



**Lake Hogan Farms
Association, Inc.**

BOOK 1409 PAGE 350

FOR MULTIPLE PIN SHEET
SEE BOOK 409 PAGE 347

DECLARATION OF RIGHTS, RESTRICTIONS, AFFIRMATIVE
OBLIGATIONS AND CONDITIONS APPLICABLE
TO CERTAIN PROPERTY IN LAKE HOGAN FARMS

WHEREAS, Lake Hogan Farms Development Company, LLC, a North Carolina Limited Liability Company (the "Company") and William C. Hogan and wife, Jane M. Hogan (the "Hogans") are the owners of certain lands located within a community known as "Lake Hogan Farms" in Orange County, North Carolina.

WHEREAS, the Company and the Hogans wish to declare certain restrictive covenants affecting certain lands in Lake Hogan Farms.

NOW, THEREFORE, the Company and the Hogans do hereby declare that the covenants contained herein shall be covenants running with the land and shall apply to the lands described in Exhibit "A" attached hereto (the "Properties"), and such additions thereto as may hereinafter be made pursuant to paragraph 8 of Part VI hereof. The Company reserves in each instance the right to add additional restrictive covenants in respect to lands to be conveyed in the future within the Properties, or to limit therein the application of this Declaration.

DEFINITIONS

"Lake Hogan Farms" when used herein shall refer to the lands in Orange County, North Carolina, which are shown as a part of Lake Hogan Farms on the Company's Master Plan as revised from time to time.

Whenever used herein, the term -"Company" or "the Company" shall refer to Lake Hogan Farms Development Company, LLC, a North Carolina Limited Liability Company, its successors and assigns, and any agent(s) appointed by it, or its successors and assigns, to act on its behalf for the purpose of administering or enforcing, in whole or in part, the rights reserved unto the Company in this Declaration. Central Carolina Bank and Trust Company shall be substituted automatically for the Company in the event that Central. Carolina Bank and Trust Company acquires title to the Property in a foreclosure of that certain Line of Credit Deed of Trust (and Security Agreement) from the Company to Southland Associates, Inc. , Trustee for Central Carolina Bank and Trust Company, dated the 1st day of June, 1995, and recorded in Book 1355, page 329, Orange County Registry.

Whenever used herein, the term "Association" shall refer to Lake Hogan Farms Association, Inc., a North Carolina nonprofit, non-stock corporation, its successors and assigns.

The terms "Property" and "Properties" when used herein shall refer to any tract of land or subdivision thereof in Lake Hogan Farms which has been subjected to the provisions of this Declaration or of any Supplemental Declaration under the provisions of paragraph 8 of Part VI hereof, including, without limitation, all that tract or parcel of land situate, lying and being in Orange County, North Carolina, which is more particularly described in Exhibit "A" attached hereto and by specific reference made a part hereof.

The term "Owner" when used in this Declaration shall mean and refer to any and all owners of an interest in real property in Lake Hogan Farms which has been subjected to the provisions of this Declaration, including, but not limited to, owners of property or tracts of land and owners of units, whether such property, tracts or units are used or intended to be used for residential, commercial or recreational purposes.

The term "Master Plan" when used in this Declaration shall mean and refer to the drawing which represents the conceptual plan for the future development of Lake Hogan Farms. Since the concepts of the future development of Lake Hogan Farms are subject to continuing revision and change by the Company, present and future references to the Master Plan shall be references to the latest revision thereof.

The term "Open Space" when used in this Declaration shall mean and refer to all those parcels and tracts of land within the Properties designated on the Master Plan or on recorded plats as "Public Open Space".

The term "Community Open Space" when used in this Declaration shall mean and refer to all those parcels and tracts of land within the Properties designated on the Master Plan or on recorded plats as "Community Open Space."

The covenants and restrictions below will be referred to as the General Property Covenants of Lake Hogan Farms, and will be recorded in the Office of the Register of Deeds of Orange County, North Carolina, and may be incorporated by reference in deeds to real property issued by the Company by reference to the Book and Page of recording in the land records of the said Office of the Register of Deeds.

PART 1
COVENANTS, RESTRICTIONS AND AFFIRMATIVE
OBLIGATIONS APPLICABLE TO ALL PROPERTIES
IN LAKE HOGAN FARMS

The primary purpose of these covenants and restrictions and the foremost consideration in the origin of same has been the creation of a community which is aesthetically pleasing and functionally convenient. The establishment of certain objective standards relating to design, size and location of dwellings and other structures makes it impossible to take full advantage of the individual characteristics of each parcel of Property and of technological advances and environmental values. In order to implement the purposes of these covenants, the Company shall establish and amend from time to time objective standards and guidelines, including, but not limited to, Architectural Standards and Construction Specifications, Uniform Sign Regulations, Uniform Mailbox Regulations, Landscape Guidelines and Environmental Rules and Regulations as defined hereinafter, which shall be in addition to and may be more restrictive than these General Property Covenants of Lake Hogan Farms which shall be binding on all within Lake Hogan Farms.

1. No building, fence or other structure shall be erected, placed or altered nor shall a building permit for such improvement be applied for on any Property in Lake Hogan Farms until the proposed building plans, specifications, exterior color and finish, plot plan (showing the proposed location of such building or structure, drives and parking areas), the land management plan described in paragraph 1 of Part II, and construction schedule shall have been approved in writing by the Company. In addition, the Company may, at its election, require prior written approval of a landscape plan. The Company further reserves the right to promulgate and amend from time to time architectural standards and

construction specifications (hereinafter referred to as the "Architectural Standards and Construction Specifications") for specific neighborhoods and areas or for all Properties within Lake Hogan Farms, and such Architectural Standards and Construction Specifications shall establish, define and express those standards and specifications which will be approved in said neighborhoods and areas or within the Properties, including, but not limited to, architectural style, exterior color or finish, landscape design and construction technique. Refusal or approval of plans, location, exterior color or finish or specifications may be based by the Company upon any ground, including purely aesthetic considerations, which in the sole and uncontrolled discretion of the Company shall seem sufficient. No alteration in the exterior appearance of any building or structure, including exterior color or finish, shall be made without like prior written approval by the Company. One (1) copy of all plans and related data shall be furnished the Company for its' records. In the event approval of such plans is neither granted nor denied within thirty (30) days following receipt by the Company of written demand for approval, the provisions of this paragraph shall be thereby waived.

2. In order to assure that buildings and other structures will be located and staggered so that maximum view, privacy, sunlight and breeze will be available to each building or structure within the confines of each Property, and to assure that structures will be located with regard to the topography of each Property, taking into consideration the location of large trees and other aesthetic and environmental considerations, the Company reserves the right to control absolutely and solely to decide (subject to the provisions of the Zoning Ordinance of the County of Orange and Town of Carrboro, North Carolina) the precise site and location of any building or structure on any Property in Lake Hogan Farms for reasons which may, in the sole and uncontrolled discretion and judgment of the Company, seem sufficient. Such location shall be determined only after reasonable opportunity is afforded the Owner to recommend a specific site. The provisions of this paragraph shall in no way be construed as a guarantee that the view, privacy, sunlight or breeze available to a building or structure on a given Property shall not be affected by the location of a building or structure on an adjacent Property.

3. Each Owner shall provide space for the parking of automobiles off of public streets prior to the occupancy of any building or structure constructed on said property in accordance with reasonable standards established by the Company. All driveways shall be paved and no vehicles shall be parked within the right of way of any street between the hours of two (2:00) and six (6:00) A.M.

4. Except as may be required by legal proceedings, no sign shall be erected or maintained on any Property by anyone including, but not limited to, a Owner, a tenant, a realtor, a contractor or subcontractor, until the proposed sign size, color, content, number of signs and location of sign(s) shall have been approved in writing by the Company. Refusal or approval of size, color, content, number of signs or location of sign(s) may be based by the Company upon any ground including purely aesthetic considerations which, in the sole and uncontrolled discretion of the Company, seem sufficient. The Company further reserves the right to promulgate and amend from time to time uniform sign regulations (the "Uniform Sign Regulations") which shall establish standard design criteria for all signs, including, but not limited to, real estate sales signs erected upon any Property in Lake Hogan Farms.

The Company and its agent (s) shall have the right and easement, whenever there shall have been placed or constructed on any Property in Lake Hogan Farms, any sign which is in violation of these restrictions, to enter immediately upon such Property where such violation exists and summarily remove such sign at the expense of the Owner.

5. It shall be the responsibility of every Owner, tenant, contractor or subcontractor to prevent the development of any unclean, unsightly, unkempt, unhealthy or unsafe conditions of buildings or grounds on any Property which shall tend to substantially decrease the beauty or safety of Lake Hogan Farms, the neighborhood as a whole, or the specific area. The Company and its agent (s) shall have the right to enter upon any Property for the purpose of correcting such conditions, including, but not limited to, the removal of trash which has collected on the Property, and the cost of such corrective action shall be paid by the Owner. Such entry shall not be made until fifteen (15) days after the Owner has been notified in writing of the need to take corrective action within said fifteen (15) day period; provided, however, that should such condition pose a health or safety hazard, such entry shall not be made until the Owner has been notified in writing of the need to take immediate corrective action and unless such Owner fails to perform this corrective action immediately. The provisions of this paragraph shall not create any obligation on the part of the Company to take any such corrective action.

6. No mailbox shall be erected or maintained on any Property until the proposed mailbox design, color and location have been approved in writing by the Company. Refusal or approval of design, color, or location may be based by the Company upon any ground, including purely aesthetic considerations, which, in the sole and uncontrolled discretion of the Company, seems sufficient. No alteration of the exterior appearance of any mailbox shall be made without like prior written approval by the Company. The Company further reserves the right to establish uniform mailbox regulations (the "Uniform Mailbox Regulations") which shall define standard design criteria for all mailboxes erected upon any Property in Lake Hogan Farms.

7. No animals, livestock or poultry of any kind shall be kept or maintained on the Properties except that dogs, cats or other household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes, and provided that such pet(s) shall at all times be under the control of its owner.

8. Swimming in, and the use of any type of motorized watercraft or motorized flotation device in or on Lake Hogan shall be prohibited. The use of Lake Hogan for all other purposes shall be subject to such regulations as may be established by the Company.

9. The Company reserves unto itself, its successors and assigns, and its agent(s), a perpetual, alienable and releasable easement and right on, over and under the Properties to erect, maintain and use electric, Cable Television and telephone poles, wires, cables, conduits, drainage ways, sewers, water mains and other suitable equipment for the conveyance and use of electricity, telephone equipment, gas, sewer, water, drainage or other public conveniences or utilities on, in or over those portions of such Property as may be reasonably required for utility line purposes; provided, however, that no such utility easement shall be applicable to any portion of such Property as may (a) have been used by a building whose plans were approved pursuant to these covenants by the Company or (b) such portion of the Property as may be designated as a site for a building on a plot line for erection of a building which has been filed with the Company and which has been approved in writing by said Company. These easements and rights expressly include the right to cut any trees, bushes or shrubbery, make any gradings of the soil, or take any other similar action reasonably necessary to provide economical and safe utility installation and to maintain reasonable standards of health, safety and appearance. The Company further reserves the right to locate wells, pumping stations, siltation basins and tanks within Lake Hogan Farms in any Open Space or on any Property designated for such use on the applicable plat of said Property, or to locate same upon any Property with the permission of ,the Owner of such

Property. Such rights may be exercised by any licensee of the Company, but this reservation shall not create an obligation on the part of the Company to provide or maintain any such utility or service.

10. No building, buildings or any portion of a building shall be converted to a condominium or cooperative form of Ownership within the Properties without the prior written consent of the Company. The Company's decision in determining whether to grant consent for such conversion may be based on any ground which in its sole and uncontrolled discretion shall seem sufficient. Should such consent be granted, the resulting condominium or cooperative shall continue to be subject to these Covenants.

PART II
ADDITIONAL RESTRICTIONS TO IMPLEMENT EFFECTIVE
ENVIRONMENTAL AND LAND MANAGEMENT CONTROLS

In order to protect the natural beauty of the vegetation, topography and other natural features of all Properties within Lake Hogan Farms, the following environmental and land management controls are hereby established:

1. Topographic and vegetation characteristics of Properties within Lake Hogan Farms shall not be altered by excavation, grading, removal, reduction, addition, clearing, cutting, pruning, seeding, planting, transplanting or any other means without the prior written approval of the Company. In addition, the Company may, at its election, require prior written approval of a landscape plan. Refusal or approval of plans or any alteration of topographic or vegetation characteristic(s) may be based by the Company upon any ground including purely aesthetic considerations which, in the sole and uncontrolled discretion of the Company, seem sufficient. Written approval will be granted for the minimum amount of earth movement and vegetation reduction required in plans and specifications approved pursuant to the provisions of paragraph 1 of Part I of these covenants. Should written notice be served by the Company upon any Owner requiring corrective alteration of topographic and vegetation characteristics pursuant to paragraphs 3 and 4 of this Part II, such notice shall be deemed to constitute written approval by the Company for such corrective alteration under the provisions of this paragraph 1.

2. Notwithstanding anything in the foregoing to the contrary, the Company reserves the right to promulgate and amend from time to time landscape guidelines (referred to hereinafter as the "Landscape Guidelines") which shall establish approved standards, methods and procedures for landscape management on specific Properties in Lake Hogan Farms, and such authorized standards, methods and procedures may be utilized by the Owners of such specified Properties without prior written approval by the Company; provided, however, no trees measuring six (6) inches or more in diameter at a point two (2) feet above ground level may be removed without the prior written approval by the Company. Approval for the removal of trees located within ten (10) feet of the main dwelling or accessory building or within ten (10) feet of the approved site for such building will be granted unless such removal will substantially decrease the beauty of the Property. The provisions of this paragraph 2 shall in no way constitute a waiver of the requirement to receive prior written approval for any alteration of topographic or vegetation characteristics, pursuant to the provisions of paragraph 1 of Part I, other than for those alterations specifically authorized in said Landscape Guidelines.

3. In order to implement effective and adequate erosion control, the Company and its agent (s) shall have the right to enter upon any Property before or after a building or structure has been constructed thereon for the purpose of performing any grading or

landscaping work or constructing and maintaining erosion prevention devices; provided, however, that prior to exercising its right to enter upon the Properties for the purpose of performing any grading, landscaping work, constructing or maintaining erosion prevention devices, the Company shall give the Owner the opportunity to take any corrective action required by giving the Owner written notice indicating what type of corrective action is required and specifying in that notice that immediate corrective action must be taken by the Owner. If the Owner fails to take the corrective action specified immediately, the Company or its agent (s) may then exercise its right to enter upon the Property in order to take the necessary corrective action. The cost of such erosion prevention measures, when performed by the Company or its agent (s) on an improved Property or any Property for which a building permit has been issued by the appropriate governmental authorities, shall be paid by the Owner thereof.

4. In order to implement effective insect, reptile, rodent and woods fire control, the Company and its agent (s) have the right to enter upon any Property for the purpose of mowing, removing, clearing, cutting or pruning of underbrush, weeds or other unsightly growth which, in the opinion of the Company, detracts from the overall beauty, setting and safety of Lake Hogan Farms. The cost of this vegetation control shall be kept as low as reasonably possible and shall be paid by the Owner. Such entry shall not be made until thirty (30) days after the Owner has been notified in writing of the need of such work and unless such Owner fails to perform the work within said thirty (30) day period. The provisions in this paragraph shall not create any obligation on the part of the Company to mow, clear, cut or prune any Property.

5. In addition, the Company reserves unto itself, its successors and assigns, and its agent(s), a perpetual, alienable and releasable easement and right on, over and under any Property to dispense pesticides and take other actions which, in the opinion of the Company, are necessary or desirable to control insects and vermin.

The rights reserved unto the Company, its successors and assigns, and its agent (s) , in this paragraph 5 and in paragraphs 3 and 4 of this Part II shall not be unreasonably employed and shall be used only where necessary to effect the stated intents and purposes of said paragraphs.

PART III ADDITIONAL RESTRICTIONS AFFECTING OPEN SPACE AREAS

1. It is the intent of the Company to maintain and enhance (or to convey subject to open space restrictions to the Association or to the Town of Carrboro) certain Properties which the Company designates as "Public Open Space" or "Community Open Space" on its Master Plan or on plats recorded in the Office of the Register of Deeds of Orange County, North Carolina, by the Company. It is the further intent and purpose of these restrictions and covenants to protect, maintain, and enhance the conservation of natural and scenic resources; to promote the conservation of soils, wet lands, wildlife, game and migratory birds; to enhance the value of abutting and neighboring Properties adjacent to such forests, and open spaces; and to afford and enhance recreation opportunities, preserve . historic sites and implement generally the Lake Hogan Farms Master Plan for development. The Company reserves the right to review and modify the Master Plan at its sole option from time to time based upon its continuing architectural and design program, and such modifications may change the boundaries of certain Public Open Space or Community Open Space areas designated as such upon the Master Plan. The Company further reserves the right to transfer, sell, convey, give, donate or lease to the Association or to any other third party any parcel of land designated as Public Open Space or Community Open Space on the Master Plan.

2. An easement in Public Open Space is hereby granted to the Owners in Lake Hogan Farms, tenants of such Properties and their guests, which easement shall entitle such Owners, tenants and their guests to enjoy the Public Open Space subject to the rules and regulations established by the Company.

3. Land designated as "Open Space" may be employed in the construction, maintenance and enjoyment of the following facilities:

- a) Social, recreational and community buildings;
- b) Indoor and outdoor recreational establishments.

4. Land designated as "Community Open Space" shall be subject to the easement granted in paragraph 2 of this Part III in every respect except that the enjoyment thereof shall be and is hereby limited to Owners, tenants of such Property and their guests, which Property is immediately contiguous and adjacent to such land and to Owners of non-contiguous Property, tenants of such Property and their guests, which Property is designated on plats of Property in Lake Hogan Farms as being entitled to the enjoyment thereof. The easement in Community Open Space hereby granted shall not be extended to any area not clearly designated as Community Open Space. All expenses incurred in the protection, maintenance and enhancement of Community Open Space shall be paid equally by the Owners who are entitled to an easement of enjoyment over such areas.

5. Upon receipt of the written request of seventy-five percent (75%) of the Owners having an easement of enjoyment over a Community Open Space, the Company may permit the construction, maintenance and operation of indoor and/or outdoor recreation and community facilities upon such Community Open Space. The cost of such construction, maintenance and operation shall be at the sole cost of the Owners entitled to such easement of enjoyment.

6. The Company reserves unto itself, its successors and assigns, and its agent(s) the right to enter upon any Open Space and/or Community Open Space for the purpose of constructing, landscaping, maintaining or operating any (i) indoor and outdoor recreational and community facilities, including, but not limited to, tennis courts, basketball courts, swimming pools, and any showers, locker rooms or other club facilities associated with such uses, playgrounds, ball fields, gazebos, picnic shelters, picnic tables, parks, walking trails, bike trails, boardwalks, decks, community meeting facilities, and all restroom facilities, parking lots, service buildings and concession-type food services associated with all such uses; and (ii) nonprofit and charitable community, civil and cultural clubs and institutions; and other similar community facilities. The Company further reserves the right to authorize the construction, landscaping, maintenance or operation of such facilities within the Open Space and/or Community Open Space by the Association or any other third party. The provisions of this paragraph shall not create any obligation on the part of the Company to construct, landscape, maintain or operate any such facilities.

7. The Company and its agent (s) shall have the right to protect from erosion the lands described as Open Space or Community Open Space by planting trees, plants and shrubs where and to the extent necessary, or by such mechanical means as construction and maintenance of siltation basins or other means deemed expedient or necessary by the Company. The right is likewise reserved unto the Company and its agent (s) to take steps necessary to provide and insure adequate drainage ways in Open Space and Community Open Space, to remove diseased, dead or dangerous trees and carry out other similar activities.

8. The Company reserves unto itself, its successors and assigns, and its agent(s), a perpetual, alienable and releasable

easement of right to go on, over and under any open space or Community Open Space to erect, maintain and use electric, Cable Television, and telephone poles, wires, cables, conduits, drainage ways, sewers, water mains and other suitable equipment for the conveyance and use of electricity, telephone equipment, gas, sewer, water drainage or other public conveniences or utilities. These reservations and rights expressly include the right to cut any trees, bushes or shrubbery, rights to make any gradings of the soil or take any other similar action reasonably necessary to provide economical and safe utility installation and to maintain reasonable standards of health, safety and appearance. The Company further reserves unto itself, its successors and assigns, and its agent(s), the right to locate, construct and maintain wells, pumping stations, siltation basins and tanks within such Open Space and Community Open Space. Such rights shall not create any obligation on the part of the Company to provide or maintain any such utility or service.

9. No television antenna, radio receiver, radio sender or other similar device shall be attached to the exterior portion of any building or structure on any Open Space or Community Open Space or installed on any Open Space or Community Open Space within Lake Hogan Farms; provided, however, that the provisions of this paragraph shall not prohibit the Company from installing and improving the installation of equipment necessary for a master antenna system, Cable Television, mobile radio systems or other similar systems on any Open Space or Community Open Space within Lake Hogan Farms.

10. No dumping of trash, garbage, sewage, sawdust or any other unsightly or offensive material shall be placed upon any Open Space or Community Open Space, except as is temporary and incidental to the bona fide improvement of the area in a manner consistent with its classification as Open Space or Community Open Space.

11. The granting of the easement in Open Space and Community Open Space in this Part III in no way grants to the public or to the owners of any land outside the Properties in Lake Hogan Farms the right to enter any Open Space or Community Open Space without the prior written permission of the Company.

12. The Company expressly reserves unto itself, its successors and assigns, and its agent(s), every reasonable use and enjoyment of said Open Space and Community Open Space in a manner not inconsistent with the provisions of this Declaration.

13. The Company reserves unto itself, its successors and assigns, and its agent(s), a perpetual, alienable and releasable easement of right to go on, over and under any Open Space and Community Open Space to construct and maintain a bike trail network. These reservations and rights expressly include the right to cut any tree, bushes or shrubbery, rights to make any gradings of the soil or take any other similar action reasonably necessary to provide an economical and functional internal transportation network and to maintain reasonable standards of safety and appearance. Such rights may be exercised by any licensee or assignee of the Company, but this reservation shall not create any obligation on the part of the Company to provide and maintain any such bike trail network.

14. The Company reserves unto itself, its successors and assigns, the right to convey Open Space and Community Open Space to the Association. Such conveyance shall be made subject to the provisions of this Part III, all other restrictions and limitations of record and any other restrictions and limitations which the Company, in its sole and uncontrolled discretion, shall elect to impose. As an appurtenance to such conveyances, the Association shall have all of the powers, immunities and privileges reserved unto the Company in this Part III as well as all of the Company's

obligations with respect thereto, including the obligation to maintain and enhance set out in paragraph 1 of this Part III; provided, however, that so long as the Company, its successors and assigns, is the Owner of Property subject to the provisions of this Declaration, the Company and its agent (s), in addition to and jointly with the Association, shall retain all rights of easement reserved unto it in this Part III and shall, furthermore, retain all rights of entry granted in this Part III for the purposes of correcting, repairing, enhancing, improving, cleaning, preserving, clearing out, removing or taking any action to prevent a violation of these Covenants, and the retention of said rights of easement and entry by the Company shall in no way create any obligation on the part of the Company to perform any affirmative action. Property conveyed to the Association pursuant to the authority of this paragraph 14 shall become "Common Properties" or "Restricted Common Properties" as prescribed by the "Declaration of Covenants and Restrictions of the Lake Hogan Farms Association, Inc. and Lake Hogan Farms Development Company, LLC," which are to be recorded in the Office of the Register of Deeds of Orange County, North Carolina, contemporaneously herewith.

16. It is expressly understood and agreed that the granting of the easements set out in this Part III in no way places a burden of affirmative action on the Company, that the Company is not bound to make any improvements noted herein or extend to any Owner any service of any kind, except as such may be undertaken at the expense of the Association.

PART IV
ADDITIONAL RESTRICTIONS AFFECTING RESIDENTIAL PROPERTIES

1. "Residential Properties" as used in this Part IV, shall mean and refer to all those parcels or tracts of land within the Properties defined as "Single Family Lots," "Cluster Home Sites," "Village Home Sites" and "Multiple Family Tracts" in paragraphs 2, 3, 4 and 5 of this Part IV.

2. "Single Family Lots" or "Lots" as used herein shall mean and refer to all those parcels or tracts of land within the Properties intended for subdivision or subdivided into Properties or lots intended for the construction of detached dwelling units, including E (Estate) Lots, H (1/2 acre) Lots and T (1/3 acre) Lots as shown on the Master Plan for Lake Hogan Farms.

3. "Cluster Home Site(s)" as used herein shall mean and refer to all those parcels or tracts of land within the Properties or lots intended for construction of detached dwelling units, including C (Cluster) Lots as shown on the Master Plan for Lake Hogan Farms.

4. "Village Home Site(s)" as used herein shall mean and refer to all those parcels or tracts of land within the Properties or lots intended for construction of detached dwelling units built around a central common area, including V (Village) Lots as shown on the Master Plan for Lake Hogan Farms.

5. "Multiple Family Tract(s)" as used herein shall mean and refer to all those parcels or tracts of land within the Properties intended for development of or as developed as attached dwelling units including TH (Townhome) Lots as shown on the Master Plan for Lake Hogan Farms.

6. Plans required under paragraph 1 of Part I of these Covenants will not be approved unless the proposed house, dwelling unit, phase or group of Multiple Family dwelling units or any other structure will have the minimum square footage of enclosed dwelling space. Such minimum requirements for each Lot, Site or Tract will be specified in the Architectural Standards and Construction

Specifications as established, and as may be amended from time to time, by the Company. The term "enclosed dwelling area" as used in these minimum size requirements does not include garages, terraces, decks, open porches, screen porches and the like area.

7. (a) All Residential Properties shall be used for residential purposes, recreational purposes incidental thereto, and for customary accessory uses. The use of a portion of a dwelling unit on a Residential Property as an office by the Owner or tenant thereof shall be considered a residential use if such use does not create undue customer or client traffic as determined by the Company, in its sole and uncontrolled discretion, to and from the unit or the Property.

(b) No structure, except as hereinafter provided, shall be erected, altered, placed or permitted to remain on a Single Family Lot, Cluster Home Site or Village Home Site other than one (1) detached single family dwelling.

(c) The provisions of this paragraph 7 shall not prohibit the Company or its agent(s) from using any house, other dwelling units or accessory buildings as models.

8. (a) The exterior of each house, dwelling unit, phase or group of Multiple Family Dwelling Units and all other structures must be completed (i) within one (1) year after the construction of same shall have commenced on all Single Family Lots, Cluster Home Sites and Village Home Sites, and (ii) within two (2) years after the construction of same shall have commenced on all Multiple Family Tracts, except where such completion is impossible or would result in great hardship to the Owner or builder due to strikes, fires, national emergency or natural calamities. Houses and other dwelling structures may not be temporarily or permanently occupied until the exteriors thereof have been completed. During the continuance of construction, the Owner of the Lot, Site or Tract shall require the contractor to maintain the Property in a reasonably clean and uncluttered condition, pursuant to the provisions of paragraph 5 of Part I of these Covenants.

(b) The failure to complete the exterior of any house, dwelling unit, phase or group of Multiple Family Dwelling units or any other structure within the time limit set forth in paragraph 8 (a) above shall constitute a violation and breach of these Covenants. The Company hereby reserves unto itself, its successors and assigns, and its agent(s), a perpetual, alienable and releasable easement and right on, over and under all Residential Properties for the purpose of taking any action necessary to effect compliance with paragraph 8(a) above, including, but not limited to, the right to enter upon the Property for the purpose of completing the exterior of such house, dwelling unit, phase or group of Multiple Family Dwelling units, or any other structure which is in violation of paragraph 8 (a). Such entry shall not be made until thirty (30) days after the Owner has been notified in writing of the violation of these Covenants, and unless such Owner has failed to complete said exterior within said thirty (30) day period. The cost of such corrective action, when performed by the Company or its agent(s), shall be paid by the Owner of the Property on which the corrective action is performed. The provisions of this paragraph shall not create any obligation on the part of the Company to take any action to effect compliance with paragraph 8 (a).

9. (a) Each Residential Property Owner shall screen garbage receptacles, fuel tanks or similar storage receptacles, clotheslines and other unsightly objects in order to conceal them from view from the road and adjacent Properties. Pursuant to the provisions of paragraph 1 of Part I, plans for such screened area delineating the size, design, specifications, exterior color or finish and location must be approved by the Company prior to construction. No alteration in the exterior appearance of any

screened area shall be made without like prior written approval by the Company. Garbage receptacles and fuel tanks may be located outside of the screened area only if located underground, and such underground garbage receptacles and fuel tanks and their location must likewise be approved by the Company prior to construction.

(b) Garbage pickup shall only take place at a garbage receptacle location approved by the Company in paragraph 9 (a) above, unless otherwise required by the appropriate governmental authority.

10. No mobile home, trailer, tent, barn or other similar out building or structure shall be placed on any Residential Property at any time, either temporarily or permanently. Boats, or utility trailers, campers, recreational vehicles, oversized vehicles or utility trailers may be maintained on a Residential Property, but only within an enclosed area such that they are not generally visible from adjacent Properties. Pursuant to the provisions of paragraph 1 of Part I, plans for such enclosed or screened area delineating the size, design, specifications, exterior color or finish and location must be approved by the Company prior to construction. No alteration in the exterior appearance of any enclosed or screened area shall be made without like prior written approval by the Company.

11. No structure of a temporary character shall be placed upon any Residential Property at any time, provided, however, that this prohibition shall not apply to shelters or temporary structures used by the contractor during the construction of the main dwelling unit, or phase or group of Multiple Family Dwelling units, it being clearly understood that these latter temporary shelters may not, at any time, be used as residences or permitted to remain on the Property after completion of construction. The design and color of structures temporarily placed on a Residential Property by a contractor shall be subject to reasonable aesthetic control by the Company.

12. No television dish or antenna, radio receiver, radio sender or other similar device shall be attached to or installed on any Residential Property or on the exterior portion of any building or structure on any Residential Property except as follows:

(a) The provisions of this paragraph shall not prohibit the Company from installing or approving the installation of equipment necessary for a master antenna system, Cable Television, mobile radio systems or other similar systems within the Properties; and

(b) The Owner or tenant of a dwelling unit or the Owner of a Multiple Family Tract may make written application to the Company for permission to install a television antenna or dish (not exceeding 18" in diameter) provided such antenna or dish shall be installed and screened in accordance with such uniform regulations as may be established by the Company.

13. The utility and drainage easement reserved by the Company in paragraph 9 of Part I of these Covenants shall be located as indicated on the plats to be recorded by the Company with the Office of the Register of Deeds of Orange County for the various parts of the Property.

14. No Single Family Lot, Cluster Home Site, Village Home Site or Townhome Lot (following the subdivision of a Multiple Family Tract into individual lots on which Townhomes are intended to be constructed) shall be subdivided or its boundary lines changed, nor shall application for same be made to any zoning authority, except with the prior written consent of the Company. However, the Company hereby expressly reserves unto itself, its successors and assigns, and its agent(s), the right to replat any Single Family Lot(s), Cluster Home Site(s), Village Home Site(s) or

Townhome Lot(s), all hereinafter referred to as "Lot(s)," owned by it and shown on the plat of any subdivision within the Properties in order to create a modified building lot or lots; and to take other such steps as are reasonably necessary to make such replatted Lot(s) suitable and fit as a building site including, but not limited to, the relocation of easements, walkways, rights of way, private roads, bike trails, bridges, parks, recreational and community facilities, and other amenities to conform to the new boundaries of said replatted Lot(s), provided that no lot originally shown on a recorded plat is reduced to a size more than ten percent (10%) smaller than the smallest lot shown on the first plat of the subdivision section recorded in public records. The provisions of this paragraph shall not prohibit the combining of two (2) or more contiguous lots into one (1) larger lot. Following the combining of two (2) or more lots into one (1) larger lot, only the exterior boundary lines of the resulting larger lot shall be considered in the interpretation of these covenants.

15. In addition to the foregoing, the following restrictions shall apply to all Village Home Sites:

(a) Each dwelling unit, or "Village Home," constructed on a Village Home site must be constructed so as to utilize a Patio Wall as designated on the recorded subdivision plat. Said Patio Wall shall be constructed simultaneously with the Village Home and shall be of sufficient height and length and shall extend sufficiently beyond the front and back faces of the Village Home to provide adequate privacy for the adjoining Village Home, its entrances and its outdoor living areas. Such determination of Patio Wall height, overall length and length of front and back extensions shall be made by the Company, in its sole and uncontrolled discretion, and such determination may be based on any ground, including purely aesthetic considerations.

(b) Each Village Home shall be constructed so that neither the Patio Wall nor the Village Home provides any window or view openings looking into or overlooking the adjacent Village Home Site and provides no access way or entry way into said adjacent Village Home Site.

(c) The cost of construction, maintenance and repair of a Patio Wall shall be the sole responsibility of the Village Home Site Owner on whose Village Home Site the Patio Wall is situated.

PART V
ADDITIONS, LIMITATIONS, DURATION AND VIOLATION
OF COVENANTS TOGETHER WITH AFTERWORD

1. (a) All covenants, restrictions and affirmative obligations set forth in this Declaration and any amendments thereto shall run with the land and shall be binding on all parties and persons claiming under them specifically including, but not limited to, the successors and assigns, if any, of the Company for a period of thirty (30) years from the execution date of this Declaration. Upon the expiration of said thirty (30) year period, all said covenants shall be automatically extended for successive periods of ten (10) years. The number of ten (10) year extension periods hereunder shall be unlimited, and this Declaration shall be automatically extended upon the expiration of the initial thirty (30) year period and each ten (10) year extension period for an additional ten (10) year period; provided, however, that there shall be no extension of this Declaration if during the last year of the initial thirty (30) year period, or during the last year of any subsequent ten (10) year extension period, fifty-one percent (51%) or more of the total votes (as determined in subparagraph 1(c), Part V hereinafter) entitled to be cast by all Owners vote in

favor of terminating this Declaration at the end of its then current term at a duly called meeting of the Owners. The presence at said meeting of Owners or ballots entitled to cast sixty percent (60%) of the total vote of all Owners shall constitute a quorum. In the event that the Owners vote to terminate this Declaration, the President and Secretary of the Company, its successors and assigns, shall execute a certificate which shall set forth the Resolution of Termination, the date of the meeting at which such Resolution was adopted, the date that notice of such meeting was given, the total number of votes of all Owners of all of the Properties, the total number of votes required to constitute a quorum at said meeting, the total number of votes necessary to adopt a Resolution terminating this Declaration, the total number of votes cast in favor of the Resolution and the total number of votes cast against such Resolution. Such certificate shall be recorded in the Office of the Register of Deeds of Orange County, North Carolina, and therein as they relate to the termination of this Declaration.

(b) A "duly called meeting" shall mean and refer to any open meeting of the Owners (or a portion of said Owners) called by the Company, its successors and assigns, or its agent (s) for said purpose, subject to the giving of proper notice and the quorum requirements established in subparagraph 1(a) and paragraph 2 of Part V herein. "Proper Notice" shall be deemed to be given when delivered personally or sent by mail to each such Owner not less than thirty (30) days in advance of said meeting. There shall be sent with such notice a statement of certain motions to be introduced for vote of the Owners and a ballot on which each Owner may vote for or against each motion. Each ballot which is presented at such meeting shall be counted in calculating the quorum requirements for said meeting, provided, however, such ballots shall not be counted in determining whether a quorum is present to vote upon motions not appearing on the ballot.

(c) The votes to which each Owner subject to this Declaration shall be entitled shall be determined as follows:

- (i) The Owner of any Property which is also subject to the provisions of the Declaration of Covenants and Restrictions of The Lake Hogan Farms Association, Inc. and Lake Hogan Farms Development Company, LLC (referred to hereinafter in this subparagraph (c) as "said covenants") shall be entitled to as many votes as equals the total number of votes to which he is entitled as a Type "A", "B", "C" or "D" Member of the Association as defined and determined in said covenants.
- (ii) The Owner of any Property which is also subject to said covenants and which is classified as an "Exempt Property" pursuant to said covenants shall be entitled to as many votes as equals the total number of votes to which he would be entitled as a Type "B", "C" or "D" Member of the Association had his property not been exempted from assessment.
- (iii) The Owner of any Property which is not subject to said covenants shall be entitled to as many votes as equals the total number of votes to which he would be entitled as a Type "A", "B", "C" or "D" Member of the Association if his Property were to be subject to said covenants.

2. All proposed Amendments to this Declaration shall be submitted to a vote of the Owners of properties substantially affected by a change in covenants at a duly called meeting (as defined in subparagraph Kb), Part V hereinabove) of said Owners. Unless the contrary shall be determined by a court of equity jurisdiction, "substantially affected" shall mean those Properties shown on (a) the plats showing the Properties to be modified in permitting use by the change and (b) the plats which subdivided the

Property immediately abutting the Property shown on plats identified in (a) recorded in the Office of the Register of Deeds of Orange County, North Carolina. Any such Amendment shall be deemed approved if two-thirds (2/3) of the votes (as determined in subparagraph 1 (c) , Part V hereinabove) cast at such a meeting vote in favor of such Amendment. The presence at said meeting of Owners or ballots entitled to cast sixty percent (60%) of the total vote of all the Owners of property substantially affected by a change in covenants shall constitute a quorum. If the required quorum is not present at said meeting, the Company may, in its sole uncontrolled discretion, call another meeting or meetings subject to the giving of proper notice, and the required quorum at such subsequent meeting or meetings shall be one-half (1/2) of the required quorum at the preceding meeting. If any proposed Amendment to this Declaration is approved by the Owners as set forth above, the President and Secretary of the Company shall execute an Addendum to this Declaration that shall set forth the Amendment, the effective date of the Amendment (which in no event shall be less than sixty (60) days after the date of the meeting of the Owners at which such Amendment was adopted) , the date of the meeting of the Owners at which such Amendment was adopted, the date that notice of such meeting was given, the total number of votes required to constitute a quorum of substantially affected Owners at said meeting, the total number of votes of said Owners present at said meeting, the total number of votes necessary to pass such Amendment, the total number of votes cast in favor of such Amendment and the total number of votes cast against such Amendment. Such Addendum shall be recorded in the Office of the Register of Deeds of Orange County, North Carolina.

3. The Company reserves unto itself, its successors and assigns, the right to add additional restrictive covenants in respect to lands within the Properties to be conveyed in the future by the Company to the Association or to any other third party, or to limit therein the application of these covenants. The right to add additional restrictions or to limit the application of these covenants shall be reasonably exercised.

4. In the event of a violation or breach of any of the restrictions contained herein by any Owner, tenant of such Owner or agent of such Owner, any Owner in Lake Hogan Farms, or any of them jointly or severally, shall have the right to proceed at law or in equity to compel a compliance to the terms hereof or to prevent the violation or breach in any event. In addition to the foregoing, the Company and/or the Association shall have the right to proceed at law or in equity to compel a compliance to the terms hereof or to prevent the violation or breach in any event.

In addition to the foregoing, the Company and its agent (s) shall have the right, whenever there shall have been placed or constructed on any Property in Lake Hogan Farms any building, structure, chemical substance, object, material, or condition which is in violation of these restrictions, to enter upon such Property where such violation exists and summarily abate or remove the same at the expense of the Owner, if after thirty (30) days written notice of such violation it shall not have been corrected by the Owner, tenant, or agent of the Owner; provided, however, that whenever stated in these covenants that the Company may serve notice requiring immediate corrective action, and such action is not performed immediately by the Owner, tenant or agent of the Owner, the Company or its agent (s) shall have the right to enter immediately and summarily abate or remove such violation at the expense of the Owner. Any such entry and abatement or removal shall not be deemed trespass.

In addition to the foregoing, The Company or its agent(s) shall have the right, whenever permitted by any restriction contained in Part II of this Declaration, to enter immediately (unless otherwise specifically stated in said Part II) any Property in Lake Hogan Farms to implement environmental controls, to take

corrective action, or to take any action necessary to effect compliance with the Environmental Rules and Regulations. Whenever specifically stated in said Part II, the cost of such action, when performed by the Company or its agent (s) shall be paid by the Owner of the property on which the work is performed. Entrance upon any Property pursuant to the provisions of said Part II shall not be deemed a trespass.

5. Whenever the Company or its agent (s) is permitted by this Declaration to correct, repair, enhance, improve, clean, preserve, clear out, remove or take any action on any Property or on the easement areas adjacent thereto, entering the Property and taking such action shall not be deemed a trespass.

6. The failure to enforce any rights, reservations, restrictions or conditions contained in this Declaration regardless of how long such failure shall continue, shall not constitute a waiver of or a bar to such right to enforce.

7. Whenever the Company or its agent (s) is permitted by this Declaration to correct, repair, enhance, improve, clean, preserve, clear out, remove or take any action on any Property or on the easement areas adjacent thereto, and whenever it is stated in this Declaration that the cost of such action (hereinafter called the Cost of Corrective Action) shall be paid by the Owner of the property on which such corrective action is performed, the Cost of Corrective Action, together with such interest thereon at the maximum annual rate permitted by law from the due date and costs of collection therefore, including a reasonable attorney fee, shall be a charge and continuing lien on the Real Property and improvements thereon, against which the Cost of Corrective Action is charged, in the hands of the then Owner, his heirs, devisees, personal representatives, tenants and assigns and, in addition, shall also be the personal obligation of the Owner of such Real Property at the time when such Cost of Corrective Action becomes due and payable. The Cost of Corrective Action shall be billed at the completion of such corrective action, and all bills shall be due and payable thirty (30) days from the date of mailing of same.

If the Cost of Corrective Action is not paid within thirty (30) days after the due date, the Company or its agent (s) may bring an action at law against the Owner personally and there shall be added to the amount of such Cost of Corrective Action the costs of preparing the filing of the Complaint in such action and a reasonable attorney's fee, and in the event a judgment is obtained, such judgment shall include interest on the Cost of Corrective Action as above provided and a reasonable attorney's fee together with the costs of the action.

The lien of the Cost of Corrective Action provided for herein shall be subordinate to the lien of any first deed of trust now and hereafter placed upon any Property subject to these covenants. In the event a creditor acquires title to any Property pursuant to foreclosure or any other proceeding in lieu of foreclosure, said creditor shall be subject to any lien of the Cost of Corrective Action placed upon such Property during the time in which the creditor holds title to such Property.

8. (a) The Company reserves unto itself, its successors and assigns, the right to bring within the plan and operation of this Declaration additional property acquired by the Company which is adjacent to or near the "Properties." Such property may be subjected to this Declaration as one parcel or as several smaller parcels at different times. The additions authorized herein shall be made by recording a Supplementary Declaration of Rights, Restrictions, Affirmative Obligations and Conditions with respect to the additional property which shall extend the operation and effect of the Rights, Restrictions, Affirmative Obligations and Conditions of this Declaration to such additional property. The Supplementary Declaration may contain such complementary additions

and/or modifications of the Rights, Restrictions, Affirmative Obligations and Conditions contained in this Declaration as may be necessary or convenient, in the sole judgment of the Company, to reflect the different character, if any, of the added properties and as are not inconsistent with the plan of this Declaration, but such modifications shall have no effect upon the Property described in Exhibit A, or upon any other additions to the Properties.

(b) Upon the prior written approval of the Company, the owner of any property who desires to bring such property within the plan and operation of this Declaration and to subject it to the jurisdiction of the Company shall record a Supplemental Declaration of Rights, Restrictions, Affirmative Obligations and Conditions with respect to the additional property which shall extend the operation and effect of the Rights, Restrictions, Affirmative Obligations and Conditions of this Declaration to such additional property. The Supplementary Declaration may contain such complementary additions and/or modifications of the Rights, Restrictions, Affirmative Obligations and Conditions contained in this Declaration as may be necessary or convenient, in the sole judgment of the Company, to reflect the different character, if any, of the added properties and as are not inconsistent with the plan of this Declaration, but such modifications shall have no effect upon the Property described in Exhibit A, or upon any other additions to the Properties.

9. The Company reserves unto itself, its successors and assigns, the right to assign in whole or in part to the Association its rights reserved in these covenants to grant approvals or disapprovals, to establish rules and regulations, to administer and enforce the provisions of this Declaration, and all other rights reserved herein by the Company, including, but not limited to, the right to approve or disapprove plans, specifications, color, finish, plot plan, land management, plan and construction schedules for any or all buildings or structures to be erected in any or all of the Properties. The assignment of such rights shall be subject to any conditions, limitations or restrictions which the Company, in its sole and uncontrolled discretion, may elect to impose at the time of assignment. Following the assignment of such rights, the Association shall assume all of the Company's obligations which are incident thereto (if any), and the Company shall have no further obligation of liability with respect thereto. The assignment of such right or rights by the Company to the Association shall be made by written instrument which shall be recorded in the Office of the Register of Deeds of Orange County, North Carolina.

Notwithstanding anything in the foregoing to the contrary, so long as the Company, its successors and assigns, is the Owner of the Property subject to the provisions of this Declaration, the Company shall retain all rights of easement reserved unto it in this Declaration, and shall, furthermore, retain all rights of entry granted in this Declaration for the purposes of correcting, repairing, enhancing, improving, cleaning, preserving, clearing out, removing or taking any action to prevent a violation of these covenants, and the retention of said rights of easement and entry by the Company shall in no way create any obligation on the part of the Company to perform any affirmative action.

10. The Company reserves unto itself, its successors and assigns, the right to appoint the Association its agent for the purpose of administering and enforcing, in whole or in part, the rights reserved unto the Company in this Declaration including, but not limited to, the right to approve or disapprove plans, specifications, color, finish, plot plan, land management, plan and construction schedules for any or all of the Properties. Such appointment may be temporary or permanent, and shall be subject to any conditions, limitations or restrictions which the Company, in its sole and uncontrolled discretion, may elect to impose. Upon any such appointment of the Association as agent by the Company, the Association shall assume any obligations which may be incident

thereto.

11. Lake Hogan Farms Association, Inc. has established and published certain covenants and land use restrictions (the "Declaration of Covenants and Restrictions of The Lake Hogan Farms Association, Inc. and Lake Hogan Farms Development Company, LLC") affecting certain Properties in Lake Hogan Farms. Said covenants are to be recorded contemporaneously herewith in the Records of the Office of the Register of Deeds of Orange County, North Carolina. Properties described in Exhibit A and Owners of Properties described in Exhibit A shall be subject to the provisions of the said covenants established by Lake Hogan Farms Association, Inc. Additional Properties brought within the plan and operation of this Declaration pursuant to paragraph 8, Part V, hereinabove, and Owners of such additional Properties may become subject to the provisions of the said covenants established by Lake Hogan Farms Association, Inc., pursuant to the rules and regulations stipulated in Article II of said covenants established by Lake Hogan Farms Association, Inc. In the event of any conflict between this Declaration and the said covenants established by Lake Hogan Farms Association, Inc. this Declaration shall prevail.

12. Notwithstanding anything contained herein to the contrary, all the provisions of these covenants shall be subject to and conform with the provisions of (i) all applicable zoning ordinances, and the rules and regulations promulgated thereunder, as may from time to time hereafter be amended or modified, (ii) the Master Plan for the development of Lake Hogan Farms as may from time to time hereafter be amended or modified.

13. The Company or its agent(s) shall not be liable to any Owner or to any other person on account of any claim, liability, damage or expense suffered, incurred by or threatened against any Owner or such other person arising out of or in any way relating to the subject matter of any reviews, acceptances, inspections, permissions, consents or required approvals which must be obtained from the Company whether given, granted, or withheld.

14. Severability. Should any covenants or restrictions herein contained or any article, section, subsection, sentence, clause, phrase or term of this Declaration be declared to be void, invalid, illegal or unenforceable, for any reason, by the adjudication of any court or other tribunal having jurisdiction over the parties hereto and the subject matter hereof, such judgment shall in no way effect the other provisions hereof which are hereby to be severable and which shall remain in full force and effect.

IN WITNESS WHEREOF, the Company and the Hogans have caused this instrument to be executed and their seals to be attached.

This the ___ day of _____, 1995.

LAKE HOGAN. FARMS DEVELOPMENT COMPANY, LLC

(SEAL)

BY: CAROLINA AMERICA, LLC
Manager

BY: [Signature]
(General) Manager

BY: [Signature]
(General) Manager

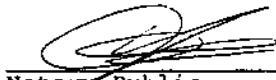
[Signature] (SEAL)
William C. Hogan

[Signature] (SEAL)
Jane M. Hogan

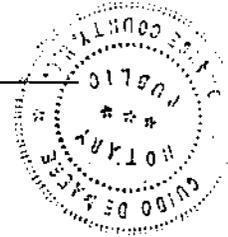
NORTH CAROLINA
COUNTY OF ORANGE

I, GUIDO DE MAERE, a Notary Public of the County and State aforesaid, do hereby certify that DALE E. REDFOOT and BRADLEY W. YOUNG personally came before me this day and acknowledged that they are (General) Managers of Carolina America, LLC (a North Carolina Limited Liability Company), Manager of Lake Hogan Farms Development Company, LLC, a North Carolina Limited Liability Company, and that the foregoing instrument was signed on behalf of Lake Hogan Farms Development Company, LLC.

My Commission Expires: 8/24/99



Notary Public



NORTH CAROLINA
COUNTY OF ORANGE

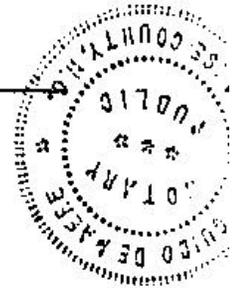
I, GUIDO DE MAERE, a Notary Public of the County and State aforesaid, do hereby certify that William C. Hogan personally came before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and notarial seal this 1st day of June, 1995

My Commission Expires: 8/24/99



Notary Public

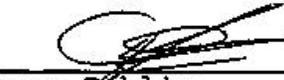


NORTH CAROLINA
COUNTY OF ORANGE

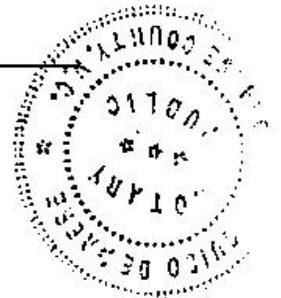
I, GUIDO DE MAERE, a Notary Public of the County and State aforesaid, do hereby certify that Jane M. Hogan personally came before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and notarial seal this 1st day of June, 1995

My Commission Expires: 8/24/99



Notary Public



FILED
17 NOV 1995, at 03:07:01PM
Book 1409, Page 350 - 368
Betty June Hayes,
Register of Deeds,
Orange County, N. C.

NORTH CAROLINA - ORANGE COUNTY

The foregoing certificate(s) of Guido De Maere

A Notary (or-Notaries) Public of the designated Governmental units is-(are) certified to be correct. Filed for registration this the 17th day of November 19 95 at 3:07:01 o'clock, P.M.

in Record Book 1409 Page 350

Return: _____

By: Betty June Hayes, Register of Deeds
Priscilla D. Mize
Deputy
Register of Deeds

EXHIBIT A

TRACT 1:

BEING all of Lot 148E, as shown on the survey entitled "Final Plat Subdivision of Property for Robert C. Hogan, Sr., et al," recorded in Plat Book 73, Page 157, Orange County Registry, which property shall be and is a Residential Lot under these Covenants, which lot is also subject to and has the benefits of the terms and conditions set forth in a Deed of Easement recorded in Book 1348, Page 394, Orange County Registry.

TRACT 2:

BEING all of the 0.06 Ac. and 0.10 Ac. parcels labeled Open Space on that certain plat and survey entitled "Final Plat Right of Way Dedication - A Portion of Lake Hogan Farm Road" dated November 8, 1995, by Brady H. Goforth and Associates, Inc., and recorded in Plat Book 74, Page 183, Orange County Registry.

TRACT 3:

BEING all of the property, excluding the right of way of any and all public roads, within Phase One, Section B, of Lake Hogan Farms shown on that certain plat and survey entitled "Final Plat - Lake Hogan Farms Subdivision - Phase One - Section B" dated November 8, 1995, by Brady H. Goforth and Associates, Inc., and recorded in Plat Book 74, Page 184, Orange County Registry.

TRACT 4:

BEING all of the property, excluding the right of way of any and all public roads, within Phase One, Section C, of Lake Hogan Farms shown on that certain plat and survey entitled "Final Plat - Lake Hogan Farms Development - Phase One - Section C" dated November 8, 1995, by Brady H. Goforth and Associates, Inc., and recorded in Plat Book 74, Page 185, Orange County Registry.

TRACT 5:

BEING all of the property, excluding the right of way of any and all public roads, within Phase One, Section D, of Lake Hogan Farms shown on that certain plat and survey entitled "Final Plat - Lake Hogan Farms Subdivision - Phase One - Section D" dated November 8, 1995, by Brady H. Goforth and Associates, Inc., and recorded in Plat Book 74, Page 186, Orange County Registry.

DECLARATION OF COVENANTS AND RESTRICTIONS
OF THE LAKE HOGAN FARMS ASSOCIATION, INC.
AND LAKE HOGAN FARMS DEVELOPMENT COMPANY, LLC

THIS DECLARATION, entered into, by LAKE HOGAN FARMS ASSOCIATION, INC., called "Association", LAKE HOGAN FARMS DEVELOPMENT COMPANY, LLC, hereinafter called "Company", and William C. Hogan and wife, Jane M. Hogan (the "Hogans").

W I T N E S S E T H

WHEREAS, the Company and the Hogans are the owners of the real property described in Article II of this Declaration and desire to create thereon a planned development community with a balanced representation of residential, commercial and recreational uses to be know as "Lake Hogan Farms;"

WHEREAS, the Company and the Hogans desire to provide for the preservation of value and for the maintenance of common facilities and services and for a vehicle for the administration and enforcement of covenants and restrictions;

WHEREAS, the Company has caused to be incorporated under the laws of the State of North Carolina a nonprofit corporation, Lake Hogan Farms Association, Inc., for the purpose of exercising the functions aforesaid which are hereinafter more fully set forth;

NOW, THEREFORE, the Company and the Hogans declare that the real property described in Article II, and such additions thereto as may hereinafter be made pursuant to Article II hereof, is and shall be held, transferred, sold, conveyed, given, donated, leased, occupied and used subject to the covenants, restrictions, conditions, easements, charges, assessments ("Assessments"), affirmative obligations and liens (all hereinafter sometimes referred to as "the Covenants") hereinafter set forth.

ARTICLE I
DEFINITIONS

The following words and terms, when used in this Declaration or any supplemental declaration (unless the context shall clearly indicate otherwise), shall have the following meanings:

(a) "Association" shall mean and refer to Lake Hogan Farms Association, Inc., its successors and assigns.

(b) "Lake Hogan Farms" shall mean and refer to the lands in Orange County, North Carolina, which are shown as a part of Lake Hogan Farms on the Company's Master Plan, as revised from time to time.

(c) "Company" shall mean Lake Hogan Farms Development Company, LLC, a North Carolina Limited Liability Company, its successors and assigns. Central Carolina Bank and Trust Company shall be substituted automatically for the Company in the event that Central Carolina Bank and Trust Company acquires title to the Property in a foreclosure of that certain Line of Credit Deed of Trust (and Security Agreement) from the Company to Southland Associates, Inc., Trustee for Central Carolina Bank and Trust Company, dated the 1st day of June, 1995, and recorded in Book 1355, page 329, Orange County Registry.

(d) "Affiliate" shall mean any corporation more than fifty percent (50%) of the voting stock of which is owned or controlled by the Company, and any partnership or joint venture in which the Company has more than a fifty percent (50%) equity interest or an interest in fifty percent (50%) or more of the cash flow from such partnership or joint venture.

(e) The "Properties" shall mean and refer to the Existing Property described in Article II hereof, and additions thereto, as are subjected to this Declaration or any Supplementary Declaration under the provisions of Article II hereof.

(f) "Residential Lot" shall mean any subdivided parcel of land located within the Properties for which no building permit has been issued by the appropriate governmental authorities and which parcel is intended for use as a site for a Single Family Detached Dwelling, Village Home, or Cluster Home as shown upon any recorded final subdivision map of any part of the Properties. No parcel shall, however, be classified as a Residential Lot until the first day of the quarter of the year following after the recording of a Plat in the Office of the Register of Deeds of Orange County, North Carolina, showing such residential lot.

(g) "Multiple-Family Tract" shall mean any unimproved parcel of land located within the Properties intended for development of Attached Residential Units, including Townhomes, as defined and controlled by the applicable zoning for Lake Hogan Farms. For the purposes of this Declaration, a parcel of land shall not be deemed a "Multiple-Family Tract" until such time as its exact metes and bounds have been surveyed and a plat thereof identifying or designating such property for Multiple-Family use is recorded in the Office of the Register of Deeds of Orange County, North Carolina, provided, however, that any property within said parcel of land which also qualifies as an "Exempt Property" as defined in paragraph (m) of this Article I shall not be deemed part of said Multiple-Family Tract for the purposes of calculating Assessments or votes. A Multiple-Family Tract, or portions of said Multiple-Family Tract, shall be deemed to be unimproved until the improvements being constructed thereon are sufficiently complete to be subject to Assessment, in the sole and uncontrolled discretion of the Board of Directors, as improved properties as defined in Section 3(d) of Article V.

(h) "Public or Commercial Site" shall mean any unimproved parcel of land within the Properties, intended for use as a site for improvements designed to accommodate commercial, or business enterprises to serve Residents of Lake Hogan Farms and/or the public, including, but not limited to: facilities for the retail sale of goods and services; social clubs; restaurants; indoor and outdoor recreational facilities; transportation stations; automobile, parking facilities; and residential dwelling units within multi-use public or commercial buildings or facilities; provided, however, that a "Public or Commercial Site" shall not include property upon which improvements are to be built which also qualifies as a Multiple-Family Tract, nor shall it include any property which also qualifies as "Exempt Property" as defined in paragraph (m) of this Article I. For the purposes of this Declaration, a parcel of land shall not be deemed a "Public or Commercial Site" until such a time as its exact metes and bounds have been surveyed and a plat thereof identifying or designating such property as a Public or Commercial Site is recorded in the Office of the Register of Deeds of Orange County, North Carolina. A Public or Commercial Site, or portions of said site, shall be deemed to be unimproved until the improvements being constructed thereon are sufficiently complete to be subject to Assessment, in the sole and uncontrolled discretion of the Board of Directors, as improved properties are defined in Section 3 (e) of Article V.

(i) "Development of Unit Parcel" shall mean and refer to any parcel or tract of land within the Properties conveyed by the

Company to any third party under Covenants and Restrictions permitting the division of such parcel or tract into smaller land units such as Residential Lots, Multi-Family Tracts, or Public or Commercial Sites. For the purposes of this Declaration, a parcel of land shall not be deemed a "Development Unit Parcel" until such time as its exact metes and bounds have been surveyed and a plat thereof identifying or designating such property as a Development Unit Parcel is recorded in the Office of the Register of Deeds of Orange County, North Carolina; provided, however, that a "Development Unit Parcel" shall not include any property which also qualifies as "Exempt Property" as defined in paragraph (m) of this Article I. A Development Unit Parcel, or portions thereof, shall remain classified as such until further subdivided and classifiable as a Residential Lot or Lots, Multi-Family Tract, or Public or Commercial Site pursuant to Section 3(h) of Article V.

(j) "Unsubdivided Land" shall mean and refer to all land within the Properties which has not been subdivided into and classified as Residential Lots, Multi-Family Tracts, Public or Commercial Sites, or Development Unit Parcels, through metes and bounds subdivision plats recorded in the Office of the Register of Deeds of Orange County, North Carolina; provided, however, that "Unsubdivided Land" shall not include any property which also qualifies as "Exempt Property" in paragraph (m) of this Article I. Unsubdivided Land, or portions thereof, shall remain classified as such until subdivided and classifiable as a Residential Lot or Lots, Multiple-Family Tract, Public or Commercial Site, or Development Unit Parcel pursuant to Section 3 of Article V.

(k) "Family Dwelling Unit" shall mean and refer to any improved property or any property formerly classified a Residential Lot for which a building permit has been issued by the appropriate governmental authorities, which property is located within the Properties and intended for use as a Single Family Dwelling, including without limitation, any Single-Family Detached Dwelling, Village Home, Cluster Home, or Townhome Unit located within the Properties.

(l) "Public or Commercial Unit" shall mean and include any improved parcel of land within the Properties which is intended and designed to accommodate public, commercial, or business enterprises to serve Residents and/or the public, including, but not limited to, all those enterprises enumerated in subparagraph (h) ; provided, however, that a "Public or Commercial Unit" shall not include any property which also qualifies as "Exempt Property" as defined in paragraph (m) of this Article I. A parcel of land shall not be deemed to be improved until the improvements being constructed on said parcel are sufficiently complete to be subject to Assessment, in the sole and uncontrolled discretion of the Board of Directors, as improved properties.

(m) "Exempt Property" shall mean and refer to the following classifications of property within the Properties which, for the purposes of this Declaration, shall not be deemed Residential Lots, Multiple-Family Tracts, Public or Commercial Sites, Development Unit Parcels, Unsubdivided Land, or Public or Commercial Units and shall be expressly excepted from the definitions thereof:

(1) All land designated on the Master Plan for intended use, or by actual use if applicable, for (i) indoor and outdoor recreational and community facilities owned and operated by the Company, the Company's Affiliates, the Associations and any other homeowners association (hereinafter referred to as "Homeowners Association") organized by the Company, or by others with the consent of the Company, within the Properties if such Homeowners Association operates such facilities for the private use of its members or the members of the Association, including, but not limited to, tennis courts, basketball courts, swimming pools, and any showers, locker rooms or

other club facilities associated with such uses, playgrounds, ball fields, gazebos, picnic shelters, picnic tables, parks, walking trails, bike trails, boardwalks, decks, community meeting facilities, and all restroom facilities, parking lots, service buildings and concession-type food services associated with all such uses; and (ii) nonprofit and charitable community, civil and cultural clubs and institutions; and other similar community facilities which the Board of Directors, in its sole and uncontrolled discretion, may designate as Exempt Properties;

(2) All lands and improvements thereon designated in any way as Common Properties or Restricted Common Properties;

(3) All lands and any improvements thereon committed to the Association through express written notification by the Company to the Association of intent to convey to the Association, including, without limitation, Intended Common Properties and Intended Restricted Common Properties;

(4) All lands designated on the Master Plan or on recorded plats as Public Open Space or Community Open Space (hereinafter referred to, respectively, as "Open Space" and "Community Open Space") as defined in the Declaration of Rights, Restrictions, Affirmative Obligations and Conditions Applicable to All Property in Lake Hogan Farms, and any improvements thereon which are defined in subparagraph (1) of this paragraph (m);

(5) Property which is used for the maintenance, operation and service of facilities within Common Properties, Restricted Common Properties, Intended Common Properties, and Intended Restricted Common Properties and facilities within Open Space which are defined in subparagraph (1) of this paragraph (m);

(6) Property which is used for maintenance, operation and service of utilities within the Properties;

(n) "Owner" shall mean and refer to the Owner as shown by the Real Estate Records in the Office of the Register of Deeds of Orange County, North Carolina, whether it be one (1) or more persons, firms, associations, corporations, or other legal entities of fee simple title to any Residential Lot, Family Dwelling Unit, Multiple-Family Tract, Public or Commercial Site, Development Unit Parcel, Public or Commercial Unit, or Unsubdivided Land situated within the Properties but, notwithstanding any applicable theory of a deed of trust, shall not mean or refer to the mortgagee or holder of a deed of trust; nor shall the term "Owner" mean or refer to any lessee or tenant of the Owner.

(o) "Tenant" shall mean and refer to the lessee under a written agreement for the rent and hire of a Family Dwelling Unit or Public or Commercial Unit in Lake Hogan Farms.

(p) "Resident" shall mean and refer to each Owner and Tenant of a Family Dwelling Unit who resides in Lake Hogan Farms.

(q) "Master Plan" shall mean and refer to the drawing which represents the conceptual plan for the future development of Lake Hogan Farms. Since the concept of the future development of Lake Hogan Farms is subject to continuing revision and change by the Company, present and future references to the Master Plan shall be references to the latest revision thereof.

(r) "Intended for Use" shall mean the use intended for various parcels within the Properties as shown* on the Master Plan of Lake Hogan Farms prepared by the Company as the same may be

revised from time to time by the Company, or the use to which any particular parcel of land is restricted by Covenants.

(s) "Common Properties" shall mean and refer to those tracts of land, including any improvements thereon, which are deeded to the Association and designated in said deed as Common Properties. The term "Common Properties" shall also include any personal property acquired or leased by the Association if said property is designated Common Property. All Common Properties are to be devoted to and intended for the common use and enjoyment of the Members of the Association, their guests and visiting members of the general public (to the Extent permitted by the Board of Directors of the Association) subject to the fee schedules and operating rules adopted by the Association. Common Properties shall not include those tracts of land falling within the definition of "Restricted Common Properties" set forth below.

(t) "Restricted Common Properties" shall mean and refer to those tracts of land, including any improvements thereon, which are deeded to the Association and designated in such deed as Restricted Common Properties. The term "Restricted Common Properties" shall also include any personal property acquired or leased by the Association if .said property is designated Restricted Common Property. All Restricted Common Properties are to be devoted to, and intended for the common use and enjoyment of, Type "A" Members of the Association, guests accompanying such Members, and the Company, so long as the Company is a Type "A" Member of the Association, with all use of Restricted Common Properties to be subject to the fee schedules and operating rules adopted by the Association. Any lands or personal property which are leased by the Association for use as Restricted Common Properties shall lose their character as Restricted Common Properties upon the expiration of such lease.

(u) "Intended Common Property" shall mean and refer to those tracts of land and any improvements thereon committed to the Association through express written notification by the Company to the Association of intent to convey said property to the Association as Common Property.

(v) "Intended Restricted Common Property" shall mean and refer to those tracts of land and any improvements thereon committed to the Association through express written notification by the Company to the Association of intent to convey said property to the Association as Restricted Common Property.

(w) "Neighborhood Area" shall mean and refer to areas in Lake Hogan Farms designated as neighborhoods on the Master Plan and subdivision plats recorded in the Office of the Register of Deeds of Orange County, North Carolina.

(x) "Referendum" shall mean and refer to the power of all, or some specific portion of, the Members to vote by mailed ballots on certain actions by the Board of Directors of the Association more particularly set forth herein. In the event fifty-one percent (51%) of the votes actually returned to the Association within the specified time shall be in favor of such action, the Referendum shall be deemed to "pass" and the action voted upon will be deemed to have been authorized by the Members provided, however, that if a higher percentage required to "pass" shall be specifically expressed herein, that higher percentage shall control in that instance.

ARTICLE II EXISTING PROPERTY AND ADDITIONS

Section 1. Existing Property. The real property which is and shall be held, transferred, sold, conveyed, given, donated, leased,

occupied and used subject to these Covenants is described as follows:

All that tract or parcel of land, situate, lying and being in Orange County, North Carolina, which is more particularly described in Exhibit "A" attached hereto and by specific reference made a part hereof.

All the real property hereinabove described shall sometimes be referred to herein as the "Existing Property." The Company intends to develop the Existing Property in accordance with a Master Plan. The Company reserves the right to review and modify the Master Plan at its sole option from time to time based upon its continuing research and design program. The Master Plan shall not bind the Company, its successors and assigns, to adhere to the Master Plan in the development of the land shown thereon. Subject to its right to modify the Master Plan as stated herein, the Company shall convey to the Association certain properties designated on the Master Plan as properties which may be transferred to the Association as, in the reasonable exercise of its discretion, it so chooses without regard to the relative location of such portions or sections within the overall plan. Once conveyed to the Association, these properties shall become Common Properties or Restricted Common Properties, as the case may be. The Company shall not be required to follow any predetermined sequence or order of improvements and development, and it may bring within the plan of these Covenants additional lands and develop the same before completing the development of the Existing Property. Other than as stated in this paragraph, the Company shall have full power to add to, subtract from or make changes in the Master Plan regardless of the fact that such actions may later affect the relative maximum potential voting strength of the various types of membership of the Association.

Section 2. Additions to Existing Property. Additional lands may become subject to this Declaration in the following manner;

(a) Additions. During the period of development, which shall by definition extend from date hereof to December 31, 2005, the Company, its successors and assigns shall have the right, without further consent of the Association, to bring within the plan and operation of this Declaration additional property. Such property may be subjected to this Declaration as one parcel or as several smaller parcels at different times. The additions of such property authorized under this paragraph may increase the cumulative maximum number of Residential Lots and Family Dwelling Units authorized in the Properties and, therefore, may alter the relative maximum potential voting strength of the various types of membership in the Association.

The additions authorized by this and the succeeding subsection, shall be made by recording a Supplementary Declaration of Covenants and Conditions with respect to the additional property which shall extend the operation and effect of the Covenants and Restrictions of this Declaration to such additional property. A Supplementary Declaration of Covenants and Restrictions may contain modifications of the provisions contained in this Declaration, as may be necessary or convenient, in the sole judgment of the Company, to reflect the different character, if any, of the added properties but such modifications shall have no effect upon the Property described in Section I, Article II above, or upon any other additions to the Properties.

(b) Other Additions. Upon approval in writing of the Association pursuant to a simple majority of the vote of those present at a duly called meeting, the owner of any property who desires to add such property to the plan and operation of this Declaration and to subject it to the jurisdiction of the Association, shall record a Supplementary Declaration of Covenants

and Restrictions with respect to the additional property which shall extend the operation and effect of the Covenants and Restrictions of this Declaration to such additional property. The additions of such property authorized under this paragraph may increase the cumulative maximum number of Residential Lots and Family Dwelling Units authorized in the Properties, and therefore, may alter the relative maximum potential voting strength of the various types of membership of the Association.

The Supplementary Declaration may contain such complementary additions and/or modifications of the Covenants and Restrictions contained in this Declaration as may be necessary or convenient for the inclusion to Lake Hogan Farms of the added properties and as are not inconsistent with the plan of this Declaration, but such modifications shall have no effect upon the Property described in Section 1, Article II above, or upon any other additions to the Properties.

(c) Mergers. Upon merger or consolidation of the Association with another association, as provided for in the By-Laws of the Association, its property rights and obligations may, by operation of law, be transferred to another surviving or consolidated association, or in the alternative, the properties, rights and obligations of another association may, by operation of law, be added to the properties of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer the Existing Property, together with the Covenants and Restrictions established upon any other properties, as one plan. No merger or consolidation shall effect any revocation, within the Existing Property, including, without limitation, the maximum limits on Assessments and dues of the Association, or any other matter substantially affecting the interests of Members of the Association.

(d) Additional lands which become subject to this Declaration under the provisions of this Section II may in the future be referred to as a part of Lake Hogan Farms.

ARTICLE III MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

Section 1. Membership. The Company shall be a Member of the Association, and a creditor who acquires title to the Properties or any portion thereof pursuant to foreclosure or any other proceeding or deed in lieu of foreclosure, shall be a Member of the Association. Every Owner and Tenant, unless otherwise specified, shall be a Member of the Association. Every Owner shall be required to submit the name(s) of his Tenant(s) and the duration of their tenancy to the Secretary of the Association. The Association may issue each Member a membership card which shall expire upon termination of a Tenant's lease or upon sale by an Owner of his property in Lake Hogan Farms. Tenants of Public or Commercial Units and Owners or Tenants who are exempt from the payment of Assessments shall not be Members of the Association unless otherwise specified herein.

Section 2. Voting Rights. The Association shall have four (4) types of regular voting membership; one (1) type of special voting membership which provides the Company, its successors and assigns, with the power to elect a portion of the Board of Directors; and one (1) type of non-voting membership:

TYPE "A": Type "A" Members shall be all Owners including the Company, its successors and assigns, of Residential Lots and Family Dwelling Units. A Type "A" Member shall be entitled to two (2) votes for each Family Dwelling Unit which he owns.

TYPE "B": Type "B" Members shall be all those Owners

including the Company, its successors and assigns, of platted Public or Commercial Sites and Multiple-Family Tracts. A Type "B" Member shall be entitled to one (1) vote for each One Hundred Dollars (\$100.00) in Annual Assessments paid to the Association. In computing the number of votes to which a Type "B" Member shall be entitled, the amount of the Assessment paid shall be rounded to the nearest One Hundred Dollars (\$100.00).

TYPE "C": Type "C" Members shall be all those Owners including the Company, its successors and assigns, of Public or Commercial Units. A Type "C" Member shall be entitled to one (1) vote for each One Hundred Dollars (\$100.00) in Annual Assessments paid to the Association. In computing the number of votes to which a Type "C" Member shall be entitled, the amount of the Assessment paid shall be rounded to the nearest One Hundred Dollars (\$100.00)

TYPE "D": Type "D" Members shall be all those Owners including the Company, its successors and assigns, of Unsubdivided Lands and Development Unit Parcels held and intended for future development by the Company or a third party. A Type "D" Member shall be entitled to one (1) vote for each One Hundred Dollars (\$100.00) in Annual Assessments paid to the Association. In computing the number of votes to which a Type "D" Member shall be entitled, the amount of the Assessment paid shall be rounded to the nearest One Hundred Dollars (\$100.00).

TYPE "E": The Type "E" Member shall be the Company, its successors and assigns. The Type "E" Member shall be entitled to elect a portion of the Board of Directors as set out in Section 4, of this Article III.

TYPE "H": The Type "H" Members shall be Robert C. Hogan, William F. Hogan, their spouses, and all their lineal descendants and respective spouses, provided each Type "H" member shall have paid all of his or her Annual Assessment. Type "H" membership shall include all rights and privileges granted other types of members, including, but not limited to, use of any and all community club facilities. The sole remedy for non-payment of any Annual Assessment by any Type "H" member, as a Type "H" member, shall be the denial of membership rights and privileges for the period for which the assessment is not paid. Type "H" Members shall have no voting rights. The foregoing specific clauses with regard to Type "H" member shall not prevent any Type "H" member from voting or from exercising membership rights and privileges as a member of another type, if so qualified.

Payment of Special Assessments shall not entitle Type "A", "B", "C", and "D" Members to additional votes.

When any property entitling the Owner to membership as a Type "A", "B", "C" and "D" Member of the Association is owned by two (2) or more persons or entities, whether fiduciaries, joint tenants, tenants in common, tenants in partnership or in any other manner of joint or common ownership, or if two (2) or more persons or entities have the same fiduciary relationship respecting the same property, then unless the instrument or order appointing them or creating the tenancy otherwise directs, and it or a copy thereof is filed with the Secretary of the Association, their acts with respect to voting shall have the following effect:

(1) If only one (1) votes, in person or by proxy, his act shall bind all;

(2) If more than one (1) votes, in person or by proxy, the act of the majority so voting shall bind all;

(3) If more than one (1) votes, in person or by proxy, but the vote is evenly split on any particular matter, each fraction shall be entitled to its proportionate share of the

vote or votes;

(4) If the instrument or order filed with the Secretary of the Association shows that any such Tenancy is held in unequal interest, a majority or even split under subparagraphs (2) and (3) immediately above shall be a majority or even split in interest in the property to which the vote(s) is attributable;

(5) The principles of this paragraph shall apply, insofar as possible, to execution of proxies, waivers, consents or objections, and for the purpose of ascertaining the presence of a quorum.

The voting rights of any Owner may be assigned by said Owner to his Tenant; provided, however, that the Owner may not assign to such Tenant any vote or votes not attributable to the property actually leased by such lessee.

The Type "A", "B", "C" and "D" Members are sometimes hereinafter collectively referred to as the "Members."

Section 3. Governance. The Association shall be governed by a Board of Directors consisting of three (3), five (5), seven (7), or nine (9) Members. The number and term of such Directors is to be determined in accordance with the provisions of the Articles of Incorporation of the Association. Except as may be otherwise provided in the Articles of Incorporation, there shall be two (2) classes of Directors: Class I Directors shall be elected by Type "A", "B", "C", and "D" Members, and Class II Directors shall be elected by the Type "E" Members.

Section 4. Election of the Board of Directors. Each Member of Type "A", "B", "C" and "D" Membership classes shall be entitled to as many votes as equals the total number of votes he is entitled to based on his Ownership of or Tenancy in one (1) or more of the various classifications of property as computed by the formula set out hereinabove in Section 2 of Article III. Each Member may cast the total number of votes to which he is entitled for each vacancy to be filled by a Class I Director. Cumulative voting shall not be allowed. Members, except the Type "E" Membership, are divided into classes for the purpose of computing voting rights and shall not vote as a class.

The Type "A", "B", "C" and "D" Members shall elect the Class I Director(s), and the Type "E" Members shall elect the Class II Director(s) according to the following formula:

(1) The number of Class I Directors shall be determined by (a) dividing (i) the number of Residential Lots and Family Dwelling Units owned by Type "A" Members by (ii) the cumulative maximum number of Residential Lots and Family Dwelling Units authorized by the local zoning ordinances and/or the applicable permits of the Town of Carrboro, North Carolina, and (b) then multiplying the resulting quotient by the total number of Directors, and (c) rounding the result to the nearest whole number, e.g., 1.49 = 1 and 1.50 = 2.

(2) The number of Class II Directors shall be determined by subtracting the number of Class I Directors from the total number of Directors.

(3) For the purposes of this formula, the number of Residential Lots and Family Dwelling Units owned by Type "A" Members and the cumulative maximum number of Residential Lots and Family Dwelling Units authorized in the Properties shall be determined by the Board of Directors as of the date on which notice of the meeting of the Members at which the Board of Directors is to be elected is mailed.

Section 5. Members to Have Power of Referendum in Certain

Instances. Where specifically provided for herein, the Members, or some specific portion thereof, shall have the power to approve or reject certain actions proposed to be taken by the Association by Referendum. In the event fifty-one percent (51%) or more of the votes actually returned to the Association within the specified time shall be in favor of such action, the Referendum shall be deemed to "pass" and the action voted upon will be deemed to have been authorized by the Members; provided, however, that if a higher percentage vote required to "pass" shall be specifically expressed herein, that higher percentage shall control in that instance. The Board of Directors may not undertake any action requiring a Referendum without complying with the provision therefor. At any time that the Type "A", "B", "C" and "D" Members have the ability to elect a majority of the Board of Directors, the Members may require a Referendum on any action of the Board of Directors by presenting to the Secretary of the Board, within thirty (30) days of the taking of such action or ratification by the Board of its intent to take such action, a petition signed by not less than twenty-five percent (25%) of the Members.

Section 6. Quorum Required for Any Action Authorized at Regular or Special Meetings of the Association. The quorum required for any action which is subject to a vote of the Members at an open meeting of the Association (as distinguished from the Referendum) shall be as follows:

(a) The first time a meeting of the Members of the Association is called to vote on (i) an increase in the Maximum Regular Annual Assessment greater than that provided for by subparagraph (o) of Section 3 of Article V hereof, (ii) a Special Assessment as provided for by Section 4 of Article V hereof, (iii) the gift or sale of any parcel of land and improvements thereon designated as a Common Property or Restricted Common Property as provided by subparagraph (f) of Section 4 of Article V hereof, (iv) an Amendment to this Declaration as provided for by Section 1 of Article VIII hereof, the presence at the meeting of Members or proxies entitled to cast sixty percent (60%) of the total vote of the Membership required for such action shall constitute a quorum.

(b) The first time a meeting of the Members of the Association is called to vote on any action proposed to be taken by the Association, other than that described in subparagraph (a) above, the presence at the meeting of the Members or proxies entitled to cast thirty percent (30%) of the total vote of the Membership required for such action shall constitute a quorum.

If the required quorum is not present at any meeting described in subparagraphs (a) or (b) above, with the exception of any meeting called to vote on the termination of this Declaration described in subparagraph (a) (v) above, another meeting or meetings may be called subject to giving of proper notice, and the required quorum at such subsequent meeting or meeting shall be one-half (1/2) of the required quorum at the preceding meeting.

Unless otherwise provided, any reference hereafter to "votes cast at a duly called meeting" shall be construed to be subject to the quorum requirements established by this Article III, Section 6, and any other requirements for such "duly called Meeting" which may be established by the By-Laws of the Association. For the purpose of this section, "proper notice" shall be deemed to be given when mailed to each Member not less than thirty (30) days prior to the date of the meeting at which any proposed action is to be considered.

Section 7. Proxies. All Members of the Association may vote and transact business at any meeting of the Association by proxy authorized in writing, provided, however, that Proxies shall not be allowed for any action which is subject to a Referendum, in which case the votes of all the Members polled shall be made by specifically provided ballots mailed or delivered to the

Association.

Section 8. Ballots by Mail. When required by the Board of Directors, there shall be sent with notices of regular or special meetings of the Association, a statement of certain motions to be introduced for vote of the Members and a ballot on which each Member may vote for or against each such motion. Each ballot which is presented at such meeting will be counted in calculating the quorum requirements set out in Section 6 of this Article III. Provided, however, such ballots shall not be counted in determining whether a quorum is present to vote upon motions not appearing on the ballot.

ARTICLE IV
PROPERTY RIGHTS IN THE COMMON PROPERTIES

Section 1. Members' Easements of Enjoyment in Common Properties. Subject to the provisions of these Covenants, the Rules and Regulations of the Association, any fees or charges established by the Association, every Type "A", "B", "C", "D" "E" and "H" Member and every guest of such Type "A" and/or "H" shall have an easement of enjoyment in and to the Common Properties, and such easement shall be appurtenant to and shall pass with the title of every Residential Lot, Family Dwelling Unit, Multiple-Family Tract, Public or Commercial Site, Public or Commercial Unit, Development Unit Parcel, or any Unsubdivided Land, and with the case of Type "H" with the bloodlines.

Employees of the Type "E" Member and its agent(s) shall have access to and enjoyment of the Common Properties subject to the rules and regulations and user fees established by the Board of Directors.

A Member's spouse, parent and children who reside with such Member in Lake Hogan Farms shall have the same easement of enjoyment hereunder as the Member.

In those instances where a Residential Lot or Family Dwelling Unit or other property in Lake Hogan Farms is owned and occupied as a Tenant by five (5) or more persons who do not have the relationship of spouse, parent or child to one another, or by a corporation, such joint Owners and corporations shall annually appoint up to four (4) persons as the "Primary Member(s)." Such Primary Member(s) shall have the same easement of enjoyment in the Common Properties as Members who own or occupy such property singularly. The remaining Joint Members and Tenants and the principal officers of such corporation shall be entitled to an easement of enjoyment in the Common Properties by:

(1) Paying the same use fees as guests of Members, or

(2) By paying to the Association annually an amount equal to the Annual Assessment charged against the property in which he or she owns a fractional interest or occupies as a Tenant. The payment of such amount shall not entitle such remaining Joint Members, Tenants, or principal officers to additional votes in the Association.

As determined in the sole and uncontrolled discretion of the Board of Directors, certain Owners of Exempt Properties, and certain Tenants and guests, may have access to and enjoyment of the Common Properties subject to rules and regulations and user fees

established by the Board of Directors.

Section 2. Members' Easements of Enjoyment in Restricted Common Properties. Subject to the provisions of these Covenants, the Rules and Regulations of the Association, and any fees or charges established by the Association, every Type "A" and "H" Member, but not Type "B", "C", or "D" Member shall have a right and easement of enjoyment in and to the Restricted Common Properties, and such easement shall be appurtenant to and shall pass with the title of every Residential Lot and Family Dwelling Unit, and in the case of Type "H" with the bloodlines. By an affirmative vote of seventy-five percent (75%) of votes cast at a meeting of the Association called for the purpose of voting on such proposal, a "Restricted Common Property" may be changes into an unrestricted "Common Property." Employees of the Company and its agent(s) shall have access to and enjoyment of the Restricted Common Properties so long as the Company is a Type "A" Member, subject to rules, regulations and user fees established by the Board of Directors.

Section 3. Title to Common Properties and Restricted Common Properties.

(a) The Company covenants for itself, its successors and assigns that it shall convey by deed to the Association, at no cost to the Association and subject to (i) all restrictions and limitations imposed by the Declaration of Rights, Restrictions, Affirmative Obligations and Conditions Applicable to All Property in Lake Hogan Farms, including, without limitation, all rights of easement and rights of entry reserved unto the Company, its successors and assigns, in said Declaration, (ii) all other restrictions and limitations of record at the time of conveyance, (iii) any restrictions, limitations, conditions, or determinations as to the purposes and uses of the conveyed properties as stipulated in said deed, (iv) any commitments by the Company to construct certain improvements thereon as stipulated in said deed, those Intended Common Properties and Intended Restricted Common Properties described in Section 5 of this Article IV, and any other parcels of land and any improvements thereon now and hereinafter designated as Intended Common Properties or Intended Restricted Common Properties; and, upon such conveyance, such parcels of land and any improvements thereon shall become Common Properties or Restricted Common Properties as designated in said deed.

(b) The Association shall not refuse the designation of any parcel of land or any improvements thereon as an Intended Common Property or Intended Restricted Common Property through the express written notification by the Company to the Association of intent to convey said property to the Association, and , further, the Association shall not refuse to accept any Intended Common Property or Intended Restricted Common Property as a Common Property or Restricted Common Property at such time as the Company, in its sole and uncontrolled discretion, deems it advisable to convey such property to the Association.

(c) Upon conveyance of any parcel of land and any improvements thereon as a Common Property or Restricted Common Property by the Company or any other third party, the Association shall immediately become responsible for all maintenance and operation of said property, and for such additional construction of improvements thereon as may be authorized by the Association's Board of Directors subject to the Declaration of Rights, Restrictions, Affirmative Obligations and Conditions Applicable to All Property in Lake Hogan Farms. It is the purpose of this provision to provide that the Association shall be responsible for all maintenance and operation of all Common Properties, and Restricted Common Properties.

(d) Notwithstanding anything in the foregoing to the contrary, the Company reserves unto itself, its successors and assigns, and agents, the right to enter upon any Intended Common

Property, Intended Restricted Common Property, Common Property or Restricted Common Property for the purpose of constructing indoor and outdoor recreational and community facilities thereon, including, but not limited to, tennis courts, basketball courts, swimming pools, and any showers, locker rooms or other club facilities associated with such uses, playgrounds, ball fields, gazebos, picnic shelters, picnic tables, parks, walking trails, bike trails, boardwalks, decks, community meeting facilities, and all restroom facilities, parking lots, service buildings and concession-type food services associated with all such uses. The provisions of this paragraph shall in no way create any obligation on the part of the Company to construct any such facilities on said properties.

(e) Natural areas, trail areas, etc. may be designated from time to time as Intended Common Properties or Intended Restricted Common Properties and shall be conveyed in large or small parcels from time to time after the Company has completed the surveying and plotting of all adjacent subdivisions for Single Family Detached, Village Home, and Cluster Home housing areas, Multiple-Family Tracts, Public or Commercial Sites or Development Unit Parcels which may abut such natural areas, trail areas, etc. The metes and bounds shown on the recorded plat and deed to the Association, designating the areas of these Intended Common Properties or Intended Restricted Common Properties parcels shall govern.

Section 4. Extent of Members' Easements. The rights and easements of enjoyment created hereby shall be subject to the following:

(a) The right of the Association, in accordance with its By-Laws, to borrow money from the Company or any lender for the purposes of improving and/or maintaining the Common Properties and Restricted Common Properties, and providing services authorized herein and in aid thereof to mortgage said properties provided, however, that any such mortgage is with the prior consent of two-thirds (2/3) of the Members of the Association, which consent may be evidenced by petition or by an affirmative vote of two-thirds (2/3) of the Members voting in person or by proxy at a duly called meeting of the Association; and

(b) The right of the Association to take such steps as are reasonably necessary to protect the above-described properties against foreclosure; and

(c) The right of the Association to suspend the rights and easements of enjoyment of any Member or Tenant or guest of any Member for any period during which payment of any Assessment against property owned by such Member or leased by such Tenant remains delinquent, and for any period, not to exceed sixty (60) days, for any infraction of its published rules and regulations, it being understood that any suspension for either non-payment of any Assessment or a breach of the rules and regulations of the Association shall not constitute a waiver or discharge of the Member's obligation to pay the Assessment, and provided that the Association shall not suspend the right to use any roads belonging to the Association subject to the rules, regulations and fees, if any, established by the Association for such use.

(d) The right of the Association to charge reasonable admission and other fees for the use of recreational facilities and services on the Common Properties and Restricted Common Properties.

(e) The right of the Company or the Association by its Board of Directors to dedicate or transfer to any public or private utility, utility and drainage easements on any part of the Common Properties and Restricted Common Properties.

(f) The right of the Association to give or sell all or any part of the Common Properties and Restricted Common Properties,

including leasehold interests, subject to (i) the limitations and restrictions imposed by the Declaration of Rights, Restrictions, Affirmative Obligations and Conditions Applicable to All Property in Lake Hogan Farms and (ii) all other restrictions and limitations of record at the time of the conveyance, to any public agency, authority, public service district, utility or private concern for such purposes and subject to such conditions as may be agreed to by the Members, provided, however, that no such gift or sale of any parcel of land and improvements thereon, or determination as to the purposes or as to the conditions thereof, shall be effective unless such dedication, transfers and determinations as to purposes and conditions shall be authorized by the affirmative vote of three-fourths (3/4) of the votes cast at a duly called meeting of the Association, subject to the quorum requirements established by Article III, Section 6 (a), and unless written notice of the meeting and of the proposed agreement and action thereunder is sent to every Member of the Association at least thirty (30) days prior to such meeting. A true copy of such resolution together with a certificate of the results of the vote taken thereon shall be made and acknowledged by the President or Vice President and Secretary or Assistant Secretary of the Association and such certificate shall be annexed to any instrument of dedication or transfer of any parcel of land and improvements thereon affecting the Common Properties or Restricted Common Properties prior to the recording hereof. Such certificates shall be conclusive evidence of authorization by the membership. The gift or sale of any personal property owned by the Association shall be determined by the Board of Directors in its sole and uncontrolled discretion.

Section 5. Designation of Common Properties. The Company covenants for itself, its successors and assigns, that, prior to December 31, 2000 it shall convey by deed to the Association, at no cost to the Association, and subject to all the restrictions and limitations of the various Articles of this Declaration and any other restrictions and limitations of record, certain properties designated as Intended Common Properties and Intended Restricted Common Properties as listed below:

(a) Intended Common Properties. There shall be conveyed to the Association by the Company:

(1) At least 20 acres of Open Space or Community Open Space designated as such on the Company's Master Plan or subdivision plats recorded in the Office of the Register of Deeds of Orange County, North Carolina.

(2) Any other parcel of land and any improvements thereon designated from date hereof until December 31, 2005 as an Intended Common Property through express written notification by the Company to the Association of intent to convey said property to the Association.

(b) Intended Restricted Common Properties. There shall be conveyed to the Association by the Company any parcel of land and any improvements thereon designated from date hereof until December 31, 2005, as an Intended Restricted Common Property through express written notification by the Company to the Association of intent to convey said property to the Association.

ARTICLE V COVENANTS FOR ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Company covenants, and each Owner of any Residential Lot, Family Dwelling Unit, Multiple-Family Tract, Public or Commercial Site, Public or Commercial Unit, Development Unit Parcel or Unsubdivided Land located within the Properties, whether or not it shall be so expressed in any such deed or other

conveyance, shall be deemed to covenant and agree to all the terms and provisions of this Declaration and to pay to the Association: (a) Annual Assessments or charges; and (b) Special Assessments or charges for the purposes set forth in this Article, such Assessments to be fixed, established and collected from time to time as hereinafter provided. The Annual and Special Assessments, together with such interest thereon and costs of collection thereof including a reasonable attorney's fee as hereinafter provided, shall be a charge and continuing lien on the real property and improvements thereon against which each such Assessment is made. Each such Assessment together with such interest thereon and cost of collection thereof including a reasonable attorney's fee as hereinafter provided, shall also be the personal obligation of the person who was the Owner of such real property at the time when the Assessment first became due and payable. In the case of co-ownership of a Residential Lot, Family Dwelling Unit, Multiple-Family Tract, Public or Commercial Site, Public or Commercial Unit, Development Unit Parcel or any Unsubdivided Land, all of such co-owners shall be jointly and severally liable for the entire amount of the Assessment.

Section 2. Purpose of Assessments. The Annual Assessments levied by the Association shall be used exclusively for the improvement, maintenance, enhancement, enlargement and operation of the Common Properties, Restricted Common Properties and to provide services which the Association is authorized to provide.

Section 3. Application of "Maximum Assessment". The Maximum Regular Annual Assessment, as set forth in the schedule hereinbelow, and as is automatically increased annually pursuant to the provisions of subparagraph (o) below, shall be levied by the Association. If, however, the Board of Directors of the Association, by majority vote, determines that the important and essential functions of the Association may be properly funded by an Assessment less than the Maximum Regular Annual Assessment, it may levy such lesser Assessment; provided, however, so long as the Company is engaged in the development of properties which are subject to the terms of this Declaration, the Association may not reduce Assessments below those set out in Section 3(a) immediately below without the written consent of the Company. The levy of an Assessment less than the Maximum Regular Annual Assessment in one (1) year shall not affect the Board's right to levy an Annual Assessment equal to the Maximum Regular Annual Assessment in subsequent years.

If the Board of Directors shall levy less than the Maximum Regular Annual Assessment for any Assessment year, such Annual Assessment shall automatically be ten percent (10%) greater than the Annual Assessment levied for the previous Assessment year; provided, however, that the Board of Directors may, by majority vote, levy a greater or lesser Assessment if it shall determine that the important and essential functions of the Association will be properly funded by such greater or lesser Assessment.

If the Board of Directors shall levy less than the Maximum Regular Annual Assessment for any Assessment year and, thereafter, during such Assessment year, determine that the important and essential functions of the Association cannot be funded by such lesser Assessment, the Board may, by majority vote, levy a Supplemental Assessment. In no event shall the sum of the initial and Supplemental Assessments for that year exceed the applicable Maximum Regular Annual Assessment.

If the Board of Directors, by majority vote, determines that the important and essential functions of the Association will not be properly funded in any one (1) year, or in one (1) year and all subsequent years, it may request approval of a specified increase in the Maximum Regular Annual Assessment for either one (1) year only, or for that one (1) year and all subsequent years, by the vote of the Members at a duly called meeting of the Association,

subject to the quorum requirements established by Article III, Section 6 (a). Should the Members vote in favor of such proposed increase, it shall be deemed approved and may be levied by the Board. An increase in the Maximum Regular Annual Assessment for one (1) year only pursuant to the provisions hereof shall in no way affect the Maximum Regular Annual Assessment for subsequent years or increase thereof in subsequent years.

(a) From and after July 1, 1995, the Maximum Regular Annual Assessment shall be the sums calculated in accordance with the following Assessment Schedule, as shall be automatically increased in each instance by an inflation adjuster as set forth in Section 3 (n) of this Article, and as may be increased pursuant to the provisions set forth immediately above:

<u>Property Type</u>	<u>Maximum Regular Annual Assessment</u>
Residential Lots	\$120.00 per Lot
Family Dwelling Units	\$900.00 per Unit
Public or Commercial Units	\$300.00 per Unit
Public or Commercial Sites	\$120.00 per acre; prorated for part of an acre, but in no event less than \$120.00 for each site or Tract
Development Unit Parcels Unsubdivided Land	\$5.00 per acre
Type "H" Members	\$300.00 per Household

Providing that the Maximum Regular Annual Assessment for Residential Lots, Family Dwelling Units, Public or Commercial Units, and Type "H" Members shall be adjusted further by multiplying the amounts stated above by the number of recreational points (as defined by the zoning laws and regulations of the Town of Carrboro, North Carolina) earned by the Properties as of January 1 of the year of such assessment and divided by the total number of recreational points planned for the Properties.

(b) Property shall not be classified for purposes of these Covenants and these Annual Assessments as a Residential Lot until the first day of the calendar quarter of the year following after the following has occurred:

- (1) Recording of a Plat in the Office of the Register of Deeds of Orange County, North Carolina, showing such residential lot.

A Residential Lot shall be deemed to be unimproved and shall not be deemed a Family Dwelling Unit until such a time as a building permit has been issued for said property by the appropriate governmental authorities.

(c) Property shall not be classified for the purposes of these Covenants and these Annual Assessments as a Multiple-Family Tract until such time as its exact metes and bounds have been surveyed and a plat thereof identifying or designating such property for Multiple-Family use is recorded in the Office of the Register of Deeds of Orange County, North Carolina, provided, however, that any property within said parcel of land which also qualifies as an "Exempt Property" as defined in Section 12 of this Article V shall not be deemed part of said Multiple-Family Tract for the purposes of calculating Assessments or votes. A Multiple-Family Tract, or portions of said Multiple-Family Tract, shall be deemed to be unimproved until the improvements ^being constructed thereon are sufficiently complete to be subject to Assessment, in

the sole and uncontrolled discretion of the Board of Directors, as improved properties.

In those cases where the improvements intended on a Multiple-Family Tract include more than one building or structure containing Attached Residential Units, each building or structure shall be deemed to be unimproved until the building or structure is sufficiently complete to be subject to Assessment, in the sole and uncontrolled discretion of the Board of Directors, as improved properties, at which time each and every Attached Residential Unit within said building or structure shall be deemed a Family Dwelling Unit for the purpose of Assessments, and, in addition, the remaining number of acres to be assessed as a Multiple-Family Tract shall be calculated by (a) dividing (i) the number of Family Dwelling Units on the property by (ii) the maximum number of Family Dwelling Units authorized by the Company in the original Multiple-Family Tract, and (b) then multiplying the resulting quotient by the total number of acres in the original Multiple-Family Tract.

At such time as all Attached Residential Units intended for development on a Multiple-Family Tract have been classified as Family Dwelling Units, and the Owner of said Multiple-Family Tract is able to warrant to the satisfaction of the Board of Directors that (i) no further development of Attached Residential Units shall take place upon said Tract, and (ii) any remaining unimproved acres within said Tract shall not be sold to any other third party for the further development of Attached Residential Units, such Owner may apply to the Board of Directors for the release of any remaining unimproved acres within said Tract from the classification of Multiple-Family Tract, and the Board of Directors may, in its sole and uncontrolled discretion, grant such release.

(d) Property shall not be classified for the purposes of these Covenants and these Annual Assessments as a Public or Commercial Site until such time as its exact metes and bounds have been surveyed and a plat thereof identifying or designating such property as a Public or Commercial Site is recorded in the Office of the Register of Deeds of Orange County, North Carolina; provided, however, that any property within said parcel of land which also qualifies as an "Exempt Property" as defined in Section 12 of this Article V shall not be deemed part of said Public or Commercial Site for the purposes of calculating Assessments or votes. A Public or Commercial Site, or portions of said Site, shall be deemed to be unimproved until the improvements being constructed thereon are sufficiently complete to be subject to Assessment, in the sole and uncontrolled discretion of the Board of Directors, as improved properties.

In those cases where the improvements intended on a Public or Commercial Site include more than one building, structure, or phase or group of improved units, each building, structure, or phase or group of units shall be deemed to be unimproved until the building, structure, or phase or group of units is sufficiently complete to be subject to Assessment, in the sole and uncontrolled discretion of the Board of Directors, as improved properties, at which time each and every improved unit within said building, structure, or phase or group of units shall be deemed a Public or Commercial Unit or a Family Dwelling Unit for the purpose of Assessments, and, in addition, the remaining number of acres to be assessed as a Public or Commercial Site shall be calculated by subtracting (i) the number of acres within the Site upon which Public or Commercial Units and Family Dwelling Units have actually been developed from (ii) the total number of acres in the original Public or Commercial Site.

At such time as all public or commercial buildings and facilities and all residential dwelling units intended for development on a Public or Commercial Site have been classified as Public or Commercial Units or Family Dwelling Units, and the Owner of said Public or Commercial Site is able to warrant to the

satisfaction of the Board of Directors that (i) no further development of Public or Commercial Units or Family Dwelling Units shall take place on said Site, and (ii) any remaining unimproved acres within said Site shall not be sold to any other third party for the further development of Public or Commercial Units or Family Dwelling Units, then such Owner may apply to the Board of Directors for the release of any remaining unimproved acres within said Site from the classification of a Public or Commercial Site, and the Board of Directors may, in its sole and uncontrolled discretion, grant such release.

(e) Property shall not be classified for purposes of these Covenants and these Annual Assessments as a Family Dwelling Unit until (i) the improvements being constructed on a Multiple-Family Tract or a Public or Commercial Site are sufficiently complete to be subject to Assessment, in the sole and uncontrolled discretion of the Board of Directors, as improved properties are defined in subparagraphs (c) and (d) hereinabove, or (ii) a building permit has been issued by the appropriate governmental authorities for a property formerly deemed a Residential Lot as defined in subparagraph (b) hereinabove.

(f) Property shall not be classified for purposes of these Covenants and these Annual Assessments as a Public or Commercial Unit until the improvements being constructed on a Public or Commercial Site are sufficiently complete to be subject to Assessment, in the sole and uncontrolled, discretion of the Board of Directors, as improved properties are defined in subparagraph (d) hereinabove.

(g) Property shall not be classified for purposes of these Covenants and these Annual Assessments as a Development Unit Parcel until such time as its exact metes and bounds have been surveyed and a plat thereof identifying or designating such property as a Development Unit Parcel is recorded in the Office of the Register of Deeds of Orange County, North Carolina; provided, however, that any property within said parcel of land which also qualifies as Exempt Property, as defined in Section 12 of this Article V, shall not be deemed part of said Development Unit Parcel for the purpose of calculating Assessments or .votes. At such time a s a Development Unit Parcel, or a portion thereof, is further subdivided and classifiable as a Residential Lot or Lots, Multi-Family Tract, or Public or Commercial Site, said property, or such portion of said property shall then be classified as Residential Lot or Lots, Multi-Family Tract, or Public or Commercial Site, and, in addition, the remaining number of acres to be assessed as a Development Unit Parcel shall be calculated by subtracting (i) the number of acres within the property which have been classified as Residential Lot or Lots, Multi-Family Tract, or Public or Commercial Site from (ii) the total number of acres within the original Development Unit Parcel.

(h) For the purposes of these Covenants and these Annual Assessments, all properties that have not been subdivided into and classified as Residential Lots, Multiple-Family Tracts, Public or Commercial Sites or Development Unit Parcels shall be classified as Unsubdivided Land; provided, however, that Unsubdivided Land shall not include any property which also qualifies as Exempt Property as defined in Section 12 of this Article V.

(i) Assessments shall be billed on such basis as may be determined by the Board of Directors. The billing schedule shall be the same for all properties of a specified category; however, the Board of Directors, in its discretion, may establish different schedules for the billing of Assessments due from different categories of property. All Assessment bills shall be due and payable thirty (30) days from the date of mailing of same; provided, however, that if the Board of Directors elects to utilize a Billing Agent, the Billing Agent shall set. the date on which Assessment, bills shall be due and payable.

(j) The Board of Directors may authorize a Billing Agent to collect the Assessments provided for herein.

(k) The Owner of any assessable property which changes from one category to another during an Assessment year shall be billed an additional amount for the remaining full quarters of such year to reflect the category change.

(l) The Board of Directors shall determine the square footage of floor space to be assessed by the Association for each Public or Commercial Unit. In certain extraordinary circumstances, as in the case of an indoor tennis facility, swimming pool, gymnasium, or certain storage areas where an unusually large number of square feet of floor space is required within such facility, the Board of Directors may, in its sole and uncontrolled discretion, exempt from Assessment a portion of square footage of floor space of such facility.

(m) Changes during an Assessment year in square footage of floor space to be assessed by the Association for a Public or Commercial Unit shall be reflected in the billing for the remaining full quarters of the Assessment year.

(n) From and after July 1, 1996, the Maximum Regular Annual Assessment shall be automatically increased each year by an amount of ten percent (10%) per year over the previous year, or the percentage increase between the first and last months of the thirteen (13) month period terminating at the end of the third (3rd) quarter of the previous Assessment year in the Consumer Price Index, U.S. City Average, All Items (1967-100) (hereinafter "C.P.I.") issued by the U.S. Bureau of Labor Statistics in its monthly report entitled "The Consumer Price Index, U.S. City Average and Selected Areas", whichever of these two percentage figures is larger. If the C.P.I. is discontinued, then there shall be used the most similar index published by the United States Government that may be procured indicating changes in the cost of living.

(o) Any increase in the Maximum Regular Annual Assessment shall be made in such a manner that the proportionate increase in such Assessment is the same for Owners of Residential Lots, Family Dwelling Units, Multiple-Family Tracts, Public or Commercial Sites, Public or Commercial Units, Development Unit Parcels, or Unsubdivided Land. Any time the actual Assessment levied by the Board of Directors of the Association is less than the Maximum Regular Annual Assessment, such decrease shall be proportionate among the Owners of Residential Lots, Family Dwelling Units, Multiple-Family Tracts, Public or Commercial Sites, Public or Commercial Units, Development Unit Parcels, or Unsubdivided Land. The decrease or increase received by each class of Owners of the various classes of property may be made disproportionately by the favorable vote of seventy-five percent (75%) of the votes cast at a duly called meeting of the Association, subject to the quorum requirements established by Article III, Section 6 hereof, and by seventy-five percent (75%) of the votes cast at said meeting by the Members of the classes whose proportionate share is being raised.

Section 4. Special Assessments for Improvements and Additions. In addition to the Maximum Regular Annual Assessments authorized by Section 3 hereof, the Association may levy Special Assessments for the following purposes:

(a) Construction, reconstruction, repair or replacement of capital improvements upon the Common Properties, Restricted Common Properties, Intended Common Properties or Intended Restricted Common Properties, including the necessary fixtures and personal property related thereto;

(b) For additions to the Common Properties or Restricted

Common Properties;

(c) To provide for the necessary facilities and equipment to offer the services authorized herein;

(d) To repay any loan made to the Association to enable it to perform the duties and functions authorized herein;

Such Special Assessment, before being charged, must have received the approval of the Members of the Association by the favorable vote of fifty-one percent (51%) of the votes cast at a duly called meeting of the Association, subject to the quorum requirements established by Article III, Section 6(a). The notice of such meeting shall include one (1) statement from those Directors favoring the Special Assessment and one (1) statement from those Directors opposing the Special Assessment, containing the reasons for those Directors' support and opposition for the Assessment. Neither statement shall exceed five (5) pages in length.

This provision shall be interpreted to mean that the Association may make in any one (1) year an Annual Assessment up to the maximum set forth in Section 3 of this Article V, plus an additional Special Assessment. Such Special Assessment in any one (1) year may not exceed a sum equal to the amount of the Maximum Regular Annual Assessment for such year except for emergency or repairs required as a result of storm, fire, natural disaster or other casualty loss. The fact that the Association has made an Annual Assessment for an amount up to the Maximum Regular Annual Assessment shall not affect its right to make a Special Assessment during the year.

The proportion of each Special Assessment to be paid by the Owners of the various classifications of assessable property shall be equal to the proportion of the Annual Assessments levied for the Assessment year during which such Special Assessments are approved by the Members.

Section 5. Reserve Funds. The Association shall establish reserve funds from its Annual Assessments to be held in an interest drawing account of investments as a reserve for:

(a) Major rehabilitation or major repairs;

(b) Emergency and other repairs required as a result of storm, fire, natural disaster or other casualty loss, and;

(c) Initial costs of any new service to be performed by the Association.

Section 6. Special Assessments for Neighborhood Areas. On petition of seventy-five percent (75%)' of all Owners within a particular neighborhood area, or contiguous Neighborhood Areas as such may be designated on a recorded subdivision plat, the Board of Directors of the Association may levy a Special Assessment applicable only to each Owner within the immediate Neighborhood Area or Areas to undertake special neighborhood improvements, neighborhood rehabilitation or construction, special neighborhood security and neighborhood maintenance. If such Special Assessment be proposed by the Board of Directors rather than by petition as provided for hereinabove, then such proposal shall be submitted to a Referendum of all Owners within the particular Neighborhood Area or Areas, and such Special Assessment shall be levied upon each such Owner only upon a favorable response to said Referendum, as shall be indicated by not less than seventy-five percent (75%) of the votes entitled to be cast voting in favor of such Special Assessment.

In the event of election by the Members of a Neighborhood Area to be assessed by the Association for special improvements,

construction, security or maintenance, the Association shall be authorized to borrow money to fund such special improvements, construction, security or maintenance and to repay any such loan with the receipts from the Special Assessment authorized therefor.

Section 7. Change in Maximum Amounts of Annual Assessments Upon Merger or Consolidation. The limitations of Section 3 hereof shall apply to any merger or consolidation in which the Association is authorized to participate under Article II, Section 2, hereof, and under the By-Laws of the Association.

Section 8. Date of Commencement of Annual Assessments. Notwithstanding anything in the foregoing to the contrary, the Annual Assessments provided for herein shall commence no earlier than 9/01/95, but not later than 1/01/96.

Section 9. Duties of the Board of Directors. The Board of Directors of the Association shall fix the amount of the Annual Assessment against each Residential Lot, Family Dwelling Unit, Multiple-Family Tract, Public or Commercial Site, Public or Commercial Unit, Development Unit Parcel, or Unsubdivided Land, within the Assessment Schedule as provided hereinabove, and shall, at that time, direct the preparation of an index of the Properties and Annual Assessments applicable thereto, which shall be kept in the office of the Association and which shall be open to inspection by any Member. Written notice of Assessment shall thereupon be sent to every Member subject thereto.

The Association shall upon demand at any time furnish to any Owner liable for such Assessments a certificate in writing signed by an Officer of the Association, setting forth whether said Assessments have been paid. Such certificate shall be conclusive evidence against all but the Owner of payment of any Assessment therein stated to have been paid. If the Board of Directors authorizes a Billing Agent to collect Assessments, the Certificate of the said Billing Agent shall be conclusive evidence against all but the Owner of payment of any Assessment therein stated to have been paid.

Section 10. Effect of Non-payment of Assessment: The Personal Obligation of the Owner; the Lien; Remedies of Association. If the Annual Assessment or any Special Assessment is not paid on or before the past-due date specified in Section 3(j) hereof, then such Assessment shall become delinquent and shall (together with interest thereon at the maximum annual rate permitted by law from the due date and cost of collection thereof, including reasonable attorney's fees) become a charge and continuing lien on the land and all improvements thereof, against which each such Assessment is made, in the hands of the then Owner, his heirs, devisees, personal representatives and assigns.

If the Assessment is not paid within thirty (30) days after the past due date, the Association may bring an action at law against the Owner personally and there shall be added to the amount of such Assessment the costs of preparing the filing of the Complaint in such action and reasonable attorney's fees, and in the event a judgment is obtained, such judgment shall include interest on the Assessment as above provided and reasonable attorney's fees together with the costs of the action.

If the Board of Directors of the Association elects to utilize a Billing Agent to collect Assessments, interest which shall accrue on past-due sums will be the maximum interest rate which such agent may lawfully charge.

Section 11. Subordination of the Lien. The Lien of the Assessments provided for herein shall be subordinate to the lien of any first deed of trust now or hereinafter placed upon any properties subject to Assessment, and in addition, shall be subordinate to the lien of the Cost of Corrective Action provided

for in the Declaration of Rights, Restrictions, Affirmative Obligations and Conditions Applicable To All Property In Lake Hogan Farms now or hereafter placed upon any properties subject to Assessment. In the event a creditor acquires title to any property subject to Assessment pursuant to foreclosure or any other proceeding or deed in lieu of foreclosure, said creditor shall be subject only to Assessments accruing after such acquisition.

Section 12. Exempt Property. The following property, individuals, partnerships or corporations subject to this Declaration shall be exempted from the Assessment, charge and lien created herein:

(a) All land designated on the Master Plan for intended use, or by actual use if applicable, for (i) indoor and outdoor recreational and community facilities owned and operated by the Company, the Company's Affiliates, the Association and any other Homeowners Association organized by the Company, or by others with the consent of the Company, within the Properties if such Homeowners Association operates such facilities for the private use of its members or the Members of the Association, including, but not limited to, tennis courts, basketball courts, swimming pools, and any showers, locker rooms or other club facilities associated with such uses, playgrounds, ball fields, gazebos, picnic shelters, picnic tables, parks, walking trails, bike trails, boardwalks, decks, community meeting facilities, and all restroom facilities, parking lots, service buildings and concession-type food services associated with all such uses; and (ii) nonprofit and charitable community, civil and cultural clubs and institutions; and other similar community facilities which the Board of Directors, in its sole and uncontrolled discretion, may designate as Exempt Properties;

(b) All lands and any improvements thereon designated in any way as Common Properties or Restricted Common Properties;

(c) All lands and any improvements thereon committed to the Association through express written notification by the Company to the Association of intent to convey to the Association, including, without limitation, Intended Common Properties and Intended Restricted Common Properties.

(d) All lands designated on the Master Plan or on recorded plats as Public Open Space or Community Open Space as defined in the Declaration of Rights, Restrictions, Affirmative Obligations and Conditions Applicable To All Property In Lake Hogan Farms and any improvements thereon which are defined in Paragraph (a) of this Section 12;

(e) Property which is used for the maintenance, operation and service of the facilities within Common Properties, Restricted Common Properties, Intended Common Properties, Intended Restricted Common Properties and facilities with Open Space and Community Open Space which are defined in paragraph (a) of this Section 12;

(f) Property which is used for the maintenance, operation and service of utilities within the Properties;

(g) The grantee in conveyances made for the purpose of granting utility easements.

(h) All lands within the waters or the ponds shown on the Master Plan and contributory creeks and streams.

Section 13. Annual Statements. The President, Treasurer or other such Officer as may have custody of the funds of the Association shall annually, within ninety (90) days after the close of the fiscal year of the Association, prepared and execute under oath a general itemized statement showing the actual assets and liabilities of the Association at the close of such fiscal year

and a statement of revenues, costs and expenses. It shall be necessary to set out in the statement the name of any creditor of the Association, provided, however, that this requirement shall be construed to apply only to creditors of more than One Thousand and No/100 Dollars (\$1000.00). Such Officer shall furnish to each Member of the Association, who may make request therefor in writing, a copy of such statement within thirty (30) days after the receipt of such request. Such copy may be furnished to the other Member either in person or by mail. Any holder of a first mortgage on a lot(s) or unit(s) shall be entitled upon written request to a financial statement for the immediately preceding fiscal year.

Section 14. Annual Budget. The Board of Directors shall prepare and make available to all Members, at least sixty (60) days prior to the first day of the following fiscal year, a budget outlining anticipated receipts and expenses for the following fiscal year. The financial books of the Association shall be available for inspection by all Members at all reasonable times.

Section 15. Working Capital Fund. At the time of closing of the sale of each unit or lot, a sum equal to at least three (3) months assessment for each unit shall be collected and transferred to the Association to be held as a working capital fund. The purpose of said fund is to insure that the Association Board will have adequate cash available to meet unforeseen expenses and to acquire additional equipment or services deemed necessary or desirable. Amounts paid into the fund shall not be considered advance payment of regular assessments.

ARTICLE VI FUNCTIONS OF ASSOCIATION

Section 1. Ownership and Maintenance of Properties. The Association shall be authorized to own and/or maintain Common Properties, Restricted Common Properties, Intended Common Properties, Intended Restricted Common Properties, equipment, furnishings and improvements devoted to the following uses:

(a) Roads, roadways, roadway medians and parkways along said roads or roadways, cul-de-sac islands, and neighborhood or other area entrances throughout the Properties;

(b) Sidewalks, walking paths or trails and bicycle paths through the Properties;

(c) Transportation facilities throughout the Properties, e.g., automobiles, buses, electric vehicles, etc.;

(d) Security services including security stations, guardhouses, and buildings used in maintenance functions;

(e) Providing any of the services which the Association is authorized to offer under Section 2 of this Article VI;

(f) Indoor and outdoor recreational and community facilities on Common Properties and Restricted Common Properties, including, but not limited to, tennis courts, basketball courts, swimming pools, and any showers, locker rooms or other club facilities associated with such uses, playgrounds, ball fields, gazebos, picnic shelters, picnic tables, parks, walking trails, bike trails, boardwalks, decks, community meeting facilities, and all restroom facilities, parking lots, service buildings and concession-type food services associated with all such uses; and

(g) Water and sewage facilities and any other utilities, if not adequately provided by a private or public utility.

Section 2. Services. The Association shall be authorized but not required, except as specified in Section 3 of this Article VI, to provide the following services:

(a) Cleaning and maintenance of all roads, roadways, roadway medians, parkways, cul-de-sac islands, neighborhood and other area entrances, lakes, parks, sidewalks, walking trails, bike trails, Common Properties, Restricted Common Properties, Intended Common Properties, Intended Restricted Common Properties, Open Space, and Community Open Space within the Properties, and also all public properties which are located within the Properties if their deterioration would affect the appearance of the Properties as a whole;

(b) Landscaping and beautification of roads, roadways, roadway medians, parkways, cul-de-sac islands, neighborhood and other area entrances, lakes, parks, sidewalks, walking paths, bike trails, Common Properties, Restricted Common Properties, Intended Common Properties, Intended Restricted Common Properties, Open Space, and Community Open Space;

(c) Lighting of roads, sidewalks, walking paths, bike trails, parking lots, and any recreational and community facilities located within the properties;

(d) Insect and pest control to the extent that it is necessary or desirable in the judgment of the Board of Directors of the Association to supplement the service provided by the state and local authorities;

(e) The services necessary or desirable in the judgment of the Board of Directors of the Association to carry out the Association's obligations and business under the terms of this document;

(f) To take any and all actions necessary to enforce all Covenants and Restrictions affecting the Properties and to perform any of the functions or services delegated to the Association in any Covenants and Restrictions applicable to the Properties;

(g) To set up and operate an Architectural Review Board for all Common Properties or Restricted Common Properties, and in the event that the Association is designated by the Company as the agent or the Assign of the Company for such purposes, to extend the operation of the Architectural Review Board to all properties within Lake Hogan Farms;

(h) To conduct instructional, recreational, sports, crafts, social and cultural programs of interest to Members, their families and guests;

(i) To provide safety equipment for storm emergencies;

(j) To construct improvements on Common Properties, Restricted Common Properties, Intended Common Properties, or Intended Restricted Common Properties for use by any of the purposes authorized in this Article, or as may be required to provide any of the services authorized in this Article;

(k) To provide administrative services, and communication services, including, but not limited to, community newsletters and newspapers to inform Members of activities, notices of meetings, referendums, and other issues and events of community interest;

(l) To provide liability and hazard insurance covering improvements and activities on the Common Properties and Restricted Common Properties;

(m) To provide water, sewage, and any necessary utility services not provided by a public body or private utility;

(n) To provide, conduct or maintain water pollution and shoreline erosion abatement measures including, without limitation, maintenance and repair of shore revetments and groins;

(o) To construct mailboxes, signs and other standard features for use throughout the Properties;

(p) To provide any or all of the above listed services to another association of Owners of real property under a Contract, the terms of which must be approved by the Board of Directors;

Section 3. Minimum List of Functions and Services. The "Minimum List of Functions and Services" shall establish and define the minimum level of functions and services which the Association must furnish to its Members. So long as the Company is engaged in the development of Properties which are subject to the terms of this Declaration, the Association shall not reduce the level of functions and services it furnishes to its Members below such minimum level without the prior written consent of the Company. The Minimum List of Functions and Services is as follows:

(a) The Association shall provide or procure the administrative services necessary to carry out the Association's obligations and business under the terms of this Declaration, the Articles of Incorporation of the Association, and the By-Laws of the Association, including, but not limited to, legal, accounting, financial and communications services.

(b) The Association shall administer and enforce the covenants and restrictions established in this Declaration, including, but not limited to, the following:

(1) The Association shall set, levy and collect Assessments, and notify the Members of such Assessments;

(2) The Association shall prepare accurate indexes of Members, Property Classifications, Votes, Assessments, the Cumulative Maximum Number of Residential Lots and Family Dwelling Units Authorized in the Properties and the Maximum Regular Annual Assessment;

(3) The Association shall operate an Architectural Review Board;

(4) The Association shall maintain and operate all Common Properties and Restricted Common Properties;

(5) The Association shall hold Annual Meetings, Special Meetings and Referendum's as required, hold elections for the Board of Directors as required and give Members "proper notice" as required;

(6) The Association shall prepare Annual Statements and Annual Budgets and shall make the financial books of the Association available for inspection by Members at all reasonable times.

(c) Should the Company appoint the Association its agent for the administration and enforcement of any of the provisions of the General Property Covenants or any other covenants and restrictions of record, the Association shall assume the responsibility of administering and enforcing -said rights and shall assume any obligations which are incident thereto.

(d) Should the Company assign to the Association any of the rights reserved unto it in the General Property Covenants or any other covenants and restrictions of record, the Association shall assume the responsibility of administering and enforcing said rights and shall assume any obligations which are incident thereto.

(e) The Association shall provide appropriate liability and hazard insurance coverage for improvements and activities on all Common Properties and Restricted Common Properties.

(f) The Association shall provide appropriate Director's and Officers' Legal Liability Insurance and indemnify persons pursuant to the provisions of the Articles of Incorporation of the Association.

(g) The Association shall keep a complete record of all its acts and corporate affairs.

(h) Unless such is the obligation of any public authority, the Association shall provide regular and thorough cleanup of all roadway medians, cul-de-sac islands, neighborhood and other entrances throughout the Properties, including, but not limited to, mowing grass and landscape maintenance on all cul-de-sac islands and entrances; and pickup and disposal of trash on all cul-de-sac islands, entrances, and bike trails. Such cleanup as is possible shall begin within an individual residential neighborhood as soon as construction of dwellings has commenced within said neighborhood.

(i) Unless such is the obligation of any public authority, the Association shall provide general maintenance of all directional signs, bike trail signs, and neighborhood and other area signs, including, but not limited to, painting, repair work and replacement as needed.

(j) The Association shall operate and maintain all lights within all Common Properties and Restricted Common Properties.

(k) The Association shall provide regular and thorough maintenance and cleanup of all Common Properties, Restricted Common Properties, Intended Common Properties and Intended Restricted Common Properties, including, but not limited to, mowing of grass, fertilization as needed, landscape maintenance as needed, pickup and disposal of trash, washing down of picnic tables and benches as needed, painting, repairs to and replacement of all improvements as needed.

(l) Insurance coverage on the Property shall be governed by the following provisions:

(1) Ownership of Policies. All insurance policies upon the Common Properties and Restricted Common Properties shall be purchased by the Association for the benefit of the Association and the Owners, as their interest may appear and provisions shall be made for the issuance of certificates of mortgagee endorsements to the mortgagees of Owners.

(2) Coverage. All buildings and improvements upon the land and all personal property included in the Common Properties and Restricted Common Properties shall be insured in an amount equal to one hundred percent (100%) insurable replacement value as determined annually by the Association with the assistance of the insurance company providing coverage. Such coverage shall provide protection against:

- (i) Loss or damage by fire and other hazards covered by standard extended coverage endorsement, and
- (ii) Such other risks as from time to time shall be customarily covered with respect to buildings on the land.
- (iii) Such policies shall contain clauses providing for waiver of subrogation.

(3) Liability. Public liability insurance shall be secured

by the Association with limits of liability 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 to 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.

(4) Premiums. Premiums for insurance policies purchased by the Association shall be paid by the Association and charged to the Owners as an assessment according to the provisions of Article V above; provided that premiums on account of hazard insurance coverage for individual lots shall be apportioned to the individual Owners according to the amounts of the coverage required.

(5) Proceeds. All insurance policies purchased by the Association shall be for the benefit of the Association and the Owners and their mortgagees as their interests may appear, 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 or stated in the By-Laws and for the benefit of the Owners and their mortgagees.

(6) Application of Proceeds. Proceeds of insurance policies received by the Association as insurance trustee shall be placed in the Association's treasury for the following:

- (i) Expense of the Trust. All expenses of the insurance trustee shall be first paid or provisions made therefor.
- (ii) Reconstruction or Repair. The remaining proceeds shall be paid to defray the cost of repairs. Any proceeds remaining after defraying such cost shall be retained by the Association.

Section 4. Bonding. All persons responsible for or authorized to expend funds or otherwise deal in the assets of the Association or those held in trust, 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 six (6) months' assessments plus reserves accumulated.

Section 5. Obligation of the Association. The Association shall not be obligated to carry out or offer any of the functions and services specified by the provisions of this Article except as specified in Section 3 of this Article VI. The functions and services to be carried out or offered by the Association at any particular time shall be determined by the Board of Directors of the Association taking into consideration the funds available to the Association and the needs of the Members of the Association. The functions and services which the Association is authorized to carry out or to provide may be added or reduced at any time upon the affirmative vote of fifty-one percent (51%) of the votes cast by the Type "A", Type "B", and Type "C" Members at a duly called meeting of the Association; provided, however, that for the deletion of service to Type "D" Members, such Members shall also be entitled to vote.

Section 6. Mortgage and Pledge. The Board of Directors of the Association shall have the power and authority to mortgage the property of the Association and to pledge the revenues of the Association as security for loans made to the Association which loans shall be used by the Association in performing its authorized functions and services; provided that any such mortgage is with the prior consent of two-thirds (2/3) of the Members of the Association, which consent may be evidenced by petition or by an affirmative vote of two-thirds (2/3) of the Members.

ARTICLE VII
ARCHITECTURAL CONTROL AND THE GENERAL PROPERTY COVENANTS

Section I. Architectural Review of Common Properties and Restricted Common Properties. No building, wall, fence, swimming pool or other structure shall be commenced, erected or maintained upon the Common Properties or Restricted Common Properties, nor shall any landscaping be done, nor shall any exterior addition to any existing structure or change or alteration therein be made until the plans and specifications therefore showing the structure, kind, shape, height, materials, colors and location of the same shall have been submitted to and approved in writing as to the harmony and compatibility of its external design and location with the surrounding structures and topography by the Architectural Review Board of the Association and by the Company pursuant to the provisions of the Declaration of Rights, Restrictions, Affirmative Obligations and Conditions Applicable To All Property In Lake Hogan Farms.

The Architectural Review Board shall be composed of five (5) Members, all of whom shall be appointed by the Company until such time as ninety percent (90%) of the lots planned for the Properties have been built upon, or until December 31, 2002, whichever comes first, and thereafter shall be appointed by the Board of Directors of the Association. At least one (1) Member of the Association other than the Company shall, after at least fifty percent (50%) of the lots in the Properties have been built upon, be a member of the Architectural Review Board at all times.

Section 2. The General Property Covenants. Pursuant to the provisions of the Declaration of Rights, Restrictions, Affirmative Obligations and Conditions Applicable To All Property In Lake Hogan Farms (the "General Property Covenants") , the Company reserves unto itself, its successors and assigns, the right to appoint the Association its agent for the purpose of administering and enforcing, in whole or in part, the rights reserved unto the Company in said General Property Covenants, including, but not limited to, the right to approve (or disapprove) plans, specifications, color, finish, plot plan, land management plan and construction schedules for any or all buildings or structures to be erected within any or all of the properties subject to said General Property Covenants. Such appointments may be temporary or permanent, and shall be subject to any conditions, limitations or restrictions which the Company, in its sole and uncontrolled discretion, may elect to impose. Upon any such appointment of the Association as agent by the Company, the Association shall assume any obligations which are incident thereto.

In addition to the foregoing, the Company reserves unto itself, its successors and assigns, the right to assign in whole or in part to the Association its rights reserved in the General Property Covenants to grant approvals (or disapprovals), to establish rules and regulations, to administer and enforce the provisions of the said General Property Covenants and any or all other rights reserved therein by the Company. The assignment of such rights shall be subject to any conditions, limitations or restrictions the Company, in its sole and uncontrolled discretion, may elect to impose at the time of assignment. Following the assignment of such rights, the Association shall assume all of the Company's obligations which are incident thereto (if any), and the Company shall have no further obligation or liability with respect thereto. The assignment of such right or rights by the Company to the Association shall be made by written instrument which shall be recorded in the Register of Deeds Office of Orange County, North Carolina.

Notwithstanding anything in the foregoing to the contrary so long as the Company, its successors and assigns, is owner of

property subject to the provisions of the General Property Covenants, the Company, in addition to and jointly with the Association, shall retain all rights of easement reserved unto it in said General Property Covenants, and shall, furthermore, retain all rights of entry granted unto it in said General Property Covenants for the purposes of correcting, repairing, enhancing, improving, cleaning, preserving, clearing out, removing or taking any action to prevent a violation of said General Property Covenants, and the retention of said rights of easement and entry by the Company shall in no way create any obligation on the part of the Company to perform any affirmative action.

ARTICLE VIII
GENERAL PROVISIONS

Section 1. Duration. The Covenants and Restrictions of this Declaration and any Amendments thereto shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, the Company or the Owner of any land subject to this Declaration, their respective legal representatives, heirs, successors and assigns for a period of thirty (30) years from the date this Declaration is recorded. Upon the expiration of said thirty (30) year period, this Declaration shall be automatically extended for ten (10) year periods unless upon the expiration of the initial thirty (30) year period, or during the last year of any subsequent ten (10) year extension period, at a duly called meeting of the Association, fifty-one percent (51%) or more of the total vote entitled to be cast by all the Members of the Association shall vote in favor of terminating this Declaration at the end of its then current term. The presence at the meeting of Members or proxies entitled to cast sixty percent (60%) of the total vote shall constitute a quorum. It shall be required that written notice of any meeting at which such a proposal to terminate this Declaration is to be considered, setting forth the fact that such a proposal will be considered, shall be given to each Member at least thirty (30) days in advance of said meeting. In the event that the Members of the Association vote to terminate this Declaration, the President and Secretary of the Association shall execute a certificate which shall set forth the Resolution of Termination adopted by the Association, the date of the meeting of the Association at which such Resolution was adopted, the date that Notice of such meeting was given, the total number of votes required to constitute a quorum at a meeting of the Association, the total number of votes present at said meeting, the total number of votes necessary to adopt a Resolution terminating this Declaration, the total number of votes cast in favor of such Resolution, and the total number of votes cast against such Resolution. Said certificate shall be recorded in the Office of the Register of Deeds of Orange County, North Carolina, and may be relied upon for the correctness of the facts contained therein as they relate to the termination of this Declaration.

Section 2. Amendments. All proposed Amendments to this Declaration shall be submitted to a vote of the Members at a duly called meeting of the Association subject to the quorum requirements established by Article III, Section 6 (a), and any such proposed Amendment shall be deemed approved if two-thirds (2/3) of the votes cast at such meeting vote in favor of such proposed amendment. Notice shall be given each Member at least thirty (30) days prior to the date of the meeting at which such proposed amendment is to be considered. If any proposed amendment to this Declaration is approved by the Members as set forth above, the President and Secretary of the Association shall execute an Addendum to this Declaration which shall set forth the Amendment, the effective date of the Amendment (which in no event shall be less than sixty (60) days after the date of the meeting of the Association at which such Amendment was adopted), the date of the meeting of the Association at which such Amendment was adopted, the

date that notice of such meeting was given, the total number of votes required to constitute a quorum at a meeting of the Association, the total number of votes present at said meeting, the number of votes necessary to adopt the Amendment, the total number of votes cast in favor of such Amendment and the total number of votes cast against the Amendment. Such Addendum shall be recorded in the Office of the Register of Deeds of Orange County, North Carolina.

So long as the Company, as the Type "E" Member, is entitled to elect a majority of the Members of the Board of Directors of the Association, no Amendment of this Declaration shall be made without the consent of the Company; and until the end of the period of development no Amendment of this Declaration shall be made without the consent of the Company which would have the affect of creating a disproportionate increase in the Maximum Regular Annual Assessment, the actual assessment levied or any Special Assessment of any Class of Owners.

Section 3. Notices. Any notice required to be sent to any Member under the provisions of this Declaration shall be deemed to have been properly sent and notice thereby given when delivered personally or sent by mail with the proper postage affixed to the address appearing on the Association's Member list. Notice to one (1) or more co-owners or co-tenants of a Residential Lot, Family Dwelling Unit, Multiple-Family Tract, Public or Commercial Site, Public or Commercial Unit, Development Unit Parcel or Unsubdivided Land shall constitute notice to all co-owners or co-tenants. It shall be the obligation of every Member to immediately notify the Secretary of the Association in writing of any change of address. Any person who becomes a Member following the first day in the calendar month in which said notice is delivered or mailed shall be deemed to have been given notice if notice was given to his predecessor in title.

Section 4. Enforcement. Enforcement of these Covenants and Restrictions shall be by any proceeding at law or in equity against any person or persons violating or attempting to violate or circumvent and Covenant or Restriction, either to restrain violation or to recover damages, and against the land and to enforce any lien created by these Covenants; and failure by the Association or any Member or the Company to enforce any Covenant or Restriction herein contained for any period of time shall in no event be deemed a waiver or estoppel of the right to enforce same thereafter.

Section 5. Severability. Should any Covenant or Restriction herein contained, or any Article, Section, Subsection, sentence, clause, phrase or item of this Declaration be declared to be void, invalid, illegal or unenforceable for any reason by the adjudication of any Court or other tribunal having jurisdiction over the parties hereto and the subject matter hereof, such judgment shall in no way effect the other provisions hereof which are hereby declared to be severable and which shall remain in full force and effect.

Section 6. Interpretation. The Board of Directors of the Association shall have the right to determine all questions arising in connection with this Declaration of Covenants and Restrictions and to construe and interpret its provisions and its determination, construction or interpretation shall be final and binding. In all cases, the provisions of this Declaration of Covenants and Restrictions shall be given that interpretation or construction that will best tend toward the consummation of the general plan of improvements.

Section 7. Authorized Action. All actions which the Association is allowed to take under this instrument shall be authorized actions of the Association if approved by the Board of Directors of the Association in the manner provided for in the By-

Laws of the Association, unless the terms of this instrument provide otherwise.

Section 8. Other Agreements. Notwithstanding anything contained herein to the contrary, all the provisions of these Covenants shall be subject to and conform with the provisions of:

(a) The Zoning Ordinances of the Town of Carrboro and/or the County of Orange, North Carolina, and the rules and regulations promulgated thereunder, as may from time to time hereafter be amended or modified, and as the same may be applicable to the various parts of the Properties;

(b) The Master Plan for the development of Lake Hogan Farms as may from time to time hereafter be amended or modified;

(c) The Declaration of Rights, Restrictions, Affirmative Obligations and Conditions Applicable To All Property In Lake Hogan Farms, which covenants are to be recorded contemporaneously herewith in the Office of the Register of Deeds of Orange County, North Carolina. In event of any conflict between this Declaration and said General Property Covenants, said General Property Covenants shall prevail.

None of the provisions of this Section are or shall in any way be construed to be or to constitute a conveyance, transfer, disposition, waiver or relinquishment of any right, title and interest of the Company or the Association, as their respective rights, titles and interests may appear, in and to or under any of the above referenced instruments or documents to or for the benefit of any other person, firm or corporation.

Section 9. Limited Liability. In connection with all reviews, acceptances, inspections, permissions, consents or required approvals by or from the Company and/or the Association contemplated under this Declaration, the Company and/or the Association shall not be liable to an Owner, or to any other person, on account of any claim, liability, damage or expense suffered or incurred by or threatened against an Owner, or any other person, and arising out of or in any way relating to the subject matter of any such reviews, acceptances, inspections, permissions, consents or required approvals, whether given, granted or withheld.

Section 10. Management and Contract Rights of Association. The Company may enter into a contract with a management company or manager for the purposes of providing all elements of the operation, care, supervision, maintenance and management of the property. However, no such contract shall be binding upon the Association except through express adoption or ratification of the terms and conditions of such contract. Any contract or lease entered into by the Company or by the Association while the Company is in control thereof shall contain a provision allowing the Association to terminate such contract without justification or penalty after transfer of management by the Company to the Association.

Section 11. Rights of Noteholders. Any institutional holder of a first mortgage on a Unit or Lot 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 ninety (90) days following the end of its fiscal year, (c) receive written notice of all meetings of the Association and the right to designate a representative to attend all such meetings, (d) receive written notice of any condemnation or casualty loss that affects either a material portion of the project or the unit securing its mortgage, (e) receive written notice of any sixty-day delinquency in the payment of assessments or charges owned by the Owner of any unit on which it holds the mortgagee, (f) receive written notice of a

lapse, cancellation, or material modification of any insurance policy of fidelity bond maintained by the Association, (g) receive written notice of any proposed action that requires the consent of a specified percentage of mortgage holders, and (h) be furnished with a copy of the master insurance policy.

IN WITNESS WHEREOF, the Association, the Company and the Hogans have caused this instrument to be executed and their seals to be attached.

This 1st day of June, 1995.



LAKE HOGAN FARMS ASSOCIATION, INC.

BY: *Dale E Redfoot*
President

[Signature]
Secretary

LAKE HOGAN FARMS DEVELOPMENT COMPANY, LLC

BY: CAROLINA AMERICA, LLC
Manager

BY: *Dale E Redfoot*
Manager

BY: *Bradley W Young*
Manager

William C Hogan (SEAL)
William C. Hogan

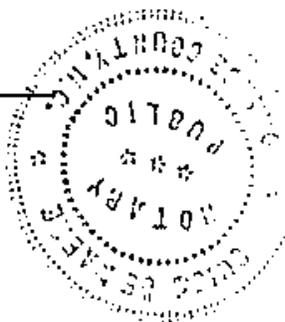
Jane M. Hogan (SEAL)
Jane M. Hogan

NORTH CAROLINA
COUNTY OF ORANGE

I, GUIDO DE MAERE, a Notary Public of the County and State aforesaid, do hereby certify that DALE E. REDFOOT and BRADLEY W. YOUNG personally came before me this day and acknowledged that they are (General) Managers of Carolina America, LLC (a North Carolina Limited Liability Company), Manager of Lake Hogan Farms Development Company, LLC, a North Carolina Limited Liability Company, and that the foregoing instrument was signed on behalf of Lake Hogan Farms Development Company, LLC.

Witness my hand and notarial seal this 1st day of June, 1995.

[Signature]
Notary Public



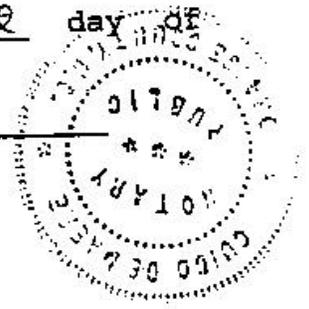
My Commission Expires: 8/24/99

I, GUIDO DE MAERE, a Notary Public of the County and State aforesaid, do hereby certify that BRADLEY W. YOUNG personally came before me this day and acknowledged that they are he is Secretary of Lake Hogan Farms Association, Inc., 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, all as the act of the corporation.

Witness my hand and notarial seal this 17th day of NOVEMBER, 1995.



Notary Public



My Commission Expires: 8/24/1999

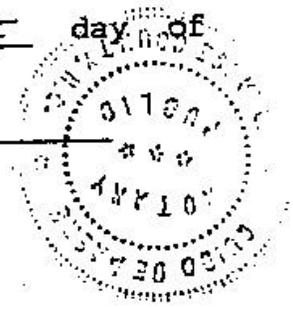
NORTH CAROLINA
COUNTY OF ORANGE

I, GUIDO DE MAERE, a Notary Public of the County and State aforesaid, do hereby certify that William C. Hogan personally came before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and notarial seal this 1st day of JUNE, 1995.



Notary Public



My Commission Expires: 8/24/99

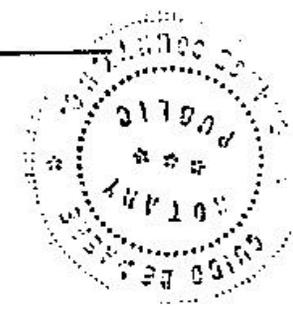
NORTH CAROLINA
COUNTY OF ORANGE

I, GUIDO DE MAERE, a Notary Public of the County and State aforesaid, do hereby certify that Jane M. Hogan personally came before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and notarial seal this 1st day of JUNE, 1995.



Notary Public



My Commission Expires: 8/24/95

FILED
17 NOV 1995, at 03:06:59PM
Book 1409, Page 313 - 346
Betty June Hayes,
Register of Deeds,
Orange County, N. C.

NORTH CAROLINA - ORANGE COUNTY

The foregoing certificate(s) of Guido De Maere

A Notary (or Notaries) Public of the designated Governmental units is (are) certified to be correct. Filed for registration this the 17th day of November, 1995 at 3:06:59 o'clock, P.M.
In Record Book 1409 Page 313.
Return: _____
By: Betty June Hayes, Register of Deeds
Priscilla O. [Signature]
Assistant/Deputy
Register of Deeds

EXHIBIT A

TRACT 1:

BEING all of Lot 148E, as shown on the survey entitled "Final Plat Subdivision of Property for Robert C. Hogan, Sr. , et al," recorded in Plat Book 73, Page 157, Orange County Registry, which property shall be and is a Residential Lot under these Covenants, which lot is also subject to and has the benefits of the terms and conditions set forth in a Deed of Easement recorded in Book 1348, Page 394, Orange County Registry.

TRACT 2:

BEING all of the 0.06 Ac. and 0.10 Ac. parcels labeled Open Space on that certain plat and survey entitled "Final Plat Right of Way Dedication - A Portion of Lake Hogan Farm Road" dated November 8, 1995, by Brady H. Goforth and Associates, Inc., and recorded in Plat Book 74, Page 183, Orange County Registry.

TRACT 3:

BEING all of the property, excluding the right of way of any and all public roads, within Phase One, Section B, of Lake Hogan Farms shown on that certain plat and survey entitled "Final Plat - Lake Hogan Farms Subdivision - Phase One - Section B" dated .November 8, 1995, by Brady H. Goforth and Associates, Inc., and recorded in Plat Book 74, Page 184, Orange County Registry.

TRACT 4:

BEING all of the property, excluding the right of way of any and all public roads, within Phase One, Section C, of Lake Hogan Farms shown on that certain plat and survey entitled "Final Plat - Lake Hogan Farms Development - Phase One - Section C" dated November 8, 1995, by Brady H. Goforth and Associates, Inc., and recorded in Plat Book 74, Page 185, Orange County Registry.

TRACT 5:

BEING all of the property, excluding the right of way of any and all public roads, within Phase One, Section D, of Lake Hogan Farms shown on that certain plat and survey entitled "Final Plat - Lake Hogan Farms Subdivision - Phase One - Section D" dated November 8, 1995, by Brady H. Goforth and Associates, Inc., and recorded in Plat Book 74, Page 186, Orange County Registry.

Prepared by & return to: Guido De Maere
P.O. Box 3591, Chapel Hill, NC 27515

FIRST SUPPLEMENTARY
DECLARATION OF RIGHTS, RESTRICTIONS, AFFIRMATIVE
OBLIGATIONS AND CONDITIONS APPLICABLE
TO CERTAIN PROPERTY IN LAKE HOGAN FARMS

THIS DECLARATION entered into by LAKE HOGAN FARMS DEVELOPMENT COMPANY, LLC, a North Carolina Limited Liability Company (the "Company"), whose address is 123 Blackcherry Lane, Chapel Hill, NC 27514.

W I T N E S S E T H

WHEREAS, the Company is the owner of certain lands located within a community known as "Lake Hogan Farms" in Orange County, North Carolina.

WHEREAS, the Company wishes to declare certain restrictive covenants affecting certain lands in Lake Hogan Farms; and

WHEREAS, the Company previously recorded certain restrictive covenants affecting certain lands in Lake Hogan Farms, which said restrictions are recorded in Book 1409, Page 350, Orange County Registry; and

WHEREAS, such previously recorded restrictions provide in paragraph 8 of Part VI thereof that the Company may add other lands within Lake Hogan Farms to the property covered by such previously recorded restrictions by the filing of a Supplementary Declaration of Rights, Restrictions, Affirmative Obligations and Conditions; and

WHEREAS, the Company now wishes to exercise such right with regard to some additional parcels located within Lake Hogan Farms;

NOW, THEREFORE, the Company does hereby declare that the covenants and all other terms and conditions contained in the Declaration of Rights, Restrictions, Affirmative Obligations and Conditions recorded in Book 1409, Page 350, Orange County Registry, shall be covenants running with the land and shall apply henceforth to the lands described in Exhibit "All attached hereto. The Company reserves the right to add additional restrictive covenants in respect to lands to be conveyed in the future within the lands described in Exhibit "All attached hereto.

IN WITNESS WHEREOF, the Company has caused this instrument to

FOR MULTIPLE PIN SHEET
SEE BOOK 1415 PAGE 14-18

be executed in its name and its seal to be attached.

This the 15th day of March, 1996.

LAKE HOGAN FARMS DEVELOPMENT COMPANY, LLC

BY: CAROLINA AMERICA, LLC, Manager

BY: [Signature]
(General) Manager

BY: [Signature]
(General) Manager

NORTH CAROLINA
COUNTY OF Durham

I, LESLIE J. TEVEBAUGH a Notary Public of the County and State aforesaid, do hereby certify that Dale E. Redfoot and Bradley W. Young personally came before me this day and acknowledged that they are (General) Managers of Carolina America, LLC (a North Carolina Limited Liability Company; Manager of Lake Hogan Farms Development Company, LLC, a North Carolina Limited Liability Company,, and that the foregoing instrument was signed on behalf of Lake Hogan Farms Development Company, LLC.

Witness my hand and notarial seal this 15th day of March 1996.

[Signature]
Notary Public

My Commission Expires:



FILED
18 MAR 1996, at 03:11:51pm
Book 1445, Page 19 - 21
Betty June Hayes,
Register of Deeds,
Orange County, N. C.

NORTH CAROLINA - ORANGE COUNTY

The foregoing certificate(s) of Leslie J. Tevebaugh,

A Notary (~~and State~~) Public of the designated Governmental units is (~~are~~) certified to be correct. Filed for registration this the 18th day of March 19 96 at 3:11:51 o'clock, P.M.

in Record Book 1445 Page 19

Return: _____

Betty June Hayes, Register of Deeds
By: [Signature]
Assistant/Deputy Register of Deeds

EXHIBIT A

TRACT 1:

BEING all of the property, excluding the right of way of any and all public roads, within Phase One, Section F, of Lake Hogan Farms shown on that certain plat and survey entitled "Final Plat - Lake Hogan Farms Subdivision - Phase One - Section F" dated February 14, 1996, by Brady H. Goforth and Associates, Inc., and recorded in Plat Book 75, Page 104, Orange County Registry.

TRACT 2:

BEING all of the property, excluding the right of way of any and all public roads, within Phase One, Section G, of Lake Hogan Farms shown on that certain plat and survey entitled "Final Plat - Lake Hogan Farms Development - Phase One - Section G" dated February 14, 1996, by Brady H. Goforth and Associates, Inc., and recorded in Plat Book 75, Page 105, Orange County Registry.

TRACT 3:

BEING all of the property, excluding the right of way of any and all public roads, within Phase One, Section H, of Lake Hogan Farms shown on that certain plat and survey entitled "Final Plat - Lake Hogan Farms Subdivision - Phase One - Section H" dated February 14, 1996, by Brady H. Goforth and Associates, Inc., and recorded in Plat Book 75, Page 106, Orange County Registry.

hogan.di2

Prepared by & return to: Guido De Maere
P.O. Box 3591, Chapel Hill, NC 27515

FIRST SUPPLEMENTARY
DECLARATION OF COVENANTS AND RESTRICTIONS
OF THE LAKE HOGAN FARMS ASSOCIATION, INC.
AND LAKE HOGAN FARMS DEVELOPMENT COMPANY, LLC

THIS DECLARATION, entered into, by LAKE HOGAN FARMS DEVELOPMENT COMPANY, LLC, a North Carolina Limited Liability Company, hereinafter called "Company", whose address is 123 Blackcherry Lane, Chapel Hill, NC 27514.

W I T N E S S E T H

WHEREAS, the Company is the owner of certain lands located within a community known as "Lake Hogan Farms" in Orange County, North Carolina; and

WHEREAS, the Company desires to provide for the preservation of value and for the maintenance of common facilities and services and for a vehicle for the administration and enforcement of covenants and restrictions; and

WHEREAS, the Company previously recorded certain restrictive covenants affecting certain lands in Lake Hogan Farms, which said restrictions are recorded in Book 1409, Page 313, Orange County Registry; and

WHEREAS, such previously recorded restrictions provide in Article II, Section 2, thereof that the Company may add other lands within Lake Hogan Farms to the property covered by such previously recorded restrictions by the filing of a Supplementary Declaration of Covenants and Restrictions; and

WHEREAS, the Company now wishes to exercise such right with regard to some additional parcels located within Lake Hogan Farms;

NOW, THEREFORE, the Company does hereby declare that the covenants and all other terms and conditions contained in the Declaration of Covenants and Restrictions recorded in Book 1409, Page 313, Orange County Registry, shall be covenants running with the land and shall apply henceforth to the lands described in Exhibit !!AI! attached hereto.

IN WITNESS WHEREOF, the Company has caused this instrument to

FOR MULTIPLE PIN SHEET
SEE BOOK 1445 PAGE 22-26

be executed in its name and its seal to be attached.

This the 15th day of March, 1996.

LAKE HOGAN FARMS DEVELOPMENT COMPANY, LLC
BY: CAROLINA AMERICA, LLC, Manager

BY: Dale E. Redfoot
(General) Manager

BY: Bradley W. Young
(General) Manager

NORTH CAROLINA
COUNTY OF ORANGE

If Leslie J. Tevebaugh a Notary Public of the County and State aforesaid, do hereby certify that Dale E. Redfoot and Bradley W. Young personally came before me this day and acknowledged that they are (General) Managers of Carolina America, LLC (a North Carolina Limited Liability Company; Manager of Lake Hogan Farms Development Company, LLC, a North Carolina Limited Liability Company, and that the foregoing instrument was signed on behalf of Lake Hogan Farms Development Company, LLC.

Witness my hand and notarial seal this 15th day of March, 1996.

Leslie J. Tevebaugh
Notary Public



hoganhoa.s01

FILED
18 MAR 1996, at 03:11:53p
Book 1445, Page 27 - 29
Betty June Hayes,
Register of Deeds,
Orange County, N. C.

NORTH CAROLINA - ORANGE COUNTY

The foregoing certificate(s) of Leslie J. Tevebaugh,

A Notary ~~(and Notaries)~~ Public of the designated Governmental units is ~~(are)~~ certified to be correct. Filed for registration

this the 15th day of March 19 96, at 3:11:53 o'clock, P.M.

in Record Book 1445 Page 27

Return: _____

By: Betty June Hayes
Assistant/Deputy
Register of Deeds

EXHIBIT A

TRACT 1:

BEING all of the property, excluding 'the right of way of any and all public roads, within Phase One, Section F, of Lake Hogan Farms shown on that certain plat and survey entitled "Final Plat - Lake Hogan Farms Subdivision - Phase One - Section F" dated February 14, 1996, by Brady H. Goforth and Associates, Inc., and recorded in Plat Book 75, Page 104, Orange County Registry.

TRACT 2:

BEING all of the property, excluding the right of way of any and all public roads, within Phase One, Section G, of Lake Hogan Farms shown on that certain plat and survey entitled "Final Plat - Lake Hogan Farms Development - Phase One - Section G" dated February 14, 1996, by Brady H. Goforth and Associates, Inc., and recorded in Plat Book 75, Page 105, Orange County Registry.

TRACT 3:

BEING all of the property, excluding the right of way of any and all public roads, within Phase One, Section H, of Lake Hogan Farms shown on that certain plat and survey entitled "Final Plat - Lake Hogan Farms Subdivision - Phase One - Section H" dated February 14, 1996, by Brady H. Goforth and Associates, Inc., and recorded in Plat Book 75, Page 106, Orange County Registry.

Prepared by & return to: Guido De Maere

P.O. Box 3591, Chapel Hill, NC 27515

FILED

10 JUL 1996, at 04:16:18pm

Book 1486, Page 501 - 502

Betty June Hayes,
Register of Deeds,
Orange County, N. C.

BOOK 1486 PAGE 501

FOR MULTIPLE PIN SHEET
SEE BOOK 1486, PAGE 500

SECOND SUPPLEMENTARY
DECLARATION OF COVENANTS AND RESTRICTIONS
OF THE LAKE HOGAN FARMS ASSOCIATION, INC.
AND LAKE HOGAN FARMS DEVELOPMENT COMPANY, LLC

THIS DECLARATION, entered into, by LAKE HOGAN FARMS DEVELOPMENT COMPANY, LLC, a North Carolina Limited Liability Company, hereinafter called "Company", whose address is 123 Blackcherry Lane, Chapel Hill, NC 27514.

W I T N E S S E T H

WHEREAS, the Company is the owner of certain lands located within a community known as "Lake Hogan Farms" in Orange County, North Carolina; and

WHEREAS, the Company desires to provide for the preservation of value and for the maintenance of common facilities and services and for a vehicle for the administration and enforcement of covenants and restrictions; and

WHEREAS, the Company previously recorded certain restrictive covenants affecting certain lands in Lake Hogan Farms, which said restrictions are recorded in Book 1409, Page 313, Orange County Registry; and

WHEREAS, such previously recorded restrictions provide in Article II, Section 2, thereof that the Company may add other lands within Lake Hogan Farms to the property covered by such previously recorded restrictions by the filing of a Supplementary Declaration of Covenants and Restrictions; and

WHEREAS, the Company now wishes to exercise such right with regard to some additional parcels located within Lake Hogan Farms;

NOW, THEREFORE, the Company does hereby declare that the covenants and all other terms and conditions contained in the Declaration of Covenants and Restrictions recorded in Book 1409, Page 313, Orange County Registry, shall be covenants running with the land and shall apply henceforth to the lands described in Exhibit "A" attached hereto.

IN WITNESS WHEREOF, the Company has caused this instrument to

be executed in its name and its seal to be attached.

This the 10th day of July, 1996.

(SEAL)

LAKE HOGAN FARMS DEVELOPMENT COMPANY, LLC
BY: CAROLINA AMERICA, LLC, Manager

BY: Dale E. Redfoot
(General) Manager

BY: Bradley W. Young
(General) Manager

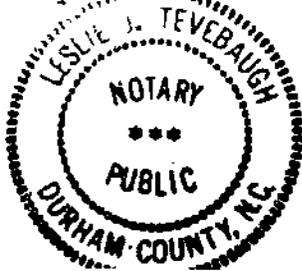
NORTH CAROLINA
COUNTY OF Durham

I, Leslie J. Tevebaugh a Notary Public of the County and State aforesaid, do hereby certify that Dale E. Redfoot and Bradley W. Young personally came before me this day and acknowledged, that they are (General) Managers of Carolina America, LLC (a North Carolina Limited Liability Company), Manager of Lake Hogan Farms Development Company, LLC, a North Carolina Limited Liability Company, and that the foregoing instrument was signed on behalf of Lake Hogan Farms Development Company, LLC.

Witness my hand and notarial seal this 10th day of July, 1996.

Leslie J. Tevebaugh
Notary Public

My Commission Expires: 10/14/97



hogancov.s02

NORTH CAROLINA - ORANGE COUNTY

The foregoing certificate(s) of Leslie J. Tevebaugh,

A Notary ~~and Notaries~~ Public of the designated Governmental units is ~~(are)~~ certified to be correct. Filed for registration this the 10th day of July 19 96, at 4:16:20 o'clock, P.M.

in Record Book 1486 Page 504

Return: _____

Betty June Hayes, Register of Deeds
By: Deborah B. B...
Assistant/Deputy Register of Deeds

BEING all of the property, excluding the right of way of any and all public roads, within Phase One, Section E, of Lake Hogan Farms shown on that certain plat and survey entitled "Final Plat - Lake Hogan Farms Subdivision - Phase One - Section E" dated February 2, 1996, by Brady H. Goforth and Associates, Inc., and recorded in Plat Book 76, Page 86, Orange County Registry.

THIRD SUPPLEMENTARY
DECLARATION OF COVENANTS AND RESTRICTIONS
OF THE LAKE HOGAN FARMS ASSOCIATION, INC.
AND LAKE HOGAN FARMS DEVELOPMENT COMPANY, LLC

THIS DECLARATION, entered into, by LAKE HOGAN FARMS DEVELOPMENT COMPANY, LLC, a North Carolina Limited Liability Company, hereinafter called "Company11, whose address is 123 Blackcherry Lane, Chapel Hill, NC 27514.

W I T N E S S E T H

WHEREAS, the Company is the owner of certain lands located within a community known as "Lake Hogan Farms" in Orange County, North Carolina; and

WHEREAS, the Company desires to provide for the preservation of value and for the maintenance of common facilities and services and for a vehicle for the administration and enforcement of covenants and restrictions; and

WHEREAS, the Company previously recorded certain restrictive covenants affecting certain lands in Lake Hogan Farms, which said restrictions are recorded in Book 1409, Page 313, Orange County Registry; and

WHEREAS, such previously recorded restrictions provide in Article II, Section 2, thereof that the Company may add other lands within Lake Hogan Farms to the property covered by such previously recorded restrictions by the-filing of a Supplementary Declaration of Covenants and Restrictions; and

WHEREAS, the Company now wishes to exercise such right with regard to some additional parcels located within Lake Hogan Farms;

NOW, THEREFORE, the Company does hereby declare that the covenants and all other terms and conditions contained in the Declaration of Covenants and Restrictions recorded in Book 1409, Page 313, Orange County Registry, shall be covenants running with the land and shall apply henceforth to the lands described in Exhibit "A" attached hereto.

IN WITNESS WHEREOF, the Company has caused this instrument to

be executed in its name and its seal to be attached.

This the 16th day of February, 1998.

LAKE HOGAN FARMS DEVELOPMENT COMPANY, LLC
BY: CAROLINA AMERICA LLC, Manager

BY: *Dale E. Redfoot*
Dale E. Redfoot, Manager

BY: *Brad A. Redfoot*
Brad A. Redfoot, Manager

NORTH CAROLINA
COUNTY OF Durham

I, Leslie J. Tevebaugh, a Notary Public of the County and State aforesaid, do hereby certify that Dale E. Redfoot and Brad A. Redfoot, personally came before me this day and acknowledged that they are Managers of Carolina America, LLC (a North Carolina Limited Liability Company), Manager of Lake Hogan Farms Development Company, LLC, a North Carolina Limited Liability Company, and that the foregoing instrument was signed on behalf of Lake Hogan Farms Development Company, LLC.

Witness my hand and notarial seal this 16th day of February, 1998.

My Commission Expires: 10/14/2002

Leslie J. Tevebaugh
Notary Public



FILED
20 FEB 1998, at 03:10:45p
Book 1689, Page 560 - 562
Betty June Hayes,
Register of Deeds,
Orange County, N. C.

NORTH CAROLINA - ORANGE COUNTY

The foregoing certificate(s) of *Leslie J. Tevebaugh*

A Notary (or Notaries) Public of the designated Governmental units is (are) certified to be correct. Filed for registration

this the 20th day of February 19 98, at 3:10:45 o'clock, P.M.
in Record Book 1689 Page 560.

Return: _____

Betty June Hayes, Register of Deeds
By: *Ann C. Clay Sr*
Assistant/Deputy
Register of Deeds

Restrictions

Lake Hogan Farms Development Company, LLC

Lake Hogan Farms Subdivision, Phase Two

EXHIBIT A

Parcel # 1:

All of the real property, except for the public street rights of way, within the boundaries of Lake Hogan Farms Subdivision Phase Two, all as shown on a survey by Brady H. Goforth & Associates, Inc. dated January 22, 1998, entitled "Final Plat - Lake Hogan Farms Subdivision Phase Two - Sheet 1 of 3" recorded in Plat Book 80, Page 25, Orange County Registry.

Parcel # 2:

All of the real property, except for the public street rights of way, within the boundaries of Lake Hogan Farms Subdivision Phase Two, all as shown on a survey by Brady H. Goforth & Associates, Inc. dated January 22, 1998, (revised 1/30/98) entitled "Final Plat - Lake Hogan Farms Subdivision - Phase Two - Sheet 2 of 3" recorded in Plat Book 80, Page 26, Orange County Registry.

Parcel #3:

All of the real property, except for the public street rights of way, within the boundaries of Lake Hogan Farms Subdivision Phase Two, all as shown on a survey by Brady H. Goforth & Associates, Inc. dated January 22, 1998, (revised February 2, 1998) entitled "Final Plat -Lake Hogan Farms Subdivision - Phase Two - Open Space - Sheet 3 of 3" recorded in Plat Book 80, Page 27 Orange County Registry.

LHF - des RC Ph2

Prepared by & return to: Guido De Maere
P.O. Box 3591, Chapel Hill, NC 27515

THIRD SUPPLEMENTARY
DECLARATION OF RIGHTS, RESTRICTIONS, AFFIRMATIVE
OBLIGATIONS AND CONDITIONS APPLICABLE
TO CERTAIN PROPERTY IN LAKE HOGAN FARMS

THIS DECLARATION entered into by LAKE HOGAN FARMS DEVELOPMENT COMPANY, LLC, a North Carolina Limited Liability Company (the "Company"), whose address is 123 Blackcherry Lane, Chapel Hill, NC 27514.

W I T N E S S E T H

WHEREAS, the Company is the owner of certain lands located within a community known as "Lake Hogan Farms" in Orange County, North Carolina.

WHEREAS, the Company wishes to declare certain restrictive covenants affecting certain lands in Lake Hogan Farms; and

WHEREAS, the Company previously recorded certain restrictive covenants affecting certain lands in Lake Hogan Farms, which said restrictions are recorded in Book 1409, Page 350, Orange County Registry; and

WHEREAS, such previously recorded restrictions provide in paragraph 8 of Part VI thereof that the Company may add other lands within Lake Hogan Farms to the property covered by such previously recorded restrictions by the filing of a Supplementary Declaration of Rights, Restrictions, Affirmative Obligations and Conditions; and

WHEREAS, the Company now wishes to exercise such right with regard to some additional parcels located within Lake Hogan Farms;

NOW, THEREFORE, the Company does hereby declare that the covenants and all other terms and conditions contained in the Declaration of Rights, Restrictions, Affirmative Obligations and Conditions recorded in Book 1409, Page 350, Orange County Registry, shall be covenants running with the land and shall apply henceforth to the lands described in Exhibit "A" attached hereto. The Company reserves the right to add additional restrictive covenants in respect to lands to be conveyed in the future within the lands described in Exhibit "A" attached hereto.

IN WITNESS WHEREOF, the Company has caused this instrument to

be executed in its name and its seal to be attached.

This the 16th day of February, 1998.

LAKE HOGAN FARMS DEVELOPMENT COMPANY, LLC
BY: CAROLINA AMERICA, LLC, Manager

BY: Dale E. Redfoot
Dale E. Redfoot, Manager

BY: Brad Redfoot
Brad Redfoot, Manager

NORTH CAROLINA
COUNTY OF Durham

I, Leslie J. Tevebaugh a Notary Public of the County and State aforesaid, do hereby certify that Dale E. Redfoot and Brad Redfoot, personally came before me this day and acknowledged that they are Managers of Carolina America, LLC (a North Carolina Limited Liability Company), Manager of Lake Hogan Farms Development Company, LLC, a North Carolina Limited Liability Company, and that the foregoing instrument was signed on behalf of Lake Hogan Farms Development Company, LLC.

Witness my hand and notarial seal this 16th day of February, 1998.

Leslie J. Tevebaugh
Notary Public



FILED
20 FEB 1998, at 03:10:47pm
Book 1689, Page 566 - 568
Betty June Hayes,
Register of Deeds,
Orange County, N. C.

NORTH CAROLINA - ORANGE COUNTY

The foregoing certificate(s) of Leslie J. Tevebaugh

A Notary (or Notaries) Public of the designated Governmental units is (are) certified to be correct. Filed for registration this the 20th day of February 19 98, at 3:10:47 o'clock, P.M. in Record Book 1689 Page 566.
Return: _____
By: Betty June Hayes Register of Deeds
Assistant/Deputy
Register of Deeds

Restrictions
Lake Hogan Farms Development Company, LLC
Lake Hogan Farms Subdivision, Phase Two

EXHIBIT A

Parcel #1:

All of the real property, except for the public street rights of way, within the boundaries of Lake Hogan Farms Subdivision Phase Two, all as shown on a survey by Brady H. Goforth & Associates, Inc. dated January 22, 1998, entitled "Final Plat - Lake Hogan Farms Subdivision Phase Two - Sheet 1 of 3" recorded in Plat Book 80, Page 25, Orange County Registry.

Parcel # 2:

All of the real property, except for the public street rights of way, within the boundaries of Lake Hogan Farms Subdivision Phase Two, all as shown on a survey by Brady H. Goforth & Associates, Inc. dated January 22, 1998, (revised 1/30/98) entitled "Final Plat - Lake Hogan Farms Subdivision - Phase Two - Sheet 2 of 3" recorded in Plat Book 80, Page 25, Orange County Registry.

Parcel #3:

All of the real property, except for the public street rights of way, within the boundaries of Lake Hogan Farms Subdivision Phase Two, all as shown on a survey by Brady H. Goforth & Associates, Inc. dated January 22, 1998, (revised February 2, 1998) entitled "Final Plat -Lake Hogan Farms Subdivision - Phase Two - Open Space - Sheet 3 of 3" recorded in Plat Book 80, Page 27, Orange County Registry.

Prepared by & return to: Guido De Maere
P.O. Box 3591, Chapel Hill, NC 27515

FOURTH SUPPLEMENTARY
DECLARATION OF COVENANTS AND RESTRICTIONS
OF THE LAKE HOGAN FARMS ASSOCIATION, INC.
AND LAKE HOGAN FARMS DEVELOPMENT COMPANY, LLC

THIS DECLARATION, entered into, by LAKE HOGAN FARMS DEVELOPMENT COMPANY, LLC, a North Carolina Limited Liability Company, hereinafter called "Company", whose address is 123 Blackcherry Lane, Chapel Hill, NC 27514.

W I T N E S S E T H

WHEREAS, the Company is the owner of certain lands located within a community known as "Lake Hogan Farms" in Orange County, North Carolina; and

WHEREAS, the Company desires to provide for the preservation of value and for the maintenance of common facilities and services and for a vehicle for the administration and enforcement of covenants and restrictions; and

WHEREAS, the Company previously recorded certain restrictive covenants affecting certain lands in Lake Hogan Farms, which said restrictions are recorded in Book 1409, Page 313, Orange County Registry; and

WHEREAS, such previously recorded restrictions provide in Article II, Section 2, thereof that the Company may add other lands within Lake Hogan Farms to the property covered by such previously recorded restrictions by the filing of a Supplementary Declaration of Covenants and Restrictions; and

WHEREAS, the Company now wishes to exercise such right with regard to some additional parcels located within Lake Hogan Farms;

NOW, THEREFORE, the Company does hereby declare that the covenants and all other terms and conditions contained in the Declaration of Covenants and Restrictions recorded in Book 1409, Page 313, Orange County Registry, shall be covenants running with the land and shall apply henceforth to the lands described as:

Being all of Lot 69 as shown on the plat and survey entitled by Brady H. Goforth & Associates, Inc.
"Final Plat - Subdivision of Property for LAKE HOGAN FARMS

SUBDIVISION - LOT 69" dated April 13, 1998, recorded in Plat Book 80, Page 149, Orange County Registry.

IN WITNESS WHEREOF, the Company has caused this instrument to be executed in its name and its seal to be attached.

This the 19th day of May, 1998.

LAKE HOGAN FARMS DEVELOPMENT COMPANY, LLC
BY: CAROLINA AMERICA, LLC, Manager

BY: Dale E. Redfoot
Dale E. Redfoot, Manager

BY: Brad Redfoot
Brad Redfoot, Manager

NORTH CAROLINA
COUNTY OF ORANGE

I, GUIDO DE MAERE, a Notary Public of the County and State aforesaid, do hereby certify that Dale E. Redfoot and Brad Redfoot, personally came before me this day and acknowledged that they are Managers of Carolina America, LLC (a North Carolina Limited Liability Company) , Manager of Lake Hogan Farms Development Company, LLC, a North Carolina Limited Liability Company, and that the foregoing instrument was signed on behalf of Lake Hogan Farms Development Company, LLC.

Witness my hand and notarial seal this 19th day of May, 1998.

[Signature]
Notary Public

My Commission Expires: 8/24/1999

FILED
19 MAY 1998, at 04:41:12pm
Book 1733, Page 595 - 596
Betty June Hayes,
Register of Deeds,
Orange County, N. C.



NORTH CAROLINA - ORANGE COUNTY

The foregoing certificate of Guido De Maere

Notary Public of the designated Governmental units is certified to be correct. Filed for registration on this the 19th day of May 1998, at 4:41:12 o'clock, PM.
in Record Book 1733 Page 595.
Return: _____
By: Betty June Hayes
Assistant Deputy
Register of Deeds

Prepared by & return to: Guido De Maere
P.O. Box 3591, Chapel Hill, NC 27515

FOURTH SUPPLEMENTARY
DECLARATION OF RIGHTS, RESTRICTIONS, AFFIRMATIVE
OBLIGATIONS AND CONDITIONS APPLICABLE
TO CERTAIN PROPERTY IN LAKE HOGAN FARMS

THIS DECLARATION entered into by LAKE HOGAN FARMS DEVELOPMENT COMPANY, LLC, a North Carolina Limited Liability Company (the "Company"), whose address is 123 Blackcherry Lane, Chapel Hill, NC 27514.

W I T N E S S E T H

WHEREAS, the Company is the owner of certain lands located within a community known as "Lake Hogan Farms" in Orange County, North Carolina.

WHEREAS, the Company wishes to declare certain restrictive covenants affecting certain lands in Lake Hogan Farms; and

WHEREAS, the Company previously recorded certain restrictive covenants affecting certain lands in Lake Hogan Farms, which said restrictions are recorded in Book 1409, Page 350, Orange County Registry; and

WHEREAS, such previously recorded restrictions provide in paragraph 8 of Part VI thereof that the Company may add other lands within Lake Hogan Farms to the property covered by such previously recorded restrictions by the filing of a Supplementary Declaration of Rights, Restrictions, Affirmative Obligations and Conditions; and

WHEREAS, the Company now wishes to exercise such right with regard to some additional parcels located within Lake Hogan Farms;
NOW, THEREFORE, the Company does hereby declare that the covenants and all other terms and conditions contained in the Declaration of Rights, Restrictions, Affirmative Obligations and Conditions recorded in Book 1409, Page 350, Orange County Registry, shall be covenants running with the land and shall apply henceforth to the lands described as:

Being all of Lot 69 as shown on the plat and survey entitled by Brady H. Goforth & Associates, Inc. "Final Plat - Subdivision of Property for LAKE HOGAN FARMS SUBDIVISION - LOT 69" dated April 13, 1998, recorded in Plat Book 80, Page 149, Orange County Registry.

IN WITNESS WHEREOF, the Company has caused this instrument to be executed in its name and its seal to be attached.

This the 19TH day of May, 1998.

LAKE HOGAN FARMS DEVELOPMENT COMPANY, LLC
BY: CAROLINA AMERICA, LLC, Manager

BY: Dale E. Redfoot
Dale E. Redfoot, Manager

BY: Brad Redfoot
Brad Redfoot, Manager

NORTH CAROLINA
COUNTY OF ORANGE

I, GUIDO DE MAERE, a Notary Public of the County and State aforesaid, do hereby certify that Dale E. Redfoot and Brad Redfoot, personally came before me this day and acknowledged that they are Managers of Carolina America, LLC (a North Carolina Limited Liability Company), Manager of Lake Hogan Farms Development Company, LLC, a North Carolina Limited Liability Company, and that the foregoing instrument was signed on behalf of Lake Hogan Farms Development Company, LLC.

Witness my hand and notarial seal this 19th day of May, 1998.

[Signature]
Notary Public

My Commission Expires: 2/24/1999



FILED
19 MAY 1998, at 04:41:11pm
Book 1733, Page 593 - 594
Betty June Hayes,
Register of Deeds,
Orange County, N. C.

NORTH CAROLINA - ORANGE COUNTY

The foregoing certificate(s) of Guido De Maere

Notary ~~(or Notary)~~ Public of the designated Governmental units is ~~(is)~~ certified to be correct. Filed for registration

on the 19th day of May 1998 at 4:41:11 o'clock, PM.

Record Book 1733 Page 593

Betty June Hayes, Register of Deeds
By: Priscilla C. Meyer
Assistant/Deputy
Register of Deeds

Prepared by & return to: Guido De Maere

P.O. Box 3591, Chapel Hill, NC 27515

FIFTH SUPPLEMENTARY
DECLARATION OF COVENANTS AND RESTRICTIONS
OF THE LAKE HOGAN FARMS ASSOCIATION, INC.
AND LAKE HOGAN FARMS DEVELOPMENT COMPANY, LLC

THIS DECLARATION, entered into, by LAKE HOGAN FARMS DEVELOPMENT COMPANY, LLC, a North Carolina Limited Liability Company, hereinafter called "Company", whose address is 123 Blackcherry Lane, Chapel Hill, NC 27514.

W I T N E S S E T H

WHEREAS, the Company is the owner of certain lands located within a community known as "Lake Hogan Farms" in Orange County, North Carolina; and

WHEREAS, the Company desires to provide for the preservation of value and for the maintenance of common facilities and services and for a vehicle for the administration and enforcement of covenants and restrictions; and

WHEREAS, the Company previously recorded certain restrictive covenants affecting certain lands in Lake Hogan Farms, which said restrictions are recorded in Book 1409, Page 313, Orange County Registry; and

WHEREAS, such previously recorded restrictions provide in Article II, Section 2, thereof that the Company may add other lands within Lake Hogan Farms to the property covered by such previously recorded restrictions by the filing of a Supplementary Declaration of Covenants and Restrictions; and

WHEREAS, the Company now wishes to exercise such right with regard to some additional parcels located within Lake Hogan Farms;

NOW, THEREFORE, the Company does hereby declare that the covenants and all other terms and conditions contained in the Declaration of Covenants and Restrictions recorded in Book 1409, Page 313, Orange County Registry, shall be covenants running with the land and shall apply henceforth to the lands described in Exhibit "A" attached hereto.

IN WITNESS WHEREOF, the Company has caused this instrument to

be executed in its name and its seal to be attached.

This the 5th day of October, 1998.

LAKE HOGAN FARMS DEVELOPMENT COMPANY, LLC

BY: CAROLINA AMERICA, LLC, Manager

BY: Dale E. Redfoot
Dale E. Redfoot, Manager

BY: Brad Redfoot
Brad Redfoot, Manager

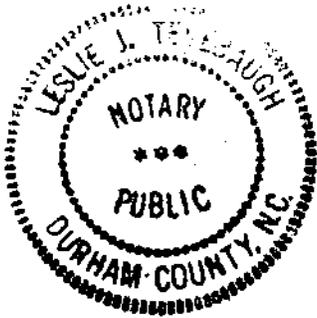
NORTH CAROLINA
COUNTY OF DURHAM

I, Leslie J. Tevebaugh a Notary Public of the County and State aforesaid, do hereby certify that Dale E. Redfoot and Brad Redfoot, personally came before me this day and acknowledged that they are Managers of Carolina America, LLC (a North Carolina Limited Liability Company) , Manager of Lake Hogan Farms Development Company, LLC, a North Carolina Limited Liability Company, and that the foregoing instrument was signed on behalf of Lake Hogan Farms Development Company, LLC.

Witness my hand and notarial seal this 5th day of October, 1998.

Leslie J. Tevebaugh
Notary Public

My Commission Expires: 10/14/2002



LHF-COV-S06

State of North Carolina-Orange County

The foregoing certificate(s) of _____

Leslie J. Tevebaugh

A Notary (~~Notaries~~) Public for the Designated Governmental units is (~~are~~) certified to be correct. See filing certificate(s) herein.

This the 6th day of Oct A.D. 1998.

Betty June Hayes By: Priscilla D. Hayes
Register of Deeds ~~Acting~~ Deputy

FILED
06 OCT 1998, at 11:03:49am
Book 1807, Page 224 - 226
Betty June Hayes,
Register of Deeds,
Orange County, N. C.

Restrictions

Lake Hogan Farms Development Company, LLC

Lake Hogan Farms Subdivision, Lot 171 and Phase Three - Sheets 2 & 3 of 3

EXHIBIT A

Parcel # 1:

Being all of Lot 171 as shown on the plat and survey by Brady H. Goforth & Associates, Inc. entitled "Final Plat - Subdivision of Property for LAKE HOGAN FARMS SUBDIVISION -Phase One - Section 1A" dated August 31,1998, recorded in Plat Book 81, Page 150, Orange County Registry.

Parcel # 2:

All of the real property, except for the public street rights of way, within the boundaries of Lake Hogan Farms Subdivision Phase Three, Sheet 2 of 3, all as shown on a survey by Brady H. Goforth & Associates, Inc. June 3, 1998, revised July 21, 1998, entitled "Final Plat - Lake Hogan Farms Subdivision - Phase Three - Sheet 2 of 3" recorded in Plat Book 81, Page 141, Orange County Registry.

Parcel #3:

All of the real property, except for the public street rights of way, within the boundaries of Lake Hogan Farms Subdivision Phase Three, Sheet 3 of 3, all as shown on a survey by Brady H. Goforth & Associates, Inc. June 3,1998, last revised September 2, 1998, entitled "Final Plat -Lake Hogan Farms Subdivision - Phase Three - Sheet 3 of 3" recorded in Plat Book 81, Page 142, Orange County Registry.

Prepared by & return to: Guido De Maere

P.O. Box 3591, Chapel Hill, NC 27515

FOR MULTIPLE PIN SHEET
SEE BOOK 1807 PAGE 232

BOOK **1807** PAGE **230**

FIFTH SUPPLEMENTARY
DECLARATION OF RIGHTS, RESTRICTIONS, AFFIRMATIVE
OBLIGATIONS AND CONDITIONS APPLICABLE
TO CERTAIN PROPERTY IN LAKE HOGAN FARMS

THIS DECLARATION entered into by LAKE HOGAN FARMS DEVELOPMENT COMPANY, LLC, a North Carolina Limited Liability Company (the "Company"), whose address is 123 Blackcherry Lane, Chapel Hill, NC 27514.

W I T N E S S E T H

WHEREAS, the Company is the owner of certain lands located within a community known as "Lake Hogan Farms" in Orange County, North Carolina.

WHEREAS, the Company wishes to declare certain restrictive covenants affecting certain lands in Lake Hogan Farms; and

WHEREAS, the Company previously recorded certain restrictive covenants affecting certain lands in Lake Hogan Farms, which said restrictions are recorded in Book 1409, Page 350, Orange County Registry; and

WHEREAS, such previously recorded restrictions provide in paragraph 8 of Part VI thereof that the Company may add other lands within Lake Hogan Farms to the property covered by such previously recorded restrictions by the filing of a Supplementary Declaration of Rights, Restrictions, Affirmative Obligations and Conditions; and

WHEREAS, the Company now wishes to exercise such right with regard to some additional parcels located within Lake Hogan Farms;

NOW, THEREFORE, the Company does hereby declare that the covenants and all other terms and conditions contained in the Declaration of Rights, Restrictions, Affirmative Obligations and Conditions recorded in Book 1409, Page 350, Orange County Registry, shall be covenants running with the land and shall apply henceforth to the lands described in Exhibit "A" attached hereto. The Company reserves the right to add additional restrictive covenants in respect to lands to be conveyed in the future within the lands described in Exhibit "A" attached hereto.

IN WITNESS WHEREOF, the Company has caused this instrument to

be executed in its name and its seal to be attached.

This the 5th day of October, 1998.

LAKE HOGAN FARMS DEVELOPMENT COMPANY, LLC

BY: CAROLINA AMERICA, LLC, Manager

BY: Dale E. Redfoot
Dale E. Redfoot, Manager

BY: Brad Redfoot
Brad Redfoot, Manager

NORTH CAROLINA
COUNTY OF DURHAM

I, Leslie J. Tevebaugh, a Notary Public of the County and State aforesaid, do hereby certify that Dale E. Redfoot and Brad Redfoot, personally came before me this day and acknowledged that they are Managers of Carolina America, LLC (a North Carolina Limited Liability Company), Manager of Lake Hogan Farms Development Company, LLC, a North Carolina Limited Liability Company, and that the foregoing instrument was signed on behalf of Lake Hogan Farms Development Company, LLC.

Witness my hand and notarial seal this 5th day of October, 1998

Leslie J. Tevebaugh
Notary Public



LHF-HOA-S05

State of North Carolina-Orange County
The foregoing certificate(s) of Leslie J. Tevebaugh

A Notary (Notaries) Public for the Designated Governmental units is (are) certified to be correct. See filing certificates herein.

This the 6th day of Oct, A.D. 1998

Betty June Hayes By: Priscilla D. Mye
Register of Deeds Assistant Deputy



FILED
06 OCT 1998, at 11:03:51 AM
Book 1807, Page 230 - 232
Betty June Hayes,
Register of Deeds,
Orange County, N. C.

Restrictions

Lake Hogan Farms Development Company, LLC

Lake Hogan Farms Subdivision, Lot 171 and Phase Three - Sheets 2 & 3 of 3

EXHIBIT A

Parcel # 1:

Being all of Lot 171 as shown on the plat and survey by Brady H. Goforth & Associates, Inc. entitled "Final Plat - Subdivision of Property for LAKE HOGAN FARMS SUBDIVISION -Phase One - Section 1A" dated August 31, 1998, recorded in Plat Book 81, Page 150, Orange County Registry.

Parcel # 2:

All of the real property, except for the public street rights of way, within the boundaries of Lake Hogan Farms Subdivision Phase Three, Sheet 2 of 3, all as shown on a survey by Brady H. Goforth & Associates, Inc. June 3, 1998, revised July 21, 1998, entitled "Final Plat - Lake Hogan Farms Subdivision - Phase Three - Sheet 2 of 3" recorded in Plat Book 81, Page 141, Orange County Registry.

Parcel #3:

All of the real property, except for the public street rights of way, within the boundaries of Lake Hogan Farms Subdivision Phase Three, Sheet 3 of 3, all as shown on a survey by Brady H. Goforth & Associates, Inc. June 3, 1998, last revised September 2, 1998, entitled "Final Plat -Lake Hogan Farms Subdivision - Phase Three - Sheet 3 of 3" recorded in Plat Book 81, Page 142, Orange County Registry.

Prepared by & return to: Guido De Maere
P.O. Box 3591, Chapel Hill, NC 27515

FIRST ADDENDUM TO
DECLARATION OF COVENANTS AND RESTRICTIONS
OF THE LAKE HOGAN FARMS ASSOCIATION, INC.
AND LAKE HOGAN FARMS DEVELOPMENT COMPANY, LLC

THIS AMENDMENT, entered into, by LAKE HOGAN FARMS DEVELOPMENT COMPANY, LLC, a North Carolina Limited Liability Company, hereinafter called "Company", whose address is 123 Blackcherry Lane, Chapel Hill, NC 27514, and LAKE HOGAN FARMS ASSOCIATION, INC., a North Carolina non-profit corporation, hereinafter called "Association", whose address is 123 Blackcherry Lane, Chapel Hill, NC 27514.

W I T N E S S E T H

WHEREAS, the Company is the developer of certain lands located within a community known as "Lake Hogan Farms" in Orange County, North Carolina; and

WHEREAS, the Association is the duly organized entity acting as the association of the owners of property within "Lake Hogan Farms"; and

WHEREAS, the Company and the Association desire to provide for the preservation of value and for the maintenance of common facilities and services and for a proper vehicle for the administration and enforcement of covenants and restrictions; and

WHEREAS, the Company previously recorded certain Covenants affecting certain lands in Lake Hogan Farms, which said Covenants are recorded in Book 1409, Page 313, Orange County Registry; and

WHEREAS, such previously recorded Covenants apply to the properties indicated therein and also to the properties covered by the Supplemental Declarations recorded in Book 1445, Page 27, Book 1486, Page 501, Book 1689, Page 560 and Book 1733, Page 595, Orange County Registry; and

WHEREAS, such previously recorded Covenants provide in Article VIII, Section 2, thereof that the Association and the Company may amend such Covenants by adopting and recording an ADDENDUM to such Covenants; and

WHEREAS, the Association and the Company now wish to exercise such right;

FOR MULTIPLE PIN SHEET
SEE BOOK 1825 PAGE 457-470

NOW, THEREFORE, the Association does hereby declare that, at a duly called meeting of the Members of the Association, the following actions regarding the amendment of the covenants and all other terms and conditions contained in the Declaration of Covenants and Restrictions recorded in Book 1409, Page 313, Orange County Registry, were taken:

DATE OF NOTICE OF MEETING: April 6, 1998
DATE OF MEETING: April 22, 1998
EFFECTIVE DATE OF AMENDMENTS: April 22, 1998.
NUMBER OF VOTES REQUIRED FOR QUORUM: 6
NUMBER OF VOTES PRESENT: 23
NUMBER OF VOTES REQUIRED FOR APPROVAL OF AMENDMENTS: 18
NUMBER OF VOTES IN FAVOR OF AMENDMENTS: 23
NUMBER OF VOTES AGAINST AMENDMENTS: 0

AMENDMENTS ADOPTED:

1. Article III, Section 2, is amended by adding the following sentence to the next to the last paragraph thereof: "No such assignment of voting rights shall in any way diminish any obligation of Owner under these Covenants."
2. Article III, Section 1, is amended by inserting at the beginning of the first sentence thereof the following words: "Until such time as the Company (and/or its successors and/or assigns) has sold at least 95% of the building lots approved pursuant to the Use Permit for Lake Hogan Farms, ..."
3. Article III, Section 2, is amended by adding to the paragraph entitled TYPE "E" " the following sentence: "This type Membership shall terminate as provided in Article III, Section 1, above."
4. Article IV, Section 3 (d) , is amended by adding after the last word of the last sentence thereof the following words: "in addition to any otherwise existing obligation of Company to so construct any such facilities".
5. Article V, Section 3 (a) is amended by deleting therefrom in its entirety the third paragraph thereof (starting with "Providing ..." and ending with "... Properties") and replacing it with the following paragraph: " Providing that the Maximum Regular Annual Assessment for Residential Lots, Family Dwelling Units, Public or Commercial Units, and Type "H" Members shall be adjusted further quarterly by multiplying the amounts stated above by the number of recreational points (as defined by the zoning laws and regulations of the Town of Carrboro, North Carolina) earned by the Properties as of January 1, April 1, July 1 and October 1, respectively, of the year

of such assessment and divided by the total number of recreational points planned for the Properties. Such quarterly adjustments may be billed quarterly as they are made, even when the unadjusted assessments are billed on a different schedule."

6. Article V, Section 1, is amended by inserting on the thirteenth (13th) line thereof, after the word "such" the following words: "late fees thereon,".
7. Article V, Section 10, is amended by inserting on the fifth (5th) line of the first paragraph thereof, after the word "with" the following words: "late fees thereon,".
8. Article V, Section 3 (i) , is amended by adding the following sentence thereto: "Any Assessment not paid by its due date shall accrue a late fee of \$25.00 for each month in which such payment remains delinquent; such late fee is to cover additional administrative costs and is not a finance charge."
9. Article V, Section 10, is amended by inserting on the sixth (6th) line of the second paragraph thereof, after the word "include" the following words: "late fees and".
10. Article V, Section 15, is amended by deleting therefrom, on the second and third line thereof, the words "at least three (3) months assessment" and inserting in lieu thereof the words: "\$300.00 or three (3) months assessment, whichever is higher,".

The Company joins in this addendum for the purpose of acknowledging its consent to the contents of this Addendum as required by Article VIII, Section 2, of the Covenants.

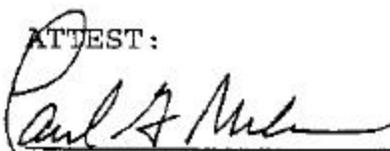
IN WITNESS WHEREOF, the Association has caused this instrument to be signed by its President and attested by its Secretary, and its corporate seal to be hereunto affixed, and the Company has caused this instrument to be executed in its name.

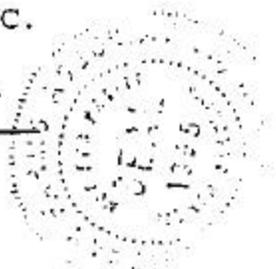
This the 22nd day of April, 1998.

LAKE HOGAN FARMS ASSOCIATION, INC.

By: 
President

ATTEST:


Secretary



LAKE HOGAN FARMS DEVELOPMENT COMPANY, LLC
BY: CAROLINA AMERICA, LLC, Manager

BY: [Signature]
Dale E. Redfoot, Manager

BY: [Signature]
Brad Redfoot, Manager

NORTH CAROLINA
COUNTY OF ORANGE

I, GUIDO DE MAERE, a Notary Public for said County, State of North Carolina, do hereby certify that Paul G. Milam personally appeared before me this day and acknowledged that he is Secretary of Lake Hogan Farms Association, Inc., a 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 notarial seal this the 11th day of NOVEMBER, 1998.

(SEAL)

[Signature]
Notary Public

My commission expires: 8/24/1999



NORTH CAROLINA
COUNTY OF DURHAM

I, Leslie J. Tevebaugh, a Notary Public of the County and State aforesaid, do hereby certify that Dale E. Redfoot and Brad Redfoot, personally came before me this day and acknowledged that they are Managers of Carolina America, LLC (a North Carolina Limited Liability Company), Manager of Lake Hogan Farms Development Company, LLC, a North Carolina Limited Liability Company, and that the foregoing instrument was signed by them as Managers on behalf of Lake Hogan Farms Development Company, LLC.

Witness my hand and notarial seal this 2nd day of November, 1998.

[Signature]
Notary Public

My Commission Expires: 10/14/2002



FILED
13 NOV 1998, at 03:27:17pm
Book 1825, Page 471 - 474
Betty June Hayes,
Register of Deeds,
Orange County, N. C.

NORTH CAROLINA - ORANGE COUNTY

The foregoing certificate(s) of Guido De Maere +

Leslie J. Tevebaugh
Notaries

Public of the designated Governmental units are certified to be correct. Filed for registration

this the 13th day of Nov 19 98 at 3:27:17 o'clock, PM.

in Record Book 1825 Page 471

Betty June Hayes, Register of Deeds

Return: _____

By: [Signature]
Assistant/Deputy
Register of Deeds

FOR MULTIPLE PIN SHEET
SEE BOOK 1504 / PAGE 337-338

DECLARATION OF ADDITIONAL RIGHTS, RESTRICTIONS, AFFIRMATIVE
OBLIGATIONS AND CONDITIONS APPLICABLE
TO VILLAGE HOME SITES IN LAKE HOGAN FARMS

WHEREAS, Lake Hogan Farms Development Company, LLC, a North Carolina Limited Liability Company (the "Company") and Greenfield Homes, Inc. ("Greenfield"), a North Carolina corporation are the owners of certain lands located within a community known as "Lake Hogan Farms" in Orange County, North Carolina.

WHEREAS, the Company and Greenfield wish to declare certain restrictive covenants affecting certain lands in Lake Hogan Farms.

NOW, THEREFORE, the Company and Greenfield do hereby declare that the covenants contained herein shall be covenants running with the land and shall apply to the lands described in Exhibit "A" attached hereto (the "Properties"), and such additions thereto as may hereinafter be made pursuant to paragraph 8 of Part III hereof. The Company reserves in each instance the right to add additional restrictive covenants in respect to lands to be conveyed in the future within the Properties, or to limit therein the application of this Declaration.

DEFINITIONS

"Lake Hogan Farms" when used herein shall refer to the lands in Orange County, North Carolina, which are shown as a part of Lake Hogan Farms on the Company's Master Plan as revised from time to time.

Whenever used herein, the term "Company" or "the Company" shall refer to Lake Hogan Farms Development Company, LLC, a North Carolina Limited Liability Company, its successors and assigns, and any agent (s) appointed by it, or its successors and assigns, to act on its behalf for the purpose of administering or enforcing, in whole or in part, the rights reserved unto the Company in this Declaration. Central Carolina Bank and Trust Company shall be substituted automatically for the Company in the event that Central Carolina Bank and Trust Company acquires title to the Property in a foreclosure of that certain Line of Credit Deed of Trust (and Security Agreement) from the Company to Southland Associates, Inc., Trustee for Central Carolina Bank and Trust Company, dated the 1st day of June, 1995, and recorded in Book 1355, page 329, Orange County Registry.

Whenever used herein, the term "Association" shall refer to Lake Hogan Farms Association, Inc., a North Carolina nonprofit, non-stock corporation, its successors and assigns.

The terms "Property" and "Properties" when used herein shall refer to any tract of land or subdivision thereof in Lake Hogan Farms which has been subjected to the provisions of this Declaration or of any Supplemental Declaration under the provisions of paragraph 8 of Part III hereof, including, without limitation, all that tract or parcel of land situate, lying and being in Orange County, North Carolina, which is more particularly described in

Exhibit "A" attached hereto and by specific reference made a part hereof.

The term "Owner" when used in this Declaration shall mean and refer to any and all owners of an interest in real property in Lake Hogan Farms which has been subjected to the provisions of this Declaration, including, but not limited to, owners of property or tracts of land and owners of units, whether such property, tracts or units are used or intended to be used for residential, commercial or recreational purposes.

The term "Village Home Site(s)" as used herein shall mean and refer to all those parcels or tracts of land within Lake Hogan Farms intended for construction of detached dwelling units built around a central common area, including V (Village) Lots as shown on the Master Plan for Lake Hogan Farms. Any lot within Lake Hogan Farms which is subjected to these covenants and restrictions by this Declaration or any subsequent Supplemental Declaration(s) duly recorded in the office of the Orange County Register of Deeds shall be considered a Village Home Site.

The covenants and restrictions below will be referred to as the Village Home Sites Property Covenants of Lake Hogan Farms, and will be recorded in the Office of the Register of Deeds of Orange County, North Carolina, and may be incorporated by reference in deeds to real property issued by the Company by reference to the Book and Page of recording in the land records of the said Office of the Register of Deeds.

PART I
COVENANTS, RESTRICTIONS AND AFFIRMATIVE
OBLIGATIONS APPLICABLE TO ALL VILLAGE HOME SITES
IN LAKE HOGAN FARMS

The primary purpose of these covenants and restrictions and the foremost consideration in the origin of same has been the creation of a community which is aesthetically pleasing and functionally convenient. The establishment of certain objective standards relating to design, size and location of dwellings and other structures makes it impossible to take full advantage of the individual characteristics of each parcel of Property and of technological advances and environmental values. In order to implement the purposes of these covenants, the Company shall establish and amend from time to time objective standards and guidelines, including, but not limited to, Architectural Standards and Construction Specifications, Uniform Sign Regulations, Uniform Mailbox Regulations, Landscape Guidelines and Environmental Rules and Regulations as defined hereinafter, which shall be in addition to and may be more restrictive than these Village Home Sites Property Covenants of Lake Hogan Farms which shall be binding on all Village Home Sites within Lake Hogan Farms.

These covenants and restrictions shall be in addition to and not a substitute for any other previously recorded restrictions on the Properties, as amended and supplemented from time to time.

PART II
ADDITIONAL RESTRICTIONS AFFECTING VILLAGE HOME SITES

In addition to the existing covenants and restrictions, the following restrictions shall apply to all Village Home Sites:

(a) Each dwelling unit, or "Village Home," constructed on a Village Home site must be constructed so as to utilize a Patio Wall on one side of each Village Home Site. Said Patio Wall shall be constructed simultaneously with the Village Home and shall be

located so that the exterior of said Patio Wall shall be located at least two (2) feet inside of and generally in the same direction as the nearest side property line on the recorded subdivision plat; each Village Home may also be constructed with a secondary Patio Wall inside and in the same general direction as the property nearest to it, which will be the property line opposite of the property line along which the primary Patio Wall is constructed; provided that if there is no other Village Home Site adjoining such property line the Company shall retain the right to designate the location of such Patio Wall. Patio Walls constructed pursuant to the provisions of this paragraph shall contain no openings which provide a view of the adjoining Village Home Site or decrease the privacy of the adjoining Village Home Site. Patio Walls shall be of sufficient height and length and shall extend sufficiently beyond the front and back faces of the Village Home to provide adequate privacy for the adjoining Village Home, its entrances and its outdoor living areas. Such determination of Patio Wall height, and overall length, including front and back extensions, shall be made by the Company, in its sole and uncontrolled discretion, and such determination may be based on any ground, including purely aesthetic considerations. In all cases the setbacks required by the appropriate zoning and subdivision regulations and recorded plats shall be complied with.

(b) Each Village Home shall utilize a portion of the primary Patio Wall as one of its exterior walls, unless an alternative location of the Village Home is approved pursuant to the provisions of paragraph (c) of this Part II, and shall be constructed so that neither the Patio Wall nor the Village Home provides any window or view openings looking into or overlooking the adjacent Village Home Site and provides no access way or entry way into said adjacent Village Home Site.

Each Village Home built with a secondary Patio Wall shall utilize a portion of such secondary Patio Wall as one of its exterior walls, unless an alternative location of the Village Home is approved pursuant to the provisions of paragraph (c) of this Part II, and shall be constructed so that neither the Patio Wall nor the Village Home provides any window or view openings looking into or overlooking the adjacent Village Home Site and provides no access way or entry way into said adjacent Village Home Site.

(c) Should the Owner of a Village Home Site desire to locate his Village Home on a portion of the Site other than contiguous to the Patio Wall(s) , said Owner may apply to the Company for approval of an alternative location. A site plan showing the proposed alternative location shall not relieve the Owner's responsibility to construct a Patio Wall or Patio Walls as required by paragraph (a) of this Part II. Approval or disapproval of an application for alternative location of a Village Home may be based by the Company upon any ground, including purely aesthetic considerations, which in the sole and uncontrolled discretion of the Company, shall seem sufficient.

(d) The cost of construction, maintenance and repair of any Patio Wall shall be the sole responsibility of the Village Home Site Owner on whose Village Home Site the Patio Wall or Walls is or are situated.

(e) There shall be reserved an easement on each Village Home Site between the exterior of any Patio Wall and/or Village Home and the nearest property boundary line for the use and enjoyment of the adjacent Village Home Site Owner, only as hereinafter provided. Said easement area and the exterior of the Patio Wall and/or Village Home may be used by the adjacent Village Home Site for landscaping and shall be used in a manner which does not interfere with the structural integrity of the Patio Wall and/or Village Home, and which does not prevent proper construction, maintenance or repair of the Patio Wall and/or Village Home. In no event shall such easement allow for the

attachment to the Patio Wall of structural elements of any kind, including, but not limited to, items such as awnings.

(f) An eight foot easement is further reserved along any Patio Wall of each Village Home Site, on the side of such wall towards the nearest property boundary line along which the Patio Wall will be constructed, for the construction, maintenance and repair of the Patio Wall and/or Village Home on the adjoining site. The use of said easement area(s) by the Village Home Site Owner owning the Patio Wall for construction, maintenance and repair, shall not exceed a reasonable period of time during construction nor shall it exceed a period of thirty (30) days each year for essential maintenance. Any shrubbery or planting in any eight foot easement area that is removed or damaged by said Village Home Site Owner during the construction, maintenance, or repair of his Patio Wall and/or Village Home, shall be repaired or replaced at the expense of the said Village Home Site Owner causing such damages.

(g) Each Village Home shall be constructed with appropriate means to insure that no excessive rainwater is discharged upon the adjoining Village Home Site.

NOTE: Sample drawings showing the various easements above described may be attached hereto as Exhibit B, in which case such drawings shall be for illustrative purposes only.

PART III
ADDITIONS, LIMITATIONS, DURATION AND VIOLATION
OF COVENANTS TOGETHER WITH AFTERWORD

1. (a) All covenants, restrictions and affirmative obligations set forth in this Declaration and any amendments thereto shall run with the land and shall be binding on all parties and persons claiming under them specifically including, but not limited to, the successors and assigns, if any, of the Company for a period of thirty (30) years from the execution date of this Declaration. Upon the expiration of said thirty (30) year period, all said covenants shall be automatically extended for successive periods of ten (10) years. The number of ten (10) year extension periods hereunder shall be unlimited, and this Declaration shall be automatically extended upon the expiration of the initial thirty (30) year period and each ten (10) year extension period for an additional ten (10) year period; provided, however, that there shall be no extension of this Declaration if during the last year of the initial thirty (30) year period,, or during the last year of any subsequent ten (10) year extension period, fifty-one percent (51%) or more of the total votes (as determined in subparagraph 1(c), Part III hereinafter) entitled to be cast by all Owners vote in favor of terminating this Declaration at the end of its then current term at a duly called meeting of the Owners. The presence at said meeting of Owners or ballots entitled to cast sixty percent (60%) of the total vote of all Owners shall constitute a quorum. In the event that the Owners vote to terminate this Declaration, the President and Secretary of the Company, its successors and assigns, shall execute a certificate which shall set forth the Resolution of Termination, the date of the meeting at which such Resolution was adopted, the date that notice of such meeting was given, the total number of votes of all Owners of all of the Properties, the total number of votes required to constitute a quorum at said meeting, the total number of votes necessary to adopt a Resolution terminating this Declaration, the total number of votes cast in favor of the Resolution and the total number of votes cast against such Resolution. Such certificate shall be recorded in the Office of the Register of Deeds of Orange County, North Carolina, and therein as they relate to the termination of this Declaration.

(b) A "duly called meeting" shall mean and refer to any

open meeting of the Owners (or a portion of said Owners) called by the Company, its successors and assigns, or its agent(s) for said purpose, subject to the giving of proper notice and the quorum requirements established in subparagraph 1(a) and paragraph 2 of Part III herein. "Proper Notice" shall be deemed to be given when delivered personally or sent by mail to each such Owner not less than thirty (30) days in advance of said meeting. There shall be sent with such notice a statement of certain motions to be introduced for vote of the Owners and a ballot on which each Owner may vote for or against each motion. Each ballot which is presented at such meeting shall be counted in calculating the quorum requirements for said meeting, provided, however, such ballots shall not be counted in determining whether a quorum is present to vote upon motions not appearing on the ballot.

(c) The votes to which each Owner subject to this Declaration shall be entitled shall be determined as follows:

- (i) The Owner of any Property which is also subject to the provisions of the Declaration of Covenants and Restrictions of The Lake Hogan Farms Association, Inc. and Lake Hogan Farms Development Company, LLC (referred to hereinafter in this subparagraph (c) as "said covenants") shall be entitled to as many votes as equals the total number of votes to which he is entitled as a Type "A", "B", "C" or "D" Member of the Association as defined and determined in said covenants.
- (ii) The Owner of any Property which is also subject to said covenants and which is classified as an "Exempt Property" pursuant to said covenants shall be entitled to as many votes as equals the total number of votes to which he would be entitled as a Type "B", "C" or "D" Member of the Association had his property not been exempted from assessment.
- (iii) The Owner of any Property which is not subject to said covenants shall be entitled to as many votes as equals the total number of votes to which he would be entitled as a Type "A", "B", "C" or "D" Member of the Association if his Property were to be subject to said covenants.

2. All proposed Amendments to this Declaration shall be submitted to a vote of the Owners of properties substantially affected by a change in covenants at a duly called meeting (as defined in subparagraph 1(b), Part III hereinabove) of said Owners. Unless the contrary shall be determined by a court of equity jurisdiction, "substantially affected" shall mean those Properties shown on (a) the plats showing the Properties to be modified in permitting use by the change. Any such Amendment shall be deemed approved if two-thirds (2/3) of the votes (as determined in subparagraph 1(c), Part III hereinabove) cast at such a meeting vote in favor of such Amendment. The presence at said meeting of Owners or ballots entitled to cast sixty percent (60%) of the total vote of all the Owners of property substantially affected by a change in covenants shall constitute a quorum. If the required quorum is not present at said meeting, the Company may, in its sole uncontrolled discretion, call another meeting or meetings subject to the giving of proper notice, and the required quorum at such subsequent meeting or meetings shall be one-half (1/2) of the required quorum at the preceding meeting. If any proposed Amendment to this Declaration is approved by the Owners as set forth above, the President and Secretary of the Company shall execute an Addendum to this Declaration that shall set forth the Amendment, the effective date of the Amendment (which in no event shall be less than sixty (60) days after the date of the meeting of the Owners at which such Amendment was adopted), the date of the meeting of the Owners at which such Amendment was adopted, the date that notice of such meeting was given, the total number of votes required to constitute a quorum of substantially affected Owners at

said meeting, the total number of votes of said Owners present at said meeting, the total number of votes necessary to pass such Amendment, the total number of votes cast in favor of such Amendment and the total number of votes cast against such Amendment. Such Addendum shall be recorded in the Office of the Register of Deeds of Orange County, North Carolina.

3. The Company reserves unto itself, its successors and assigns, the right to add additional restrictive covenants in respect to lands within the Properties to be conveyed in the future by the Company to the Association or to any other third party, or to limit therein the application of these covenants. The right to add additional restrictions or to limit the application of these covenants shall be reasonably exercised.

4. In the event of a violation or breach of any of the restrictions contained herein by any Owner, tenant of such Owner or agent of such Owner, any Owner of a Village Home Site in Lake Hogan Farms, or any of them jointly or severally, shall have the right to proceed at law or in equity to compel a compliance to the terms hereof or to prevent the violation or breach in any event. In addition to the foregoing, the Company and/or the Association shall have the right to proceed at law or in equity to compel a compliance to the terms hereof or to prevent the violation or breach in any event.

In addition to the foregoing, the Company and its agent(s) shall have the right, whenever there shall have been placed or constructed on any Property any building, structure, chemical substance, object, material, or condition which is in violation of these restrictions, to enter upon such Property where such violation exists and summarily abate or remove the same at the expense of the Owner, if after thirty (30) days written notice of such violation it shall not have been corrected by the Owner, tenant, or agent of the Owner; provided, however, that whenever stated in these covenants that the Company may serve notice requiring immediate corrective action, and such action is not performed immediately by the Owner, tenant or agent of the Owner, the Company or its agent (s) shall have the right to enter immediately and summarily abate or remove such violation at the expense of the Owner. Any such entry and abatement or removal shall not be deemed trespass.

5. Whenever the Company or its agent (s) is permitted by this Declaration to correct, repair, enhance, improve, clean, preserve, clear out, remove or take any action on any Property or on the easement areas adjacent thereto, entering the Property and taking such action shall not be deemed a trespass.

6. The failure to enforce any rights, reservations, restrictions or conditions contained in this Declaration regardless of how long such failure shall continue, shall not constitute a waiver of or a bar to such right to enforce.

7. Whenever the Company or its agent (s) is permitted by this Declaration to correct, repair, enhance, improve, clean, preserve, clear out, remove or take any action on any Property or on the easement areas adjacent thereto, and whenever it is stated in this Declaration that the cost of such action (hereinafter called the Cost of Corrective Action) shall be paid by the Owner of the property on which such corrective action is performed, the Cost of Corrective Action, together with such interest thereon at the maximum annual rate permitted by law from the due date and costs of collection therefore, including a reasonable attorney fee, shall be a charge and continuing lien on the Real Property and improvements thereon, against which the Cost of Corrective Action is charged, in the hands of the then Owner, his heirs, devisees, personal representatives, tenants and assigns and, in addition, shall also be the personal obligation of the Owner of such Real Property at the time when such Cost of Corrective Action becomes due and

payable. The Cost of Corrective Action shall be billed at the completion of such corrective action, and all bills shall be due and payable thirty (30) days from the date of mailing of same.

If the Cost of Corrective Action is not paid within thirty (30) days after the due date, the Company or its agent (s) may bring an action at law against the Owner personally and there shall be added to the amount of such Cost of Corrective Action the costs of preparing the filing of the Complaint in such action and a reasonable attorney's fee, and in the event a judgment is obtained, such judgment shall include interest on the Cost of Corrective Action as above provided and a reasonable attorney's fee together with the costs of the action.

The lien of the Cost of Corrective Action provided for herein shall be subordinate to the lien of any first deed of trust now and hereafter placed upon any Property subject to these covenants. In the event a creditor acquires title to any Property pursuant to foreclosure or any other proceeding in lieu of foreclosure, said creditor shall be subject to any lien of the Cost of Corrective Action placed upon such Property during the time in which the creditor holds title to such Property.

8. (a) The Company reserves unto itself, its successors and assigns, the right to bring within the plan and operation of this Declaration additional property acquired by the Company which is adjacent to or near the "Properties." Such property may be subjected to this Declaration as one parcel or as several smaller parcels at different times. The additions authorized herein shall be made by recording a Supplementary Declaration of Additional Rights, Restrictions, Affirmative Obligations and Conditions with respect to the additional property which shall extend the operation and effect of the Additional Rights, Restrictions, Affirmative Obligations and Conditions of this Declaration to such additional property. The Supplementary Declaration may contain such complementary additions and/or modifications of the Additional Rights, Restrictions, Affirmative Obligations and Conditions contained in this Declaration as may be necessary or convenient, in the sole judgment of the Company, to reflect the different character, if any, of the added properties and as are not inconsistent with the plan of this Declaration, but such modifications shall have no effect upon the Property described in Exhibit A, or upon any other additions to the Properties.

(b) Upon the prior written approval of the Company, the owner of any property who desires to bring such property within the plan and operation of this Declaration and to subject it to the jurisdiction of the Company shall record a Supplemental Declaration of Additional Rights, Restrictions, Affirmative Obligations and Conditions with respect to the additional property which shall extend the operation and effect of the Additional Rights, Restrictions, Affirmative Obligations and Conditions of this Declaration to such additional property. The Supplementary Declaration may contain such complementary additions and/or modifications of the Additional Rights, Restrictions, Affirmative Obligations and Conditions contained in this Declaration as may be necessary or convenient, in the sole judgment of the Company, to reflect the different character, if any, of the added properties and as are not inconsistent with the plan of this Declaration, but such modifications shall have no effect upon the Property described in Exhibit A, or upon any other additions to the Properties.

9. The Company reserves unto itself, its successors and assigns, the right to assign in whole or in part to the Association its rights reserved in these covenants to grant approvals or disapprovals, to establish rules and regulations, to administer and enforce the provisions of this Declaration, and all other rights reserved herein by the Company, including, but not limited to, the right to approve or disapprove plans, specifications, color, finish, plot plan, land management, plan and construction schedules

for any or all buildings or structures to be erected in any or all of the Properties. The assignment of such rights shall be subject to any conditions, limitations or restrictions which the Company, in its sole and uncontrolled discretion, may elect to impose at the time of assignment. Following the assignment of such rights, the Association shall assume all of the Company's obligations which are incident thereto (if any), and the Company shall have no further obligation of liability with respect thereto. The assignment of such right or rights by the Company to the Association shall be made by written instrument which shall be recorded in the Office of the Register of Deeds of Orange County, North Carolina.

Notwithstanding anything in the foregoing to the contrary, so long as the Company, its successors and assigns, is the Owner of the Property subject to the provisions of this Declaration, the Company shall retain all rights of easement reserved unto it in this Declaration, and shall, furthermore, retain all rights of entry granted in this Declaration for the purposes of correcting, repairing, enhancing, improving, cleaning, preserving, clearing out, removing or taking any action to prevent a violation of these covenants, and the retention of said rights of easement and entry by the Company shall in no way create any obligation on the part of the Company to perform any affirmative action.

10. The Company reserves unto itself, its successors and assigns, the right to appoint the Association its agent for the purpose of administering and enforcing, in whole or in part, the rights reserved unto the Company in this Declaration including, but not limited to, the right to approve or disapprove plans, specifications, color, finish, plot plan, land management, plan and construction schedules for any or all of the Properties. Such appointment may be temporary or permanent, and shall be subject to any conditions, limitations or restrictions which the Company, in its sole and uncontrolled discretion, may elect to impose. Upon any such appointment of the Association as agent by the Company, the Association shall assume any obligations which may be incident thereto.

11. Notwithstanding anything contained herein to the contrary, all the provisions of these covenants shall be subject to and conform with the provisions of (i) all applicable zoning ordinances, and the rules and regulations promulgated thereunder, as may from time to time hereafter be amended or modified, (ii) the Master Plan for the development of Lake Hogan Farms as may from time to time hereafter be amended or modified.

12. The Company or its agent(s) shall not be liable to any Owner or to any other person on account of any claim, liability, damage or expense suffered, incurred by or threatened against any Owner or such other person arising out of or in any way relating to the subject matter of any reviews, acceptances, inspections, permissions, consents or required approvals which must be obtained from the Company whether given, granted, or withheld.

13. Severability. Should any covenants or restrictions herein contained or any article, section, subsection, sentence, clause, phrase or term of this Declaration be declared to be void, invalid, illegal or unenforceable, for any reason, by the adjudication of any court or other tribunal having jurisdiction over the parties hereto and the subject matter hereof, such judgment shall in no way effect the other provisions hereof which are hereby to be severable and which shall remain in full force and effect.

IN WITNESS WHEREOF, the Company has caused this instrument to be executed and Greenfield Has caused this instrument to be signed in its name by its duly authorized officers and its corporate seal to be affixed, all by order of its board of directors.

This the 26 day of August, 1996.

LAKE HOGAN FARMS DEVELOPMENT COMPANY, LLC

(SEAL)

BY: CAROLINA AMERICA, LLC
Manager

BY: [Signature]
Manager

BY: [Signature]
Manager

GREENFIELD HOMES, INC.

By: [Signature]
President

(CORPORATE SEAL)

Attest: [Signature]
Secretary



NORTH CAROLINA
COUNTY OF ~~ORANGE~~ DURHAM

I, LESLIE J. TEBBAUGH, a Notary Public of the County and State aforesaid, do hereby certify that BRADLEY W. YOUNG and DALE E. REDFOOT, personally came before me this day and acknowledged that they are Managers of Carolina America, LLC (a North Carolina Limited Liability Company), Manager of Lake Hogan Farms Development Company, LLC, a North Carolina Limited Liability Company, and that the foregoing instrument was signed on behalf of Lake Hogan Farms Development Company, LLC.

Witness my hand and notarial seal this 26 day of August,



[Signature]
Notary Public

My Commission Expires: 10/14/97

NORTH CAROLINA
COUNTY OF ~~ORANGE~~ DURHAM

I, LESLIE J. TEBBAUGH, a Notary Public for said County, State of North Carolina, do hereby certify that DALE E. REDFOOT personally appeared before me this day and acknowledged that he is DALE E. REDFOOT Secretary of Greenfield Homes, Inc., a corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its [Signature] President, sealed with its corporate seal and attested by HIM as its DALE E. REDFOOT Secretary.

Witness my hand and notarial seal this the 26 day of August,



[Signature]
Notary Public

My commission expires: 10/14/97

Hoganvh2.cov

The foregoing certificate of _____

Leslie J. Tevebaugh,

A Notary (archivist) Public of the designated Governmental units is (are) certified to be correct. Filed for registration

this the 27th day of August 19 96 , at 3:31:42 o'clock, P.M.

In Record Book 1504 Page 339 .

Betty June Hayes, Register of Deeds

Return: _____

By: _____

Priscilla D. King

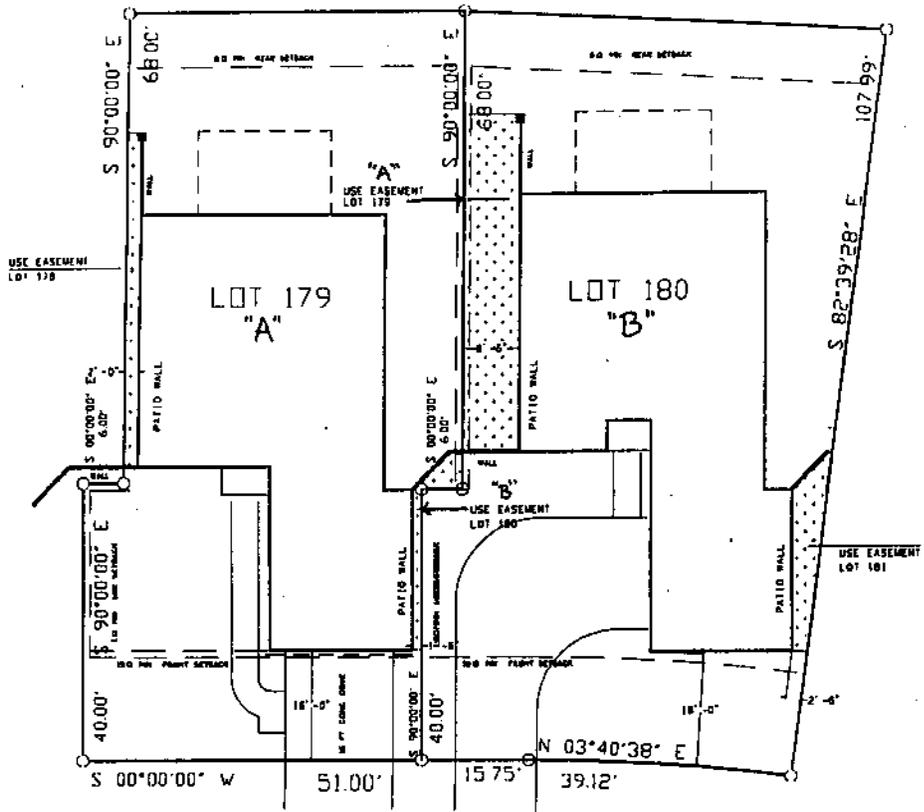
Assistant/Deputy
Register of Deeds

EXHIBIT A

BEING all of Lots 175 through 188 inclusive, and Lots 211 through 219 inclusive, LAKE HOGAN FARMS SUBDIVISION, Phase One, Section F, according to the plat and survey thereof recorded in Plat Book 76, Page 147, Orange County Registry, to which plat reference is hereby made for a more particular description of same.

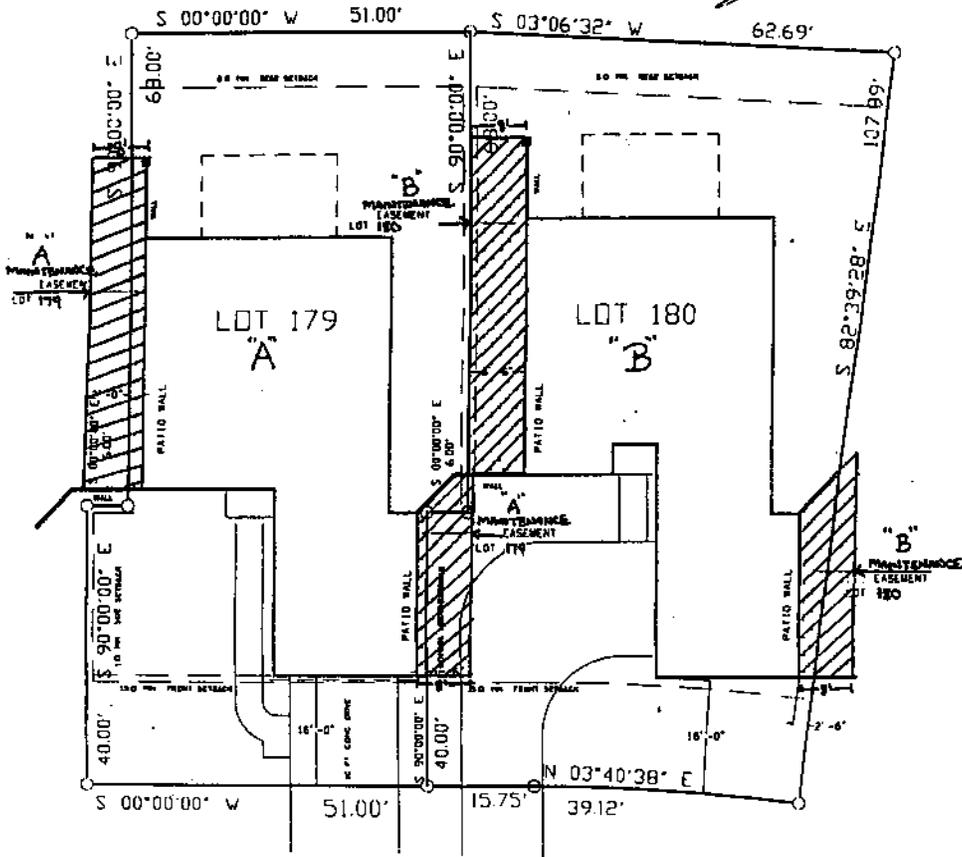
FILED
27 AUG 1996, at 03:31:42pm
Book 1504, Page 339 - 349
Betty June Hayes,
Register of Deeds,
Orange County, N. C.

Sample illustration of use easement areas between "A" and "B", as shaded.



This map is not a certified survey and no reliance may be placed in its accuracy.

Sample illustration of maintenance easement areas between "A" and "B", as shaded.



Prepared by and return to:
Rod O'Donoghue, Jr., Attorney at Law
1001 Navaho Drive, Suite 201 Raleigh, NC 27609

STATE OF NORTH CAROLINA

**SUPPLEMENTARY
DECLARATION OF ANNEXATION
FOR**

COUNTY OF ORANGE

LAKE HOGAN FARMS SUBDIVISION, PHASE 5

THIS DECLARATION OF ANNEXATION is made this ____ day of December, 1999 by **BOLIN CREEK INVESTMENTS, LLC**, a North Carolina limited liability company (hereinafter referred to as the "Declarant;

WITNESSETH:

WHEREAS, Declarant is the successor to Lake Hogan Farms Development Company, LLC as the Declarant for Lake Hogan Farms Subdivision; and

WHEREAS, the Declarant is the owner of certain real property located in the Town of Carrboro, Orange County, North Carolina, known as LAKE HOGAN FARMS SUBDIVISION, PHASE FIVE, SECTION A (hereinafter referred to as the "Property"), as more particularly described on attached Exhibit A, which is incorporated by reference for a more particular description; and

WHEREAS, the Declarant wishes to subject the Property to the Declaration of Covenants and Restrictions for Lake Hogan Farms Association, Inc. and Lake Hogan Farms Development Company, LLC (the "Covenants"), recorded in Book 1409, Page 313, and amended in Book 1825, Page 471; and to the Declaration of Rights, Restrictions, Affirmative Obligations and Conditions Applicable to Certain Properties in Lake Hogan Farms, (the "Declaration") recorded in Book 1409, Page 350; and to the Declaration of Additional Rights, Restrictions, Affirmative Obligations and Conditions Applicable to Village Home Sites in Lake Hogan Farms, (the "Additional Declaration"), recorded in Book 1504, Page 339, and any amendments thereto; all recorded in the Orange County Registry, N.C.

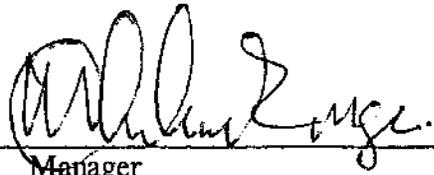
NOW, THEREFORE, pursuant to the terms and conditions of the Covenants, the Declaration and the Additional Declaration, the Declarant declares that the Property is annexed to and is made a part of Lake Hogan Farms Subdivision in the Township of Carrboro, Orange County, North Carolina, and that the Property is subject to, and bound by, and shall be held, used, transferred, sold and conveyed subject to, and in accordance with all the covenants, conditions, restrictions, easements and other provisions of the Covenants, the Declaration and the Additional Declaration and which are specifically incorporated by reference as if fully set forth herein which shall be covenants running with the land. The operation and effect of the Covenants, the Declaration and the Additional Declaration are extended to the Property, including, but not limited to the various Lots which are a part of the Property.

IN WITNESS WHEREOF, the Declarant has caused this instrument to be signed under seal in its name by its duly authorized Manager, as of the day and year written above.

DECLARANT:

BOLIN CREEK INVESTMENTS, L.L.C.
a North Carolina limited liability company (SEAL)

By: 1st AMERICAN LAND DEVELOPMENT, L.L.C., a
North Carolina limited liability company, Manager (Seal)

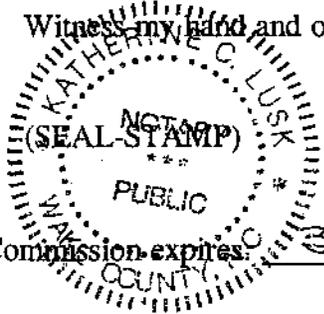
By:  (SEAL)
Manager

STATE OF NORTH CAROLINA

COUNTY OF WAKE

I, the undersigned Notary Public of die County and State aforesaid, do hereby certify that Michael Dean Chadwick, personally came before me this day and acknowledged that he is Manager of 1st American Land Development, L.L.C., a North Carolina limited liability company ("1st American"), which is Manager of Bolin Creek Investments, LLC, a North Carolina limited liability company ("Bolin Creek"), and that by authority duly given and as the act of 1st American, as Manager, the foregoing instrument was signed for the purposes therein expressed, for and on behalf of Bolin Creek.

Witness my hand and official seal, this the 15th day of December, 1999.



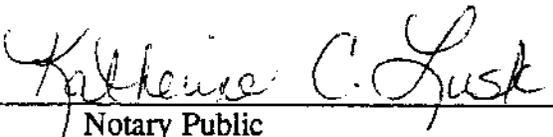

Notary Public

EXHIBIT A

PROPERTY DESCRIPTION

BEING all of Lake Hogan Farms Subdivision, Phase 5, Section A, including, but not limited to all common areas and Lots 189 through 210, (inclusive), according to a plat entitled "LAKE HOGAN FARMS SUBDIVISION, PHASE FIVE, SECTION A AND RECOMBINATION OF PHASE TWO OPEN SPACE", and recorded in Book of Maps 84, Page 153, Orange County Registry, N.C., to which plat reference is made for a more particular description. (See also Book of Maps 84, Page 138, Orange County Registry, N.C.)