

BK5778 PG0844

PREPARED BY/RETURN TO:
F. TIMOTHY NICHOLLS
100 ST. ALBANS DRIVE
SUITE 200
RALEIGH, NC 27609

000391

PRESENTED
FOR
REGISTRATION

93 SEP 13 PM 3:35

KENNETH C. WILKINS
REGISTER OF DEEDS
FORKE COUNTY

DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR
BRAELOCH

THIS DECLARATION, made on the date hereinafter set forth by Paragon Development Company, Post Office Box 19205, Raleigh, North Carolina 27619, a North Carolina Corporation, hereinafter referred to as "Declarant."

WITNESSETH THAT:

WHEREAS, Declarant is the owner of certain Properties in Cary Township, County of Wake, State of North Carolina, which is more particularly described on Exhibit A attached hereto and incorporated herein by this reference;

WHEREAS, Declarant will convey Lots from the said Properties subject to certain protective covenants, conditions, restrictions and easements as hereinafter set forth;

NOW, THEREFORE, Declarant hereby declares that all of the Properties described hereinafter shall be held, sold and conveyed subject to the following easements, restrictions, covenants, and condition, which are for the purpose of enhancing and protecting the value and desirability of, and which shall run with, the Properties and be binding on all parties having any right, title or interest in the described Properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof.

ARTICLE I
DEFINITIONS

Section 1. "Association" shall mean and refer to Braeloch Homeowners's Association, Inc., its successors and assigns.

Section 2. "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 part of the Properties, but excluding those having such interest merely as security for the performance of an obligation.

Section 3. "Properties" shall mean and refer to that certain real property more particularly described on Exhibit A attached hereto and incorporated herein by this reference, and such additions thereto as may hereafter be brought within the

jurisdiction of the Association.

Section 4. "Common Area" shall mean that certain portion of the Properties (including the improvements thereto) owned by the Association for the common use and enjoyment of the Owners, including the private roads or streets, if any, parking areas and any open space and recreational areas and facilities. The Common Area to be owned by the Association at the time of the conveyance of the first Lot is described with greater particularity on Exhibit B attached hereto and incorporated herein by this reference.

Section 5. "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 and road rights-of-way.

Section 6. "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 7. "Declarant" shall mean and refer to Paragon Development Company, a North Carolina corporation, its successors and assigns if such successors or assigns.

Section 8. "Board of Directors" shall mean and refer to the Board of Directors of the Association, which is the governing body of the Association.

Section 9. "Bylaws" shall mean and refer to the Bylaws of the Association, as amended from time to time.

Section 10. "Assessment" shall mean and refer to the share of the Common Expenses from time to time assessed against a Lot and its Owner by the Association in the manner herein provided.

Section 11. "Common Expenses" shall mean and refer to all sums lawfully assessed against a Lot by the Association; expenses of administration, maintenance, repair or replacement of the Common Areas; expense agreed upon as Common Expenses by the Association; and expenses declared Common Expense by the provisions of this Declaration or the Bylaws.

ARTICLE II PROPERTY RIGHTS

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

(a) the right of the Association to permit the use of and to charge reasonable admission and other fees for the use of any recreational facilities which may constitute a portion of the Common Area;

(b) the right of the Association to suspend the voting rights and right to use of any of the recreational facilities which may constitute a portion of the Common Area by an Owner for any period during which any Assessment against his Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations;

(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 its facilities, and in aid thereof, to deed in trust the Common Area;

(d) 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 agreeing to such dedication or transfer signed by two-thirds (2/3) of each class of Members, has been recorded; and,

(e) the right of the Association to formulate, publish, impose and enforce rules and regulations for the use and enjoyment of the Common Area, which regulations may further restrict the use of the Common Area.

Section 2. Delegation of Use. Subject to Section 1 above, any Owner may delegate, in accordance with the Bylaws, his rights of use and enjoyment in and to the Common Area, to the member of his family, his lawful tenants, or contract purchasers who reside on such Owner's Lot and, to his guests, invitees and licensees.

Section 3. General Easements and Associated Undertakings. All of the Properties, including Lots and Common Area, shall be subject to such easements for public streets, water lines, sanitary sewers, storm drainage facilities, gas lines, landscape easements and buffers, cable communication transmission, telephone and electric power lines, and other public utilities as shall be established by the Declarant or by its predecessor in title, prior to the subjecting of the Properties to this Declaration; provided, however, as to any easements which may be granted that run across or affect any of the Lots, such easements shall not be granted by Declarant so as to run under or disturb in any way any of the dwelling structures which may be constructed upon such Lots; and the Association shall have the power and authority to grant and establish upon, over, under and across the Common Area conveyed to it, such further easements as are requisite for the convenient use and enjoyment of the Properties. Sight easements, if any, as may be shown upon any recorded subdivision map of the Properties are hereby reserved by the Declarant.

An easement is hereby established for the benefit of the County of Wake, the Town of Cary, and any agency thereof over all

Common Area and Lots 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, collection of garbage and police protection.

Section 4. Temporary Construction Access and Disturbance Easement. An easement over, through and to the Common Area is hereby reserved, conveyed and established in favor of Declarant and all Owners of any Lot to be used for purposes or ingress, egress, regress, conduct of construction activity, storage of construction materials, the necessary disturbance of land for construction on any Lot, and installation of driveways, sidewalks, underground drainage and utility conduits and hookups. This easement shall be used only as and when necessary to facilitate the construction of improvements at any time on a Lot by Declarant or Owner as well as the extension of driveways, sidewalks, underground drainage and utility conduit and hookups to any dwelling structure situated on a Lot. In using and taking the benefits of said easement, Declarant or its designate and Owners shall use their best efforts to minimize any soil or land disturbance activities, and shall restore the land to a condition which is graded smooth and in harmony with surrounding areas. Should Declarant, its designate or an Owner fail to restore the disturbed land as required above, the Association may restore the land to the required condition and Declarant, its designate or Owner, as the case may be, shall indemnify the Association for the reasonable expense incurred in performing such restoration. Where any Owner shall seek to take advantage of the easement herein conveyed, such Owner's rights of use shall be restricted to that Common Area which shall be reasonably servient and proximate to his Lot.

Section 5. Easement for Minor Encroachments. All Lots and the Common Area shall be subject to a perpetual easement for the encroachment of initial improvements constructed on Lots by the Declarant to the extent that such initial improvements actually encroach, including, without limitation, such items as overhanging eaves, roofs, gutters, downspouts, exterior storage rooms, bay windows, stoops, decks, patios, porches, steps and walls. If any encroachment shall occur subsequent to subjecting the Properties to the Declaration as a result of settling or shifting of any improvement or as a result of any permissible repair, construction, reconstruction, or alteration, there is hereby created and there shall be a valid easement for such encroachment and for the perpetual maintenance of the same. Every Lot shall be subject to an easement for entry and encroachment by Declarant for a period not to exceed eighteen (18) months following conveyance of a Lot to an Owner for the purpose of correcting any problems that may arise regarding grading and drainage. The Declarant, upon making entry for such purpose, shall restore the affected Lot or Lots to as near the original condition as practicable.

Section 6. Emergencies and Entrance. Every Lot thereon shall be subject to an easement for entry by the Association for the purpose of correcting, repairing, or alleviating any emergency condition which arises upon any Lot and that endangers any improvement or portion of the Common Area.

Section 7. Title to the Common Area. The Declarant hereby covenants for itself, its heirs and assigns that it will convey fee simple title to the Common Area to the Association, which Common Area shall include any private roads or drives which may have been previously created, free and clear of all encumbrances and liens, except those matters of record and the restrictions thereon as provided in this Article II.

Section 8. Utility Charges for Water and Street Lights. As consideration for the conveyance of the Common Area and as consideration for the rights, entitlements and benefits granted to and conferred upon the Association under and by virtue of this Declaration, the Association covenants and agrees to accept the responsibility for payment of any and all fees, charges and expense arising by virtue of the use of water provided to and used in connection with any of the Common Area and by virtue of the use and operation of the street lights installed and erected within the Common Area from and after the date of acceptance. Such cost of fees, charges and expense paid by the Association shall be charged ratably to the Owners as an Assessment according to the provisions of Article IV below.

ARTICLE III
MEMBERSHIP AND VOTING RIGHTS

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

Section 2. The Association shall have two classes of voting membership:

Class A: Class A Members shall be all Owners, with the exception of the Declarant, and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B: The Class B Member shall be the Declarant and shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(a) When 75% of the maximum number of the residential units allowed for the Properties (as amended and supplemented from time to time) under the Subdivision Plan for the Properties have certificates of occupancy thereon and have been conveyed to Lot Owners; or

(b) on January 1, 2000.

ARTICLE IV
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 such deed, 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 established and collected as hereinafter provided. The annual and special Assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the Lot and shall be a continuing lien upon the Lot against which each such Assessment is made. Each such Assessment, together with 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 became due. The personal obligation for delinquent Assessments shall not pass to the Owner's successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments. The Assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents in the Properties and for the improvement and maintenance of the Common Area, including any private roads or streets, for the establishment of adequate reserves for the replacement of capital improvements, if any, located within the Common Area, payment of insurance premiums for contracts of hazard and liability insurance on the Common Area, payment of assessments for public and private capital improvements made to or for the benefit of the Common Area, payment of local ad valorem taxes, if any, on the Common Area, and such other needs as may arise.

Section 3. Maximum Annual Assessment. Until January 1, 1994, the maximum annual Assessment shall be \$120.00.

(a) From and after January 1, 1994, the maximum annual Assessment may be increased each year not more than six percent (6%) above the maximum Assessment for the previous year without a vote of the membership.

(b) 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 an Assessment year, a special Assessment for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided, however, any such Assessment shall have the assent 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. Fines levied by the Board of Directors shall be treated as a Special Assessment otherwise due to the Association, and as such, will be a lien against the Owner's Lot if not paid. Such fines shall be paid not later than thirty (30) days after notice of the imposition or assessment of the fines.

Section 5. Notice and Quorum for Any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 of this Article shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (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 6. Uniform Rate of Assessment. Both annual and special Assessments shall be fixed at a uniform rate for all Lots, and annual Assessments shall be due and payable and collected on a monthly basis or as deemed appropriate by the Board of Directors; provided, however, until such time as a certificate of occupancy has been issued for a Lot, the annual and special Assessments for such Lot shall be twenty-five percent (25%) of such Assessments for those Lots for which a certificate of occupancy has been issued; and, provided, further, Lot 114 shall not, at any time, be subject to an annual or special Assessment of any amount.

Section 7. Date of Commencement of Annual Assessments: Due Dates. The annual Assessment shall commence, and shall be due and payable, as to any Lot on the first day of the month next following the day on which the plat depicting such Lot is recorded with the Wake County Registry and on the first day of each calendar year thereafter. Such amount due and payable on the first day of each such calendar year shall be as set forth and established pursuant to Section 3 of this Article. 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 thirty (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 date shall be as previously set forth herein, unless otherwise established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the Assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of Assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 8. Effect of Nonpayment of Assessments. Remedies of the Association. Any Assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of ten percent (10.0%) per annum or the highest rate allowed by law and shall be subject to a late charge of \$25.00. The Association may bring an action at law against the Owner personally obligated to pay the same for such delinquent Assessment, late charges and reasonable attorney's fees of any such action, or foreclose the lien against the Lot. For purposes of this Section, the amount of delinquent Assessment and late charge shall be considered evidenced by this paragraph and therefore, evidence of indebtedness shall exist hereby. 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 any first mortgage or deed of trust ("mortgage"). Sale or transfer of any Lot shall not affect the Assessment lien; however, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such Assessments as to payments 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. Fines Designated to be Special Assessments. The Board may impose fines against any Lot and such fines shall be treated as a Special Assessment otherwise due to the Association, and, as such, will be a lien against the Owner's Residential Unit or Lot. Fines shall be paid not later than thirty (30) days after notice of the imposition or assessment of the fines. These fines shall not be construed to be exclusive and shall exist in addition to all other rights and remedies to which the Association may be otherwise legally entitled; however, any fine paid by the offending Owner(s) shall be deducted from or offset against any damages that the Association may otherwise be entitled to recover by law from such Owner. Fines shall be as follows:

(a) First non-compliance or violation: a fine not in excess of Fifty Dollars (\$50.00).

(b) Second non-compliance or violation: a fine not in excess of One Hundred Dollars (\$100.00).

(c) Third and subsequent non-compliance or violation or violations that are of a continuing nature: a fine not in excess of One Hundred Dollars (\$100.00) for each week of continued violation or non-compliance.

ARTICLE V
INSURANCE

Section 1. Ownership of Policies. All insurance policies upon the Common Area which shall be purchased by the Association shall be for the benefit of all the Association and the Owners and their mortgagees as their interest may appear.

Section 2. Coverage. Public liability insurance shall be secured by the Association with limits of liability of no less than One Million Dollars (\$1,000,000.00) per occurrence and shall include an endorsement to cover liability of the Owners as a group and as a single Owner. There shall also be obtained such other insurance coverage as the Association shall determine from time to time to be desirable and necessary. Such policies shall contain clauses providing for waiver of subrogation, if possible.

Section 3. Fidelity Insurance or Bond. All persons responsible for or authorized to expend funds or otherwise deal in the assets of the Association, shall first be bonded by a fidelity insurer to indemnify the Association for any loss or default in the performance of their duties in an amount equal to at least one-half the annual Assessment plus reserves accumulated.

Section 4. Premiums. Premiums for contracts of insurance purchased by the Association shall be paid by the Association and charged ratably to all Owners as an Assessment according to the provisions of Article IV, above.

Section 5. Proceeds. All contracts of insurance purchased by the Association shall be for the benefit of the Association and its mortgagees, if any, as their interest may appear, and the Owners, and shall provide that all proceeds thereof shall be payable to the Association as insurance trustee under this Declaration. The sole duty of the Association, as insurance trustee, shall be to receive such proceeds as are paid and to hold the same in trust for the purposes stated herein.

Section 6. Distribution of Insurance Proceeds. Proceeds of contracts of insurance received by the Association as insurance trustee shall be distributed to or for the benefit of the beneficiary or beneficiaries thereof in the following manner:

(a) the proceeds shall be paid first to defray the costs of reconstruction and repair of casualty or liability so covered; and,

(b) any expense of the insurance trustee may be paid from proceeds after payment of reconstruction or repair expense or liability. Any proceeds remaining thereafter shall be distributed to the beneficiary or beneficiaries of the trust.

ARTICLE VI
ARCHITECTURAL AND APPEARANCE CONTROL

Section 1. Prior Approval. The Architectural Control Committee shall consist of one (1) or more persons designate by the Board of Directors. No building, sign, fence, outside lighting, hedge, wall, walk, antenna, clothes line or other structure or planting shall be constructed, erected or planted until the plans and specifications showing the nature, kind, shape, height, materials, floor plans, color scheme, and location with respect to topography and finished ground elevation shall have been submitted to and approved in writing by the Architectural Control Committee. The Architectural Control Committee shall have the right to refuse to approve any plans and specifications which are not suitable or desirable, in its sole discretion, for aesthetic or any other reasons, provided such approval is not unreasonably withheld. In approving or disapproving such plans and applications, the Architectural Control Committee shall consider the suitability of the proposed building, improvements, structure or landscaping and materials of which the same are to be built, the site upon which it is proposed to be erected, the harmony thereof with the surrounding area and the effect thereof on adjacent or neighboring property. In the event the Architectural Control Committee shall fail to specifically approve or disapprove the plans and specification submitted in final and complete form, within thirty (30) days after written request for final approval or disapproval such plans and specifications shall be deemed approved. There is specifically reserved unto the Architectural Control Committee, the right of entry and inspection upon any Lot for the purpose of determination by the Architectural Control Committee whether there exists any construction of any improvement which violates the terms of any approval by the Architectural Control Committee or the terms of this Declaration or of any other covenants, conditions and restrictions to which its deed or other instrument of conveyance makes reference. The Architectural Control Committee and the Board of Directors is specifically empowered to enforce the provisions of this Declaration by any legal or equitable remedy, and in the event it becomes necessary to resort to litigation to determine the property of any constructed improvement, or to remove any unapproved improvements, the prevailing party shall be entitled to recovery of all court costs, expense and reasonable attorney's fees in connection therewith. The Association, Declarant, Architectural Control Committee or any officer, employee, director or member thereof shall not be liable for damages to any persons submitting

plans and specifications for approval by reason of mistake in judgment, negligence or nonfeasance arising out of or in connection with the approval, disapproval or failure to approve any plans and specifications. Every person who submits plans and specifications for approval agrees, by submission of such plans and specifications, that it will not bring any action or suit against the Association, Declarant, or Architectural Control Committee to recover any such damages.

Section 2. Maintenance. Common Areas and improvements thereon shown on the recorded plats of the Property shall be maintained by the Association. The Town of Cary, North Carolina shall not maintain the Common Areas and improvements thereon.

Any owner who fences or encloses any portion of his Lot (which fence or enclosure shall require the prior approval of the Association) may plant trees, shrubs, flowers and grass in the fenced or enclosed portion as he elects and shall maintain the fenced or enclosed portion at his own expense, provided that such maintenance does not hinder the Association in performing its maintenance duties as to the Common Area. No such maintenance by an Owner shall reduce the Assessment payable by him to the Association. If, in the opinion of the Association, any such Owner fails to maintain his yard in a neat and orderly manner, the Association may revoke the Owner's maintenance rights for a period not to exceed one year and the Association shall perform maintenance during the revocation period. No Owner shall plant any vegetation on the Common Area except with the prior written approval of the Association.

In the event that the need for maintenance or repair of a Lot or the improvements thereon is caused through the willful or negligent acts of its Owner or his family, tenants, contract purchasers, guests, or invitees, the cost of such maintenance, replacement, or repairs shall be added to and become a part of the Assessment to which such Lot is subject.

The streets within Braeloch shall be dedicated for public use on each recorded map. Declarant shall remain responsible for any maintenance or repair necessary for any street until maintenance is formally accepted by the Town of Cary or other appropriate government entity.

Section 3. Dwelling Size and Driveways. Except with prior written approval of the Architectural Committee, no residential structure which has an enclosed heated area of less than 1400 square feet, exclusive of porches, breezeways, steps and garages, shall be erected or placed or permitted to remain on any Lot. All driveways shall be paved (concrete or asphalt) from street to each residence including parking area.

Section 4. Building Set Back Lines. No building shall be located on any Lot outside of the building envelope for such Lot, as depicted on the recorded plat for such Lot; provided, however, as to Lots 40 through 52, respectively, as such Lots are shown on the plat referenced in Exhibit A attached hereto, the minimum rear yard set back line shall be the interior sewer line easement crossing said Lot or 35 feet from the rear property line of such Lot, whichever is greater. The Architectural Committee may, for good cause, waive a minor violation of the set back requirement provided for herein. This waiver shall be in writing and recorded in the Wake County Registry. A document executed by the Architectural Committee shall be, when recorded, conclusive evidence that the requirements of the paragraph have been met. A minor violation is allowed so long as it does not violate local government zoning regulations. Any violation which does not exceed 20% shall be considered a minor violation.

Section 5. Utility and Drainage Easements. Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat as well as 10 feet along the rear of each Lot and 5 feet along each side of the Lot, unless shown in excess of such distances on the recorded plat for such Lot, in which case the distances shown on the plat shall control. Within these easements, no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities and drainage facilities, or which may change the direction of flow or drainage channels in the easements, or which may obstruct or retard the flow of water through the drainage channels in the easements. Such easement area of each Lot, and all improvements in it, shall be maintained continuously by the owner of the Lot, except for those improvements which a public authority or utility company is responsible. No such easement shall exist along an interior Lot line on any Lot on which a residence is constructed within an area which would otherwise be an easement, if the placement of the residence is permitted by these covenants. Declarant reserves the right to waive, in writing, any one or all rear and side line easement requirements.

Section 6. Buffers, Use Restrictions and Common Area Maintenance. All Common Areas as shown on any recorded plat of the Properties, including the traffic island located at the intersection of NC Highway 54 and Fincastle Drive, are "common open space". The Common Area shall, at all times, be owned and maintained by the Association. At no time shall the Town of Cary, or any other governmental authority, be responsible for the maintenance of the Common Area.

As shown on the recorded plat for the Properties, a portion of certain Lots and the Common Area is designated as an undisturbed buffer area. Within such undisturbed buffer area, no trees or shrubs, at any time, are to be removed and no architectural

construction or hard surface improvements are allowed without the prior approval of the Architectural Control Committee and the Town of Cary, North Carolina.

Lot 114, as shown on the plat referenced in Exhibit A attached hereto, shall be used only as open space and/or for recreational purposes and shall not be subject to any annual or special Assessment but shall be maintained, at all times, by such Lot's Owner in accordance with this Declaration.

ARTICLE VII
USE RESTRICTIONS

Section 1. Rules and Regulations. The Board of Directors of the Association shall have the power to formulate, publish and enforce reasonable rules and regulations concerning the use and enjoyment of each Lot and the Common Area, including, but not limited to levying fines or penalties.

Section 2. Use of Lots. No Lot shall be used except for single-family residential purposes, except that nothing herein shall preclude the use of any Lot for providing a recreational area for the individual Lot owners as a group, or for use by Declarant or Declarant's assigns as a temporary sales office. No building shall be erected, altered, placed or permitted to remain on any Lot other than one detached single family dwelling not to exceed two and one-half stories in height and a private garage for not more than three cars. Notwithstanding anything herein to the contrary, Lot 114, as shown on the plat referenced in Exhibit A attached hereto, may be used only as open space and/or for recreational purposes.

(a) Outside clothes lines shall not be permitted upon any Lot at locations where they can be viewed from any street.

(b) No commercial signs, with the exception of a "For Sale" or "For Rent" sign no more than three feet in width and three feet in height, shall be erected or maintained on any Lot. Such signs allowed hereunder, being temporary in nature, shall not be subject to any set back requirement. Declarant and/or Declarant's assigns shall be authorized to erect and maintain temporary signs for the sales and construction offices and for marketing of Braeloch, and to erect and maintain decorative fencing at any sales or construction office.

(c) No lumber, brick, stone, cinder block, concrete or any other building materials, scaffolding, mechanical devices or any other thing used for building purposes shall be stored on any Lot in an exposed location except for the purpose of construction on such Lot and shall not be stored on such Lot for longer than the length of time reasonably necessary for the construction in which same is to be used.

(d) No exposed above-ground tanks except for approved recreational swimming pools will be permitted for the storage of fuel or water or any other substance, except that such tanks may be placed above-ground provided they are kept in a screened enclosure which must exceed in height, by at least one foot, any such tank as may be placed therein.

(e) Nothing shall be kept and no activity shall be carried on in any dwelling structure on a Lot or on the Common Area which will increase the rate of insurance for the Common Area. No Owner shall do or keep anything, nor cause or allow anything to be done or kept, in his dwelling structure or on the Common Area which will result in the cancellation of insurance on any portion of the Properties, or the contents thereof, or which will be in violation of any law, ordinance, or regulation. No waste shall be committed on any portion of the Common Area. All garbage receptacles, containers and enclosure shall be located at the rear of the dwelling structure on a Lot, out of view from any street abutting the Lot.

(f) Except with the prior written consent of the Architectural Committee, no trailer, tent, shack, barn, or other outbuildings, except a private garage for not more than three cars, shall be erected or placed on any Lot covered by these covenants. Except with the prior consent of the Architectural Committee, no detached garage shall be used for human habitation, temporarily or permanently.

(g) No fence, wall, hedge, or mass planting shall be permitted to extend beyond the minimum building set back line except upon approval by the Architectural Committee. No chain link fence shall be used without prior written approval of the Architectural Committee.

(h) No accessory building of any nature whatsoever (including but not limited to a detached garage, storage buildings, dog houses, greenhouses) shall be placed on any Lot without prior written approval of the Architectural Committee, with said Committee to have the sole discretion relating to the location and type of accessory building which shall be permitted on any Lot.

(i) Each Owner shall keep his building site free of tall grass, undergrowth, dead trees, trash and rubbish and property maintained so as to present a pleasing appearance. In the event an Owner does not properly maintain his Lot as above provided, in the opinion of the Architectural Committee, the Committee may have the required work done and the costs thus incurred shall be paid by the Owner.

(j) No satellite dishes shall be erected on any Lot.

(k) Decorative lawn ornaments shall be approved in writing by the Architectural committee prior to installation on any Lot.

Section 3. Parking Rights. Adequate off-street parking shall be provided by the Owner of each Lot for the parking of motor vehicles owned by such Owner, and Owners of Lots shall not be permitted to park their automobiles on the streets in the Properties. Owners of Lots shall not be permitted to park boats, trailers, campers and all other similar property on the streets in the development, and such property shall be parked in a garage or area screened from the street and adjoining Lot view and approved by the Architectural Control Committee. In no case shall recreational vehicle parking be allowed in front of or beside a house unless adequately screened from view of the street and adjoining Lots. No inoperative or abandoned vehicle, of any type, shall be parked or stored on any Lot or on the streets in the Properties.

Section 4. Hobbies and Activities. The pursuit of hobbies or other activities, including specifically, without limiting the generality of the foregoing, the assembly and disassembly of motor vehicles and other mechanical devices, which might tend to cause disorderly, unsightly or unkept conditions, shall not be permitted or undertaken on any part of any Lot or Common Area.

Section 5. Required Land Area. No single family residential Lot may be subdivided by sale or otherwise so as to reduce the total area thereof below that as shown on any recorded subdivision map of the Properties.

Section 6. Animals and Pets. No stable, dog run, poultry house or yard or other similar structure shall be constructed or allowed to remain on any Lot, nor shall livestock of any nature or classification whatsoever be kept or maintained on any Lot without the express written permission of the Association first had and obtained. However, a reasonable number of household pets, as determined by the Board of Directors of the Association, shall be permitted, provided they are not raised for commercial purposes.

Section 7. Prohibited Activities. Noxious, offensive or loud activities shall not be carried on upon any Lot. Each Owner shall refrain from any act or use of his Lot which could reasonably cause embarrassment, discomfort, annoyance or nuisance to the neighborhood. Each Owner shall keep and maintain his Lot in a neat, orderly and well kept manner. No industry, business, trade occupation or profession of any kind shall be permitted on any Lot or Common Area, except that Declarant, and/or its assigns, may use any unsold Lots of the Property for sales or display purposes.

Section 8. Governmental Regulations. All governmental building codes, health regulations, zoning restrictions and the like applicable to the Properties shall be observed. In the event

of any conflict between any provision of such governmental code, regulation or restriction and any provision of this Declaration, the more restrictive provision shall apply.

ARTICLE VIII
GENERAL PROVISIONS

Section 1. Enforcement. The Association, Declarant 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, Declarant 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 judgement or court order shall in no way affect any other provision which shall remain in full force and effect.

Section 3. Amendment. The covenants, conditions and restrictions of this Declaration shall run with and bind the land for a term of twenty (20) years from the date this Declaration is recorded after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty (20) year period by an instrument approved by not less than sixty-six and two-thirds percent (66 2/3%) of each Class of Members, and, thereafter by an instrument approved by not less than seventy-five percent (75%) of the Lot Owners. Any amendment must be recorded.

Section 4. Amendment Form. If any amendment to these covenants, conditions and restrictions is so approved, each such amendment shall be delivered to the Board of Directors of this Association. Thereupon, the Board of Directors shall within thirty (30) days, do the following:

(a) Reasonably assure itself that the amendment has been validly approved 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 DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS OF
BRAELOCH

By authority of its Board of Directors, Braeloch HomeOwner's Association, Inc., hereby certifies that the foregoing instrument has been duly approved by the Owners of Braeloch HomeOwner's Association, Inc. and is, therefore, a valid amendment to the existing covenants, conditions and restriction of Braeloch HomeOwner's Association, Inc.

This the ____ day of _____, _____.

BRAELOCH HOMEOWNER'S ASSOCIATION, INC.

President

Attest (SEAL):

Secretary

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

All amendments shall be effective from the date of their recordation in the Wake County Registry, provided, however, that no such instrument shall be valid until it has been indexed in the name of the 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.

Section 5. Annexation of Additional Properties. At any time during the effective term of this Declaration, Declarant may propose that the Association annex additional Properties which have been or will be developed as a part of the general plan of development for Braeloch as follows:

(a) Additions by Declarant. Additional land within the area describe in Exhibit C attached hereto, may be annexed by the Declarant without the consent of Members within five (5) years from the date of this Declaration provided that the FHA, FNMA or VA, as the case may be, determine that the annexation is in accord with the general plan heretofore approved by them.

The additions authorized under this and the succeeding subsection, shall be made by filing of record an amendment with respect to the additional property which shall extend the scheme of the covenants and restriction of this Declaration to such property or by adopting this Declaration in whole or in part by reference.

Such amendment may contain such complementary additions and modifications of the covenants and restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the added properties and as are not inconsistent with the scheme of this Declaration.

(b) Other Additions. Annexation of additional properties, other than those described in Exhibit C, shall require the assent of two-thirds (2/3) of the votes of the Class A membership of the Association and two-thirds (2/3) of the votes of the Class B membership of the Association, if any, at a meeting duly called for this purpose, written notice of which shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting setting forth the purpose of the meeting. The presence of Members or of written proxies entitled to cast sixty-six and two-thirds percent (66 2/3%) of the votes of each class of membership shall constitute a quorum. If the required quorum is not present 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 the same. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting. In the event that two-thirds (2/3) of the Class A membership or two-thirds (2/3) of the Class B membership are not present in person or by proxy, Members not present may give their written consent to the action taken thereat.

Section 6. Leasing. No Lot, or the residential structure thereon, shall be leased for transient or hotel purposes, nor may any Owner lease less than the entire residential structure on his Lot, nor shall any such lease be for a period of less than six months. Any lease must be in writing and provide that the terms of the lease and occupancy of the dwelling structure shall be subject to this Declaration and the Bylaws and any failure by a lessee to comply with such shall be a default under the lease.

Section 7. Addition of Recreational Facilities. The Declarant shall not add any recreational facilities as amenities for the Association without first obtaining the written consent of a majority of the Class A Members.

Section 8. Contract Rights of Association. As long as there is a Class B membership, any contract entered into by or on behalf of the Association shall contain a provision giving the Association or the other party thereto the right to terminate such contract upon the giving of not more than thirty (30) days written notice to the other party or parties.

Section 9. Underground Utilities and Street Lighting. Declarant reserves the right to subject the Properties to a contract with Carolina Power and Light company for the installation of underground electric cables and the installation of street lighting, either of which or both of which may require a continuous monthly charge to the Owner of each Lot. Upon acceptance of a deed to a Lot, each Owner agrees to pay Carolina Power & Light Company the continuing monthly payment therefore as approved by the North Carolina Utilities Commission, or other appropriate government authorities. Declarant reserves the right to contract on behalf of each Lot with Carolina Power & Light Company, or its successors and assigns, for street lighting service.

Section 10. Lender's Notice. Upon written request to the Association, identifying the name and address of the holder, insurer or guarantor and the Lot number or address, any mortgage holder, insurer, or guarantor will be entitled to timely written notice of:

(a) any condemnation or casualty loss that affects either a material portion of the Properties or the Lot securing its mortgage;

(b) any sixty (60) day delinquency in the payment of Assessments owed by the Owner of the Lot on which it holds the mortgage;

(c) a lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association;

(d) any proposed action that requires the consent of a specified percentage of mortgage holders; or

(e) the Associations' financial statement for the immediately preceding fiscal year.

Section 13. FHA/VA/FNMA Approval. As long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration, Veterans Administration or Federal National Mortgage Association, as the case may be: annexation of additional properties, dedication of Common Area, deeding in trust the Common Area, mergers and consolidations and amendment of this Declaration.

Section 14. Conflicts. In the event of a conflict between the terms and provisions of this Declaration and the Bylaws or Articles of Incorporation of the Association, the terms and provisions of this Declaration shall control. In the event of a conflict between the terms and provision of the Bylaws and the Articles of Incorporation of the Association, the terms and provisions of the Articles of Incorporation of the Association, the terms and provisions of the Articles of Incorporation shall

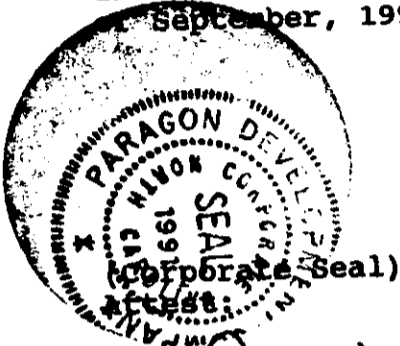
control.

Section 15. Joinder by Lender. Central Carolina Bank and Trust Company joins in the execution of this Declaration as mortgagee and does hereby subordinate its lien recorded in Book 5585, Page 844, of the Wake County Registry, to the terms and conditions of this Declaration.

IN WITNESS WHEREOF, the undersigned have caused this instrument to be executed and its seal affixed, as of the 9th day of September, 1993.

Paragon Development Company

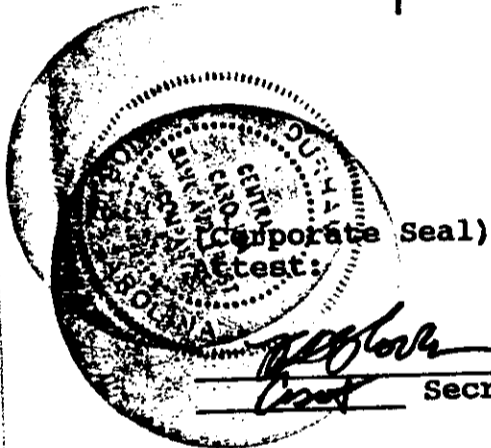
By: [Signature]
President



[Signature]
Secretary

Central Carolina Bank and Trust Company

By: [Signature]
Vice President



[Signature]
Secretary

BK5778 PG0864

STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, Linda C. Moore, a Notary Public for the County and State aforesaid, certify that F. Timothy Nicholls personally came before me this day and acknowledged that he is Secretary of Paragon Development Company, a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal and attested by him as its Secretary.

WITNESS my hand and official stamp/seal, this 9 day of September, 1993.

Linda C. Moore
Notary Public

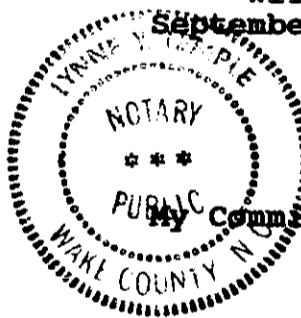
My Commission Expires: 7-21-96

LINDA C. MOORE
NOTARY PUBLIC
WAKE COUNTY, N. C.
My Commission Expires: July 21, 1996

STATE OF NORTH CAROLINA
COUNTY OF Wake

I, Lynne Y. Temple, a Notary Public for the County and State aforesaid, certify that R. H. Glover personally came before me this day and acknowledged that he is ASST. Secretary of Central Carolina Bank and Trust Company, a banking corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its Vice President, sealed with its corporate seal and attested by him/her as its ASST. Secretary.

WITNESS my hand and official stamp/seal, this ___ day of September, 1993.



Lynne Y. Temple
Notary Public

My Commission Expires: _____
My Commission Expires 4/15/98

NORTH CAROLINA — WAKE COUNTY

The foregoing certificate of Linda C. Moore
Lynne Y. Temple
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 Meta N. Harris
Asst./Deputy Register of Deeds

BK5778PG0865

Exhibit A

BEING ALL of that parcel of land containing 13.535 acres, more or less, as shown on that subdivision plat entitled "Braeloch Phase 1" prepared by Land Tech and recorded in Map Book 1993, Page 1134, Wake County Registry, and consisting specifically of Lots 1-5, 35-54, 98-108 and 114, respectively, public roadways and common areas, all as shown on the aforesaid referenced plat.

BK5778PG0866

Exhibit B

BEING those areas designated as "Common Area" (containing 0.383 acres, more or less) on that subdivision plat entitled "Braeloch Phase 1" prepared by Land Tech, and recorded in Map Book 1993, Page 1134, Wake County Registry, and being specifically the traffic island located at the intersection of NC Highway 54 and Fincastle Drive, and those areas separating Lots 1 and 52 from NC Highway 54.

BK5778PG0867

Exhibit C

BEING all of Tract "B" (containing 34.805 acres, more or less), as shown on that plat entitled "Minor Subdivision Map, Property of Durham Life Insurance Company", prepared by Land Tech, dated April 27, 1993 and recorded in Map Book 1993, Page 456, Wake County Registry.