON
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Prepared by & Return to:
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Ellis & Winters LLP
Post Office Box 33550
Raleigh, NC 27636

DECLARATION

OF

COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

RICHLAND HILLS

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR RICHLAND HILLS (the "Declaration") is made on the date hereinafter set forth by Richland Hills Associates, LLC, a North Carolina limited liability company, hereinafter referred to as "Declarant."

WITNESSETH:

WHEREAS, Declarant is the owner of certain real property located in Franklin County, North Carolina, which is more particularly described as follows:

> ALL that property shown on the plat entitled "Richland Hills, Phase 1A" and recorded in Map Book 2003, Page 23, in the Office of the Register of Deeds of Franklin County and in Map Book 2003, Page 128, in the Office of the Register of Deeds of Wake County, North Carolina; SAVE AND EXCEPT therefrom any portions thereof dedicated to public use on such plat.

WHEREAS, it is the intent of the Declarant to cause the above-described property to be subjected to this Declaration of Covenants, Conditions and Restrictions.

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, which are for the purpose of protecting the value and desirability of, and which shall run with, such real property and be binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I

DEFINITIONS

SECTION 1. ADDITIONAL COVENANTS. "Additional Covenants" shall mean and refer to any covenants, conditions or restrictions now or hereafter recorded and imposed on portions of the Properties by or with the consent and joinder of the Declarant, and shall include any instrument recorded pursuant to Article IX, Section 4(b).

SECTION 2. AFFILIATE. "Affiliate" shall mean: (i) any corporation at least fifty percent (50%) of the voting stock of which is owned or controlled by the Declarant, and any partnership, joint venture or limited liability company in which the Declarant has at least a fifty percent (50%) equity interest or an interest in at least fifty percent (50%) of the cash flow from such partnership, joint venture or company; or (ii) any person or entity owning or controlling at least a fifty percent (50%) equity interest in Declarant or an interest in at least fifty percent (50%) of the cash flow from Declarant.

SECTION 3. APPROPRIATE LOCAL GOVERNMENTAL AUTHORITY. "Appropriate Local Governmental Authority" shall mean and refer to the Wake County, North Carolina, Franklin County, North Carolina, the Town of Wake Forest, North Carolina, or such other local governmental authority having jurisdiction or authority over the property or matters at issue.

SECTION 4. APPROPRIATE REGISTRY. "Appropriate Registry" shall mean and refer to the Office of the Register of Deeds in the County or Counties in which the property affected by any instrument to be recorded is located. The Master Plan currently shows properties located in Wake County, North Carolina and Franklin County, North Carolina. If an instrument to be recorded affects or potentially affects property in more than one County, such as this Declaration and any amendments hereto, the Appropriate Registry for the recording of such instrument would be the Office of the Register of Deeds in each such Counties. If an instrument to be recorded affects or potentially affects only property located in one County, such as Additional Covenants annexing property located in only one County, the Appropriate Registry for the recording of such instrument would be the Office of the Register of Deeds in the County in which such property is located.

SECTION 5. ASSOCIATION. "Association" shall mean and refer to Richland Hills Homeowners Association, Inc., its successors and assigns.

SECTION 6. BUILDER. "Builder" shall mean and refer to any person or entity acquiring one or more unimproved Lots from Declarant or an Affiliate for the express purpose of constructing a dwelling on the Lot and selling the improved Lot.

SECTION 7. COMMON ELEMENTS OR COMMON AREA. "Common Elements" or "Common Area" shall mean all real property owned by the Association (whether owned in fee or by way of license or easement) or leased by the Association, other than a Lot. The term "Common Elements" shall also include any personal property owned or leased by the Association and designated "Common Elements."

SECTION 8. DECLARANT. "Declarant" shall mean and refer to Richland Hills Associates, LLC, as well as its successors and assigns pursuant to an express assignment or conveyance of any special declarant rights hereunder to such successor or assign, all of which rights, including Declarant's voting, easement and development rights, shall be assignable and may be apportioned on a lot-by-lot basis.

SECTION 9. DEVELOPMENT DOCUMENTATION. "Development Documentation" shall mean and refer this Declaration, the Articles of Incorporation and Bylaws of the Association and any rules and regulations now or hereafter duly adopted by the Association pursuant to the terms such instruments, as the same may be now or hereafter supplemented or amended according to the terms of such instruments.

SECTION 10. DECLARANT'S DEVELOPMENT PERIOD. "Declarant's Development Period" shall mean and refer to the period of time commencing on the date this Declaration is recorded in the Wake County Registry, and continuing until the later of: (i) one (1) year after Declarant or any Affiliate shall cease to own any portion of the Properties; or (ii) for so long as Declarant or any Affiliate have the right to annex Additional Property pursuant to Article IX, Section 4(b).

SECTION 11. FHA. "FHA" shall mean and refer to the Federal Housing Administration of the Department of Housing and Urban Development.

SECTION 12. LOT. "Lot" shall mean and refer to any separately numbered portion of the Properties shown upon any now or subsequently recorded subdivision plat of the Properties intended for use or used as a site for a single-family attached or detached dwelling, patio (zero lot line) home, townhome or condominium unit, and shall include any improvements constructed thereon and "Lots" shall refer to all such lots collectively. Declarant hereby reserves the right to reconfigure, from time to time and without the consent of any other Owner or the Member of the Association, the boundaries of any Lot or Lots owned by Declarant or an Affiliate, as the case may be, and to thereby create additional Lots, eliminate existing Lots or create additional Common Elements; provided, however, in no event shall the Properties contain a greater number of Lots than the number from time to time permitted by the Appropriate Local Governmental Authority. If Declarant elects to exercise its right to revise the boundaries of one or more Lots owned by it, it shall record a revised plat of the affected Lot or Lots. Upon the recording of such a revised plat, each lot shown on the previously recorded plat or plats, the boundaries of which are revised by the revised plat, shall cease to be a "Lot" as defined in this Declaration and each newly configured lot shown on the revised plat shall be a "Lot" as defined in this Declaration.

SECTION 13. MASTER PLAN. "Master Plan" shall mean and refer to the plan(s) for the Properties and the Additional Property now or hereafter approved by the Appropriate Local Governmental Authority, as such plan(s) may be from time to time amended and approved.

SECTION 14. MEMBER. "Member" shall mean and refer to every person or entity who holds membership with voting rights in the Association.

SECTION 15. OWNER. "Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

SECTION 16. PERIOD OF DECLARANT CONTROL. "Period of Declarant Control" shall mean and refer to the period of time commencing on the date this Declaration is recorded in the Wake County Registry, and continuing until the earlier of: (i) fifteen (15) years from the date this Declaration is recorded in the Wake County Registry; or (ii) such time as Declarant, together with all Affiliates, shall cease to own and/or have the contract right to purchase the property on which are located at least twenty-five percent (25%) of the "Master Plan Lots," as hereinafter defined; provided, however, if after the expiration of such period of time, the Master Plan is amended to add additional Master Plan Lots and Declarant, together with all Affiliates, shall own and/or have the contract right to purchase the property on which are located more than twenty-five percent (25%) of the Master Plan Lots, such period of time shall be reinstated and shall continue until the earlier of: (i) fifteen (15) years from the date this Declaration is recorded in the Wake County Registry; or (ii) such time as Declarant, together with all Affiliates, shall cease to own and/or have the contract right to purchase the property on which are located at least twenty-five percent (25%) of the Master Plan Lots. As used herein the "Master Plan Lots" shall mean and collectively refer to all of the separately identified portions of the Properties shown on the Master Plan, as the same from time-to-time may be amended and approved by the Appropriate Local Governmental Authority, as intended for use or used as a lot for a single-family attached or detached dwelling, patio (zero lot line) home, townhome or condominium unit, and shall include any improvements constructed thereon.

SECTION 17. PROPERTIES. "Properties" shall mean and refer to the certain real property located in Franklin County, North Carolina, which is more particularly described as follows:

> ALL that property shown on the plat entitled "Richland Hills, Phase 1A" and recorded in Plat Book 2003, Page 23, in the Office of the Register of Deeds of Franklin County, North Carolina, and recorded in Map Book 2003, Page 128, in the Office of the Register of Deeds, Wake County, North Carolina; SAVE AND EXCEPT therefrom any portions thereof dedicated to public use on such plat;

together with such additions thereto as may hereafter be subjected to this Declaration pursuant to the provisions of Article IX, Section 4.

SECTION 18. SECONDARY ASSOCIATION. "Secondary Association" shall mean and refer to any homeowners association other than the Association, including, without limitation, any townhome owners association or any condominium owners association, formed pursuant to Additional Covenants, imposed by Declarant on portions of the Properties for the purpose of providing for the further administration, protection, maintenance and control of the Lots subject to such Additional Covenants and any related property to be maintained for the benefit of the Owners of such Lots.

SECTION 19. VA. "VA" shall mean and refer to the Department of Veterans Affairs.

ARTICLE II

PROPERTY RIGHTS

SECTION 1. COMMON ELEMENTS. The Common Elements to be owned by the Association at the time of the conveyance of the first Lot is described as follows:

Declarant reserves the right, in its sole discretion, to convey or cause to be conveyed from time to time and without the consent of the Association or its Members, additional property to the Association, whether in fee or an easement or license, which property may include any portions of the Properties, including any portions of the Additional Property annexed by Declarant pursuant to Article IX, Section 4 hereof, and the Association shall accept any such conveyance of additional property and thereafter such additional property shall be held and maintained by the Association as Common Elements. In addition, any Secondary Association, with the consent of Declarant during Declarant's Development Period, as hereinafter defined, and the consent of the Association, in the discretion of its Executive Board, may convey additional property to the Association. The Association shall accept any such conveyance of property and thereafter such property shall be held and maintained by the Association as Common Elements. Declarant may construct or cause to be constructed **(BUT SHALL NOT BE OBLIGATED TO CONSTRUCT)** on the any portion of the Common Elements certain improvements, which may include, but shall not be limited to, signs and entryways announcing Richland Hills or any residential community which is a part of Richland Hills, fencing, landscaping and lighting and irrigation systems surrounding same, retention or detention ponds, erosion control devices, greenways, roadways, walking/nature paths and parks. In addition, Declarant may construct or cause to be constructed **(BUT SHALL NOT BE OBLIGATED TO CONSTRUCT)** a swimming pool, club house and related walkways, driveways, parking and other facilities on portions of the Common Elements. Except as otherwise provided in Section 47F-3-113 of the Planned Community Act, the Association shall be required to promptly repair and replace any portion of any Common Elements for which the Association is required to maintain casualty insurance pursuant to the Bylaws of the Association which is damaged or destroyed.

The Association also may acquire additional real property with the consent of the Members of the Association entitled to cast at least two-thirds (2/3) of the votes of each class of Members of the Association, who are voting, in person or by proxy, at a meeting duly called for such purpose; provided, however, during Declarant's Development Period no such action shall be effective without Declarant's consent and approval. For such a conveyance to be effective, the deed or instrument conveying to the Association additional real property must: (1) be executed on behalf of the Association by its duly authorized officers; (2) contain an attestation by the officers executing the instrument on behalf of the Association that the requisite owner and Declarant approvals have been obtained and is evidenced by written acknowledgments signed by the owners approving the amendment and if required, Declarant, and that such acknowledgments are made a part of the minute book of the Association; and (3) be properly recorded in the Appropriate Registry.

During Declarant's Development Period, Declarant, any Affiliate, and with the consent of Declarant, any Builder shall have the right to require the exclusive of use all or certain designated portions of any clubhouse located on the Common Elements for use as a sales office for the purposes of carrying on business related to the development, improvement and sale of any portion of the Properties or the Additional Property. Any such person or entity requiring the exclusive use of all or certain portions of the clubhouse for such purposes shall pay to the Association a portion relative to such use of the costs to the Association to maintain, repair and insure the clubhouse. In addition, during Declarant's Development Period, Declarant, any Affiliate, and with the consent of Declarant, any Builder shall have the right to require the exclusive (or, at the discretion of such person or entity, non-exclusive) use of all or certain portions of the swimming pool and any other recreational amenity now or hereafter constructed or established within the Common Elements, for events promoting the sale of Lots or homes in Richland Hills for periods not to exceed twenty-four (24) hours. Declarant shall post notice of any such exclusive promotional event in the clubhouse at least twenty-four hours prior to the event.

Pursuant to rules and regulations from time to time promulgated by the Association, upon request and after such notice as the rules and regulations may require, the Association, in the sole discretion of the Association's Executive Board or its designee, may allow a Member of the Association exclusive use of all or certain portions of the Common Elements, including any swimming pool, clubhouse and any other recreational amenity now or hereafter constructed or established within the Common Elements for private events for periods not to exceed twenty-four (24) hours. Such rules and regulations may require that fees and/or deposits be paid to the Association in connection with such exclusive private use. Any damage to the Common Elements or any improvements located thereon during any such private event and any liability incurred by the Association as a result thereof not covered by insurance maintained by the Association (including any deductible) shall be the personal obligation of the Member or Members (joint and several) reserving the Common Elements and if not paid within thirty (30) days of written demand therefor shall be a lien upon the Lot or Lots of such Member or Members in accordance with the terms of Article IV, Sections 1 and 9 hereof.

SECTION 2. OWNERS' EASEMENTS. Every Owner shall have a right and easement of enjoyment in and to the Common Elements, which shall be appurtenant to and shall pass with the title to every Lot. Each Owner also shall have a non-exclusive easement for egress and ingress over the Common Elements to the extent necessary to provide access to a Lot and for utilities serving that Lot. The right of access for necessary ingress and egress to the Lot and utility services cannot be suspended by the Executive Board of the Association for violation of this Declaration or non-payment of assessments. The Owners' easement rights are subject to the following limitations:

(a) easements, conditions and restrictions of record encumbering the Common Elements at the time of conveyance to the Association and the easements herein reserved by Declarant or created in favor of Declarant or the Association, including, without limitation the easements set forth in Article VII hereof;

(b) the right of the Association to permit the use of and to charge reasonable admission and other fees for special or extraordinary uses of the Common Elements;

(c) the right of the Association, acting through the Executive Board without Member, mortgagee or agency approvals, to suspend the right of any Member, and the rights of such Member's household, tenants, guests and invitees to use recreational facilities or other Common Elements (to the extent that access and utility service are not impaired) for a period not to exceed 60 days, unless such rights are suspended for failure to pay assessments, in which case such rights may be suspended until the assessments are fully paid;

(d) the right of the Association, acting through the Executive Board without Member, mortgagee or agency approvals, to dedicate or transfer non-exclusive easements on, over and upon all or any part of the Common Elements which are not inconsistent with and do not unreasonably interfere with the intended use of the Common Elements and otherwise for such purposes and subject to such conditions as may be agreed to by the Association's Executive Board; provided, however, no such dedication or transfer shall be effective unless an instrument executed on behalf of the Association by its duly authorized officers, agreeing to such dedication or transfer, has been recorded in the Appropriate Registry;

(e) the right of the Association, pursuant to Section 47F-3-112 of the Planned Community Act and with the consent of the Members entitled to cast at least eighty percent (80%) of the votes of each Class of Members of the Association, to dedicate or transfer fee title to all or any part of the Common Elements for such purposes and subject to such conditions as may be agreed to by the Members consenting to such dedication or transfer; provided, however, during Declarant's Development Period, Declarant must also consent to such action and, further provided that no such dedication or transfer shall interfere with or obstruct utility service to, or ingress, egress and regress to or from, the Lots or any remaining Common Elements or cause any Lot or any remaining Common Elements to fail to comply with applicable laws, regulations or ordinances;

(f) the right of the Association, acting through the Executive Board without Member, mortgagee or agency approvals, to impose rules and regulations for the use and enjoyment of the Common Elements and improvements thereon, which regulations may further restrict the use of the Common Elements, and specifically including the right to establish rules and regulations concerning parking and vehicular traffic flow on and along the streets and roadways, whether public or private, within or abutting the Properties, which rules and regulations may restrict or prohibit on-street parking and may be enforced by towing at the expense of the vehicle's owner, by reasonable fine levied against the vehicle's owner and/or any Owner of a Lot to which such violation reasonably may be attributed, or by any other reasonable method of enforcement established by the Association's Executive Board;

(g) the right of the Association, with the consent of the Members entitled to cast at least eighty percent (80%) of the votes of each Class of the Members of the Association, to mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred (any such mortgage shall be effective if it is executed on behalf of the Association by its duly authorized officers and recites that the requisite consent of Members has been obtained and documented in the Minute Book of the Association); provided, however, during Declarant's Development Period, Declarant must also consent to such action and further provided that no such mortgage, encumbrance or hypothecation or foreclosure of the lien thereby created shall interfere with or obstruct utility service to, or ingress, egress and regress to or from, the Lots or any remaining Common Elements or cause any Lot or any remaining Common Elements to fail to comply with applicable laws, regulations or ordinances; and further provided that a lender's rights, in the event of default upon any mortgage or deed of trust on the Common Elements, are limited to, after taking possession of such Common Elements, charging reasonable admission and other fees as a condition of continued enjoyment by Members, and, if necessary, to a wider range of users and, upon satisfaction of the mortgage or deed of trust, such Common Elements are returned to the Association with full restoration of Member's rights; and

(h) the right of the Association, acting through the Executive Board without Member, mortgagee or agency approvals, consistent with applicable zoning and subdivision ordinances, to convey to Declarant or any Affiliate, Builder or Secondary Association portions of the Common Elements for the purpose of correcting unintentional conveyances of Common Elements, eliminating unintentional encroachments of dwellings or other improvements onto portions of the Common Elements or exchanging portions of the Common Elements for other portions of the Properties; provided, however, no such conveyance shall interfere with or obstruct utility service to, or ingress, egress and regress to or from, the Lots or any remaining Common Elements or cause any Lot or any remaining Common Elements to fail to comply with applicable laws, regulations or ordinances; and provided further that no such conveyance shall reduce total open space area below applicable zoning requirements, materially affect development plans on file with FHA or VA, if FHA-insured or VA-guaranteed loans have been obtained secured by Lots, and further provided that all Lots previously adjacent to the Common Elements remain so located, unless the Owners of the Lots approve the transfer.

<u>SECTION 3. DELEGATION OF USE</u>. Any Owner may delegate, in accordance with the Bylaws, his rights of enjoyment of the Common Elements and facilities to the members of his family, his tenants or contract purchasers who reside on the Lot of such Owner.

<u>SECTION 4. LEASES OF LOTS</u>. Any Lease Agreement between an Owner and a lessee for the lease of such Owner's Lot shall provide that the terms of the Lease shall be subject in all respects to the provisions of the Development Documentation and that any failure by the lessee to

comply with the terms of such documents shall be a default under the terms of the lease. All leases of Lots shall be in writing and shall have a term of not less than one (1) month. Other than the foregoing there is no restriction on the right of any Owner to lease his Lot.

SECTION 5. RULES AND REGULATIONS. The Executive Board of the Association may establish reasonable rules and regulations concerning the use of the Common Elements and improvements located thereon, and parking and vehicular traffic flow on and along the streets and roadways, whether public or private, within or abutting the Properties, which rules and regulations may restrict or prohibit on-street parking and may be enforced by towing at the expense of the vehicle's owner, by reasonable fine levied against the vehicle's owner and/or any Owner of a Lot to which such violation reasonably may be attributed, or by any other reasonable method of enforcement established by the Association's Executive Board. The Association may impose reasonable monetary fines and other sanctions for the violation of established rules and regulations and for the violation of any of the covenants and conditions contained in this Declaration, which monetary fines and sanctions shall be assessed and collected pursuant to the provisions of Articles IV and IX hereof. Copies of such rules and regulations and the amendments thereto shall be furnished by the Association to all owners prior to the effective date thereof. All such rules and regulations shall be binding upon the owners, their families, tenants, guests, invitees and agents until and unless such regulation, rule or requirement shall be specifically overruled, canceled, or modified by the Executive Board of the Association or by the Members of the Association entitled to cast at least sixty-seven percent (67%) of the votes of the Association; provided, however, during any Declarant's Development Period, Declarant must also consent to such action.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

SECTION 1. VOTING MEMBERS. The voting Members of the Association shall be the Class A Members and the Class B Members defined below.

SECTION 2. CLASSES OF MEMBERSHIP. The Association shall have two classes of voting membership:

Class A The Class A Members shall be every person or entity who or which is a record owner of a fee or undivided fee interest in any Lot which is subject by covenants of record to assessment by the Association, except for Declarant during any period Declarant is a Class B Member, defined below. The foregoing is not intended to include persons or entities who hold an interest in a Lot merely as security for the performance of an obligation. Such Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot. Class A Members shall be entitled to one (1) vote for each Lot owned.

Class B Declarant shall be the Class B Member and Declarant shall be entitled to three (3) votes for each Master Plan Lot which has not been conveyed to a Class A Member. 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:

(i) when the total votes outstanding in the Class A membership equal or exceed the total votes outstanding in the Class B membership; however, the Class B membership shall be reinstated if thereafter, and before the time stated in subparagraph (b) below, the Master Plan is amended to add additional Master Plan Lots sufficient to give the Class B membership a total number of votes (with the Class B membership entitled to three (3) votes for each Master Plan Lot owned) which exceed those of the Class A membership; or,

(ii) fifteen (15) years from the date this Declaration is recorded in the Wake County Registry.

SECTION 3. DECLARANT RIGHT TO REPRESENTATION ON THE EXECUTIVE BOARD OF THE ASSOCIATION. During any Period of Declarant Control, Declarant shall have the right to designate and select all of the members of each Executive Board of the Association. Whenever Declarant shall be entitled to designate and select any person or persons to serve on any Executive Board of the Association, the manner in which such person or persons shall be designated shall be as provided in the Articles of Incorporation and/or Bylaws of the Association, and Declarant shall have the right to remove any person or persons selected by it to act and serve on said Executive Board and to replace such person or persons with another person or other persons to act and serve in the place of any member or members of the Executive Board so removed for the remainder of the unexpired term of any member or members of the Executive Board so removed. Any Executive Board member designated and selected by Declarant need not be a resident of the Properties. Except as otherwise provided in the Bylaws with respect to the filling of vacancies, any members of the Executive Board which Declarant is not entitled to designate or select shall be elected by the Members of the Association.

ARTICLE IV

COVENANT FOR MAINTENANCE AND ASSESSMENTS

SECTION 1. CREATION OF THE LIEN AND PERSONAL OBLIGATION OF ASSESSMENTS. Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner for each Lot owned, 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: (a) to the Association: (i) annual and other assessments and charges provided for herein, together with interest and late fees, costs and reasonable attorney's fees; (ii) special assessments, such assessments to be established and collected as hereinafter provided; and (b) to the appropriate governmental taxing authority: (i) a pro rata share of ad valorem taxes levied against the Common Elements; and (ii) a pro rata share of assessments for public improvements to or for the benefit of the Common

Elements if the Association shall default in the payment of either or both. All assessments and charges provided for herein, together with interest, late fees, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made when a claim of lien is filed of record in the Office of the Clerk of Superior Court, Wake County, North Carolina, or Franklin County, North Carolina, as appropriate. Each such assessment and charge, together with interest, late fees, costs and reasonable attorney's fees, shall also be the personal obligation of the Owner of such Lot at the time when the assessment fell due. The personal obligation for the delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

SECTION 2. PURPOSE OF ASSESSMENTS.

(a) The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Properties, to preserve and enhance the value of the Properties, and in particular for the acquisition, improvement and maintenance of properties, services and facilities devoted to such purposes and related to the use and enjoyment of the Common Elements or the Lots, including but not limited to, the costs of repairs, replacements and additions, the cost of labor, equipment, materials, management and supervision, the payment of any taxes assessed against the Common Elements; the maintenance of open spaces and streets which have not been accepted for dedication by a public authority, roadway medians and islands (including medians and islands located in dedicated rights-of-way within the Properties), drives and parking areas within the Common Elements; the procurement and maintenance of liability insurance in accordance with the Bylaws; the maintenance of dams, ponds, and other stormwater drainage facilities, if any, located within the Common Elements; the maintenance of entranceways, landscaping, irrigation systems and lighting located within the Common Elements, road medians and islands and entranceways located within the Common Elements; the cost of operating, maintaining and repairing any street lights erected by the Association or the Declarant in the rights-of-way of streets (whether public or private) or in any other easement provided therefor within the Properties; the payment of charges for garbage collection and municipal water and sewer services furnished to the Common Elements; the employment of attorneys and other agents to represent the Association when necessary; the provision of adequate reserves for the replacement of capital improvements including, without limiting the generality of the foregoing, paving, and any other major expense for which the Association is responsible; and such other needs as may arise.

(b) The Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of improvements to the Common Elements and those other portions of the Properties which the Association may be obligated to maintain. Such reserve fund is to be established out of regular assessments for common expense.

(c) All monies collected by the Association shall be treated as the separate property of the Association, and such monies may be applied by the Association to the payment of any expense of the Association in the performance or exercise of any duty, right or obligation of the Association provided for in the Development Documentation. As monies for any assessment are paid to the Association by any Owner, the same may be commingled with monies paid to the Association by the other Owners. Although all funds and other assets of the Association, and any increments thereto or profits derived therefrom, shall be held for the benefit of the Members of the Association, no Member of the Association shall have the right to assign, hypothecate, pledge or in any manner transfer his interest therein, except as an appurtenance to his Lot. When an Owner shall cease to be a Member of the Association by reason of his divestment of ownership of his Lot, by whatever means, the Association shall not be required to account to such Owner for any share of the funds or assets of the Association, or which may have been paid to the Association by such Owner, as all monies which any Owner has paid to the Association shall be and constitute an asset of the Association which may be used in the operation and management of the Properties.

SECTION 3. ADOPTION OF BUDGET AND FIXING OF ANNUAL ASSESSMENTS; MAXIMUM ANNUAL ASSESSMENT.

(a) At least ninety (90) days in advance of each annual assessment period, the Executive Board shall establish an annual budget and fix the amount of the annual assessments in advance for the following year. The Executive Board may fix the annual assessment at an amount not in excess of the maximum annual assessment amount applicable for that annual assessment period. Within thirty (30) days after the adoption of any proposed budget, the Executive Board shall provide to all of the Owners a summary of the budget and a notice of the meeting to consider ratification of the budget, including a statement that the budget may be ratified without a quorum. The Executive Board shall set a date for a meeting of the Owners to consider ratification of the budget, such meeting to be held not less than 10 nor more than 60 days after mailing of the summary and notice. There shall be no requirement that a quorum be present at the meeting. The budget is ratified unless at that meeting the Owners of at least ninety percent (90%) of the Lots reject the budget. In the event the proposed budget is rejected, the periodic budget last ratified by the Owners shall be continued until such time as the Owners ratify a subsequent budget proposed by the Executive Board.

(b) Until December 31 of the year of the conveyance of the first Lot to an Owner, the maximum annual assessment (exclusive of assessments which may be levied by any Secondary Association) shall be Four Hundred and No/100 Dollars ($400.00) per Lot.

(c) The maximum annual assessment for the calendar year immediately following the year in which conveyance of the first Lot to an Owner is made and for each calendar year thereafter shall be established by the Executive Board and may be increased by the Executive Board without approval by the Membership by an amount not to exceed fifteen percent (15%) of the maximum annual assessment of the previous year.

(d) The maximum annual assessment for the calendar year immediately following the year in which conveyance of the first Lot to an Owner is made and for each calendar year thereafter may be increased without limit by a vote of the Members entitled to cast at least sixty-seven percent (67%) of the votes of each class of Members who are voting, in person or by proxy, at a meeting duly called for this purpose.

SECTION 4. SPECIAL ASSESSMENTS. In addition to the annual assessments authorized above, the Association may levy, in any calendar year, a special assessment for the purpose of defraying in whole or in part the costs of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Elements, including fixtures and personal property related thereto, or for other extraordinary or nonrecurring Association needs, provided that any such assessment shall have the assent of the Members entitled to cast at least sixty-seven percent (67%) of the votes of each class of Members who are voting, in person or by proxy, at a meeting duly called for this purpose. All special assessments shall be fixed at a uniform rate for all Lots.

SECTION 5. NOTICE AND QUORUM FOR ANY ACTION AUTHORIZED UNDER SECTIONS 3(d) AND 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3(d) or 4 of this Article shall be sent to all Members not less than fifteen (15) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of Membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (½) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

SECTION 6. RATE OF ASSESSMENTS. Both annual and special assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly, quarterly, semiannual or annual basis; provided, however, that so long as any Lot owned by Declarant or an Affiliate is unimproved or any dwelling located thereon is unoccupied as a residence, the amount of the assessment for each such Lot shall be an amount equal to twenty-five percent (25%) of the regular assessments fixed for each Lot.

SECTION 7. DATE AND COMMENCEMENT OF ANNUAL ASSESSMENTS: DUE DATES. The annual assessments provided for herein shall commence as to a Lot on the first day of the month following the date such Lot is made subject to this Declaration. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The due dates shall be established by the Executive Board. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. If such certificate states that an assessment has been paid, such certificate shall be conclusive evidence of payment.

SECTION 8. WORKING CAPITAL ASSESSMENTS. In addition to the annual assessments authorized above, at the time of the closing of the first sale of each Lot to a person or entity other than an Affiliate or a Builder, the purchaser(s) thereof shall pay to the Association an amount equal to two-twelfths (2/12ths) of the then current annual assessment established by the Association. Such funds shall be used by the Association to establish a Working Capital Fund, the purpose of which is to insure that the Association will have sufficient monies available to meet its initial operational needs. No such payments made into the Working Capital Fund shall be considered advance or current payment of regular assessments. All monies paid into the Working Capital Fund shall be held and administered by the Association in accordance with the terms of this Declaration and the Bylaws.

<u>SECTION 9. EFFECT OF NONPAYMENT OF ASSESSMENTS: REMEDIES OF THE ASSOCIATION</u>. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at a per annum rate from time-to-time established by the Executive Board of the Association not to exceed eighteen percent (18%) per annum. In addition, the Association may charge a reasonable late fee, the amount of which shall be established from time to time by the Executive Board of the Association, for assessments not paid within thirty (30) days after the due date and, after notice and an opportunity to be heard, the Association may suspend privileges or services provided by the Association (except rights of access and utility service to Lots during any period that assessments or other amounts due and owning to the Association remain unpaid for a period of thirty (30) days or longer, which suspension may continue without further hearing until the delinquency is cured. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien created herein against the Lot in the same manner as prescribed by the laws of the State of North Carolina for the foreclosure of a mortgage or deed of trust on real estate under power of sale, and interest, late fees, costs and reasonable attorney's fees for representation of the 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 assessment provided for herein by nonuse of the Common Elements or abandonment of his Lot nor shall damage to or destruction of any improvements on any Lot by fire or other casualty result in any abatement or diminution of the assessments provided for herein.

<u>SECTION 10. EFFECT OF DEFAULT IN PAYMENT OF AD VALOREM TAXES OR ASSESSMENTS FOR PUBLIC IMPROVEMENTS BY ASSOCIATION</u>. Upon default by the Association in the payment to the governmental authority entitled thereto of any ad valorem taxes levied against the Common Elements or assessments for public improvements to the Common Elements, each Owner of a Lot in Richland Hills shall become personally obligated to pay to the taxing or assessing governmental authority a portion of such unpaid taxes or assessments in an amount determined by dividing the total taxes and/or assessments due the governmental authority by the total number of Lots in the development. If such sum is not paid by the Owner within thirty (30) days following receipt of notice of the amount due, then such sum shall become a continuing lien on the Lot of the then Owner, his heirs, devisees, personal representatives and assigns, and the taxing or assessing governmental authority may either bring an action at law or may elect to foreclose the lien against the Lot of the Owner.

<u>SECTION 11. SUBORDINATION OF THE LIEN TO MORTGAGES</u>. When the holder of a first mortgage or first deed of trust of record, or any other purchaser of a Lot obtains title to the Lot as a result of foreclosure of a first mortgage or first deed of trust or deed in lieu of foreclosure, such purchaser and its heirs, successors, and assigns, shall not be liable for the assessments against such Lot which become due prior to the acquisition of title to such Lot by such purchaser. Such unpaid assessments shall be deemed to be common expenses collectible from all Owners including such purchaser. Such sale or transfer of a Lot pursuant to a foreclosure thereof or any proceeding in lieu of foreclosure thereof shall extinguish the lien of such assessments as to the payment thereof which become due prior to such sale or transfer; provided, however, no such sale or transfer shall relieve such Lot or the Owner thereof from liability for any assessments thereafter becoming due or from the lien thereof.

SECTION 12. EXEMPT PROPERTY. All property dedicated to, and accepted by, a public authority and all properties owned by a charitable or non-profit organization exempt from taxation by the laws of the State of North Carolina shall be exempt from the assessments created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

SECTION 13. PROPERTY SUBJECT TO ADDITIONAL COVENANTS. Declarant, in its sole discretion, may subject portions of the Properties to Additional Covenants. Any such Additional Covenants may provide for the creation of a Secondary Association and may provide that such Secondary Association may collect the assessments levied hereunder with respect to that portion of the Properties subject to such Additional Covenants. In addition, any such Additional Covenants may provide that, at the request of the Association, in the sole discretion of it Executive Board, the Secondary Association may enforce the lien of the Association securing the Association's assessments; provided, however, no such Additional Covenants shall in any way modify, diminish, annul or cancel the personal liability of any Owner for the payment of assessments hereunder or the Association's lien against each Lot which secures such payment.

ARTICLE
V

ARCHITECTURAL CONTROL AND MAINTENANCE OF THE PROPERTIES

SECTION 1. IMPROVEMENTS. No improvements, alteration, repair, change in paint color, excavation, change in grade, planting, landscaping or other work which in any way alters the exterior of any Lot or the improvements located thereon from their natural or improved state existing on the date such Lot was first conveyed in fee by the Declarant to an Owner other than Declarant shall be commenced, erected or maintained upon any Lot, and no building, fence wall, residence or other structure shall be commenced, erected, maintained, improved, altered or removed, until the plans and specifications showing the nature, kind, shape, height, 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 Declarant, during Declarant's Development Period, and thereafter by the Executive Board of the Association or by an architectural committee composed of three (3) or more representatives appointed by the Board (the "Architectural Control Committee"). Notwithstanding the foregoing, landscaping improvements consisting of plant materials native to the area and commonly used in residential landscaping which do not interfere with the sight lines of motorists at intersections of the streets and/or driveways located within the Properties shall not require approval by Declarant, the Executive Board or the Architectural Control Committee, as the case may be. In addition, notwithstanding the foregoing, Declarant may at any time hereafter elect to assign to the Association all or any of its architectural review rights or obligations hereunder with respect to Lots owned by an Owner other than Declarant or a Builder, all of which rights and obligations are assignable and may be apportioned. Any such assignment by Declarant shall be in writing and shall be recorded in the Appropriate Registry. From and after the effective date of such assignment, the Association shall assume all such assigned architectural review rights and obligations. Notwithstanding the foregoing, Declarant may not assign or delegate its architectural review rights with respect to Lots owned by Declarant or a Builder, except to a successor declarant or to such Builder.

SECTION 2. PROCEDURES.

(a) Any person desiring to make any improvement, alteration or change described in Section 1 above shall submit the plans and specifications therefor, showing the nature, kind, shape, height, materials and location of the same, to Declarant, the Executive Board of the Association or the Architectural Control Committee, as the case may be, which shall evaluate such plans and specification in light of the purposes of this Article.

(b) Upon approval by the Declarant, the Executive Board of the Association or the Architectural Control Committee, as the case may be, of any plans and specifications submitted pursuant to this Declaration, a copy of such plans and specification, as approved, shall be deposited for permanent record with the Association and a copy of such plans and specification bearing such approval, in writing, shall be returned to the applicant submitting the same. Approval for use in connection with any Lot of any plans and specification shall not be deemed a waiver of the right of Declarant, the Executive Board of the Association or the Architectural Control Committee, as the case may be, to disapprove similar plans and specifications or any of the features or elements included therein if such plans, specifications, features or elements are subsequently submitted for use in connection with any other Lot. Approval of any such plans and specification relating to any Lot, however, shall be final as to that Lot and such approval may not be reviewed or rescinded thereafter, provided that there has been adherence to, and compliance with, such plans and specification, as approved, and any conditions attached to any such approval.

(c) Neither Declarant, nor any other member of the Association's Executive Board or Architectural Control Committee, shall be responsible or liable in any way for any defects in any plans or specifications approved by them, nor for any structural defects in any work done according to such plans and specifications. Further, neither Declarant, nor any member of the Association's Executive Board or Architectural Control Committee, shall be liable in damages to anyone by reason of mistake in judgment, negligence, misfeasance, malfeasance or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve or disapprove any such plans or specification or the exercise of any other power or right provided for in this Declaration. Every person who submits plans or specifications for approval agrees, by submission of such plans and specifications, and every owner of any Lot agrees, that he or she will not bring any action or suit against Declarant, or any member of the Association's Executive Board or Architectural Control Committee, to recover any such damage.

SECTION 3. ASSOCIATION TO MAINTAIN COMMON ELEMENTS. The Association shall maintain the Common Elements. The Association shall maintain any retention or detention ponds and any other stormwater drainage facilities now or hereafter located by Declarant or the Association on any Common Elements or Lot that are required to be maintained by the governmental office(s) having jurisdiction for watershed protection as directed by such governmental office(s).

SECTION 4. OWNERS TO MAINTAIN LOTS. Each Owner shall be responsible for the exterior maintenance of his or her dwelling and Lot, as follows: painting, replacement and care of roofs, gutters, downspouts, exterior building surfaces, lawn, trees, shrubs, driveways, walks and other exterior improvements. In the event that the Owner neglects or fails to maintain his or her improved Lot and/or the exterior of his or her dwelling in a manner consistent with other improved Lots and dwellings in Richland Hills or fails to maintain his or her improved Lot in a safe condition and free of debris, the Association may provide such exterior maintenance. Provided, however, that the Association shall first give written notice to the Owner of the specific items of exterior maintenance or repair the Association intends to perform and the Owner shall have twenty (20) days from the date of mailing of said notice within which to perform such exterior maintenance himself or herself. The determination as to whether an Owner has neglected or failed to maintain his or her Lot and/or dwelling in a manner consistent with other Lots and dwellings in Richland Hills shall be made by the Executive Board of the Association, in its sole discretion. In order to enable the Association to accomplish the foregoing, there is hereby reserved to the Association the right to unobstructed access over and upon each Lot at all reasonable times to perform maintenance as provided in the Article. In the event the Association performs such exterior maintenance, repair or replacement, the cost of such maintenance, replacement or repairs, plus an administrative fee of ten percent (10%) of such cost, shall be added to and become a part of the assessment to which such Lot is subject. The provisions of this Section shall continue to control even if the obligation to maintain any Lot or group of Lots is assigned to a Secondary Association. Although covenants of record may provide that a Secondary Association is responsible for such maintenance, the Owner of each Lot is ultimately responsible for the maintenance of such Owner's Lot in accordance with the provisions of hereof.

SECTION 5. SECONDARY ASSOCIATIONS TO MAINTAIN COMMON PROPERTY. Each Secondary Association, if any, shall maintain all real property and improvements owned by such Secondary Association and all real property and improvements the Secondary Association is required by Additional Covenants to maintain ("Secondary Association Common Property"), as follows: painting, replacement and care of roofs, gutters, downspouts, exterior building surfaces, lawn, trees, shrubs, driveways, walks and other exterior improvements. In the event that any Secondary Association neglects or fails to maintain any Secondary Association Common Property in a manner consistent with the Common Elements or fails to maintain the Secondary Association Common Property in a safe condition and free of debris, the Association may provide such exterior maintenance. Provided, however, that the Association shall first give written notice to the Secondary Association and to the Owners of the Lots subject to assessment by such Secondary Association of the specific items of exterior maintenance or repair the Association intends to perform and the Secondary Association and such Owners shall have twenty (20) days from the date of mailing of said notice within which to perform such exterior maintenance. The determination as to whether a Secondary Association has neglected or failed to maintain any Secondary Association Common Property as herein required shall be made by the Executive Board of the Association, in its sole discretion. In order to enable the Association to accomplish the foregoing, there is hereby reserved to the Association the right to unobstructed access over and upon all Secondary Association Common Property at all reasonable times to perform maintenance as provided in the Article. In the event the Association performs such exterior maintenance, repair or replacement, the cost of such maintenance, replacement or repairs shall be prorated on a per Lot basis and added to and become a part of the assessment levied against the Lots subject to assessment by such Secondary Association.

ARTICLE VI

RESTRICTIONS

SECTION 1. LAND USE. No Lot shall be used except for residential, street or park purposes; provided, however, a home office or business may be maintained so long as the principal use of the Lot is for single-family residential purposes (whether detached, attached, townhome or condominium structures) and such ancillary use of the Lot for a home office or business is determined by the Association not to create a nuisance. Notwithstanding the foregoing, Declarant, any Affiliate, and, with the consent of Declarant, any Builder, may use any Lot owned or leased by such person or entity as a temporary sales office and/or model for the purposes of carrying on business related to the development, improvement and sale of any portion of the Properties or the Additional Property.

SECTION 2. BUILDING TYPE. Unless otherwise provided in any Supplemental Declaration and except to the extent any subdivision map of the property recorded by Declarant or any Affiliate states or otherwise indicates that patio (zero lot line) homes, townhomes, condominiums or other attached dwellings are to be constructed, no building shall be erected, altered, placed, or permitted to remain on any Lot within the Properties other than (i) one detached single family dwelling not to exceed two and one-half stories in height; (ii) an attached or detached private garage for not more than three cars erected on a permanent foundation, which garage is incidental to the residential use of the Lot; and (iii) if any garage is attached to the dwelling located on the Lot, one accessory building erected on a permanent foundation or such other foundation as the Architectural Control Committee may approve and painted the same color as the dwelling located on the Lot, which accessory building is incidental to the residential use of the Lot. Notwithstanding the foregoing, Declarant and any Affiliate, and, with the consent of Declarant, any Builder, shall have the right to maintain one or more sales offices and one or more model homes in dwellings located on Lots owned or leased by such person or entity for the purposes of carrying on business related to the development, improvement and sale of the Properties and any of the Additional Property (as defined in Section 4(b) of Article IX hereof).

SECTION 3. DWELLING SIZE. Unless otherwise provided in any Supplemental Declaration and except to the extent any subdivision map of the property recorded by Declarant or any Affiliate states or otherwise indicates that patio (zero lot line) homes, townhomes, condominiums or other attached dwellings are to be constructed, no dwelling shall be permitted on any Lot within the Properties having a heated area of the main structure, exclusive of open porches and garages, of less than **ONE THOUSAND THREE HUNDRED (1,300) square feet.**

SECTION 4. BUILDING SETBACK. Unless otherwise provided in any Supplemental Declaration and except to the extent any subdivision map of the property recorded by Declarant or any Affiliate states or otherwise indicates that patio (zero lot line) homes, townhomes, condominiums or other attached dwellings are to be constructed, no building shall be located on any Lot nearer to the front or rear line or nearer to the side street or side lot line than shall be permitted under the applicable local ordinances in effect at the time such building is to be constructed or as permitted by the Appropriate Local Governmental Authority pursuant to a variance of such ordinances. Deviations from building line restrictions not in excess of **TEN PERCENT (10.0%)** may be waived by Declarant, during Declarant's Development Period, and thereafter by the Executive Board of the Association or the Architectural Control Committee. Such variance shall be in writing and recorded in the Appropriate Registry.

SECTION 5. NUISANCE. No noxious or offensive activity shall be conducted upon any Lot nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood. No Lot or other area within the Properties shall be used as a dumping ground for rubbish or as a site for the accumulation of unsightly materials of any kind, including, without limitation, broken or rusty equipment and discarded appliances and furniture. If a clothesline is placed on any Lot, it shall be an umbrella type clothesline and it shall be so screened that it is not visible from any adjacent Lot or street.

SECTION 6. PARKING. Unless otherwise provided in any Supplemental Declaration and except to the extent any subdivision map of the property recorded by Declarant or any Affiliate states or otherwise indicates that patio (zero lot line) homes, townhomes, condominiums or other attached dwellings are to be constructed, each Lot within the Properties shall contain sufficient off-street paved parking space for at least two (2) automobiles. No automobiles, trucks, motorcycles, recreational vehicles or boats shall be parked on any street within the Properties for a period in excess of 24 hours.

SECTION 7. MOTOR VEHICLES. No boat, marine craft, hovercraft, aircraft, trailer, camper or similar recreational vehicle, truck greater than one ton in size or motorized van used for commercial purposes (as distinguished from a van used as a passenger car) shall be parked within the right of way of any public or private street adjacent to any Lot, Common Elements or Secondary Association Common Property or on any Lot, except that any of the above may be parked completely inside a garage or areas screened from the street or adjoining Lot view and approved in writing by Declarant, during Declarant's Development Period, and thereafter, by the Executive Board of the Association or the Architectural Control Committee. This restriction shall not apply to any vehicle, machinery or equipment temporarily parked and in use for the construction, maintenance or repair of a residence in the immediate vicinity of the parked vehicle. No vehicles or similar equipment shall be parked or stored in an area visible from any street except passenger automobiles, passenger vans, motorcycles, sport utility vehicles, and trucks intended for the personal (rather than business) use and that are in operable condition and have current license plates and inspection stickers. No inoperative motor vehicle may be parked or stored on any Lot or any public or private street or other area within the Properties for a period in excess of 48 hours.

SECTION 8. ANIMALS. No animals, livestock or poultry of any kind shall be kept or maintained on the Common Elements or on any Lot or in any dwelling except that dogs, cats or other household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes and further provided that they are kept and maintained in compliance with (i) all applicable laws and ordinances; and (ii) such rules and regulations pertaining thereto as the

Executive Board may adopt from time to time. No pet may be chained or similarly restrained and left unattended on any Lot.

SECTION 9. SIGNS. No sign of any kind shall be displayed to the public view on any Lot except one sign not more than ten (10) square feet advertising the property for sale or rent, and signs of not more than ten (10) square feet expressing support of or opposition to political candidates or other issues which will appear on the ballot of a primary, general or special election, provided that such political signs shall not be placed on a Lot earlier than sixty (60) days before such election and shall be removed within two (2) days after such election. No sign deemed by the Association, in the discretion of its Executive Board, or Declarant to be a nuisance or a detriment to the Properties or the Additional Property shall be permitted to be erected or to remain on any Lot. Notwithstanding the foregoing, during Declarant's Development Period, Declarant, any Affiliate and, with the consent of Declarant, Builders, shall have the right to erect and maintain signs within the Common Elements or on any Lot owned or leased by such person or entity for the purpose of displaying any necessary building permits and/or advertising and promoting the sale of any portion of the Properties or the Additional Property.

SECTION 10. MOBILE HOMES, MANUFACTURED HOMES, ETC. No mobile home, manufactured home, modular home, trailer, or other like structure shall be located or installed on any Lot. As used in this Section, mobile home, manufactured home or modular home shall mean a structure, assembled in whole or in part in a location other than on the Lot itself, transportable in one or more sections, any section of which, during transport, is four (4) feet or more in width and ten (10) feet or more in length, which is designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities. No metal storage building, whether of a temporary or permanent character, shall be permitted on any Lot. Notwithstanding the foregoing, Declarant, any Affiliate, and with Declarant's approval, any Builder may maintain temporary improvements (such as a sales office and/or construction trailer) on any Lot during Declarant's Development Period.

SECTION 11. OUTSIDE ANTENNAS. Except to the extent that as such restrictions may be prohibited under applicable regulations promulgated by the Federal Communications Commission or other applicable state, federal or local laws or regulations (i) no outside antennas or satellite dishes and no free standing transmission or receiving towers shall be erected on any portion of the Properties without the prior written permission of Declarant during Declarant's Development Period and thereafter by the Executive Board of the Association or the Architectural Control Committee, and (ii) any antenna or satellite dish erected on any portion of the Properties shall be affixed to the dwelling or other building served by such antenna, shall be a color which blends with its surrounds, shall have a mask only as high as reasonably necessary to receive the intended signal and shall not be visible from any street.

SECTION 12. SUBDIVISION OF LOTS; STREETS. Except as permitted under Article I, Section 12, no Lot shall be subdivided and no street shall be laid out or open across or through any Lot, unless approved in writing by Declarant, during Declarant's Development Period, and thereafter by the Executive Board of the Association or the Architectural Control Committee.

ARTICLE
VII

EASEMENTS

SECTION 1. UTILITIES. Easements for installation and maintenance of utilities (including cable television service) and drainage facilities are reserved as indicated on recorded plats. Within these easements no structures, planting or other material shall be placed or permitted to remain which may interfere with the installation and maintenance of utilities, or which may change the direction of flow of drainage channels in the drainage easements, or which may obstruct or retard the flow of water through drainage channels in the easements. An easement is hereby established for the benefit of the Appropriate Local Governmental Authority (and any other person or entity providing services to the Properties under agreement with or at the direction of the Association) over all Common Elements as may be reasonably necessary for the setting, removal and reading of water, gas, electric or other meters, and the maintenance and replacement of water, sewer, power, gas. telephone, cable, storm drainage, erosion control and other facilities to serve the Common Elements or other portions of the Properties and for law enforcement, mail delivery, the fighting of fires and collection of garbage. The Association shall have the power and authority to grant and establish upon, over and across the Common Elements such additional easements as are necessary or desirable for the providing of service or utilities to the Common Elements or other portions of the Properties.

SECTION 2. SIGNS. Declarant hereby grants, gives and conveys to the Association a perpetual, non-exclusive easement over any portions of the Lots designated as "sign easement" (or any similar term or variation thereof) on plats of the Properties, now or hereafter recorded, to erect, maintain, replace and repair subdivision signs and landscaping, irrigation systems and/or lighting surrounding the same and all such easements shall be part of the Common Elements. The Association shall maintain all subdivision signs and landscaping and lighting surrounding same now or hereafter erected within the Common Elements. The costs of all such maintenance, repair and replacement of such signs, landscaping and lighting shall be part of the common expenses of the Association, payable by the Owners as set out in Article IV hereof. Further, during Declarant's Development Period, Declarant shall have the right to erect within the Common Elements additional subdivision signs and landscaping and lighting surrounding the same to be maintained by the Association as herein provided and to erect and maintain signs within the Common Elements for the purpose of advertising and promoting the sale of any portion of the Properties or the Additional Property.

SECTION 3. EASEMENT RESERVED BY DECLARANT. Declarant hereby reserves such easements on, across and over the Common Elements as shall be reasonably necessary for (i) the exercise by Declarant of any right herein reserved, including, without limitation, Declarant's right, should Declarant elect, to construct within the Common Elements a swimming pool, clubhouse, related improvements, signs and other improvements, and (ii) the development by Declarant, its successors and assigns, of the Additional Property, whether or not Declarant elects to annex the Additional Property, including without limitation easements for ingress, egress and regress over private roads and streets now or hereafter erected on the Properties and easements for the use of all utility lines, fixtures and/or their connections located within the Common Elements for the purpose of providing water, light, sewer, power, telephone, cable, gas and other services to the Additional Property.

SECTION 4. LANDSCAPE BUFFER EASEMENTS. Declarant does hereby grant and convey to the Association as Common Elements a perpetual, non-exclusive right, privilege and easement on, over and upon all that land now or hereafter designated on any recorded subdivision map or plat of the Properties as "LANDSCAPE BUFFER" for the purpose of erecting, maintaining, repairing and replacing landscaping, entranceway signs announcing Richland Hills or any residential community within Richland Hills, fences, retaining walls and lighting and irrigation systems, all at the election of the Association.

SECTION 5. ASSOCIATION'S EASEMENT UPON LOTS. The Association shall have a right, license and easement to go upon any Lot for the purpose of fulfilling its obligations under the Development Documentation and enforcing the provisions thereof. Such easement shall include, without limitation, the right to go on any Lot to correct, repair or alleviate any condition which, in the opinion of the Executive Board of the Association or of the manager employed by the Association, creates or may create an imminent danger to the Common Elements or improvements thereon.

TO HAVE AND TO HOLD all of the above-described rights and easements unto the Declarant, the Association or the appropriate governmental entity or utility authority, as the case may be, their respective successors and assigns, forever.

ARTICLE VIII

RIGHTS RESERVED UNTO INSTITUTIONAL LENDERS

SECTION 1. ENTITIES CONSTITUTING INSTITUTIONAL LENDERS. "Institutional Lender" as the term is used herein shall mean and refer to banks, savings and loan associations, insurance companies or other firms or entities customarily affording loans secured by first liens on residences, and eligible insurers and governmental guarantors of such loans.

SECTION 2. OBLIGATION OF ASSOCIATION TO INSTITUTIONAL LENDERS. So long as any Institutional Lender shall hold any first lien upon any Lot, or shall be the Owner of any Lot, such Institutional Lender shall have the following rights upon request as provided in Section 3 of this Article:

(a) To inspect the books and records of the Association during normal business hours and to be furnished with at least one (1) copy of the annual financial statement and report of the Association prepared by a certified public accountant designated by the Executive Board of the Association.

(b) To be given notice by the Association of the call of any meeting of the membership to be held for the purpose of considering any proposed material amendment to this

Declaration of Covenants, Conditions and Restrictions or the Articles of Incorporation or Bylaws of the Association or of any proposed abandonment or termination of this Declaration or the planned unit development hereby created (said notice to be given at least thirty (30) days prior to any action).

(c) To receive notice of any condemnation or casualty loss affecting the Common Elements or any portion thereof.

(d) To be notified of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.

(e) To be given notice of any delinquency in the payment of any assessment or charge (which delinquency remains uncured for a period of sixty (60) days) by any Owner owning a Lot encumbered by a mortgage held by the Institutional Lender, such notice to be given in writing and to be sent to the principal office of such Institutional Lender, or to the place which it may designate in writing.

SECTION 3. REQUIREMENTS OF INSTITUTIONAL LENDER. Whenever any Institutional Lender desires to avail itself of the provisions of this Article, it shall furnish written notice thereof to the Association by CERTIFIED MAIL, at the address shown in the Articles of Incorporation, identifying the Lot or Lots upon which any such Institutional Lender holds any first lien or identifying any Lot or Lots owned by such Institutional Lender specifying the notice(s) it wishes to receive, and designating the place to which notices, reports or information are to be given by the Association to such Institutional Lender.

ARTICLE IX

GENERAL PROVISIONS

SECTION 1. ENFORCEMENT. The Owner(s) of each Lot shall be governed by and shall comply with the provisions of the Development Documentation. A default by any Owner shall entitle the Association or the Owner(s) of any of the other Lots to the following relief:

(a) The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of the Development Documentation. Failure to comply with any of the covenants, conditions, restrictions or other provisions of the Development Documentation, shall be grounds for relief including, without limitation, an action to recover sums due for damages, injunctive relief, foreclosure of lien, or any combination thereof. The Association shall have the right to request that law enforcement, public safety and animal control officers come on the Properties to facilitate the enforcement of the laws, codes and ordinances of any governmental authority.

(b) The Association, after notice to the Owner and a reasonable opportunity to be heard, shall have the right to assess reasonable fines against an Owner for violations of the

Development Documentation by such Owner, or such Owner's family, guests, invitees and lessees, in an amount not to exceed $150.00 for each violation, and without further hearing, for each day after the decision that the violation occurs. Such fines shall be deemed to be assessments as set forth in Article IV of the Declaration and if not paid within thirty (30) days after notice and demand therefor, the Association shall be entitled to the remedies set forth in Section 9 of Article IV of the Declaration for the enforcement and collection of delinquent assessments.

(c) The Association, after notice to the Owner and a reasonable opportunity to be heard, shall have the right to suspend privileges or services provided by the Association (except rights of access and utility service to Lots) for reasonable periods for violations of the Development Documentation. If it is decided that a suspension of privileges or services provided by the Association should be imposed, the suspension may be continued without further hearing until the violation is cured.

(d) If an Owner is legally responsible for damage inflicted on any Common Elements, the Association may direct such Owner to repair such damage, or the Association may itself cause the repairs to be made and recover damages from the responsible Owner. If damage is inflicted on any Lot by an agent of the Association in the scope of the agent's activities as such agent, the Association is liable to repair such damage or to reimburse the Owner for the cost of repairing such damages. When any such claim for damages against an Owner or the Association is less than or equal to the jurisdictional amount established for small claims by North Carolina General Statute 7A-210, any aggrieved party may request that a hearing be held before an adjudicatory panel appointed by the Executive Board of the Association to determine if an Owner is responsible for damages to any Common Elements or the Association is responsible for damages to any Lot. If the Executive Board fails to appoint an adjudicatory panel to hear such matters, such hearings shall be held before the Executive Board. Such panel shall accord to the party charged with causing damages notice of the charge, opportunity to be heard and to present evidence, and notice of the decision. This panel may assess liability for each damage incident against each Owner charged or against the Association not in excess of the jurisdictional amount established for small claims by North Carolina General Statute 7A-210. When the such claim exceeds the jurisdictional amount established for small claims by North Carolina General Statute 7A-210, liability of any Owner charged or the Association shall be determined as otherwise provided by law. Liabilities of Owners determined by adjudicatory hearing or as otherwise provided by law shall be assessments secured by lien under Section 47F-3-116 of the Planned Community Act. Liabilities of the Association determined by adjudicatory hearing or as otherwise provided by law may be offset by the Owner against sums owing to the Association and, if so offset, shall reduce the amount of any lien of the Association against the Lot at issue.

(e) In any proceeding to enforce the Development Documentation, the prevailing party shall be entitled to recover the costs of the proceeding and reasonable attorneys' fees.

(f) The failure of the Association or any Owner to enforce any right, provision, covenant or condition contained in the Development Documentation shall not constitute a waiver of the right of the Association or of the Owner to enforce such right, provision, covenant or condition in the future.

(g) All rights, remedies and privileges granted to the Association or the Owners by the Development Documentation shall be deemed to be cumulative, and the exercise of any one or more shall not be deemed to constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies or privileges as may be available to such party at law or in equity.

(h) The failure of Declarant to enforce any right, privilege, covenant or condition which may be granted to it by the Development Documentation shall not constitute a waiver of the right of Declarant to enforce such right, provision, covenant or condition in the future.

SECTION 2. SEVERABILITY. Invalidation of any one of the covenants or restrictions by judgment or court order shall in no wise affect any other provision which shall remain in full force and effect.

SECTION 3. AMENDMENT. The covenants and restrictions of this Declaration shall run and bind the land for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years unless terminated or amended as hereinafter provided. This Declaration and the planned unit development hereby created may be terminated only with the consent of the Owners entitled to cast at least eighty percent (80%) of the votes of each class of Members of the Association; provided, however, during Declarant's Development Period, this Declaration may not be terminated without Declarant's consent. This Declaration may be amended only with the affirmative vote or written consent of the Members to which at least sixty-seven percent (67%) of the votes of each class of Members of the Association are allocated, any such written consent having been obtained after written notice to all Members of the proposed amendment; provided, however, Declarant may unilaterally terminate or restrict any right herein reserved in favor of Declarant by recording in the Appropriate Registry a notice of such termination or restriction; and provided further, no amendment to this Declaration during Declarant's Development Period shall be effective without Declarant's consent, no amendment relating to the maintenance or ownership of any permanent detention or retention pond shall be effective unless reviewed and approved by the governmental entity having jurisdiction for watershed protection and no amendment purporting to revoke or curtail any right herein conferred to Declarant shall be effective unless executed by Declarant. Any amendment must: (1) be executed on behalf of the Association by its duly authorized officer(s); (2) contain an attestation by the officers executing the amendment on behalf of the Association that the requisite Owner and Declarant approval has been obtained and is evidenced by written minutes of the meeting of the Members at which the amendment was approved or written acknowledgment(s) signed by the Owners approving the amendment and, if required, Declarant, and that such minutes or acknowledgments, as the case may have been made a part of the Minute Book of the Association; and (3) be properly recorded in the Appropriate Registry. For the purpose of this Section, additions to existing property by Declarant pursuant to Section 4 of this Article shall not constitute an "amendment." Notwithstanding the foregoing, the Declarant, during Declarant's Development Period, and, thereafter, the Executive Board of the Association, may unilaterally amend this Declaration to correct obvious errors and omissions herein and as requested by VA, FHA, the Federal National Mortgage Association ("FNMA") or

Federal Home Loan Mortgage Corporation so that purchasers of Lots may qualify for loans under such programs.

SECTION 4. ANNEXATION.

(a) Except as provided in Section 1 of Article II with respect to Declarant's right to convey additional Common Elements to the Association and as provided in Subsection (b) below, additional residential property and Common Elements may be annexed to the Properties only with the affirmative vote or written consent of the Members to which at least sixty-seven percent (67%) of the votes of each class of the Members of the Association are allocated, any such written consent having been obtained after written notice to all Members of the proposed annexation; provided, however, during Declarant's Development Period, Declarant must also consent to such action.

(b) All or any portion of the property described on Schedule A, attached hereto and incorporated herein by this reference, together with any property located adjacent to the Properties (the "Additional Property") may be annexed by the Declarant without the consent of Members within fifteen (15) years of the date of this instrument. For the purpose of determining whether property is adjacent to the Properties, the rights of way of public roads and utilities, as well as rivers and streams, shall be deemed not to separate otherwise adjacent property. Declarant shall have no obligation of any kind to annex any or all of the Additional Property and, should Declarant elect to annex all or any portion of the Additional Property, Declarant shall have no obligation of any kind to annex the Additional Property in any particular sequential order. Should Declarant elect to annex all or any portion of the Additional Property and accordingly to subject such property to the terms and conditions of this Declaration, with regard to all or any part of the Additional Property annexed by Declarant, Declarant shall have the right to make such modifications and/or additions to the covenants and restrictions contained in this Declaration as may be necessary or convenient, in the sole judgment of the Declarant, including, without limitation, modifications and/or additions to the restrictions contained in Article VI hereof, but such additions and/or modifications shall have no effect upon the properties previously subjected to this Declaration; provided, however, the voting rights and assessment obligations of Lots added shall be the same as the voting rights and assessment obligations of the Lots hereby made subject to this Declaration. With regard to any portion of the Additional Property not annexed by Declarant, Declarant makes no representations with regard to the use of such property or the exterior appearance, design, size or intended purpose of any improvements now or hereafter erected on such property.

SECTION 5. FHA/VA APPROVAL. During any period of Declarant Control, the following actions will require the prior approval of the Federal Housing Administration or the Department of Veterans Affairs provided that FHA-insured or VA-guaranteed loans have been obtained to purchase Lots:

(a) any annexation of additional property other than the property specifically described on Schedule A hereto;

(b) termination of this Declaration, dissolution of the Association or other termination of the planned unit development hereby created;

(c) any dedication or conveyance of the Common Elements pursuant to Article II, Section 2(e); or

(d) any amendment to this Declaration adding, deleting or modifying any provision regarding any of the following ("Material Amendment"):

(i) Assessment basis or assessment liens;

(ii) Any method of imposing or determining any charges to be levied against individual unit owners;

(iii) Reserves for maintenance, repair or replacement of Common Elements improvements;

(iv) Maintenance obligations;

(v) Allocation of rights to use Common Elements;

(vi) Any scheme of regulation or enforcement of standards for maintenance, architectural design or exterior appearance of improvements on Lots;

(vii) Reduction of insurance requirements;

(viii) Restoration or repair of Common Elements improvements;

(ix) The addition, annexation or withdrawal of land to or from the project, except for the annexation of all or any portion of the Additional Property specifically described on Schedule A hereto;

(x) Voting Rights;

(xi) Restrictions affecting leasing or sale of a unit; or

(xii) Any provision which is for the express benefit of mortgagees.

SECTION 6. AMPLIFICATION. The Provisions of this Declaration are amplified by the Articles of Incorporation and Bylaws of the Association; but no such amplification shall alter or amend any of the rights or obligations of the Owners set forth in this Declaration. Declarant intends that the provisions of this Declaration on the one hand, and the Articles of Incorporation and Bylaws of the Association on the other, be interpreted, construed, and applied to avoid inconsistencies or conflicting results. If such conflict necessarily results, however, Declarant intends that the provisions of this Declaration control anything contained in the Articles of Incorporation or Bylaws of the Association.

SECTION 7. DISSOLUTION OR INSOLVENCY OF THE ASSOCIATION. The Association shall be dissolved upon the termination of this Declaration, or upon the written assent given in writing and signed by not less than eighty percent (80%) of the Members of each Class of Members, or upon such more restrictive or additional conditions and in such manner as otherwise provided by the laws of the State of North Carolina; provided, however, during Declarant's Development Period, the Association may not be dissolved without Declarant's consent. Upon dissolution or insolvency of the Association or upon loss of ownership of the Common Elements (once such ownership has been acquired) by the Association for any reason whatsoever (except for exchange or dedication or conveyance of any part or all of the Common Elements as allowed by this Declaration or by reason of merger and/or consolidation with any other association as allowed by this Declaration), any portion of the Common Elements not under the jurisdiction and being maintained by the Association, shall be offered to the Town of Wake Forest, North Carolina, or to some other appropriate governmental entity or public agency (as determined by the Board) to be dedicated for public use for purposes similar to those to which the Common Elements and such assets were required to be devoted by the Association. If the Town of Wake Forest or such other appropriate governmental entity or public agency accepts the offer of dedication, such portion of the Common Elements and assets shall be conveyed by the Association to the Town of Wake Forest or such other appropriate governmental entity or public agency, subject to the superior right of the Owner of each Lot to an easement (if necessary) for reasonable ingress and egress to and from such Owner's Lot and the public or private street(s) on which such Lot is located, and subject to all other applicable rights of way and easements and subject to ad valorem property taxes subsequent to the date of such conveyance.

In the event that the Town of Wake Forest or such other appropriate governmental entity or public agency refuses the offer of dedication and conveyance, the Association may transfer and convey such Common Elements and assets to any nonprofit corporation, association, trust or other entity which is or shall be devoted to purposes and uses that would most nearly conform to the purposes and uses to which the Common Elements was required to be devoted by this Declaration, such conveyance to be made subject to the rights of Owners and other matters set forth in the immediately preceding paragraph.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has caused this instrument to be executed in its name and its corporate seal hereto affixed as of the 19th day of March, 2003.

RICHLAND HILLS ASSOCIATES, LLC,
a North Carolina limited liability company [SEAL]

By: Tillett Development Company, ~~Inc.,~~ Manager

By: [signature]
V, President

STATE OF North Carolina

COUNTY OF Wake

Johnston I, Mary C. Neighbors, a Notary Public within and for ~~said~~ County and ~~State~~, do hereby certify that Thomas A. Beck personally came before me this day and acknowledged that he/~~she~~ is Vice President of Tillett Development Company, Inc., a North Carolina corporation and Manager of Richland Hills Associates, LLC, a North Carolina limited liability company, and that by authority duly given and as the act of the corporation on behalf of the limited liability company, the foregoing instrument was signed in its name by its Vice President, sealed with its corporate seal, and said writing was acknowledged to be the act and deed of said company.

Witness my hand and official seal this 19th day of March 2003.

Mary C. Neighbors
Notary Public

My Commission Expires:

6-28-07.

MARY C. NEIGHBORS
NOTARY PUBLIC
State of North Carolina
County of Johnston

SCHEDULE A

ALL of that real property located in Wake and Franklin Counties and identified as "Parcel 1," "Parcel 2," and "Parcel 3," on the maps entitled "Final Recombination Plat for Charles W. Gaddy" and recorded in Book 2001, Pages 1161-1163 of the Wake County Registry and Book 2001, Pages 267A, B and C of the Franklin County Registry.

CONSENT AND SUBORDINATION TO DECLARATION FOR RICHLAND HILLS

Branch Banking and Trust Company, a North Carolina banking corporation, as the owner and holder of the indebtedness secured by that certain North Carolina Deed of Trust recorded in Book 9895, Page 170, in the Office of the Register of Deeds, Wake County, North Carolina and in Book 1314, Page 331, in the Office of the Register of Deeds, Franklin County, North Carolina (the "Deed of Trust"), which Deed of Trust encumbers the "Properties" described in this Declaration of Covenants, Conditions, Restrictions and Easements for Richland Hills (this "Declaration"), and **BB&T Collateral Service Corporation**, as Trustee under the Deed of Trust, hereby consent to the recordation of this Declaration and subordinate the lien of the Deed of Trust encumbering the Properties to this Declaration and the terms, covenants, conditions, easements and restrictions contained herein.

Branch Banking and Trust Company, a North Carolina banking corporation

By: ______________________

Sr. Vice President

ATTEST:

____

Asst. Secretary

[CORPORATE SEAL]

BB&T Collateral Service Corporation, Trustee

By: ______________________

Vice President

ATTEST:

____

Asst. Secretary

[CORPORATE SEAL]

STATE OF NORTH CAROLINA
COUNTY OF ~~WAKE~~ NASH

I, Jan Jones, a Notary Public of said County and State, do hereby certify that Brad Pollock personally came before me this day and acknowledged that he is Asst. Secretary of **Branch Banking and Trust Company, a North Carolina banking corporation**, and that by authority duly given, and as the act of the Corporation, the foregoing instrument was signed in its name by its Sr. Vice President, sealed with its corporate seal and attested by him as its Asst Secretary.

WITNESS my hand and official seal this 08th day of April, 2003.

Jan Jones
Notary Public

[NOTARIAL SEAL]

My Commission Expires:
06-23-07.

STATE OF NORTH CAROLINA
COUNTY OF ~~WAKE~~ NASH

I, Jan Jones, a Notary Public of said County and State, do hereby certify that Brad Pollock personally came before me this day and acknowledged that he is Asst Secretary of **BB&T Collateral Service Corporation, Trustee**, and that by authority duly given, and as the act of the Corporation, the foregoing instrument was signed in its name by its Vice President, sealed with its corporate seal and attested by him as its Asst. Secretary.

WITNESS my hand and official seal this 08th day of April, 2003.

Jan Jones
Notary Public

[NOTARIAL SEAL]

My Commission Expires:
06/23/07.

CONSENT AND SUBORDINATION TO DECLARATION FOR RICHLAND HILLS

Westminster Homes, Inc., a North Carolina corporation, as the owner and holder of the indebtedness secured by that certain North Carolina Deed of Trust recorded in Book 9263, Page 1574, in the Office of the Register of Deeds, Wake County, North Carolina and in Book 1251, Page 481, in the Office of the Register of Deeds, Franklin County, North Carolina (the "Deed of Trust"), which Deed of Trust encumbers the "Properties" described in this Declaration of Covenants, Conditions, Restrictions and Easements for Richland Hills (this "Declaration"), and **Richard W. Moore**, as Trustee under the Deed of Trust, hereby consent to the recordation of this Declaration and subordinate the lien of the Deed of Trust encumbering the Properties to this Declaration and the terms, covenants, conditions, easements and restrictions contained herein.

Westminster Homes, Inc., a North Carolina corporation

By: ______________________
Vice President

[CORPORATE SEAL]

Richard W. Moore, Trustee

______________________ [SEAL]

STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, Patricia R Smith, a Notary Public of said County and State, do hereby certify that Micheal J. Reiser personally came before me this day and acknowledged that he/she Vice President of **Westminster Homes, Inc., a North Carolina corporation**, and that he/she, as Vice President, being authorized to do so, executed the foregoing on behalf of the corporation.

WITNESS my hand and official seal this 10 day of April, 2003.

Patricia R Smith
Notary Public

[NOTARIAL SEAL]

PATRICIA R. SMITH NOTARY PUBLIC WAKE COUNTY, N.C.

My Commission Expires:
1-23-06

CONSENT AND SUBORDINATION TO
DECLARATION FOR RICHLAND HILLS

Westminster Homes, Inc., a North Carolina corporation, as the owner and holder of the indebtedness secured by that certain North Carolina Deed of Trust recorded in Book 9263, Page 1574, in the Office of the Register of Deeds, Wake County, North Carolina and in Book 1257, Page 481, in the Office of the Register of Deeds, Franklin County, North Carolina (the "Deed of Trust"), which Deed of Trust encumbers the "Properties" described in this Declaration of Covenants, Conditions, Restrictions and Easements for Richland Hills (this "Declaration"), and **Richard W. Moore**, as Trustee under the Deed of Trust, hereby consent to the recordation of this Declaration and subordinate the lien of the Deed of Trust encumbering the Properties to this Declaration and the terms, covenants, conditions, easements and restrictions contained herein.

Westminster Homes, Inc., a North Carolina corporation

By: ______________________________
__________ President

[CORPORATE SEAL]

Richard W. Moore, Trustee

Richard Moore ______________ [SEAL]

STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, ______________________________, a Notary Public of said County and State, do hereby certify that ______________________ personally came before me this day and acknowledged that he/she _______ President of **Westminster Homes, Inc., a North Carolina corporation**, and that he/she, as ______ President, being authorized to do so, executed the foregoing on behalf of the corporation.

WITNESS my hand and official seal this _____ day of _____________, 2003.

____
Notary Public

[NOTARIAL SEAL]

My Commission Expires:
________________________.

STATE OF NORTH CAROLINA
COUNTY OF ~~WAKE~~ Johnston

I, Terri S Carraway, a Notary Public within and for said County and State, do hereby certify that **Richard W. Moore**, TRUSTEE personally came before me this day and acknowledged that by authority duly given, said writing was signed and sealed by him and acknowledged said writing to be the act and deed.

Witness my hand and official stamp or seal, this 9th day of April, 2003.

Terri S Carraway
Notary Public

[NOTARIAL SEAL]

TERRI S. CARRAWAY
NOTARY
***
PUBLIC
JOHNSTON COUNTY, N.C.

My Commission Expires: 11/16/03

Laura M Riddick
Register of Deeds
Wake County, NC

Book : 010041 Page : 00645 - 00680

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

WAKE COUNTY NORTH CAROLINA

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

North Carolina - Wake County

The foregoing certificate S of Jan Jones, Terri S. Carraway, Patricia R. Smith, Mary C. Neighbors

_________ 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: Fredrick C. Bayson DEPUTY
Assistant/Deputy Register of Deeds

This Customer Group
_________ # of Time Stamps Needed

This Document
_________ New Time Stamp
36 # of Pages