

H. Power

NORTH CAROLINA
WAKE COUNTY

DECLARATION OF COVENANTS, CONDITIONS,
AND RESTRICTIONS FOR OAK RUN
TOWNHOUSES HOMEOWNERS ASSOCIATION, INC.

THIS DECLARATION, made on the date hereinafter set forth, by ORT ASSOCIATES, a North Carolina general partnership of Wake County, North Carolina, hereinafter referred to as "Declarant";

W I T N E S S E T H:

WHEREAS, Declarant is the owner of certain property in Raleigh Township, County of Wake, State of North Carolina, which is more particularly described as:

Approximately 11.66 acres located on Bashford Road together with an easement for ingress and egress across the adjoining 6.6 acres, all as more particularly described in deed recorded in Book 3117, Page 856, Wake County Registry, and approximately 3.755 acres located on Bashford Road all more particularly described in deed recorded in Book 3454, Page 255, Wake County Registry.

PRESENTED FOR REGISTRATION
AUG 15 4 16 PM '87
KIMMELT & COMPANY
REGISTERED PROFESSIONALS

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

WHEREAS, W. Earl Bardin is the designated Trustee under a Deed of Trust in which First Union National Bank of North Carolina is the beneficiary, which Deed of Trust encumbers the subject property hereinabove described for certain sums due and which Deed of Trust is recorded in Book 3472, Page 419, Wake County Registry; and

WHEREAS, Daniel R. Dixon is the designated Trustee under a Purchase Money Deed of Trust in which James A. and Melba S. Mitchell are the beneficiaries, which Purchase Money Deed of Trust encumbers 3.755 acres of the above referred to property for certain purchase money sums due and which Purchase Money Deed of Trust is recorded in Book 3454, Page 261, Wake County Registry; and

WHEREAS, Supreme Builders, Inc., a North Carolina corporation is the owner of Units 1-7, Block A as shown in Book of Maps 1985, Page 638, and re-recorded in Book of Maps 1985, Page 903, Wake County Registry, by deed recorded in Book 3486, Page 694, Wake County Registry and Units 15-18, Block 3; Units 19-23, Block 4, and Units 24-29, Block 5 all as shown in Book of Maps 1985, Page 904, Wake County Registry by deed recorded in Book 3501, Page 678, Wake County Registry; and

WHEREAS, Harold E. Russell, Jr. is the designated Trustee under deeds of trust in favor of Carolina Builders Corporation which deeds of trust encumber the properties consigned to Supreme Builders, Inc. and said Deed of Trusts are recorded in Book 3486, Page 696, and Book 3501, Page 680, Book 3501, Page 682, and Book 3501, Page 684, Wake County Registry; and

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

ARTICLE I
DEFINITIONS

Section 1. "Association" shall mean and refer to Oak Run Townhouses Homeowners Association, Inc., its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property hereinabove described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of all members or designated classes of members of the Association, and all water lines located outside of the city streets or rights of way and all sewer lines located outside of either street rights of way or City of Raleigh sewer easements which serve the property except water and sewer lines located on any Lot.

Section 4. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area.

Section 5. "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 6. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 7. "Declarant" shall mean and refer to ORT Associates, a North Carolina general partnership, its successors and assigns, if such successors and assigns should acquire more than one undeveloped Lot from the Declarant for the purposes of development.

be called subject to the notice requirement set forth above, and the required quorum at any such subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

ARTICLE III

MEMBERSHIP

Every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject by covenants of record to assessments by the Association, including contract sellers, shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. No Owner shall have more than one membership. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association. Ownership of such Lot shall be the sole qualification for membership. The Board of Directors may make reasonable rules relating to the proof of ownership of a Lot in this Subdivision.

ARTICLE IV

VOTING RIGHTS

Section 1. The Association shall have two classes of voting membership which shall be non-cumulative.

Class A. Class A members shall be all those Owners as defined in Article III with the exception of the Declarant. Class A members shall be entitled to one vote for each Lot in which they hold the interest required for membership by Article III. When more than one person holds such interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot. Fractional voting shall not be allowed.

Class B. The Class B member shall be the Declarant. The Class B member shall be entitled to three (3) votes for each Lot in which it holds the interest required for membership by Article III, Provided that the Class B membership shall cease and be converted by Class A membership on the happening of either of the following events, whichever occurs earlier:

- (a) When the total votes outstanding in Class A membership equal to the total votes outstanding in Class B membership, but provided that the Class B membership shall be reinstated if thereafter and before the time

ARTICLE IIANNEXATION OF ADDITIONAL PROPERTIES

Section 1. Annexation of additional property shall require the consent of the City of Raleigh, and shall require the assent of two-thirds (2/3) of the votes of the Class A membership and two-thirds (2/3) of the votes of the Class B membership, if any, at a meeting duly called for this purpose, written notice of which shall be sent to all members not less than 30 days nor more than 60 days in advance of the meeting setting forth the purpose of the meeting. The presence of members or of proxies entitled to cast sixty percent (60%) of the votes of each class of membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called subject to the notice requirement set forth above and the required quorum at such subsequent meeting shall be one-half (1/2) of the required quorum of the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting. In the event that two-thirds (2/3) of the Class A membership or two-thirds (2/3) of the Class B membership are not present in person or by proxy, members may give their written assent to the action taken thereat. Future townhouses located on annexed land shall be similar in terms of size, style and value to existing townhouses. Title to common areas within annexed areas shall be conveyed to the Association in accordance with Article III, Section 3.

Section 2. If, within ten years of the date of incorporation of this Association, the Declarant shall develop additional lands within the boundaries shown on the general plan of Oak Run Townhouses Homeowners heretofore approved by the Raleigh City Council on and submitted to the Veterans Administration (the tract shown on map recorded in Book of Maps 1985, Page 903, Wake County Registry, such additional lands may be annexed to said Properties without the assent of the Class A members, provided however, the development of the additional lands described in this section shall be in accordance with a general plan submitted to the Veterans Administration with the processing papers for Phase One. Detailed plans for the development of additional lands must be submitted to the Veterans Administration prior to such development and the City of Raleigh must approve all annexation(s). If the Veterans Administration determines that such detailed plans are not in accordance with the general plan on file and so advises the Association and the Declarant, the development of additional lands must have the assent of two-thirds (2/3) of the Class A membership who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all members not less than 30 days nor more than 60 days in advance of the meeting setting forth the purpose of the meeting. At this meeting, the presence of membership or of proxies entitled to cast sixty percent (60%) of all the votes of the Class A membership shall constitute a quorum. If the required quorum is not forthcoming at the meeting, no other meeting may

stated in subparagraph (b) below, such additional lands are annexed to the Properties without the assent of Class A members on account of the development of such additional lands by the Declarant, all as provided for in Article II, Section 2, above.

(b) On January 1, 1989.

Section 2. The right of any member to vote may be suspended by the Board of Directors for just cause pursuant to its rules and regulations and according to the provisions of Article V, Section 1(d).

ARTICLE V

PROPERTY RIGHTS

Section 1. Members' Easements of Enjoyment. Every member shall have a right and easement of enjoyment in and to the Common Area and over the Common Area for access, ingress and egress from and to public streets and parking areas and walkways, and such easement shall be appurtenant to and shall pass with the title to every assessed Lot, subject to the following provisions:

- (a) The right of the Association to limit the number of guests or members;
- (b) The right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area;
- (c) The right of the Association, in accordance with its Articles and Bylaws, to borrow money for the purpose of improving the Common Area and facilities and in aid thereof to mortgage said property, and the rights of such mortgagee in said Properties shall be subordinate to the rights of the homeowners hereunder;
- (d) The right of the Association to suspend the voting rights and right to use of the recreational facilities by a member for any period during which an assessment against his Lot remains unpaid; and for a period not to exceed 60 days for any infraction of its published rules and regulations;
- (e) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument signed by members entitled to cast two-thirds (2/3) of the votes of the Class A membership and two-thirds (2/3) of the votes of the Class B membership, if any, has been recorded, agreeing to such dedication or transfer and unless written notice of the proposed action is sent to every member not less than 30 days nor more than 60 days in advance; and

(f) The right of the individual members to the exclusive use of parking spaces as provided in this Article.

Section 2. Delegation of Use. Any member may delegate, in accordance with the Bylaws, his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the Property.

Section 3. Title to the Common Area. The Delcarant hereby covenants for itself, its heirs and assigns, that it will convey fee simple title to the Common Area to the Association, free and clear of all encumbrances and liens, except street rights of way, easements for driveways, walkways, parking, drainage and utility easements (if any) prior to the conveyance of the first Lot, or first Lot within an area annexed into the Association.

Section 4. Parking Rights. Ownership of each Lot shall entitle the owner or owners thereof to the use of not more than two automobile parking spaces, which shall be as near and convenient to said Lot as reasonably possible, together with the right of access, ingress and egress in and upon said parking areas. The Association shall permanently assign one vehicular parking space for each dwelling, such space to be as near the dwelling to which it s assigned as is reasonably possible. The Association shall regulate and may prohibit the parking of boats, campers, trailers, commercial vehicles and other such items on the Common Area, and when allowed said vehicles shall be parked only in Common Area spaces designated by the Homeowners Association.

Section 5. TV Antennas, Cablevision, and Piped-In Music. The Association may, in its discretion, provide one or more central television antennas for the convenience of the members and may supply or arrange for piped-in music and/or cablevision and the cost of these may be included in annual or special assessments. The Association may regulate or prohibit the erection of television and radio antennas and satellite dishes on individual lots.

ARTICLE VI

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Properties, hereby covenants and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements, such assessments to be fixed, established, and collected from time to time as hereinafter provided. All assessments relating to Common Areas and the maintenance of the exterior shall be shared equally by the owners of each Lot. The

annual and special assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with such interest, costs, and reasonable attorney's fees shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Assessment. The assessments levied by the Association shall be used exclusively for the purpose of promoting the beautification of the Properties, recreation, health, safety, and welfare of the residents in the Properties and for the improvement and maintenance of the Common Areas, and of those homes situated upon the Properties. The Homeowners Association shall be responsible for the payment of premiums for liability insurance, payment of local and valorem taxes on Common Areas, payment of assessments for public and private capital improvements made to or for the benefit of the Common Areas and maintenance of recreational and other facilities located on the Common Areas. The Homeowners Association shall be responsible for the payment of premiums of fire and extended coverage insurance on any capital improvement located on the Common Areas and belonging to the Association in an amount equal to the full insurable value of said capital improvement.

Section 3. Basis and Maximum of Annual Assessments. Until December 31, 1985, the maximum annual assessment shall be Three Hundred Thirty Dollars (\$330.00) per Lot.

(a) From and after December 31, 1985, the maximum annual assessments may be increased effective January 1 of each year without a vote of the membership, provided the increase is not more than ten percent (10%) above the maximum assessment for the previous year.

(b) From and after December 31, 1985, the maximum annual assessments may be increased above ten percent (10%) by a vote of two-thirds (2/3) of each class of members who are voting in person or by proxy at a meeting called for this purpose, written notice of which shall be sent to all members not less than 30 days nor more than 60 days in advance of the meeting setting forth the purposes of the meeting.

(c) After consideration of the current maintenance costs and further needs of the Association, the Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy in any assessment year, a special assessment applicable to that year only, for the purpose of defraying, in whole or

in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement upon the Common Area, including the necessary fixtures and personal property related thereto, provided that any such assessment shall have the asset of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all members not less than 30 days nor more than 60 days in advance of the meeting setting forth the purpose of the meeting.

Section 5. Uniform Rate of Assessment. Annual assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly basis. Special assessments shall be fixed in the same manner.

Section 6. Quorum for any Action Authorized Under Section 3(b) and Section 4. At the first meeting called, as provided in Section 3(b) and Section 4 hereof, the presence at the meeting of members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirements set forth in Section 4, and the required quorum at any such subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

Section 7. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for herein shall commence as to all Lots in use on the first day of the month following the conveyance of the Common Areas. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least 30 days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall upon demand at any time furnish a certification in writing signed by an officer of the Association setting forth whether the assessments on a specified Lot has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. Such certificates shall be conclusive evidence of payment of any assessment therein stated to have been made.

Section 8. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within 30 days after the due date, the assessment shall bear interest from the date of delinquency at the rate of eight percent (8%) per annum, and the Association

may, as by law provided, file a lien against the Lot for all sums due and foreclose on said lien; and also may bring an action at law against the Owner personally obligated to pay the same either for a money judgment without foreclosing or waiving the lien or for a deficiency money judgment following foreclosure, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

Section 9. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of first mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot which is subject to any mortgage, pursuant to foreclosure under such mortgage or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to payments thereof which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 10. Exempt Property. The following property subject to this Declaration shall be exempt from the assessments created herein: (a) all properties dedicated to and accepted by a local public authority and (b) the Common Area. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

Section 11. Responsibility for Maintenance. The maintenance responsibility of the private streets and driveways as shown on the aforesaid recorded map shall rest with the Homeowners Association. In no case shall the City of Raleigh be responsible for failing to provide any emergency or regular fire, police, or other public service to the property and/or occupants when the failure is due to inadequate design or construction, blocking of access routes, or any other factor within the control of the developer, Homeowners Association, or occupants.

ARTICLE VII

PARTY WALLS

Section 1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the homes upon the Properties and placed on the dividing line between the Lots and all reconstruction or extensions of such walls, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls, lateral support in below-ground construction and of liability of property damage due to negligence or willful acts or omissions shall apply thereto.

Section 2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

Section 3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section 4. The owner of any Lot may construct, reconstruct, or extend a party wall in any direction (subject to and within the limitation of architectural control and other limitations of these Covenants) with the right to go upon the adjoining Lot to the extent reasonably necessary to perform such construction. Such construction shall be done expeditiously. Upon completion of such construction, such owner shall restore the adjoining Lot to as near the same condition which prevailed on it before the commencement of such construction as is reasonably practicable.

Section 5. Weatherproofing. Notwithstanding any other provisions of this Article an Owner who, by his negligence or willful act, causes the party wall to be exposed to he elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 6. Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 7. Certification by Adjoining Property Owner that No Contribution is Due. If any Owner desires to sell his property, he may, in order to assure a prospective purchaser that no adjoining property owner has a right of contribution as provided in this Article VII, request of the adjoining property owner or property owners a certification that no right of contribution exists, whereupon it shall be the duty of each adjoining property owner to make such certification immediately upon request and without charge; provided however that where the adjoining property owner claims a right of contribution, the certification shall contain a recital of the amount claimed.

Section 8. Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, such dispute shall be settled by arbitration as provided by the laws of North Carolina, relating to arbitration as then existing.

ARTICLE VIII

ARCHITECTURAL CONTROL

No building, fence, wall, or other structure shall be commended, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made until the written plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an Architectural Committee composed of three (3) or more representatives appointed by the Board. In the event said Board, or its designated committee, fails to approve or disapprove such design and location within 30 days after said written plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with.

ARTICLE IXEXTERIOR MAINTENANCE

In addition to maintenance of the Common Area, the Association shall provide exterior maintenance upon each Lot which is subject to assessment hereunder, as follows: paint, repair, replace and care for roofs, gutters, downspouts, exterior building surfaces, trees, shrubs, grass, walks, and other exterior improvements. Such exterior maintenance shall not include glass surfaces or underground waterproofing. In order to enable the Association to accomplish the foregoing, there is hereby reserved to the Association the right to unobstructed access over and upon each Lot at all reasonable times to perform maintenance as provided in this Article. The owner of any Lot may, at his election, plant trees, shrubs, flowers, and grass in his rear yard, and may also maintain portions or all of his rear yard provided that such maintenance by the owner does not hinder the Association in performing its maintenance of the exterior of the house and the remaining yard spaces. No such maintenance by a lot owner shall reduce the assessment payable to him to the Association. If, in the opinion of the Association, any such owner fails to maintain his rear yard in a neat and orderly manner, the Association may revoke the owner's maintenance rights for a period not to exceed one year. The owner of a Lot shall not plant any vegetation in the front yard except with the prior written approval of the Association.

In the event that the need for maintenance or repair or replacement is caused through the willful or negligent act of the owner, his family, guests, invitees, tenants, contract purchasers or contractors; or is caused by defects in the original construction on the Lot; or is caused by fire, lightning, windstorm, hail, explosion, riot, riot attending a

strike, civil commotion, aircrafts, vehicles, or smoke, as the foregoing are defined and explained in North Carolina Standard Fire and Extended Coverage Insurance Policies, then in any such event the full cost of such maintenance or repairs or replacement shall be the owner's sole responsibility and, if not paid by the owner, added to and become a part of the assessment to which such Lot is subject.

ARTICLE X

USE RESTRICTIONS

Section 1. Rules and Regulations. The Board of Directors of the Association shall have the power to formulate, amend, publish, and enforce reasonable rules and regulations concerning the use and enjoyment of the front yard space of each Lot and the Common Areas.

Section 2. Use of Properties. No portion of the Properties (except for temporary office of the Declarant and/or model used by Declarant) shall be used except for residential purposes and for purposes incidental or accessory thereto.

Section 3. Quiet Enjoyment. No obnoxious or offensive activity shall be carried on upon the Properties, nor shall anything be done which may be or may become a nuisance or annoyance to the neighborhood.

ARTICLE XI

EASEMENTS

All of the Properties, including Lots and Common Areas, shall be subject to such easements for driveways, walkways, parking areas, water lines, sanitary sewers, storm drainage facilities, gas lines, telephone and electric power lines and other public utilities as shall be established by the Declarant or by his predecessors in title, prior to the subjecting of the Properties to this Declaration; and the Association shall have the power and authority to grant and establish upon, over, under, and across the Common Areas conveyed to it, such further easements as are requisite for the convenient use and enjoyment of the Properties.

All Lots shall be subject to easements for the encroachment of initial improvements constructed on adjacent Lots by the Declarant to the extent that such initial improvements actually encroach including, but not limited to, such items as fireplaces, overhanging eaves, gutter, and downspouts and walls.

An easement is hereby established for the benefit of the City of Raleigh over all Common Areas hereby or hereafter established for the setting, removal, and reading of water meters, the maintenance and replacement of water, sewer and drainage facilities, the fighting of fires and collection of garbage.

ARTICLE XII

GENERAL PROVISIONS

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

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no wise affect any other provisions which shall remain in full force and effect.

Section 3. Mandatory Membership. Membership in the Homeowners Association shall be mandatory for each original purchaser and each successive owner of a residential site.

Section 4. Amendment. The covenants, conditions, and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association and by the owner of any Lot subject to this Declaration, his respective legal representatives, heirs, successors, and assigns, for a term of 30 years from the date this Declaration is recorded, after which time said covenants shall be automatically extended for successive periods of 10 years. The covenants, conditions, and restrictions of this Declaration may be amended during the first 30 year period by an instrument signed by not less than the Owners of ninety percent (90%) of the lots, and thereafter by an instrument signed by not less than the Owners of seventy-five percent (75%) of the lots. Amendments shall not become effective until approved by the City of Raleigh or until the City of Raleigh, after 20 days notice, fails to comment on the amendment.

Section 5. If any amendment to these covenants, conditions, and restrictions is executed, each such amendment shall be delivered to the Board of Directors of this Association. Thereupon, the Board of Directors shall, within 30 days do the following:

(a) Reasonably assure itself that the amendment has been executed by the Owners of the required number of lots. (For this purpose, the Board may rely on its roster of members and shall not be required to cause any title to any Lot to be examined.)

(b) Attach to the amendment a certification as to its validity, which certification shall be executed by the Association in the same manner that deeds are executed. The following form of certification is suggested:

CERTIFICATION OF VALIDITY OF AMENDMENT TO COVENANTS,
CONDITIONS AND RESTRICTIONS OF OAK RUN TOWNHOUSES

By authority of its Board of Directors, Oak Run Townhouses Homeowners Association, Inc. hereby certifies that the foregoing instrument has been duly executed by the Owners of _____ percent of the Lots of Oak Run Townhouses and is, therefore, a valid amendment to the existing covenants, conditions, and restrictions of Oak Run Townhouses.

OAK RUN TOWNHOUSES HOMEOWNERS ASSOCIATION, INC.

BY: _____
President

ATTEST:

Secretary

(c) Immediately, and within the 30 day period aforesaid, cause the amendment to be recorded in the Wake County Registry.

All amendments shall be effective from the day of recordation in the Wake County Registry, provided, however, that no such instrument shall be valid until it has been indexed in the name of this Association. When any instrument purporting to amend the covenants, conditions, and restrictions has been certified by the Board of Directors, recorded, and indexed as provided by this Section, it shall be conclusively presumed that such instrument constitutes a valid amendment as to all persons thereafter purchasing any Lots in Oak Run Townhouses.

Section 6. VA/FHA/FNMA Approval. As long as there is Class B membership, the following actions will require the prior approval of the Veterans Administration, Federal Housing Administration, and the Federal National Mortgage Association: annexation of additional properties, dedication of Common Area and the amendment of this Declaration of Covenants, Conditions, and Restrictions.

Section 7. Rights of First Mortgage Holders. Any institution holder of a first mortgage on a unit in the project will, upon request, be entitled to (a) inspect the books and records of the Association during normal business hours, (b) receive an annual audited financial statement of the Association within 90 days following the end of its fiscal year, and (c) receive written notice of all meetings of the Association and the right to designate a representative to attend all such meetings.

Section 8. Association Management. Any Management Agreement for the Association will be terminable by the Association for cause upon 30 days written notice thereof and the term of such agreement may not exceed one year, renewable by the parties for successive one-year periods.

Section 9. Carolina Power & Light Company. The developer reserves the right to subject the real property in this subdivision to a contract with Carolina Power & Light Company for the installation of underground electric cables which may require an initial contribution and/or the installation of street lighting, which will require a continuing monthly payment to Carolina Power & Light Company by the owner of each building.

Section 10. Miscellaneous. First Union National Bank of North Carolina, the owner and holder of a certain note secured by a Deed of Trust on the subject property, and the named Trustee, W. Earl Bardin join in the execution of this Declaration for the purposes of subordinating said Deed of Trust recorded in Book 3472, Page 419, Wake County Registry to this Declaration; and

James A. and Melba S. Mitchell are the owners and holders of a certain purchase money note secured by a Purchase Money Deed of Trust on a portion of the subject property, and Daniel R. Dixon their designated Trustee, joins in the execution of this Declaration for the purpose of subordinating said Purchase Money Deed of Trust, recorded in Book 3454, Page 261, Wake County Registry to this Declaration; and

Carolina Builders Corporation, the owners and holders of certain Notes and deeds of trust on certain portions of the subject property and the named Trustee, Harold E. Russell, Jr. join in the execution of this Declaration for the purpose of subordinating said Deed of Trusts recorded in Book 3486, Page 696, Book 3501, Page 680, Book 3501, Page 682, and Book 3501, Page 684 of the Wake County Registry to this Declaration; and

WHEREAS; Supreme Builders, Inc., by and through its duly authorized corporate officers joins in the execution of this Declaration to submit the property conveyed to them as described in Book 3486, Page 694 and Book 3501, Page 678, Wake County Registry to this Declaration.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has executed this instrument this 5th day of August, 1985 and the other parties hereinabove designated have joined in the execution of the same as of the dates of the notarizations and their signatures.

ORT ASSOCIATES

BY: [Signature] (SEAL)
General Partner

BY: [Signature] (SEAL)
General Partner

BY: [Signature] (SEAL)
General Partner

FIRST UNION NATIONAL BANK OF
NORTH CAROLINA

BY: [Signature] (SEAL)
Vice President

ATTEST:
[Signature]
Secretary

CAROLINA BUILDERS CORPORATION

BY: Cliff Benson (SEAL)
President

ATTEST:

Paul H. Casey

SUPREME BUILDERS

BY: Ronald Stewart (SEAL)
President

ATTEST:

Jean K. Carroll, Sec.

W. Earl Bardin
W. Earl Bardin

~~James S. Mitchell~~

~~James S. Mitchell~~

Daniel R. Dixon
Daniel R. Dixon

Harold E. Russell, Jr.
Harold E. Russell, Jr.

NORTH CAROLINA
WAKE COUNTY

I, the undersigned Notary Public, do hereby certify that CLIFF BENSON, JR., HAROLD E. RUSSELL, and PAUL H. CASEY, the General Partners of ORT Associates, a North Carolina general partnership, personally came before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official stamp/seal, this 5th day of August



Karen Echelberger
Notary Public

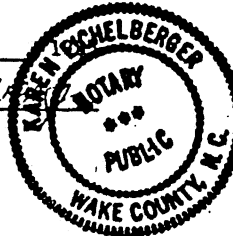
NORTH CAROLINA
COUNTY OF WAKE

I, the undersigned Notary Public, do hereby certify that Jean K. Carroll personally appeared before me this day and acknowledged that she is the Secretary of SUPREME BUILDERS, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed by its President, attested by him as its Secretary, and sealed with its corporate seal.

Witness my hand and notarial seal, this 11 day of July

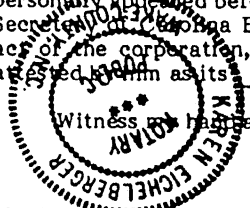
My Commission Expires: 3-15-88

Karen Echelberger
Notary Public



STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, the undersigned Notary Public, do hereby certify that PAUL H CASEY personally appeared before me this day and acknowledged that he is the Secretary of Suprema Builders Corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed by its _____ President, attested by him as its _____ Secretary, and sealed with its corporate seal.



Witness my hand and notarial seal, this 5 day of August, 1985.

Karen Eichelberger
Notary Public

My Commission Expires: 3-15-88

STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, the undersigned Notary Public, do hereby certify that _____ personally appeared before me this day and acknowledged that he is the Secretary of Suprema Builders, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed by its _____ President, attested by him as its _____ Secretary, and sealed with its corporate seal.

Witness my hand and notarial seal, this _____ day of _____, 1985.

Notary Public

My Commission Expires: _____

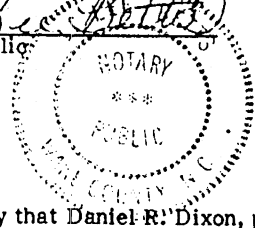
STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, the undersigned Notary Public, do hereby certify that W. Earl Bardin, personally appeared before me this day and acknowledged the due execution of the foregoing.

WITNESS my hand and notarial seal, this 29 day of July, 1985.

L. Lee Birtcher
Notary Public

My Commission Expires: My Commission Expires 8-19-88



STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, the undersigned Notary Public, do hereby certify that Daniel R. Dixon, personally appeared before me this day and acknowledged the due execution of the foregoing.

WITNESS my hand and notarial seal, this 18th day of July, 1985.

Daniel R. Dixon
Notary Public

My Commission Expires: January 23, 1989



STATE OF NORTH CAROLINA
COUNTY OF WAKE

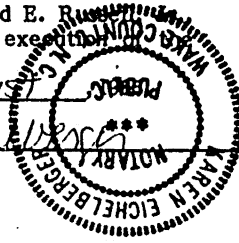
BOOK 3536 PAGE 768

I, the undersigned Notary Public, do hereby certify that Harold E. Russell personally appeared before me this day and acknowledged the due execution of the foregoing.

WITNESS my hand and notarial seal, this 5 day of August

Karen Eichellensen
Notary Public

My Commission Expires: 3-15-80



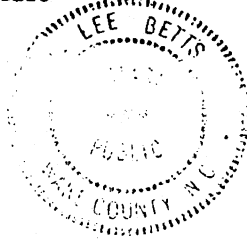
STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, the undersigned Notary Public, do hereby certify that Ben C. Maffitt, III personally appeared before me this day and acknowledged that he is the Asst. Secretary of First Union National Bank of North Carolina, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed by its Vice President, attested by him as its Asst. Secretary, and sealed with its corporate seal.

Witness my hand and notarial seal, this 29 day of July, 1985.

L. Lee Betts
NOTARY PUBLIC

My Commission Expires: _____



NORTH CAROLINA - WAKE COUNTY

The foregoing certificate of Karen Eichellensen,
L. Lee Betts, Allynda J. Hancil

Notar(y)(ies) Public is

(are) certified to be correct. This instrument and this certificate are duly registered at the date and time and in the book and page shown on the first page hereof.

KENNETH C. WILKINS, Register of Deeds

By Jesse B. Johnson
Asst. Deputy Register of Deeds