

FOR REGISTRATION
Sharon A. Davis
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DECLARATION
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DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
PINE BLUFF TOWNHOMES

THIS DOCUMENT REGULATES OR PROHIBITS THE DISPLAY OF THE FLAG OF THE UNITED STATES OF AMERICA OR THE STATE OF NORTH CAROLINA.

THIS DOCUMENT REGULATES OR PROHIBITS THE DISPLAY OF POLITICAL SIGNS.

Prepared by and after recording, return to: William W. Bunch, III
Brown & Bunch, PLLC
4700 Homewood Court
Suite 265
Raleigh, N.C. 27609

STATE OF NORTH CAROLINA

COUNTY OF DURHAM

DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR PINE BLUFF TOWNHOMES

THIS TOWNHOME DECLARATION is made and entered into this 26TH day of FEBRUARY, 2019, by LAKEFIELD FARM, LLC (hereinafter referred to as "Declarant"), Suite 101, 2451 Croasdaile Farm Parkway, Durham, North Carolina 27705, for itself, its successors, grantees and assigns:

WITNESSETH THAT:

WHEREAS, the Declarant is owner of all that certain tract and parcel of land situated in Durham County, North Carolina, which is more accurately described in Exhibit "A", attached hereto, and which is hereby incorporated by reference as fully as if it were set out verbatim herein, together with all buildings and improvements now or hereafter constructed or located thereon and all rights, privileges, easements and appurtenances belonging to or in any way pertaining to said real property (hereinafter the "Property"); and

WHEREAS, the said Property has previously been subjected to the Declaration of Covenants, Conditions and Restrictions for Croasdaile Farm dated the 3rd day of August,

1987, and duly recorded in Book 1393, at page 137, in the Office of the Register of Deeds of Durham County, North Carolina (hereinafter "Master Declaration"); and

WHEREAS, the said Property is a part of the Croasdaile Farm Community, as hereinafter defined; and

WHEREAS, the Declarant now desires to create a planned community under the North Carolina Planned Community Act (N.C.G.S. Chapter 47F) and to submit the said Property described in Exhibit "A" to the following Covenants, Conditions and Restrictions for Pine Bluff Townhomes and to comply with the Parcel Declaration requirements set forth in the said Master Declaration;

NOW THEREFORE, the Declarant hereby declares that the Property described in Exhibit "A" shall be held, owned, sold and conveyed subject to the following covenants, conditions and restrictions which shall be binding upon all Persons having any right, title or interest in the Property.

ARTICLE ONE

DEFINITIONS

SECTION 1.1 "ACT": shall mean the North Carolina Planned Community Act, Chapter 47F of the North Carolina General Statutes as the same may be amended from time to time.

SECTION 1.2 "ASSESSMENTS": shall mean the General, Special and Planting Assessments levied by Pine Bluff Townhome Association, Inc., for the upkeep and maintenance of the Common Elements and to satisfy the Common Expenses of the Association.

SECTION 1.3 "ASSOCIATION": shall mean Pine Bluff Townhome Association, Inc., a non-profit corporation organized under the laws of the State of North Carolina.

SECTION 1.4 "BUILDER": shall mean Homes by Dickerson, Inc., a North Carolina corporation to whom the Lots are to be conveyed for the purpose of constructing the improvements thereon as approved by the Design Review Committee in accordance with the terms and provisions relative thereto set forth hereinafter in Article Three.

SECTION 1.5 "BOARD OF DIRECTORS": shall mean the elected body governing the Association as provided by North Carolina corporate law and is the same as the Executive Board defined in the Act.

SECTION 1.6 "BYLAWS": shall mean the duly adopted Bylaws of the Association.

SECTION 1.7 "COMMON AREAS": shall mean the real and personal property now or hereafter owned by the Croasdaile Farm Master Homeowner Association, Inc. (hereinafter "Master Association") for the common use and enjoyment of the members of the Master Association.

SECTION 1.8 "COMMON ELEMENTS": shall mean all portions of the Property other than public streets and individual Townhome Lots and shall also include the tangible property owned by the Association.

SECTION 1.9 "COMMON EXPENSES": shall mean the financial liabilities and expenditures made by the Association including any allocations to reserve accounts. This term includes expenses for administration, maintenance, operation, repair or replacement of the Common Elements or Limited Common Elements and any expenses declared to be Common Expenses by the provisions of this Declaration or the Bylaws.

SECTION 1.10 "COMMON EXPENSE LIABILITY": shall mean the Common Expenses allocated to each Owner pursuant to this Declaration.

SECTION 1.11 "COMMUNITY-WIDE STANDARDS": shall mean the architectural, landscape, arboreal, vegetative and aesthetic standards of the Croasdaile Farm

Community as determined and promulgated by the Design Review Committee, from time to time.

SECTION 1.12 "CROASDAILE FARM COMMUNITY": shall mean the residential community described in the Master Declaration, as amended.

SECTION 1.13 "DECLARANT": shall mean Lakefield Farm, LLC, its heirs, successors and assigns.

SECTION 1.14 "DECLARATION": shall mean this instrument and any amendments thereto, unless otherwise specified. This instrument shall also be construed to be the Parcel Declaration referred to in the Declaration of Covenants, Conditions and Restrictions for Croasdaile Farm, recorded in Book 1393, at Page 137, in the Office of the Register of Deeds of Durham County, North Carolina, as amended from time to time.

SECTION 1.15 "DECLARANT CONTROL PERIOD": shall mean the time period commencing on the date of recordation of this Declaration and ending on the earlier of:

- (A) Four (4) years and six (6) months after the date of the first conveyance of a Lot to a Person other than the Declarant or Builder;
- (B) One hundred and twenty (120) days after the conveyance of seventy-five percent (75%) of the thirty-two (32) Lots described in this Declaration to Owners other than the Declarant or Builder; or

- (C) The delivery of written notice by the Declarant to the Association of Declarant's election to terminate any rights reserved hereunder.

SECTION 1.16 "DESIGN REVIEW COMMITTEE": shall mean the committee appointed by the board of directors of the Master Association, from time to time, to establish Community-Wide Standards for the construction, alteration or improvement of property within the Croasdaile Farm Community, of which these Townhomes are a part.

SECTION 1.17 "DEVELOPMENT RIGHTS": shall mean any right or combination of rights reserved by the Declarant to:

- (A) Create additional Lots; however, the total number of Lots subjected to this Declaration shall not exceed thirty-two (32);
- (B) Create, add, alter or delete Common Elements or Limited Common Elements within the said Property;
- (C) Subdivide Lots or convert Lots into Common Elements; or
- (D) Withdraw Real Estate from the said Property.

SECTION 1.18 "ELIGIBLE HOLDER": shall mean an institutional holder, insurer or guarantor of a first mortgage or first deed of trust who requests, in a writing delivered to the Association, to be furnished the information specified in Section 7.1. Such written request must set forth the name and address of such holder, insurer or guarantor and the Lot number to which such first mortgage or first deed of trust applies. An Eligible Holder

shall also include the holder, insurer or guarantor of any junior mortgage if said junior mortgage is approved as such by the Board of Directors.

SECTION 1.19 "ELIGIBLE MORTGAGE": shall mean all first mortgages and, in addition, any junior mortgage of which the holder is the Declarant, or the holder is the seller of a Lot or such other mortgage as is approved by the Board of Directors as an Eligible Mortgage.

SECTION 1.20 "ELIGIBLE MORTGAGEE": shall mean a holder, insurer or governmental guarantor of an Eligible Mortgage.

SECTION 1.21 "GENERAL ASSESSMENTS": shall have the meaning set forth in Article Six of this Declaration.

SECTION 1.22 "GENERAL PLAN OF DEVELOPMENT": shall mean the Land Use Development Plan, as amended, from time to time, of Croasdaile Farm prepared by Land Design Research, Inc., which is referred to in the Master Declaration.

SECTION 1.23 "IDENTIFYING NUMBER": shall mean the number assigned by the Declarant that identified each Lot, as shown on the Plat referred to in Exhibit "A".

SECTION 1.24 "INSURANCE TRUSTEE": shall mean Pine Bluff Townhome Association, Inc., its heirs, successors and assigns.

SECTION 1.25 "LESSEE": shall mean the Person entitled to possession of a leased Lot whether as lessee, sublessee or assignee.

SECTION 1.26 "LIMITED COMMON ELEMENTS": shall mean the portion of the Common Elements allocated by this Declaration, as amended, for the exclusive use of one or more but fewer than all of the Lots and Owners.

SECTION 1.27 "LOT": shall mean all portions of the Property designated for separate ownership and bearing a separate Identifying Number, including the improvements located thereon, all as shown on the plat and survey thereof filed of record in the Office of the Register of Deeds of Durham County, North Carolina. A Lot shall be a Residential Unit as defined in the Master Declaration. A Lot shall also include any portion of the Additional Property which is designated for separate ownership and which is subjected to the terms and provisions of this Declaration by an appropriate amendment hereto.

SECTION 1.28 "MASTER ASSOCIATION": shall mean the homeowner association described in the Declaration of Covenants, Conditions and Restrictions for Croasdaile Farm dated the 3rd day of August, 1987, as duly recorded in Book 1393, at Page 137, in the Office of the Register of Deeds of Durham County, North Carolina, as amended from time to time.

SECTION 1.29 "MASTER DECLARATION": shall mean the Declaration of Covenants, Conditions and Restrictions for Croasdaile Farm dated the 3rd day of August, 1987, as amended, and duly recorded in Book 1393, at Page 137, in the Office of the Register of Deeds of Durham County, North Carolina, as amended from time to time.

SECTION 1.30 "MORTGAGE": shall include a deed of trust, as well as a mortgage.

SECTION 1.31 "MORTGAGEE": shall include a beneficiary, trustee or other holder of a deed of trust, as well as the mortgagee named in a mortgage.

SECTION 1.32 "MORTGAGOR": shall include a trustor of a deed of trust, as well as a mortgagor.

SECTION 1.33 "OWNER": shall mean one or more Persons who hold record title to a Lot in Pine Bluff Townhomes but excluding in all cases any party holding an interest merely as security for the performance of an obligation. If a Lot is sold under a recorded contract of sale, the Purchaser (rather than the fee Owner) will be considered the Owner.

SECTION 1.34 "PARCEL": shall mean and refer to all that certain tract and parcel of land situated in Durham County, North Carolina, which is more accurately described in Exhibit "A", attached hereto, and which is hereby incorporated by reference. Exhibit "A" describes the land upon which the Pine Bluff Townhomes are to be built. The land

described in Exhibit "A", shall be a separately designated residential area which is subject to the Master Declaration and to the provisions of this Townhome Declaration.

SECTION 1.35 "PARCEL DECLARATION": shall mean this Declaration and the same shall be construed to the Parcel Declaration referred to in the Master Declaration.

SECTION 1.36 "PERSON": shall mean a natural person, a corporation, a partnership, a trustee or other legal entity and the heirs, successors and assigns thereof.

SECTION 1.37 "PROPERTY": shall mean the tract of land described in Exhibit "A" which is hereby subjected to this Declaration.

SECTION 1.38 "PURCHASER": shall mean any Person, other than Declarant, Builder or a Person in the business of selling Real Estate for his own account, who acquires a legal or equitable interest in a Lot other than:

- (A) A leasehold interest (including renewal options); or
- (B) As security for an obligation.

SECTION 1.39 "REAL ESTATE": shall mean any property, leasehold, fee or other estate or interest in, over or under land, including structures, fixtures and other improvements and interests which by custom, usage or law, pass with a conveyance.

SECTION 1.40 "RESIDENTIAL UNIT": shall mean a Lot and any improvements located thereon.

SECTION 1.41 "SPECIAL ASSESSMENTS": shall have the meaning set forth in Article Six of this Declaration.

SECTION 1.42 "SPECIAL DECLARANT RIGHTS": shall mean rights reserved for the benefit of the Declarant, its successors and assigns to:

- (A) Complete improvements indicated on plats and plans referred to in the Declaration, as amended;
- (B) Exercise any Development Rights;
- (C) Maintain sales offices, management offices, model units and signs advertising the Townhomes or Lots;
- (D) Use easements through the Common Elements for the purpose of making improvements within the Property;
- (E) Make the Townhomes part of a larger townhome project;
- (F) Appoint or remove any officer of the Association or any member of the Board of Directors during the Declarant Control Period; or
- (G) Any other Special Declarant Right expressly reserved to the Declarant in this Declaration.

SECTION 1.43 "TOWNHOME": shall include the individual Lots designated for separate ownership and any improvements located thereon.

ARTICLE TWO

GENERAL PROVISIONS, PARCEL DECLARATION AND
SUBMISSION OF PROPERTY TO MASTER DECLARATION

SECTION 2.1 NAME: The Townhomes subjected to the provisions of this Declaration shall be known as "Pine Bluff Townhomes".

SECTION 2.2 PROPERTY SUBJECT TO DECLARATION: Declarant hereby submits the Property described in Exhibit "A", attached hereto, together with all dwellings and other improvements now or hereafter constructed or located thereon to the provisions of this Declaration and to the provisions of the Master Declaration, both as amended from time to time. Pine Bluff Townhomes are a part of the Croasdaile Farm Community. If there is any conflict between the terms of the Master Declaration and the terms of this Declaration, the terms of the Master Declaration shall control.

SECTION 2.3 DIVISION OF PROPERTY: Declarant, in order to establish a planned development for Townhome ownership, does hereby divide the Property into thirty-two (32) Lots and does hereby designate each of said Lots for separate ownership. A Lot shall be used only for residential purposes. The Common Elements consist of all portions of the Property other than the Lots and the dedicated public street rights-of-way.

SECTION 2.4 LIMITED COMMON ELEMENTS: The thirty-two (32) Lots are to be developed such that there will be eight (8) groups of Lots containing four (4) adjoining Lots each. In conjunction with the construction of the improvements for each Residential Unit, Builder will construct a fire sprinkler system in accordance with the requirements of the City of Durham and all components of such fire sprinkler system, including, but not limited to, the waterlines, sprinkler closet constructed within the garage of each Residential Unit and all equipment related thereto, including the sprinkler heads (collectively, "Fire Sprinkler System(s)") will be a Limited Common Element with respect to the Residential Unit served by its individual Fire Sprinkler System.

SECTION 2.5 PARCEL DECLARATION: The Property described in Exhibit "A", attached hereto, is a separately designated residential area for Townhomes, and said residential area shall be a separate parcel from all others in the Croasdaile Farm Community, of which it is a part. This Declaration shall be construed to be the Parcel Declaration referred to in Section 1.20 of the Master Declaration.

SECTION 2.6 GENERAL PLAN OF DEVELOPMENT: The General Plan of Development is the dynamic design for the development of Croasdaile Farm Community as a planned development and may be modified and amended, from time to time, as provided in the Master Declaration, during the several years required to build the Croasdaile Farm Community. Therefore, because the General Plan of Development is a temporary design, it shall not bind the Declarant, or any other Person, to build the improvements which are shown on the Land Use Development Plan of Croasdaile Farm Community or to improve

any portion of such real property in accordance with the General Plan of Development. The Master Declaration provides that Lone Pine, Inc, its successors and assigns, have the absolute right and discretion to amend the General Plan of Development in response to changes, including without limitation, to economic, marketing, environmental, technological or social conditions related to the development or marketing of Croasdaile Farm Community or to changes in the requirements of governmental agencies or financial institutions.

SECTION 2.7 NO WARRANTY: The General Plan of Development, as amended from time to time, does not and shall not constitute, nor it is nor shall it be construed as a warranty, express or implied, on the part of the Declarant or any other Person, that the Croasdaile Farm Community will be developed in conformity with the said General Plan of Development.

SECTION 2.8 MAXIMUM OF NUMBER OF LOTS: The Developer may subject a maximum of thirty-two (32) Lots to the terms and provisions of this Declaration. The Lots will be constructed pursuant to building permits issued by the City of Durham, North Carolina.

SECTION 2.9 DEVELOPMENT AND SALE OF LOTS: The Lots will be developed by Declarant and/or Declarant's affiliate, Croasdaile Farm Three, LLC, a North Carolina limited liability company, as necessary to prepare the Lots for the improvements to be constructed thereon as approved by the Design Review Committee and then conveyed

to Builder for the purpose of Builder obtaining a building permit and constructing such improvements and marketing and selling the Residential Units to Purchasers. In conjunction with the sale of Lots to Builder, Declarant will assign the Special Development Rights set forth in Section 9.7 of this Declaration as (A), (E), (F) and (G) to Builder relative to each Lot acquired by Builder and set forth in an instrument to be signed by Declarant and Builder and recorded in the Office of the Register of Durham County, North Carolina.

ARTICLE THREE

DESIGN REVIEW COMMITTEE

SECTION 3.1 DESIGN REVIEW COMMITTEE: The board of directors of the Master Association will appoint a Design Review Committee (hereinafter sometimes referred to as "DRC") each year consisting of not less than three Persons, none of whom need be a member of the Master Association. The DRC will establish and promulgate, from time to time, the Community-Wide Standards for construction or alteration of Residential Units, landscaping, arboreal and vegetative requirements of Croasdaile Farm Community. The said Community-Wide Standards shall be made available by the Master Association to owners, builders and developers who seek to engage in development of or construction with the Croasdaile Farm Community and they shall conduct their operations in accordance with this Article Three and the said Standards. The initial Community-Wide Standards are set forth in Exhibit "D" to the Master Declaration and are independently amendable by the DRC, from time to time, in accordance with the terms of Exhibit "D"

and any amendments thereto shall not constitute nor require an amendment to this Declaration or to the Master Declaration. An amendment to the Community-Wide Standards shall be effective upon adoption by the DRC and need not be recorded in the Office of the Register of Deeds of Durham County, North Carolina. The DRC shall be subject to the jurisdiction and authority of the board of directors of the Master Association.

SECTION 3.2 IMPROVEMENTS AND ALTERATIONS: Unless and until a plan of construction is approved by the DRC in writing, no structure or appurtenance thereto, whether of a temporary or a permanent nature and whether or not affixed to the ground, shall be commenced, erected, installed, added or permitted to remain within the Croasdaile Farm Community. The plans for any grading and landscaping of property shall also require the prior written approval of the DRC.

Unless and until a plan of alteration is approved by the DRC in writing, no construction, alteration or repair, including, but not limited to, a change in exterior color of any structure, shall be undertaken which affects the external appearance of any improvements to the Common Elements, to a Residential Unit or to other property within the Croasdaile Farm Community.

No building within the Croasdaile Farm Community shall be utilized for a type of use other than that for which it was originally designed without the prior written approval of the DRC. In addition, mature live trees on the property, as defined in the Community-Wide Standards, may not be cut down or removed without the prior written approval of the DRC.

Nothing contained herein shall be construed to limit the right of an Owner to remodel the interior of his Residential Unit or to paint the interior thereof any color desired.

In the event the DRC fails to approve or disapprove an application by the Owner for a proposed improvement to a Residential Unit or other property located within the Croasdaile Farm Community with thirty (30) days after submission of same to the DRC, the said application shall be deemed approved.

SECTION 3.3 DELEGATION OF DESIGN REVIEW COMMITTEE'S DUTIES: The Design Review Committee may delegate all or any portion of its authority to the Board of Directors or appropriate committee of the Pine Bluff Townhome Association, Inc.; provided, however, that the DRC has determined that such Board or committee has review and enforcement procedures in force and appropriate standards for the construction or alteration of Residential Units, landscaping, arboreal and vegetative requirements which are not less strict than those established by the DRC. This delegation of authority may be revoked by the DRC and jurisdiction reassumed, as provided in the Master Declaration, at any time by giving written notice thereof to the Board or committee, as appropriate.

ARTICLE FOUR

MEMBERSHIP AND VOTING RIGHTS

SECTION 4.1 MEMBERSHIP: Every Person who is the record Owner of a fee simple interest or an undivided fee simple interest in a Residential Unit that is subject to this Declaration shall automatically be a member of the Association and a member of the

Master Association. Membership shall be appurtenant to and may not be separated from such ownership. Members agree to be bound by the terms and provisions of this Declaration, the Master Declaration, the Bylaws of the Association, the Bylaws of the Master Association and such Rules and Regulations as shall be promulgated, from time to time, by the Board of Directors. Membership in the Association and in the Master Association shall cease upon termination of an Owner's fee simple interest in said real property or upon recordation of a Contract of Sale as provided in Section 1.33 of this Declaration; provided, however, that a member shall not include any Person who holds an interest merely as security for the performance of an obligation and the granting of a security interest in a Residential Unit shall not terminate the Owner's membership. No Owner, whether one or more Persons, shall have more than one membership per Residential Unit owned. The rights and privileges of membership, including the right to vote, may be exercised by the member; however, except as provided in Section 4.2, below, in no event shall more than one (1) vote be cast for each particular Residential Unit. Such membership shall be appurtenant to the Residential Unit giving rise to such membership and shall not be assigned, transferred, pledged, hypothecated, conveyed or alienated in any way except upon the transfer of title to such Residential Unit. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a Residential Unit shall operate automatically to transfer the membership in the Association and in the Master Association which is appurtenant thereto to the new Owner. Each member shall be subject to the Bylaws of the Association and to the Bylaws of the Master Association and any Rules and Regulations of the said associations and the provisions of this Declaration and the Master Declaration, all as may be amended, from time to time.

SECTION 4.2 VOTING: Each member of the Association other than the Declarant shall be entitled to one (1) vote for each Residential Unit in which he holds the interest required for membership provided in Section 4.1. There shall be only one (1) vote per Residential Unit. When more than one person or an entity holds such interest in any Residential Unit, the vote for such Residential Unit shall be exercised by the Person specifically designated in writing delivered to the Secretary of the Association prior to any meeting. The Person designated shall continue to have the right to exercise the vote for such Residential Unit until such time as the said authorization is revoked by the Owners in a writing delivered to the Secretary of the Association. The Board of Directors shall have authority to promulgate Rules and Regulations, from time to time, regarding the format and signatures required to designate the voting member. Failure to designate the Person who shall exercise the vote for such Residential Unit or an attempt to exercise said vote by more than one Person or entity shall result in the automatic suspension of said Residential Unit's vote. This suspension shall continue in effect until the Person designated in a writing delivered to the Association by the Owner(s) is the only Person attempting to exercise the vote. During the Declarant Control Period, the Declarant shall be entitled to three (3) votes for each Lot it owns. Upon the termination of the Declarant Control Period, the Declarant shall be entitled to only one (1) vote for each Lot it owns.

An Owner of a Residential Unit which is leased may, in the lease or other written instrument, assign the voting right appurtenant to that Residential Unit to the lessee, provided that a signed copy of the lease or other written instrument is delivered to the Secretary of the Association. The lessee shall have this voting right during the time period

set forth in the lease or other written instrument conferring such right, or if no time is set forth therein, then the lessee shall have the right to vote until his lease expires or the Owner revokes such right in a writing delivered to the Secretary of the Association.

ARTICLE FIVE

THE ASSOCIATION

SECTION 5.1 ORGANIZATION: The Association is a corporation organized under the laws of the State of North Carolina and is charged with the duties and vested with the powers conferred upon corporations by law, the powers conferred upon the Association by the Act, the powers set forth in the Articles of Incorporation, the Bylaws of the Association, as amended, from time to time, and the rights, powers and obligations set forth in this Declaration. In the event of any inconsistency between and among the Articles of Incorporation and the Association, the Bylaws of the Association, this Declaration or the Master Declaration, all as amended, from time to time, the Master Declaration shall control, then this Declaration, then the Articles of Incorporation of the Association and finally the Bylaws of the Association. In the event of a conflict between a provision in this Declaration or the Bylaws of the Association and a requirement of the Act which cannot be altered or varied, the requirement of the Act shall control and be deemed to be included in this Declaration or the Bylaws of the Association to the extent necessary to make this Declaration or the Bylaws of the Association compliant with such requirement of the Act. The officers and directors of the Association shall be required to be either:

- (A) Members of the Association; or
- (B) Officers, directors, agents, representatives or employees of the Declarant and its successors in interest.

By accepting a deed for any Common Element referred to herein, which acceptance shall be conclusively evidenced by the recordation of said deed in the Office of the Register of Deeds of Durham County, North Carolina, the Association agrees to be bound by all of the terms, conditions and covenants contained in this Declaration and to assume responsibility for all of the duties and obligations imposed upon the Association.

SECTION 5.2 DUTIES OF THE ASSOCIATION: The Association shall, in addition to such obligations, duties and functions as are assigned to it by other provisions of this Declaration, have the obligation and duty to do and perform each and every of the following for the benefit of the Owners and for the maintenance, administration and improvement of the Common Elements:

- (A) Common Elements – Accept as part of the Common Elements all real property conveyed to it as such.
- (B) Enforcement – Take such action, whether or not expressly authorized herein or in any other governing instrument, as may be necessary or desirable to enforce the restrictions, limitations, covenants, affirmative obligations, conditions and other provisions of this Declaration and its Exhibits, both present and future, as well as the other Croasdaile Farm documents.

- (C) Operation of Common Elements – To operate, maintain and otherwise manage or provide for the operation, maintenance and management of the Common Elements, together with all easements for operation and maintenance purposes for the benefit of the Association or its members. To keep all improvements of whatever kind and for whatever purpose located in or upon the Common Elements in good order, condition and repair.
- (D) Utilities – To acquire, provide and pay for water, sewer, garbage disposal, electrical, telephone, gas and other necessary utility services for the Common Elements.
- (E) Taxes and Assessments – To pay all real and personal property taxes and assessments separately levied upon or assessed against the Association or any property owned by the Association.
- (F) Dedication for Public Use – Upon being directed in writing by Lakefield Farm, LLC, or its successors, during the Declarant Control Period, to promptly dedicate such streets and roads and such water, sewer, electrical, telephone and other utility lines or facilities and to grant appropriate easements as may be specified by Lakefield Farm, LLC, or its successors, to such public authorities, utility companies or similar agencies or bodies as may be designed by Lakefield Farm, LLC, or its successors.
- (G) Insurance – To obtain and maintain insurance as provided for by either this Declaration or the Bylaws, as appropriate.
- (H) Rules and Regulations – To make, promulgate, amend and repeal, from time to time, Rules and Regulations of the Association.

- (I) Maintenance – To maintain and repair the exterior of all Residential Units including the front and rear yards and to maintain and repair the Common Elements. The Association shall always maintain all plantings, trees, shrubbery and grass in each front yard appurtenant to the Residential Unit and in any public street right-of-way located within the Property.
- (J) Miscellaneous – The Association shall be responsible for the payment of premiums for liability insurance insuring the Association for negligent acts or omissions of its agents, employees, contractors or Owners, the payment of city and county property taxes assessed against Association property and the maintenance of recreational and other facilities located on the Common Elements.

SECTION 5.3 POWERS AND AUTHORITY OF ASSOCIATION: The Association shall have all of the powers conferred by law upon corporations organized under the laws of the State of North Carolina and all of the powers conferred by the Act, subject only to such limitations as may be set forth in the Articles of Incorporation, the Bylaws, this Declaration or the Master Declaration. In addition, the Association shall have any power incidental to the exercise of any of the express powers conferred upon it including, but not limited to, the following:

- (A) Assessment – To assess the Owners and to enforce payment of such Assessments.
- (B) Easements and Rights-of-Way – To grant and convey to any third-party easements and rights-of-way in, on, over or under the Common Elements

for the purposes of constructing, operating or maintaining thereon, therein or thereunder:

- (1) underground or overhead lines, cables, wires or other devices for the transmission of electricity and for lighting, heating, power, telephone, cable communication and other appropriate purposes; and
 - (2) public sewers, storm water drains, water systems, gas lines or any similar public or quasi-public improvements or facilities.
- (C) Manager – To employ the services of any Person as a professional manager, together with employees, to manage and conduct the business of the Association and to enter into contracts for such purposes. Any such professional management agreement shall provide that the Association may terminate the said agreement, at any time, without cause and without penalty of any kind, upon not less than ninety (90) days written notice to the party contracting with the Association. The manager and employees shall have a right on ingress and egress over such portions of the Common Elements and of the Property as is necessary or desirable in performing their duties.
- (D) Mortgagee Protective Agreement – To execute and cause to be recorded, from time to time, agreements in favor of holders, guarantors or insurers of Mortgages secured by portions of the Common Elements or the Property. Such agreements may condition specified action relevant to this Declaration

or the activities of the Association upon approval by a specified group or number of such Mortgage holders, guarantors or insurers.

- (E) Right of Entry – Without liability to any Owner, to cause its agents, independent contractors and employees, at reasonable times and after reasonable notice to the Owner, to enter in or upon a Lot for the purpose of enforcing the provisions of this Declaration or any other restrictions or covenants affecting a Lot.

- (F) Rules and Regulations – The Association, through its Board of Directors, may make and enforce reasonable Rules and Regulations governing the use of the Common Elements, which Rules and Regulations shall be consistent with the rights and duties established by this Declaration. Sanctions for violations of the Rules and Regulations may include reasonable monetary fines and suspension of the right to vote and of the right to use the Common Elements; provided, however, that no such sanction shall deprive an Owner or his invitees of a right of ingress and egress to his Lot. The Association shall also have the power and authority to bring an action in any court to enforce any restrictions, covenants or conditions affecting the Common Elements or the Lots. Imposition of sanctions shall be as provided in the Bylaws or elsewhere in this Declaration.

- (G) General Authority – To take any other action deemed necessary or desirable by the Association to implement the intent and purposes of this Declaration and for the benefit of the Association and its members.

ARTICLE SIX

ASSESSMENTS

SECTION 6.1 CREATION OF ASSESSMENTS: The Declarant, for the Property hereby covenants, and each Owner of a Lot by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, (or by the acquisition of title to any of the Lots by any other means) is deemed to covenant and agree that for each Lot owned, the Owner shall pay to the Association such Assessments for the upkeep, maintenance and expenses of the Common Elements, insurance costs and operating expenses of the Association as shall be determined by the Board of Directors from time to time. There shall be three (3) kinds of Assessments levied by the Association, namely:

- (A) General Assessments;
- (B) Special Assessments; and
- (C) Planting Assessments referred to in Section 10.3 below.

SECTION 6.2 GENERAL ASSESSMENTS: General Assessments levied by the Association each year shall be used for the improvement, operation and maintenance of the Association property, insurance, maintenance and repair to the exterior of all Residential Units and to promote the recreation, safety and welfare of the members.

These Assessments shall be adequate to finance the operation and activities of the Association, to maintain the Common Elements and other areas for which the Association is responsible and to maintain adequate repair and replacement reserves. Any Common Expenses associated with the maintenance, repair or replacement of Limited Common Elements, with the exception of the Fire Sprinkler Systems addressed in Section 2.4 of this Declaration, shall be assessed against the specific Lot to which such Limited Common Elements appertain. In that the Fire Sprinkler Systems constructed by Builder for each Residential Unit are essentially the same, the costs and expenses of the maintenance and repair of the Fire Sprinkler Systems, including the required annual inspections and related backflow inspections, shall be a part of the General Assessments allocated equally among all Lots subject to this Declaration. With the exception of the portion of the General Assessments applicable to the Limited Common Elements, not including the Fire Sprinkler Systems, which shall be assessed against the specific Lots to which such Limited Common Elements appertain as set forth hereinbefore, the remainder of the General Assessments, including the costs and expenses related to the Fire Sprinkler Systems, shall be allocated equally among all Lots subject to this Declaration.

SECTION 6.3 SPECIAL ASSESSMENTS: In addition to General Assessments, the Association may levy a Special Assessment or Assessments during any fiscal year for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, unexpected repair or replacement of a Townhome or a capital improvement upon the Common Elements, including the necessary fixtures and personal property related thereto or for any other matter deemed necessary or desirable by the Board of Directors.

A Special Assessment must be approved in the manner provided in the Bylaws of the Association.

SECTION 6.4 PERSONAL OBLIGATION FOR ASSESSMENTS: Each of the aforementioned Assessments, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the Person or Persons who was (were) the Owner(s) of such Lot at the time the Assessment was levied. The grantee or transferee of any such Owner shall not be liable for any portion of an Assessment that was due and payable at the time the grantee or transferee acquired title in or to the Lot. In addition, no first mortgagee who obtains title to a Lot pursuant to the remedies provided in his Mortgage shall be liable for unpaid Assessments which accrued prior to the said Mortgagee's acquisition of title. Assessments shall be paid in such manner and on such dates as may be determined by the Board of Directors, from time to time. The Board of Directors shall also have authority to accelerate the balance owed on any Assessment if an Owner is delinquent in making the required payments.

SECTION 6.5 COMPUTATION OF GENERAL ASSESSMENTS: It shall be the duty of the Board of Directors, at least thirty (30) days prior to the Association meeting at which the budget shall be presented to the membership, to prepare an operating budget covering the estimated costs of operating the Association during the coming year. The budget shall establish a reserve fund or funds in accordance with a separately prepared capital budget and shall also separately list general and capital expenses, if any. The Board of Directors shall cause a copy of the proposed budget and the amount of the

General Assessment to be levied against each Lot for the following year to be delivered to each Owner at least fifteen (15) days prior to the Association meeting called for the purpose of approving the budget. The said budget and the said Assessment shall become effective unless disapproved by the vote of a least fifty-one percent (51%) of the vote of all then members of the Association at a meeting called for that purpose.

In the event the members disapprove the proposed budget or the Board of Directors should fail, for any reason, to prepare and submit a budget for the succeeding year, then, and until such time as a budget shall have been determined as provided herein, the budget in effect for the then current year shall continue in force. In addition, the current year's Assessment shall remain in force until a new budget is approved.

SECTION 6.6 CAPITAL BUDGET: The Board of Directors shall annually prepare a capital budget which shall take into account the number and nature of replaceable assets, the expected life of each asset and the expected repair or replacement cost of same during the succeeding year. The Board of Directors shall establish the amount sufficient to permit the Association to satisfy its projected capital needs and to maintain a working capital reserve, as presented in the capital budget. The amount so determined by the Board of Directors shall be included within the budget and Assessments as provided in this Article Six. A copy of the capital budget shall be distributed to each member in the same manner as the operating budget.

SECTION 6.7 LIEN FOR ASSESSMENTS: If an Assessment, of any kind, is not paid within thirty (30) days of the due date established by the Board of Directors, the said

Assessment shall be delinquent and subject to an interest charge at the maximum interest rate permitted by law. The interest shall be computed from the due date of the payment until the delinquent payment or payments are paid in full. Any Assessment remaining unpaid for more than thirty (30) days, together with interest, costs of collection thereof and reasonable attorney's fees shall constitute a lien upon the delinquent Lot when filed of record in the Office of the Clerk of Superior Court of Durham County, North Carolina, in the manner provided in the General Statutes of North Carolina, as amended. In order to recover reasonable attorneys' fees and costs and costs of collection in connection with a delinquent Assessment, the Association shall be required to comply with the provisions of the Act relative thereto set forth in Section 47F-3-116(e). This lien may be enforced by the Association in the manner provided by law. The Association shall have the power to bid for and acquire title to a Lot at a foreclosure sale and may then hold, lease, mortgage and convey the same. If the Association acquires title to a Lot under this Section 6.7, then:

- (A) No right to vote shall be exercised on its behalf;
- (B) No Assessment shall be levied against such Lot; and
- (C) Each other Lot shall be charged, in addition to its usual Assessment, its pro rata share of the Assessment that would have been charged said Lot if it had not been acquired by the Association in a foreclosure sale.

Suit to recover a money judgment for unpaid Assessments and attorney's fees shall be maintainable without foreclosing or waiving the lien securing same. Any Owner who is delinquent in paying an Assessment may have his voting rights suspended until such time as the Owner is no longer delinquent. The lien for Assessments provided for herein shall

not be subordinate to the lien of any Mortgage except the lien of a first Mortgage given and made in good faith and for value that is of record as an encumbrance against said Lot prior to the recordation of a claim of lien for Assessments as provided for herein. The sale, conveyance or other transfer of a Lot shall not affect the lien for Assessments provided for herein nor shall such sale, conveyance or other transfer diminish or defeat the personal obligation of the Owner for delinquent Assessments as provided in this Article Six. However, a sale or transfer of a Lot pursuant to a foreclosure, or other judicial sale or proceeding in lieu of foreclosure, of a first Mortgage shall extinguish a lien for Assessments against said Lot which arose prior to the time of said foreclosure sale or transfer. Liens on account of Assessments which become due after such sale or transfer shall attach, be created, become effective and be foreclosed in accordance with the terms of this Article Six and the General Statutes of North Carolina, as amended. This Section 6.7 shall constitute an "evidence of indebtedness" (as that term is used in the North Carolina General Statutes) should the Owner be delinquent in paying any Assessments or interest thereon.

SECTION 6.8 LATE FEES, FINES AND SUSPENSION OF PRIVILEGES OR SERVICES: The Board of Directors shall have the power to (i) impose reasonable charges for late payment of Assessments, not to exceed the greater of Twenty and N0/100 Dollars (\$20.00) per month or ten percent (10%) of any Assessment installment unpaid and, (ii) after such notice and hearing as provided for in the Act, (x) impose reasonable fines and suspend planned community privileges or services provided by the Association (except rights of access to Lots) during any period that Assessments or other

amounts due and owing to the Association remain unpaid for a period of thirty (30) days or longer and (y) for violations of this Declaration, the Bylaws of the Association or the Rules and Regulations promulgated by the Board of Directors from time to time in accordance with the procedures and amounts set forth in Section 47F-3-107.1 of the Act.

SECTION 6.9 PROPERTY NOT SUBJECT TO ASSESSMENT: The following real property subject to this Declaration shall be exempt from the Assessments created herein:

- (A) Portions of the Property dedicated to any public authority or agency; and
- (B) Common Elements.

SECTION 6.10 MORTGAGEE PROTECTION CLAUSE: No breach of the covenants, conditions or restrictions herein contained nor the enforcement of any lien provisions herein shall defeat the lien of any first Mortgage made in good faith and for value, provided said first Mortgage was recorded in the Office of the Register of Deeds of Durham County, North Carolina, prior to the recording in said Office of a claim of lien for Assessments by the Association. However, all of said covenants, conditions and restrictions shall be binding upon and effective against any Owner, his heirs, successors and assigns whose title is derived through foreclosure or other judicial sale or conveyance in lieu of foreclosure of any said first Mortgage.

SECTION 6.11 LIEN FOR DELINQUENT GOVERNMENTAL TAXES AND ASSESSMENTS: If the Association fails to pay the governmental authority entitled

thereto any ad valorem taxes or assessments for public improvements, and such default continues for a period of six (6) months, then:

- (A) The taxing or assessing governmental authority shall be vested with a lien on each individual Lot within the development in an amount determined by dividing the total taxes and assessments due to the governmental authority by the total number of Lots in the development; and
- (B) Such lien may be foreclosed by the governmental authority in the same manner as is provided for foreclosure of liens for ad valorem taxes, assessments and public improvements.

SECTION 6.12 WORKING CAPITAL FUND: The Association shall establish a working capital fund in an amount equal to the estimated Common Expenses of the Association for two (2) months of operations. The Common Expense Liability for said two (2) month period shall be collected from each Purchaser at closing, commencing with the closing of the sale of a Lot by Builder to a Purchaser, and shall be maintained in a segregated fund. This fund may be used to satisfy the operating and capital budget expenses only with the approval of the Board of Directors and shall be exclusive of and not a prepayment of any portion of the General Assessments otherwise due and payable. The Declarant and Builder shall pay their share of the working capital fund on any unsold Lot within sixty (60) days after the date of the first sale of a Lot; provided, however the Declarant and Builder shall not be liable to contribute to the working capital fund on any unsold Lot prior to the time a certificate of occupancy is issued by the appropriate governmental authority with respect to such unsold Lot.

SECTION 6.13 BEGINNING OF ASSESSMENT PERIOD: Each Purchaser shall be liable for Assessments upon closing of the purchase of a Lot. The Declarant shall be liable for such Assessments on any unsold Lot not later than sixty (60) days after the date of the first sale of a Lot; provided, however, the Declarant and Builder shall not be liable for Assessments on any unsold Lot prior to the time a certificate of occupancy is issued by the appropriate governmental authority with respect to such unsold Lot. In addition, all Lots owned by the Declarant or Builder which are subject to Assessments and which are not occupied as a residence shall only be liable for an Assessment in the amount equal to twenty-five percent (25%) of the amount assessed by the Board of Directors on all other Lots. This reduced Assessment with regard to the Declarant and Builder shall only apply during the Declarant Control Period.

SECTION 6.14 HEATING AND AIR CONDITIONING: The operation and maintenance of heating and air conditioning equipment, whether the same shall be located within or outside of a Townhome, shall be the sole responsibility of the Owner affected thereby.

ARTICLE SEVEN

RIGHTS OF HOLDERS, INSURERS AND GUARANTORS OF FIRST MORTGAGES

SECTION 7.1 NOTICE TO ELIGIBLE MORTGAGEES: Every Eligible Mortgagee who shall deliver an executed or conformed copy of its Eligible Mortgage to the Board of

Directors and who shall make written request to the Association shall be entitled to receive the following items designated in the said request:

- (A) Copies of the Association's budget, notices of Assessments and other notices provided under this Declaration by the Board of Directors to the Owner of the Lot covered by the Mortgage;
- (B) Any audited or unaudited financial statements of the Association which are distributed to the Lot Owners. An Eligible Mortgagee may have an audited statement of the affairs of the Association prepared at its sole cost and expense;
- (C) Copies of notices of meetings of the Lot Owners and the right to be represented at any such meetings by a designated representative;
- (D) Notice of substantial damage to any Lot to which its Eligible Mortgage applies or of substantial damage to any part of the Common Elements. Substantial damage shall mean damage in excess of Twenty-Five Thousand Dollars (\$25,000.00);
- (E) Notice of the commencement of any condemnation or eminent domain proceeding affecting a material part of the Property or the Lot securing the Eligible Mortgagee;
- (F) Notice of any delinquency in the payment of Assessments or charges owed by an Owner of a Lot subject to the mortgage of an Eligible Mortgagee where such delinquency has continued for a period of sixty (60) days or more;

- (G) Notice of a lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association;
- (H) Notice of any decision by the Board of Directors to terminate professional management and assume self-management of the Property;
- (I) Such other financial data regarding the operation of the Association as an Eligible Mortgagee may reasonably request; and
- (J) Any proposed action which would require the consent of a specified percentage of first Mortgagees as specified in Section 8.1 below.

SECTION 7.2 REQUESTS BY ELIGIBLE MORTGAGEES: The written request of an Eligible Mortgagee shall specify which of the items set forth in Section 7.1 it desires to receive and shall indicate the address to which any notices or documents shall be sent by the Association. The Association need not inquire into the validity of any request made hereunder by an Eligible Mortgagee. Failure to comply with the requirements of this Article Seven shall in no way invalidate the otherwise proper acts of the Association.

SECTION 7.3 EXAMINATION OF BOOKS AND RECORDS: An Eligible Mortgagee shall have the right, exercisable upon written request delivered to the Association, to examine the books and records of the Association during normal business hours.

ARTICLE EIGHT

RIGHTS OF FIRST MORTGAGEES

SECTION 8.1 TWO THIRDS VOTE OF MORTGAGEES: Unless at least sixty-seven percent (67%) of the holders of first Mortgages of Lots (based upon one vote for each first Mortgage owned) and at least sixty-seven percent (67%) of the Lot Owners have given their prior written consent, the Association shall not:

- (A) Terminate the Townhome form of ownership of the Property (which pursuant to the Act requires the prior written consent of at least eighty percent (80%) of the Lot Owners) except for termination or abandonment as a result of eminent domain or condemnation;
- (B) Partition or subdivide any Lot or the Common Elements;
- (C) Abandon, encumber, sell or transfer the Common Elements; provided, however, that the Association may grant easements for public utilities or for other public purposes consistent with the intended uses of the Common Elements; and
- (D) Use hazard insurance proceeds for other than the repair, replacement or reconstruction of the Property and the improvements located thereon.

SECTION 8.2 MAJORITY VOTE OF MORTGAGEES: The prior written approval of fifty-one percent (51%) of the holders of first Mortgages on Lots (based upon one vote for each first mortgage owned) and sixty-seven percent (67%) of the Lot Owners shall be required to make any amendment to this Declaration which materially changes the provisions herein which establish, provide for, govern or regulate any of the following:

- (A) Voting rights;
- (B) Assessments, assessment liens or subordination of assessment liens;

- (C) Reserves for maintenance, repair and replacement of the Common Elements;
- (D) Responsibility for maintenance and repairs;
- (E) The boundaries of any Lot;
- (F) The convertibility of Lots into Common Elements or Common Elements into Lots;
- (G) Insurance or fidelity bonds;
- (H) A decision by the Association to establish self-management when professional management had previously been required by an eligible Mortgage holder;
- (I) Restoration or repair of the Townhome project (after damage or partial condemnation) in a manner other than that specified in this Declaration;
- (J) Leasing of Lots;
- (K) Imposition of any restrictions on a Lot Owner's right to sell or transfer his Lot;
- (L) Any provision for the express benefit of Mortgage holders, insurers and guarantors; and
- (M) Any action to terminate the legal status of the Townhome project after substantial destruction or condemnation occurs.

ARTICLE NINE

COMMON ELEMENTS, EASEMENTS AND
DECLARANT'S RESERVED RIGHTS

SECTION 9.1 COMMON ELEMENTS NOT SUBJECT TO PARTITION: There shall be no partition of the Common Elements and no Person acquiring any interest in the Property or any portion thereof shall seek a judicial partition of said Common Elements. The Common Elements shall not be subdivided or conveyed by the Association except as provided in Section 8.1 above.

SECTION 9.2 GRANTING OF EASEMENTS: The Association shall at all times and the Declarant shall, during the Declarant Control Period, have the right to grant and convey to any third party easements and rights-of-way in, on, over or under the Common Elements for the purposes of construction, operating or maintaining thereon, or thereunder: (1) underground or overhead lines, cables, wires or other devices for the transmission of electricity and for lighting, heating, power, telephone, cable communication and other appropriate purposes, (2) public sewers, storm water drains, water systems, gas lines or any similar public or quasi-public improvements or facilities, and (3) construction or maintenance of Townhomes or Common Elements.

SECTION 9.3 TITLE TO COMMON ELEMENTS: The fee simple title to the Common Elements shall at all times be vested in the Association. The Declarant hereby reserves unto itself, and its duly authorized agents and representatives, during the Declarant Control Period, such easements as may be necessary or desirable in order to exercise all Special Declarant Rights and all Development Rights reserved to it hereunder.

SECTION 9.4 OWNER'S EASEMENTS OF ENJOYMENT: Every Owner shall have a right and nonexclusive easement of use and enjoyment in and to the Common Elements. Such right and easement shall be appurtenant to and shall pass with the title to every Lot subject to the following limitations:

- (A) The right of the Board of Directors to limit the number of guests and to promulgate Rules and Regulations, from time to time, regulating the use and enjoyment of the Common Elements;
- (B) The right of the Board of Directors to suspend the voting rights and right to use the Common Elements by a member (however, no suspension of a right to use the Common Elements shall deprive any Owner or his invitees or a right of ingress and egress to his Lot): (1) for any period during which any Assessment against an Owner's Lot is delinquent for a period of thirty (30) days or longer, and (2) for a period not to exceed thirty (30) days, after such notice and hearing as may be provided for in the Bylaws of the Association, for any violations of this Declaration, the Bylaws of the Association and the Rules and Regulations promulgated by the Board of Directors, from time to time;
- (C) The right of the Board of Directors to authorize the Association to dedicate or transfer any portion of the Common Elements to any public agency, authority or utility for the purpose of providing utilities and similar or related services; and
- (D) The right of the Association to charge a reasonable fee for the use of any recreational facility situated upon the Common Elements.

SECTION 9.5 DELEGATION OF USE: The Owner of any Townhome may delegate to any occupant thereof the right to the use and enjoyment of the Common Elements and any privilege appurtenant to such Lot subject, however, to the Rules and Regulations promulgated by the Board of Directors, from time to time.

SECTION 9.6 ASSOCIATION FUNCTIONS: There is hereby reserved to the Declarant and the Association, or their duly authorized agents, representatives and managers such easements as are necessary or desirable to perform the duties and obligations and to exercise the rights set forth in this Declaration, the Bylaws of the Association and other Croasdaile Farm documents.

SECTION 9.7 RESERVATION OF DECLARANT'S RIGHTS: Declarant hereby reserves during the Declarant Control Period all Special Declarant Rights and all Development Rights provided for in this Declaration, including but not limited to the right:

- (A) To complete improvements indicated on the Plat referred to in Exhibit "A", attached hereto;
- (B) To create additional Lots; however, the total number of Lots subjected to this Declaration shall not exceed thirty-two (32);
- (C) To create or add to the Common Elements;
- (D) To withdraw Real Estate from the Property;
- (E) To maintain signs advertising the Lots, model Townhomes, sales offices and management offices in or upon the Property;

- (F) To build the Townhomes, Common Elements and Limited Common Elements depicted on the Plat referred to in Exhibit "A", attached hereto;
- (G) To use easements through the Common Elements for the purpose of making improvements within the Property;
- (H) To make the Property part of a larger townhome project by merger or consolidation of properties;
- (I) To appoint or remove any member of the Board of Directors or officer of the Association during the Declarant Control Period; and
- (J) To assign any or all of the Development Rights or Special Declarant Rights reserved herein.

SECTION 9.8 REAL ESTATE SUBJECT TO DECLARANT'S RIGHTS: The Special Declarant Rights and the Development Rights reserved to the Declarant herein shall apply to the Property described in Exhibit "A" attached hereto. All Special Declarant Rights and all Development Rights reserved to the Declarant hereunder shall terminate with respect to all Real Estate subject to this Declaration at the end of the Declarant Control Period.

SECTION 9.9 TEMPORARY CONSTRUCTION EASEMENTS: All Lots and the Common Elements shall be subject to an easement in favor of the Declarant, Builder and each Owner for purposes of ingress, egress, and regress, for the conduct of construction activity, for the storage of construction materials, for land disturbance and for the installation of driveways, sidewalks, utilities and any other improvement to or upon the

Property. The Declarant, Builder and any Owner availing himself of this easement shall minimize the disturbance created in and to the surrounding areas, shall perform such work in a timely manner and shall restore any disturbed area to at least the condition it was prior to the disturbance. The Declarant, Builder and each Owner shall indemnify any party suffering a loss arising from a failure to comply with the provisions of this Section.

SECTION 9.10 DECLARANT'S USE FOR SALES PURPOSES: Declarant and Builder shall have an easement to maintain sales offices, management offices and models in any one or more of the Townhomes or on the Common Elements. There are no restrictions as to the number, size, location or relocation of any such sales offices, management offices or model Townhomes. The Declarant and Builder shall have the right to remove any sales office, management office or model at any time. The right to remove or relocates a sales office, management office or model includes the right of Declarant and Builder to remove all personal property and fixtures therefrom. Declarant and Builder may also maintain signs on the Common Elements advertising Townhomes for sale.

SECTION 9.11 EASEMENT FOR ENCROACHMENTS: To the extent that any Townhome or portion of the Common Elements encroaches upon any other Townhome or Common Element, a valid easement for the encroachment is hereby granted and shall continue so long as each such encroachment exists. The easement for encroachment shall not relieve a Townhome Owner of liability for willful misconduct nor relieve the Declarant, Builder or any other Person of liability for failure to adhere to the plats and plans.

SECTION 9.12 EASEMENTS FOR TOWNHOMES AND COMMON ELEMENTS: The Townhomes and the Common Elements are hereby subject to the following easements in favor of the Association and its agents, employees and contractors:

- (A) For inspection of the Townhomes and Common Elements in order to verify the performance by Townhome Owners of all items of maintenance and repair for which they are responsible and to verify compliance with the Design Review Guidelines;
- (B) For inspection, maintenance, repair and replacement of the Common Elements situated in or accessible from such Townhomes;
- (C) For maintenance of the grass, trees, shrubbery, vegetation and other plantings on a Lot;
- (D) For correction of emergency conditions in one or more Townhomes or the Common Elements; and
- (E) As to the right of entry to a Townhome granted by paragraphs (A) and (B) of this Section 9.12, such entry shall only be made at reasonable times and after reasonable notice has been given to the Owner.

SECTION 9.13 EASEMENTS TO RUN WITH THE LAND: All easements described in this Declaration are appurtenant easements running with the land and shall inure to the benefit of and be binding upon the Declarant, Association, Townhome Owners, Mortgagees, security holders and their heirs, successors and assigns. The Townhomes and every part thereof shall be conveyed and encumbered subject to all easements,

Special Declarant Rights and Development Rights described in this Declaration, whether or not specifically mentioned in any such conveyance or encumbrance.

SECTION 9.14 GOVERNMENTAL EASEMENTS: An easement is hereby granted to the City of Durham and the County of Durham, North Carolina for ingress and egress from, over and through the Common Elements and the Lots for the purpose of the installation, reading and removal of water meters, the maintenance of sanitary sewer lines, storm drainage lines and water lines, fire protection, police protection and the collection and removal of trash. The City of Durham will provide refuse collection for the Townhomes.

SECTION 9.15 PARTY WALLS: All common walls between individual Townhomes shall be party walls. Every portion of a Townhome which contributes to the support of the adjoining Townhome shall be burdened with an easement of structural support for the benefit of such adjoining structure. The cost of repair and maintenance of said party wall shall be shared equally by the Owners who make use of or benefit directly therefrom. The general rules of law regarding lateral support, negligence or willful acts or omission shall apply to said party walls.

SECTION 9.16 PROHIBITED PARKING: No boats, trailers, motor homes or recreational vehicles shall be parked on or upon the Common Elements or any street right-of-way within or adjacent to the Property.

SECTION 9.17 STREET LIGHTS AND UTILITIES: The Association shall pay all charges that may be incurred for the use of non-standard street lights in or upon the Common Elements or the Property. The Association shall also be responsible for the payment of all expenses for public utilities serving the Common Elements. All such costs shall be a Common Expense of the Association.

SECTION 9.18 EASEMENT FOR CONSTRUCTION: Each Owner shall have an easement over, through and upon the Common Elements for the purpose of construction upon, grading or alteration of his Lot, provided the same is conducted in accordance with the Design Review Guidelines. An Owner making use of this easement shall restore the Common Elements to the same condition they were in prior to the exercise of his rights hereunder. If an Owner fails to promptly restore the Common Elements as provided herein, the Association shall do so, and the cost of same shall constitute a lien against the said Lot when filed of record in the Office of the Clerk of Superior Court of Durham County, North Carolina. This lien may be enforced by the Association in the manner provided by law.

SECTION 9.19 RECIPROCAL EASEMENTS: Each Owner, his heirs, successors and assigns shall have the following reciprocal easements, which shall be appurtenant to such Owner's Lot:

- (A) A nonexclusive easement for the purpose of furnishing a connection, support or attachment including, without limitation, walls, slabs and structural systems of an improvement, to any building component owned by

another Owner where such building component constitutes a common building component; and

- (B) A nonexclusive easement for water lines, sanitary sewer lines, storm drainage lines, telephone lines, cable communication lines, electric power lines, gas lines and any other public utility necessary or desirable for the use of the Property. For the purpose of these easements, the Owners agree that free access between and among the Lots owned by each Owner and the remainder of the Lots and Common Elements shall not be impeded. The use of all easements provided for in this Declaration shall be nonexclusive, reciprocal and for the use and benefit of all of the Owners, their heirs, successors and assigns.

ARTICLE TEN

RESTRICTIVE COVENANTS AND LAND USE RESTRICTIONS

SECTION 10.2 LAND USE: The Property, other than the Common Elements, shall be used only for residential purposes as set forth in this Declaration, as amended.

The restrictive covenants constituting the initial restrictions and standards affecting the Lots are attached hereto as Exhibit "B". These restrictive covenants are independently amendable in accordance with Exhibit "B" and any amendments thereto shall not constitute nor require an amendment to this Declaration. The covenants, conditions and restrictions contained in this Declaration, as amended, any restrictive covenants affecting the Property shall be a covenant running with the land. In the event of a conflict between the language contained in the restrictive covenants affecting any

portion of the Property and the language contained in this Declaration, the terms and conditions of this Declaration control. Such restrictive covenants and any amendments thereto must be set forth in a separate writing which identifies the particular Real Estate effected thereby and be recorded in the Office of the Register of Deeds of Durham County, North Carolina. Such restrictive covenants shall be separately amendable in accordance with their terms and no amendment thereof shall be considered to be an amendment to this Declaration.

SECTION 10.2 LEASE OR RENTAL OF TOWNHOMES: Every lease or rental agreement for a Townhome must be in writing to be enforceable and must expressly provide that the lease or rental agreement is subject to all the terms and provisions of this Declaration, as amended, from time to time, and to the Bylaws of the Association. A Townhome shall not be leased for less than thirty (30) days nor shall less than all of Townhome be leased for any period. The lease shall further provide that any failure by the lessee to comply with the terms and provisions of this Declaration or of the Bylaws shall be considered a default under the terms of the said lease agreement.

SECTION 10.3 PLANTING RESTRICTIONS AND ASSESSMENTS: The Association shall have an exclusive and perpetual easement to plant and maintain all plantings, flowers and other vegetation in the front yard of each Townhome and the Owner of such front yard shall not make any alterations, additions or changes to the plantings and vegetation in this area. However, an Owner may plant flowers, vegetation and make other improvements in this rear yard upon receiving written approval from the Design

Review Committee. The Owner shall be responsible for maintaining the planting, vegetation and other improvements which he places in his rear yard. If, in the opinion of the Design Review Committee, an Owner shall fail to maintain his rear yard as aforesaid, then the Association shall do so and assess the said Owner for its costs. This planting assessment shall constitute a lien upon the Townhome and shall be collected as provided for in Section 6.7, supra.

ARTICLE ELEVEN

INSURANCE

SECTION 11.1 OWNERSHIP OF POLICIES: The Association shall maintain hazard, liability and fidelity bond coverage as is hereinafter provided. All insurance policies insuring the Common Elements and the Townhomes shall be purchased and owned by the Association which shall be deemed to have an insurable interest therein. Said insurance policies shall be purchased by the Association, or its agent, and shall be for the benefit of the Association, the Owners and their Mortgagees as their interest may appear. Neither the Declarant, the Board of Directors nor the managing agent for the Association shall be liable for failure to obtain any insurance coverage required by this Article Eleven or for any loss or damage resulting from such failure unless such failure is due to willful neglect. All premiums shall be paid by the Association and shall be a Common Expense.

SECTION 11.2 NOTICE OF TERMINATION, ETC.: The Board of Directors shall promptly cause to be furnished to each Owner and to each Eligible Mortgagee referred to in Section 7.2 of this Declaration, who so requests in writing, written notice of the procurement of, subsequent changes in or termination of insurance coverage purchased by the Association in compliance with the terms of this Article Eleven.

SECTION 11.3 SPECIAL INSURANCE PROVISIONS: Each policy of insurance purchased by the Association pursuant to the terms of this Article Eleven shall provide that:

- (A) The insurance carrier waives any right to claim by way of subrogation against the Association, the Board of Directors, the managing agent for the Association or the Owners, their family members, agents, employees and guests.
- (B) The insurance policy will not be canceled or prejudiced by any act or neglect of an occupant or Owner of a Townhome (including his family members, agents, employees and guests) which act or neglect is not under the direct control of the Association;
- (C) Such insurance policy will not be canceled or substantially modified (including cancellation for nonpayment of premium) by the insurance carrier without at least thirty (30) days prior written notice delivered to the Association, the managing agent for the Association, if any, all of the Owners and all Eligible Mortgagees specified in Section 7.2 of this Declaration who so request in writing.

- (D) The insurance coverage provided will be primary even if an Owner or the Association has other insurance that covers the same loss. In no event shall insurance obtained by the Association, hereunder, provide for or be brought into contribution with insurance purchased by individual Owners or the Mortgagees; and
- (E) The beneficiary of each policy obtained by the Association shall be the Insurance Trustee. The Association shall hold the proceeds of any policy for the benefit of the Owners and their Mortgagees, as their interests may appear.

SECTION 11.4 OTHER CONDITIONS: The insurance policies purchased by the Association shall:

- (A) Provide that the Declarant, so long as Declarant shall be an Owner, will be protected by all such policies in his capacity as an Owner. However, the coverage provided to the Declarant pursuant to the provisions of this Article Eleven shall not be deemed to protect or be for the benefit of any contractor engaged by Declarant nor shall such coverage be deemed to protect the Declarant against claims arising out of a breach of warranty on Declarant's part;
- (B) The deductible portion, if any, in any insurance policy purchased by the Association shall be a Common Expense; provided, however, that the Association may assess the said deductible portion against a particular

Owner or Owners whose negligence or willful misconduct caused the liability or damage which gave rise to the said deductible amount; and

- (C) All policies shall be written by a company licensed to do business in the State of North Carolina and have an A.M. Best Company rating of A+.

SECTION 11.5 PROPERTY DAMAGE INSURANCE: The Association shall, as Insurance Trustee, obtain and maintain blanket, "all risk" property insurance (subject to the exclusions, limitations and conditions that are standard to such policies) which insures, but is not limited to, damage arising from fire, windstorm, hail, vandalism, malicious mischief, sprinkler leakage, debris removal and water damage. Said insurance shall be in an amount equal to one hundred percent (100%) of the then current replacement cost of said property (exclusive of the land, excavations, foundations and other items normally excluded from such coverage) and shall be paid to the Insurance Trustee for the benefit of the Association, the Owners and their Mortgagees, as their interests may appear.

The Association and the Owners each have an insurable interest in the exterior and interior horizontal and vertical boundaries of each Townhome including the interior walls, ceilings, floors, plumbing and electrical fixtures initially installed therein by Builder. Except as hereinafter provided, the property insurance, purchased and maintained by the Association, covering the individual Townhomes shall include coverage on all items within the Townhome that were initially installed by Builder including, but not limited to, kitchen and bathroom cabinets and fixtures, light fixtures, carpeting, floor and wall coverings and other service equipment whether the same is located within or outside of the said

Townhome. Such coverage shall also insure the like kind, like quality replacements of said original installations. However, each Owner shall be responsible for insuring the following appliances located within or serving his Townhome and such items shall not be insured by the Association:

- (A) Refrigerators and freezers;
- (B) Cooking ranges and ovens;
- (C) Microwave ovens;
- (D) Clothes dryers;
- (E) Clothes washers; and
- (F) Heating and air conditioning units serving the Townhome.

Each Owner shall also be responsible for obtaining such other insurance as he may desire, including but not limited to, contents coverage for personal property located within his townhome as well as insuring any betterments or improvements made by him. Such betterments and improvements shall include, but not be limited to, changes within a Townhome that are made by an Owner after his initial purchase from Builder (e.g., the addition of a wet bar, enclosure of a patio or hanging wallpaper over painted walls, etc.) or where an Owner upgrades the value of items originally installed by Builder (e.g., replacing an original light fixture with a more expensive light fixture, etc.). Each Owner should also maintain a separate homeowner's policy insuring against general liability for negligent acts or omissions occurring within his own Townhome. However, no Owner may acquire any insurance which would decrease the amount the Association would realize under any insurance policy maintained by it or which would cause any insurance

maintained by the Association to be brought into contribution with insurance coverage obtained by the Owner.

SECTION 11.6 LIABILITY INSURANCE: The Association shall maintain a comprehensive general liability policy and property damage liability insurance in such limits as the Board of Directors may determine, from time to time, or as may be fixed in the Bylaws. The comprehensive general liability policy shall insure the Association, each director of the Association, the managing agent, if any, and each Owner against any liability to the public or to the Owners (including their invitees, agents and employees) arising out of or incidental to the ownership or use of the Common Elements. Such insurance shall be issued on a comprehensive general liability basis and shall contain:

- (A) A cross liability endorsement under which the rights of a named insured under the policy shall not be prejudiced with respect to an action against another named insured;
- (B) A "severability of interest" endorsement which shall preclude the insurer from denying liability coverage to an Owner because of negligent acts or omissions of the Association or of another Owner; and
- (C) Hired and non-owned vehicle coverage.

SECTION 11.7 FIDELITY BOND COVERAGE: The Association shall obtain and maintain blanket fidelity bond coverage for anyone handling or responsible for funds held or administered by the Association protecting against dishonest acts on the part of the Board of Directors, the officers or the employees of the Association and all other Persons who

handle, or are responsible for handling funds of the Association, including the managing agent. Such fidelity bonds shall:

- (A) Name the Association as an obligee;
- (B) Be written in an amount equal to not less than the maximum amount of funds in custody of the Association or the managing agent at any time during the term of the bond or in an amount equal to not less than three (3) months Assessments on all Townhomes plus the balance in any reserve accounts whichever is greater;
- (C) Contain waivers of any defense based upon the exclusion of Persons who serve without compensation from any definition of "employee"; and
- (D) Provide that the insurer will give the Association and each eligible Mortgagee specified in Section 7.2, hereof, who so requests in writing, not less than ten (10) days prior written notice of any proposed cancellation or substantial modification of the said fidelity bond.

SECTION 11.8 OTHER INSURANCE: The Association may purchase such other insurance as the Board of Directors shall determine, from time to time, including, but not limited to, earthquake, flood insurance and worker's compensation insurance to the extent necessary to comply with the laws of the State of North Carolina.

ARTICLE TWELVE

DISTRIBUTION OF PROPERTY INSURANCE PROCEEDS

SECTION 12.1 DISTRIBUTION OF INSURANCE PROCEEDS: All proceeds from the property insurance policy referred to in Section 11.5, hereof, shall be paid to the Insurance Trustee and shall be distributed to or for the benefit of the Association, the Owners, and their Mortgagees as their interests may appear, in the following manner:

- (A) Expense of Trust: All expenses of the Insurance Trustee shall be paid first;
- (B) Reconstruction or Repair: Except as provided in Subsection 12.1 (C), below, any damage to or destruction of the Common Elements or the Townhomes shall be repaired or reconstructed. Any such repair or reconstruction shall be substantially in accordance with the original construction and installation, subject to any modifications required by changes in applicable laws or governmental regulations. Such repair or reconstruction may also make use of contemporary materials and technology. The remaining insurance proceeds shall be applied to pay the costs of such repair or reconstruction. Any excess insurance proceeds shall be paid to the Association, the Owners and their Mortgagees, as their interests may appear. If the insurance proceeds are insufficient to pay the costs of reconstruction or repair, the Board of Directors shall declare a Special Assessment in an amount equal to the said deficiency; and
- (C) Failure to Reconstruct or Repair: If at least eighty percent (80%) of the holders of first Mortgages of Lots and at least eighty percent (80%) of the Owners, including one hundred percent (100%) of the Owners assigned to the Limited Common Elements not to be rebuilt, agree in writing not to repair or reconstruct the damage or destruction within ninety (90) days after the

damage or destruction, damage to or destruction of the Common Elements or Townhomes need not be repaired or reconstructed, in which case the remaining insurance proceeds shall be distributed to the Association, the Owners and their Mortgagees, as their interests may appear.

ARTICLE THIRTEEN

CONDEMNATION

SECTION 13.1 CONDEMNATION PROCEEDINGS: The Association shall represent itself and all Owners in any condemnation proceeding and each Owner appoints the Association as his attorney-in-fact for such purpose. Any settlement proceeds arising out of a condemnation proceeding shall be payable to the Association which shall hold them for the benefit of itself, the Owners and their Mortgagees, as their interests may appear. In the event of a partial taking, by way of condemnation, the Association shall distribute the settlement proceeds in a fair and equitable manner that reflects the interests of all of the parties involved.

ARTICLE FOURTEEN

AMENDMENTS

SECTION 14.2 AMENDMENTS TO DECLARATION: The terms and provisions of this Declaration may be amended only by the affirmative vote (in person or by proxy) of not less than sixty-seven percent (67%) of the Owners. Except in the case of taking of all of

the Lots by eminent domain, this Declaration and the form of ownership created thereby may be terminated only by the affirmative vote (in person or by proxy) of not less than eighty percent (80%) of the Owners. However, the percentage of voting power necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause. In addition, no change or amendment to this Declaration in contravention of the terms and provisions of Section 8.1 or Section 8.2, hereof, shall be made without satisfying the percentage voting requirements specified therein. No amendment to this Declaration may revoke, limit or modify any right or privilege conferred upon the Declarant, or assignee of such right or privilege, without the prior written consent of the effected party. Any amendment to this Declaration must be recorded in the Office of the Register of Deeds of Durham County, North Carolina to be effective.

SECTION 14.2 AMENDMENTS TO EXHIBITS: All Exhibits to this Declaration are separately amendable in accordance with their terms. No such amendment shall be inconsistent with the provisions of this Declaration nor shall such amendment be considered to be an amendment to this Declaration.

SECTION 14.3 RESTRICTIVE COVENANTS: Restrictive covenants affecting the Property shall be separately amendable in accordance with their terms and no such amendment shall be inconsistent with the provisions of this Declaration nor shall such amendment be considered to be an amendment to this Declaration.

ARTICLE FIFTEEN

MISCELLANEOUS

SECTION 15.1 GENDER: The use of the masculine gender in this Declaration shall be deemed to refer to the feminine or neuter gender and the use of the singular shall be deemed to refer to the plural, and vice versa, whenever the context so requires.

SECTION 15.2 WAIVER: No provision contained in this Declaration or the Exhibits hereto shall be deemed to have been waived by reason of any failure to enforce same, irrespective of the number of violations or breaches which may occur.

SECTION 15.3 INVALIDITY: Invalidation of any of the covenants, restrictions or provisions of this Declaration or the Exhibits hereto by judgment, court order, statute or ordinance shall in no way affect any of the remaining provisions hereof and the same shall continue in full force and effect.

SECTION 15.4 CAPTIONS: The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of this Declaration nor the intent of any provision hereof.

SECTION 15.5 COVENANTS RUNNING WITH THE LAND: The terms and provisions of this Declaration shall be deemed to be covenants running with the land embraced by the

Property and shall be enforceable by the Association or the Owners, their heirs, successors and assigns from the date this Declaration is recorded in the office of the Register of Deeds of Durham County, North Carolina.

SECTION 15.6 ENFORCEMENT: Enforcement of these restrictions and conditions shall be by proceedings at law or in equity against any Person violating or attempting to violate any covenant or condition affecting the Property, either to restrain violation thereof or to recover money damages therefore.

SECTION 15.7 GOVERNING LAW: This Declaration shall be governed and construed under the laws of the State of North Carolina; provided, however, that no conflict of laws provision of the State of North Carolina shall operate to deprive the North Carolina courts of jurisdiction over the person or subject matter or to make the laws of another state applicable.

IN WITNESS WHEREOF, the Declarant has set its hand and seal the day and year first above written.

DECLARANT:

LAKEFIELD FARM, LLC,
a North Carolina limited liability company

BY:  _____ (SEAL)
David P. Wilson, Manager

In order to acknowledge its consent to the terms and conditions of this Declaration and its willingness to assume the duties and obligations imposed upon it in the Declaration, Pine Bluff Townhome Association, Inc., has affixed its hand and seal the day and year first above written.

PINE BLUFF TOWNHOME ASSOCIATION,
INC.,
a North Carolina non-profit corporation

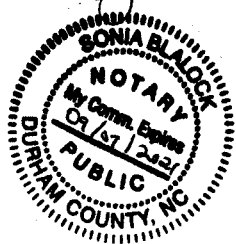
BY:  (SEAL)
David D. Beischer, President

STATE OF NORTH CAROLINA

COUNTY OF DURHAM

I, Sonia Blacklock, a Notary Public of the County and State aforesaid, certify that David P. Wilson personally came before me this day and acknowledged that he is the Manager of Lakefield Farm, LLC, a North Carolina limited liability company, which executed the foregoing instrument and that by authority duly given and as the act of the limited liability company as Manager, the foregoing instrument was signed in its name by the Manager.

WITNESS my hand and official stamp or seal, this the 26th day of February, 2019.



Sonia Blacklock
Signature of Notary Public

Sonia Blacklock
Printed Name of Notary Public

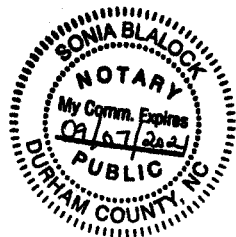
My Commission Expires: 09/07/2021

STATE OF NORTH CAROLINA

COUNTY OF DURHAM

I, Sonia Blalock, a Notary Public of the County and State aforesaid, certify that David D. Beischer personally came before me this day and acknowledged that he is the President of the PINE BLUFF TOWNHOME ASSOCIATION, INC., a North Carolina non-profit corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, all by order of its Board of Directors duly given and said instrument is the act and deed of said corporation.

WITNESS my hand and official stamp or seal, this the 26th day of February, 2019.



Sonia Blalock
Signature of Notary Public

Sonia Blalock
Printed Name of Notary Public

My Commission Expires: 09/07/2021

Exhibit A

All those certain tracts or parcels of land located in Durham Township, City of Durham, Durham County, North Carolina and being more particularly described as follows:

BEING ALL of Lots 1 through 32, inclusive, as shown on that certain plat of survey entitled "Subdivision Plat for: Croasdaile Farm North Subdivision" recorded in Plat Book 200, Pages 203 through 223, inclusive, Durham County Registry, to which recorded plat reference is hereby made for a more accurate description of the metes, bounds, courses and distances of such Lots 1 through 32, inclusive.

EXHIBIT "B"
TO
DECLARATION FOR
PINE BLUFF TOWNHOMES
DURHAM, NORTH CAROLINA

THIS DECLARATION OF RESTRICTIVE AND PROTECTIVE COVENANTS, is made and entered into as of the 26TH day of FEBRUARY, 2019, by and between LAKEFIELD FARM, LLC, a North Carolina limited liability company (hereinafter referred to as "Declarant") and PROSPECTIVE PURCHASERS, their heirs, successors and assigns of Townhomes of the Property described in Exhibit "A" to the Declaration of Covenants, Conditions and Restrictions for Pine Bluff Townhomes (hereinafter referred to as the "Declaration"). These Restrictive and Protective Covenants are Exhibit "B to the Declaration.

WITNESSETH THAT:

WHEREAS, the Declarant is the owner of that certain tract of land described in Exhibit "A" to the Declaration; and

WHEREAS, all capitalized terms defined in the Declaration shall have the same meanings when used in these Restrictive Covenants as defined in the Declaration; and

WHEREAS, the Declarant, prior to selling and conveying any of the Townhomes described in Exhibit "A" to the Declaration desires to impose upon the Property the Restrictive and Protective covenants hereinafter set forth (sometimes referred to herein

as the "Restrictive Covenants") for the benefit of those who acquire title to the Townhomes described in Exhibit "A" to the Declaration;

NOW, THEREFORE, the Declarant hereby declares that all of the Property described in Exhibit "A" to the Declaration, shall be held, conveyed, encumbered, leased, used, occupied and improved subject to the Restrictive Covenants set forth herein and in the Declaration. These Restrictive Covenants shall run with the land and shall be binding upon all parties having or acquiring any right, title or interest in and to the Property. These Restrictive Covenants shall become part of each instrument conveying or transferring any of the Townhomes described in Exhibit "A" to the Declaration as fully and to the same extent as if set forth therein.

ARTICLE ONE

PERMITTED AND PROHIBITED USES

SECTION 1.1 USE OF TOWNHOMES: The following use restrictions shall apply to the Townhomes:

- (A) The Residential Unit shall not be used or occupied by other than a single family and family servants and shall not be used other than for residential use.
- (B) No commercial or business activity of any kind shall be permitted on the Lot or Residential Unit.

- (C) No owner of any part of the Property will do or permit to be done any act upon his Lot which may be, is or may become a nuisance.
- (D) No sign of any character shall be displayed or placed upon any part of the Property except as may be expressly authorized by the Design Review Committee.
- (E) No animals, birds or fowl shall be kept or maintained on any part of the Property; however, that dogs, cats and pet birds may be kept thereon in reasonable numbers as pets for the pleasure and use of the occupants so long as they do not become a nuisance to other Owners within the Property and provided further that they are not kept, bred or maintained for any commercial use or purpose.
- (F) No garbage incinerators shall be permitted.
- (G) Garbage and trash receptacles shall be in complete conformity with the requirements of the Design Review Committee.
- (H) No boats, trailers or habitable motor vehicles of any nature shall be kept on or stored on any part of the Property, or any adjacent street right-of-way, except within an enclosed garage.
- (I) No substantial changes in the elevation or topography of the Property shall be made without the approval of the Design Review Committee.
- (J) No weeds, underbrush or other unsightly vegetation shall be permitted to grow or remain upon any part of the Property and no refuse pile or unsightly objects shall be allowed to be placed or suffered to remain thereon.

ARTICLE TWO

OBLIGATIONS REGARDING STORMWATER FACILITIES

The Pine Bluff Townhomes are a part of the Croasdaile Farm North Subdivision (the "Property") which includes one or more stormwater management facilities (hereafter "Facility/ies") that is/are the perpetual responsibility of the Master Association. Such Facilities are the subject of a Stormwater Facility Agreement and Covenants ("Stormwater Agreement") between Declarant, the Master Association, and the City of Durham ("the City") that is binding on the Master Association. The Stormwater Agreement is recorded at DB 8600 Page 626, Durham County Register of Deeds. The Property subject to that Stormwater Agreement is the "Property" referred to in this Article. The Stormwater Facilities must be maintained in accordance with City Requirements, which include all ordinances, policies, standards, and maintenance protocols and in accordance with the recorded Stormwater Agreement. In particular the City's current "Owner's Maintenance Guide for Stormwater BMPs Constructed in the City of Durham" (available at the time of recording this document at <http://www.durhamnc.gov/DocumentCenter/View/2239> and the operation and maintenance manual prepared specifically for the Facility/ies contain requirements that apply to the Master Association's Facilities.

Nothing in the remaining Article of these Restrictive Covenants filed by Declarant as part of this Declaration or any subsequent modifications of this Declaration may reduce the Master Association's or Lot Owner's obligations with regard to the Facility/ies. Such additional covenants may increase the obligation or provide for additional enforcement options.

The Stormwater Facility/ies and their locations are as follows:

- i. One constructed wetland (CW1) with a drainage area of 13.31 acres, a design storm surface area of 19,714 square feet and a design storm storage volume of 136,918 cubic feet;

- ii. One constructed wetland (CW2) with a drainage area of 20.96 acres, a design storm surface area of 35,315 square feet and a design storm storage volume of 132,108 cubic feet; and
- iii. One constructed wetland (CW3) with a drainage area of 13.08 acres, a design storm surface area of 25,241 square feet and a design storm storage volume of 91,224 cubic feet.

In addition to the above obligations, the Master Association's obligations with regard to the Facilities are:

SECTION 2.1 Inspections/Routine Maintenance: In accordance with City Requirements, the Master Association shall cause the Facility/ies to be inspected (i) annually; and (ii) after major storm events cause visual damage to the Facility; and (iii) upon notification from the City to inspect. The inspection shall be performed by a registered North Carolina Professional Engineer or a North Carolina Registered Landscape Architect certified by the City who shall document those things mandated under City Requirements. The inspection shall occur annually during the month in which the Facility/ies as-built certification was accepted by the City, which month may be determined through contact with the City of Durham Department of Public Works, Stormwater Division. The inspection shall be reported to the City as further described below.

SECTION 2.2 Repair and Reconstruction: The Master Association shall repair and/or reconstruct the Facility/ies as it determines necessary, and, as a minimum, as set forth in City Requirements or as directed by the City to allow the Facility/ies to function for its intended purpose, and to its design capacity. The Master Association shall provide written reports regarding major repair or reconstruction to the City in accordance with City Requirements.

SECTION 2.3 Stormwater Budget Line Items & Funding: The dues of the Master Association shall include amounts for upkeep and reconstruction of the Facilities which shall be included in dues charged to Lots or members from the point that Lots or members are charged dues for other common purposes. The Master Association shall maintain two (2) separate funds in its budget for the Facility/ies. The first, the "Inspection and Maintenance Fund," shall be for routine inspection and maintenance expenditures and shall be used for annual inspections, maintenance, and minor repairs. The funds for this purpose may be maintained as part of the Master Association's general account. The second fund, the "Major Reconstruction Fund," shall be a separate, increasing reserve fund that will build over time and provide money for major repairs to and eventual reconstruction of the Facility/ies. The Major Reconstruction Fund shall be maintained in an account that is separate account from the Master Association's general account as described below. At a minimum, the Master Association shall, annually, earmark **\$7,132** [CW1: \$2,326; CW2: \$2,440; CW3: \$2,366] annually from its collected dues for the Inspection and Maintenance Fund and **\$1,708** [CW1: \$558; CW2: \$583 and CW3: \$567] annually for the Major Reconstruction Fund. These minimum amounts shall be increased annually by 3% per year over the prior year's amount. The Master Association may set a higher amount in its discretion, or if directed by Durham Director of Public Works after an examination of the Facility/ies. The Master Association shall set dues at a sufficient amount to fund each of the two line items in addition to the Master Association's other obligations. The Master Association may compel payment of dues through all remedies provided in these Covenants, the Declaration, the Master Declaration or otherwise available under law.

SECTION 2.4 Assessments/Liens: In addition to payment of dues, each Lot shall be subject to assessments by the Master Association for the purpose of fulfilling the Master Association's obligations under this Article and under the Stormwater Agreement. Such

assessments shall be collected in the manner set forth in these Covenants or the Master Declaration. As allowed under NCGS §47F, or successor statutes, or, for condominiums, as allowed under NCGS 47C, or successor statutes, all assessment remaining unpaid for 30 days or longer shall constitute a lien on the Lot. Such lien and costs of collection may be filed and foreclosed on by the Master Association. In addition, the Master Association's rights may, in the discretion of the City, be exercised by the City, as a third party beneficiary of the recorded Stormwater Agreement and/or as Attorney in Fact for the Master Association, as provided in Section 7 of the recorded Stormwater Agreement.

SECTION 2.5 Stormwater Expenditures Receive Highest Priority: Notwithstanding any contrary provisions of the Covenants of which this Article is a part, to the extent not prohibited by law, the inspection, maintenance, repair, and replacement/reconstruction of the Facility/ies shall receive the highest priority (excluding taxes and assessments and other statutorily required expenditures) of all Master Association expenditures.

SECTION 2.6 Separate Account for Major Reconstruction Fund. Engineer's Report: The Master Association shall maintain the Major Reconstruction Fund for the Facility/ies in an account separate from the Master Association's general account. The Master Association shall use the Fund only for major repairs and reconstruction of the Facility/ies. No withdrawal shall be made from this fund unless the withdrawal is approved by two Master Association officials who shall execute any documents allowing such withdrawal. Prior to withdrawing funds from this account, the Master Association shall (i) obtain a written report from an engineer approved in accordance with City Requirements regarding repairs or reconstruction needed and approximate cost of such repair or reconstruction; and (ii) submit such report to the Director of the City's Department of Public Works, and notify the Director of the repairs or reconstruction to be undertaken on the Facility, the proposed date, and the amount to be withdrawn from the Major Reconstruction Fund. In

the event of an emergency, withdrawal and expenditure of funds may be made after telephone notification to the Stormwater Services Division of the Department.

SECTION 2.7 Annual Reports to City: The Master Association shall provide to the City annual reports in substance and form as set forth in City Requirements. This annual report shall be signed by an officer of the Master Association, who shall attest as to the accuracy of the information in such report. If prepared by a professional management company hired to manage the Master Association's affairs, the report shall so indicate. The Officer's signature and attestation shall be notarized. At a minimum each report shall include:

- i. the annual Facilities inspections report described in Section 2.1 above;
- ii. a bank or account statement showing the existence of the separate Major Reconstruction Fund described in Section 2.6 above and the balance in such fund as of the time of submission of the report;
- iii. a description of repairs exceeding normal maintenance that have been performed on the Facility/ies in the past year, and the cost of such repairs;
- iv. the amount of Master Association dues being set aside for the current year for each of the two stormwater funds – the Inspection and Maintenance Fund and the Major Reconstruction Fund.

SECTION 2.8 Facility/ies to Remain with Master Association; Lot Owners' Liability:

To the extent not prohibited by law, the Facility/ies shall remain the property of the Master Association and may not be conveyed by the Master Association. In the event the Master Association ceases to exist or is unable to perform its obligations under these Covenants, all Lot Owners as defined in the Stormwater Agreement referenced above, excluding the Lots owned by the Master Association, shall be jointly and severally liable to fulfill the Master Association's obligations under these Covenants. Such Lot Owners

shall have the right of contribution from other owners with each Lot's pro rata share being calculated as Lot Owner's proportional obligations are otherwise defined in these Covenants or the Master Declaration. The City may also exercise the rights described in Section 7 of the recorded Stormwater Agreement and other remedies provided by law.

SECTION 5.9 City Rights; Liens Against Owners: In addition to rights granted to the City by ordinance or otherwise, the City shall have the following rights, generally summarized below, and more explicitly set forth in the Stormwater Agreement referenced above.

- a. Direct the Master Association in matters regarding the inspection, maintenance, repair, and/or reconstruction of the Facility/ies;
- b. If the Master Association does not perform the work required by ordinance, by these Covenants, and by the Stormwater Agreement referenced above, do such work itself, upon 30 days' written notice to the Master Association;
- c. Access the Facility/ies for inspection, maintenance and repair, crossing as necessary the Lot(s) on which the Facility/ies are located and all other private and public easements that exist within the Property subject to these Covenants;
- d. Require reimbursement by the Master Association of the City's costs in inspecting, maintaining, repairing, or reconstructing the Facility/ies, as provided in the Stormwater Agreement referenced above;
- e. Enforce any debts owned by the Master Association as described in the Stormwater Agreement referenced above against Lot Owners if such debts are not fully paid by the Master Association. The debt may be allocated to Lot Owners as provided in the other sections of these Covenants or the Master Declaration, and may be made a lien on each Owner's property, may be added to each Owner's utility bills and may result in foreclosure, as provided in Section 7 of the Stormwater Agreement referenced above.

SECTION 2.10 No Dissolution: To the extent not prohibited by law, the Master Association shall not enter into voluntary dissolution unless the Facility is transferred to a person who has been approved by the City and has executed a Stormwater Agreement with the City assuming the obligations of the Master Association. Under the Stormwater Agreement referenced above, individual Lots and Lot Owners continue to be liable for the Facility/ies in the event the Master Association is dissolved without a new Stormwater Agreement between the City and a responsible party that is assuming the Master Association's obligations.

SECTION 2.11 No Amendment: Without the prior written consent of the City, which may be given by the Durham City Manager, and notwithstanding any other provisions of these Restrictive Covenants, neither the Association or the Master Association may not amend or delete this Article with the exception of supplementing its provisions in a more detailed manner to better describe members' or Lot Owners' obligations regarding each other.

SECTION 2.12 Stormwater Agreement Supersedes: The Stormwater Agreement referenced above supersedes any limiting provisions contained elsewhere in other Articles of these Covenants. However, such Articles may supplement the obligations of the Master Association as set forth in the Stormwater Agreement, and/or the obligations or and remedies against individual Lot Owners or members bound by these Covenants.

ARTICLE THREE

DURATION OF RESTRICTIVE COVENANTS

SECTION 3.1 TERM: The Restrictive Covenants set forth in this instrument shall continue in full force and effect until twelve o'clock noon, local time, on December 31, 2043, after which time they shall automatically be extended for successive ten (10) year periods, unless an instrument in writing, signed by sixty-seven percent (67%) of the then Owners of Townhomes described in Exhibit "A" to the Declaration, revoking or terminating the same, shall be filed in the Office of the Register of Deeds of Durham County, North Carolina within the twelve (12) month period preceding the beginning of each successive period of ten (10) years).

SECTION 3.2 CONSTRUCTION: These Restrictive Covenants shall be construed liberally to effect their purpose of creating a subdivision in the Croasdaile Farm Community which is administered by the Association and at all times subject to the terms and conditions of the Declaration as amended, from time to time.

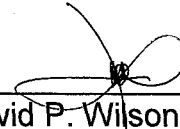
SECTION 3.3 AMENDMENT: These Restrictive Covenants may be amended by the vote of not less than eight percent (80%) of the then Townhome Owners; however, no such amendment may conflict with or be in derogation of any term, provision or condition of the Declaration, as amended, from time to time. This Section 3.3 may not be amended.

SECTION 3.4 VARIANCES: The Board of Directors in its absolute discretion may allow reasonable variances and adjustments to these Restrictive Covenants in order to alleviate practical difficulties and hardship in their enforcement and operation. No variance shall violate the spirit or the intent of this document or any term or provision of the Declaration.

In order to be effective, a variance shall be set forth in a written instrument duly executed by the Association, shall specifically refer to these Restrictive Covenants and shall be recorded in the Office of the Register of Deeds of Durham County, North Carolina.

IN TESTIMONY WHEREOF, Lakefield Farm LLC has affixed its hand and seal the day and year first above written.

LAKEFIELD FARM, LLC,
a North Carolina limited liability company

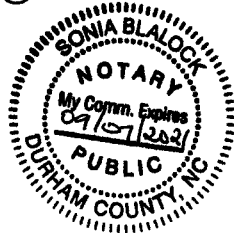
BY:  _____ (SEAL)
David P. Wilson, Manager

STATE OF NORTH CAROLINA

COUNTY OF DURHAM

I, Sonia Blalock, a Notary Public of the County and State aforesaid, certify that David P. Wilson personally came before me this day and acknowledged that he is the Manager of Lakefield Farm, LLC, a North Carolina limited liability company, which executed the foregoing instrument and that by authority duly given and as the act of the limited liability company, the foregoing instrument was signed in its name by its Manager.

WITNESS my hand and official stamp or seal, this the 26th day of February, 2019.



Sonia Blalock
Signature of Notary Public

Sonia Blalock
Printed Name of Notary Public

My Commission Expires:

09/07/2021