

STATE OF NORTH CAROLINA
COUNTY OF DURHAM

DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR COMMON PROPERTIES IN
GARRETT FARMS SUBDIVISION
AND PROVISIONS OF GARRETT
FARMS HOMEOWNERS ASSOCIATION

This Declaration of Covenants for Common Properties, made this 26th day of August, 1987, by GARRETT FARMS ASSOCIATES, a North Carolina general partnership, SPECTRUM HOMES, INC., a North Carolina corporation, and PULTE HOME CORPORATION, a corporation, (collectively referred to as "Declarant").

W I T N E S S E S T H:

WHEREAS, Declarant is the owner of the certain real property located in Durham County, North Carolina, and more particularly described on Exhibit A attached hereto and incorporated herein by reference; and

WHEREAS, Declarant may desire to create certain recreational facilities more particularly described as Common Properties for the benefit of the residents of Garrett Farms Subdivision;

WHEREAS, Declarant desires to provide for the preservation of the value, amenities and conceptual intent of Garrett Farms Subdivision for the maintenance of Common Properties, if any, as described herein, and accordingly desires to subject the real property described in Exhibit A hereto, together with such additions as may hereafter be made, to the covenants, restrictions, easements, affirmative obligations, charges, and liens, as hereinafter set forth, each and all of which is hereby declared to be for the benefit of said property and each and every owner of any and all parts thereof; and

WHEREAS, Declarant has deemed it desirable for the efficient preservation of the values and amenities of Garrett Farms Subdivision to create an agency to which shall be delegated and assigned the power and authority of maintaining and administering the Common Properties as defined herein and administering and enforcing the covenants and restrictions governing said Common Properties, and collecting and disbursing all assessments and charges necessary for such activities; and

WHEREAS, Declarant has caused or will later cause to be incorporated under the laws of the State of North Carolina as a nonprofit corporation, Garrett Farms Homeowners Association, for the purpose of exercising the functions described above, and which are hereinafter more fully set forth.

NOW, THEREFORE, in consideration of the premises and covenants set forth herein, Declarant declares that the real property described in Exhibit A attached hereto and incorporated herein, and such additions thereto as may hereafter be made, is and shall be held, transferred, sold, conveyed, leased, occupied, and used subject to the covenants, restrictions, conditions, easements, charges, assessments, affirmative obligations, and liens hereinafter set forth (sometimes referred to as the "Covenants"), and said covenants shall run with the land and be binding on all persons claiming under and through Declarant.

ARTICLE I.

DEFINITIONS

Section 1. "Association" shall mean and refer to the Garrett Farms Homeowners Association, a North Carolina nonprofit corporation, and its successors and assigns.

Section 2. "Owner" shall mean and refer to the record owner, whether one or more persons, firms, associations, corporations, or other legal entities, of the fee simple title to any tracts situated upon the Properties, including contract sellers, but notwithstanding any applicable theory of a mortgage, shall not mean or refer to the mortgagee, as successors or assigns, until and unless such mortgagee has acquired title pursuant to foreclosure or a proceeding in lieu of foreclosure; nor shall the term "Owner" mean or refer to any lessee or tenant of an Owner.

Section 3. "Properties" shall mean and refer to that certain real property described in Exhibit A attached hereto and incorporated herein by reference and such additions thereto as may hereafter be brought within the jurisdiction of the Association as subjected to this Declaration or any Supplemental Declaration.

Section 4. "Common Properties" shall mean and refer to all real property (including the improvements thereon) and easements owned by the Association for the common use and enjoyment of the Owners. The term "Common Properties" shall also include any personal property acquired by the Association if said property is designated as "Common Property." All "Common Properties" are to be devoted to and intended for the common use and enjoyment of the Owners, subject to the fee schedules and operating rules adopted by the Association.

Section 5. "Lot" shall mean and refer to any improved or unimproved parcel of land, shown upon any recorded subdivision map of the Properties, intended for the construction of a detached single family dwelling, excluding any Common Properties as defined herein.

Section 6. "Member" shall mean and refer to all Owners as defined herein.

Section 7. "GFA" shall mean and refer to Garrett Farms Associates, a North Carolina general partnership, its successors and assigns.

ARTICLE II.

MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

Section 1. Declarant, for so long as it shall be an Owner, and every person or entity who is a record owner of a fee simple or undivided fee simple interest in any Lot that is subject by the Covenants to assessment by the Association shall be a Member of the Association; provided, however, that any such person or entity who holds such title or interest merely as a security for the performance of an obligation shall not be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association.

Section 2. Voting Rights. The Association shall have two (2) classes of voting membership.

(a) Class A Members shall be all those Owners, with the exception of GFA until its Class B Membership has converted to Class A Membership, that are defined in section 1 of this Article II, and they shall be entitled to one vote per Lot owned.

(b) The Class B Member shall be GFA. The Class B member shall be entitled to three (3) votes for each Lot owned by it. The Class B Membership shall cease and be converted to Class A Membership when GFA has sold and conveyed seventy-five percent (75%) of all the Lots affected by these Covenants. Thereafter, GFA may be entitled to one vote per Lot owned by it.

Section 3. Voting. The total vote of the Association shall consist of the sum of the votes of the Class A Members and the votes of Class B Member. When more than one person holds an interest in any Lot, all such persons shall be Members; and the vote for such Lot shall be exercised as they among themselves determine; however, in no event may more than one vote be cast with respect to any one Lot owned by Class A Members. When one or more co-owners signs a proxy or purports to vote for his or her co-owners, such vote shall be counted unless one or more other co-owners is present and objects to such a vote or, if not present, submits a proxy or objects in writing delivered to the Secretary of the Association before the vote is counted.

ARTICLE III.

PROPERTY RIGHTS IN THE COMMON AREAS

Section 1. Members' Easements of Enjoyment. Subject to the provisions of the these Covenants and the rules and regulations of the Association, every Member shall have a right and easement of enjoyment in and to the Common Properties and such easement shall be appurtenant to and shall run with the title of every Lot, subject to the following restrictions set forth in section 4 hereof.

Section 2. Delegation of Use. Any Member may delegate in accordance with the By-Laws of the Association, his right of enjoyment to the Common Properties and facilities to the members of his family, his tenants, or contract purchasers who reside on such Members' Lot.

Section 3. Title to Common Properties. GFA hereby covenants, for itself, its successors and assigns that it shall convey Common Properties to the Association on or before the date that GFA has acquired effective contracts for the sale of all the Lots as shown on the recorded maps of the Properties.

Section 4. Extent of Member's 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 Articles of Incorporation, to borrow money for the purpose of improving the Common Properties and in aid thereof to mortgage said properties;

(b) The right of the Association to take such steps as are reasonably necessary to protect the Common Properties against foreclosure; and

(c) The right of the Association, as provided in its By-Laws, to suspend the enjoyment of rights of any Member or any tenant of any Member for any period during which any assessment remains unpaid; and for any period not to exceed thirty (30) 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 obligations to pay the assessment; and

(d) The right of the Association to charge Members' guests reasonable admission and other fees for the use of the Common Properties and/or facilities, if any, therein; and

(e) The right of the Association to give, sell or lease all or any part of the Common Properties to any public agency, authority, or utility or private concern for such

purposes and subject to such conditions as may be agreed to by the Members, provided that no such gift, sale or lease shall be effective unless authorized by the vote of two-thirds (2/3) of the vote of each class of Members at a duly called meeting and unless written notice of the proposed action is sent to every Member at least twenty (20) days in advance of any action taken. A true copy of such resolution together with a certificate of the result of the vote taken and a certificate of mailing executed by the Secretary of the Association 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 affecting the Common Properties, prior to the recording thereof. Such certificates shall be conclusive evidence of authorization by the membership.

ARTICLE IV.

COVENANTS FOR ASSESSMENT

Section 1. Creation of Lien and Personal Obligation of Assessments. Each Owner of any Lot shall, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed or other means of conveyance, be deemed to covenant and agree to all the terms and provisions of these Covenants and to pay to the Association:

(a) Annual Assessments or charges;

(b) Special Assessments 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 therefor as hereinafter provided, shall be a charge and continuing lien on the Lot against which such assessment is made. Each such assessment, together with such interest thereon and cost of collection therefor as hereinafter provided, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment fell due. In the case of co-ownership of a Lot, all such co-owners shall be jointly and severally liable for the assessment.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Properties and for the improvement, maintenance, and operation of the Common Properties, including, but not limited to, the payment of taxes and insurance thereon and repair, replacement, and additions thereof, and for the costs of labor, equipment, materials, and management supervision thereof. The Special Assessments shall be used for the purposes set forth in Section 4 and Section 5 of this Article.

Section 3. Basic and Maximum Annual Assessments. For calendar year 1987, the maximum annual assessment shall be Three Hundred Dollars (\$300.00) per Lot except as otherwise provided herein, the exact amount of which shall be determined from time to time by the Board of Directors in accordance with the following provisions:

(a) From and after December 31, 1987, the basic annual assessment may be increased by the Board of Directors each calendar year by no more than ten percent (10%) above the maximum assessment for the previous calendar year, without the approval of the Membership.

(b) After December 31, 1987, the basic annual assessment may be increased, by more than ten percent (10%), by the assent of two-thirds (2/3) of the votes of each class of Member who are voting in person or by proxy at a meeting called for such purpose at which a quorum is present. For this purpose, the Class B Member shall be entitled only to one vote for each dwelling unit or site as to which it owns the required ownership interest. Written notice of the meeting shall be given to all members not less than thirty (30) days in advance of the meeting. The provisions of this subsection shall not apply to nor be a limitation upon any change in the basic annual assessment undertaken as an instant to a merger or consolidation in which the Association is authorized to participate under its Articles of Incorporation.

(c) The Board of Directors of the Association shall fix the annual assessment at an amount not in excess of the maximum stated herein. The Board of Directors may, in its discretion, fix the annual assessment for any given year at a lesser amount than the maximum provided herein, but such action shall not constitute a waiver of its right to revert to the full assessment for future years as provided in this Article.

Section 4. Special Assessments for Repairs. In the event any portion of the Common Properties is damaged or destroyed by an Owner or any of his guests, tenants, licensees, agents, or family Member, such Owner does hereby authorize the Association to repair said damaged area in a good and workmanlike manner. The amount necessary for such repairs, labor, and materials shall become a special assessment upon the dwelling unit or site of said Owner.

Section 5. Special Assessments for Improvements and Additions. In addition to the annual assessments authorized by Section 3 of this Article, the Association may levy special assessments for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of capital improvements to the Common Properties; provided, however, that any such special assessment may be levied only with the vote of two-thirds of the votes of each class of members who are voting in person or by proxy, at a

meeting duly called for this purpose at which a quorum is present. Written notice of such meeting shall be sent at least twenty (20) days in advance and shall set forth the purpose of the meeting.

Section 6. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots except for exempt Lots provided in Section 9 hereof and except that, notwithstanding anything within this Declaration to the contrary, GFA shall be required to pay only 25% of any annual or special assessment levied against any Lot owned by it and except that any builder acquiring any Lot for the purpose of engaging in the business of constructing single family residential building shall be required to pay only 25% of any annual or special assessment levied against such Lot until the issuance of a certificate of occupancy for such Lot by the appropriate municipal government. The Owner shall then pay 100% of the assessment with the assessment adjusted according to the number of months remaining in the calendar year after the date of closing.

Section 7. Date of Commencement of Annual Assessments. The annual assessment provided for herein shall commence on the date fixed by the Board of Directors. The first such annual assessment shall be adjusted according to the number of days remaining in the first calendar year. Such assessment shall be payable in full within thirty (30) days after the first day of the month fixed for commencement. The assessments for subsequent years after the first year shall similarly be payable within thirty days of January 1 of each such year. The amount of the annual assessment which may be levied for the balance remaining in the first year of assessment shall be an amount which bears the same relationship to the annual assessment provided for in Section 3 hereto, as the remaining number of days in the year bears to 365. The same reduction in the amount of the assessment shall apply to the first assessment levied against any property which is hereafter added to the properties now subject to assessment at a time other than the beginning of any assessment period. The due date of any special assessment under Section 4 and Section 5 of this Article shall be fixed in the resolution authorizing such special assessment. Proration of any annual or special assessment due to a change in ownership of any kind of any Lot during a calendar year shall be the responsibility of those persons involved in such transaction and shall not be the responsibility of the Association. The date of commencement of assessment against an owner shall be the date of closing of the purchase the Lot by such owner.

Section 8. Duties of the Board of Directors. The Board of Directors of the Association shall fix the amount of the assessment against all Lots for each assessment period and shall, at that time, prepare a roster of the Lots and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any Owner.

Written notice of the assessment shall thereupon be sent to every Owner subject thereto.

The Association shall upon demand, and for a reasonable charge, at any time furnish to any Owner liable for said assessment a certificate in writing signed by an officer of the Association, setting forth whether said assessment has been paid. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 9. Effect of Nonpayment of Assessment. If an annual assessment or any special assessment is not paid on the date when due, then such assessment shall become delinquent and shall, together with interest therefrom at the rate of twelve percent (12%) per annum (or if illegal, the highest rate of interest permitted by law) from the due date, and the cost of collection thereof as hereinafter provided, become a charge and continuing lien on the Lot and all improvements thereon. If an assessment is not paid within thirty (30) days after the due date, the Association may bring an action at law against the Owner personally or foreclose the lien against the Lot, and there shall be added to the amount of such assessment the costs of collection, including reasonable attorneys' fees and expenses, and interest as provided above. No Owner may waive or escape liability for the assessments provided for herein by non-use of the Common Properties or abandonment of his Lot. Each Owner, by his acceptance of a deed to a Lot, hereby expressly vests in the Association, or its agents or assigns, the right and power to bring all actions against such Owner or Member personally liable for the collection of such charges as a debt and to enforce the aforesaid lien by all methods available for the enforcement of such liens, including foreclosure by an action brought in the name of the Association in a like manner as a mortgage or a deed of trust lien on real property and such Owner hereby expressly grants to the Association a power of sale in connection with foreclosure of said lien. The lien provided for in this action shall be in favor of the Association and shall be for the benefit of all other Owners. The Association, acting on behalf of the Owners, shall have the power to bid in an interest foreclosed at foreclosure and to acquire and hold, lease, mortgage and convey the same and to subordinate so much of its right to such liens as may be necessary or expedient to an insurance company continuing to give total coverage notwithstanding the nonpayment of the Owner's portion of the premium.

Section 10. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage or deed of trust now or hereafter placed upon any Lot subject to assessment. Sale or transfer of any Lot shall not affect the assessment lien; however, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due

prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 11. Exempt Property. The following property, individuals, partnerships and corporations subject to this Declaration shall be exempted from the assessment, charge and lien created herein:

(a) Properties conveyed to public utilities for the purpose of granting utility easements;

(b) All Common Properties as defined herein;

(c) All properties exempt from taxation by the laws of the State of North Carolina, upon the terms and to the extent of such legal exemptions; and

(d) All properties dedicated to, and accepted by, a local public authority.

Section 12. Annual Budget. By majority vote of the directors, the Board of Directors shall adopt an annual budget for the subsequent year of operation, which shall provide for allocation of expenses in such a manner that the obligations imposed by these Declarations and any and all Supplementary Declarations will be met.

ARTICLE V.

ARCHITECTURAL CONTROL

No building, wall, fence, swimming pool, or other improvement shall be commenced, erected, or maintained upon the Common Properties, nor shall any landscaping be done, nor shall any exterior addition to any such existing structure or change or alteration therein, be made until the plans and specifications therefor showing the nature, kind, shape, height, materials, 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 Board of Directors of the Association, or by an Architectural Committee composed of three (3) or more representatives appointed by the Board. In the event said Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with; and provided further that all decisions under this section shall be the sole responsibility of Declarant until such time as Declarant shall no longer vote as a Class B member of the Association.

ARTICLE VI.

INSURANCE AND CASUALTY LOSSES

Section 1. Insurance. The Association, by and through its Board of Directors or its otherwise duly authorized agents, shall have the authority to obtain and shall obtain insurance for all insurable improvements on the Common Properties against loss or damage by fire or other hazards, including extended coverage of vandalism and malicious mischief. This insurance shall be in an amount sufficient to cover the full replacement cost or repair or reconstruction in the event of damage or destruction from any such hazard. The Association shall also obtain a public liability policy covering the Common Properties, the Association, and its Members for all damage or injury caused by the negligence of the Association or any of its Members or agents. Premiums for all such insurance contemplated hereunder shall be common expenses of the Association.

Section 2. Disbursement of Proceeds. Proceeds of insurance policies shall be disbursed as follows:

(a) If the damage or destruction for which the proceeds are paid is repaired or reconstructed, the proceeds, or such portion thereof as may be required for such purpose, shall be disbursed in payment for such repairs or reconstruction. Any proceeds remaining after such costs of repair or reconstruction to the Common Properties shall be retained by and for the benefit of the Association.

(b) If it is determined that the damage or destruction of Common Properties for which the proceeds are paid shall not be repaired or reconstructed, such proceeds shall be retained by and for the benefits of the Association.

ARTICLE VII.

CONDEMNATION

In the event that all or any part of the Common Properties shall be taken (or conveyed in lieu of or under threat of condemnation) the award made for such taking shall be payable to the Association as trustee for Owners, to be disbursed as follows:

(a) If the taking involves the portion of the Common Properties on which improvements have been constructed, the Association shall restore or replace such improvements so taken on the remaining Common Properties to the extent such plans as available in accordance with plans approved by the Board of Directors of the Association.

(b) If the taking does not involve any improvements on the Common Properties or in the event that a decision is made not to repair or restore such improvements, or if there are net funds remaining after any such restoration or replacement is completed, then such award or net funds shall be disbursed to the Association and used for such purposes as the Board of Directors may determine.

ARTICLE VIII.

LAND USE

Section 1. Restrictions. Each Lot and facilities on the Common Properties shall be subject to both the restrictions herein, and those set forth in the Bylaws and the restrictive covenants for Garrett Farms Subdivision.

Section 2. Designated Residential Property Restrictions. All property designated for residential use shall be used, improved and devoted exclusively to residential use.

Section 3. Common Properties Restrictions. All Common Properties, recreational facilities, if any, and amenities shall be used, improved and devoted exclusively to recreational purposes for the benefit of the Owners.

Section 4. Common Properties Offensive Use. No immoral, improper, offensive or unlawful use shall be made of Garrett Farms Subdivision; and any dwelling ordinances, and regulations of all governmental agencies having jurisdictions thereof shall be observed.

Section 5. Common Properties Construction or Alteration. No person shall undertake, cause, or allow any alteration or construction in or upon any portion of the Common Properties except at the direction of and with the expressed consent of the Association.

ARTICLE IX

EASEMENTS

Section 1. Blanket Easement. There is hereby created a blanket easement upon, across, over, and under all of said Properties subject to this Declaration for ingress and egress, installation, replacing, repairing and maintaining all utilities, including, but not limited to, water, sewer, gas, telephones, cablevision and electricity. By virtue of this easement, it shall be expressly permissible for the providing electrical and/or telephone company to erect and maintain the necessary equipment on said property, and to affix and maintain electrical and/or under the roofs and exterior walls of said

townhouses and detached single family dwellings. An easement is further granted to all police, fire protection, garbage collectors, ambulance, and all similar persons to enter upon the streets and Common Properties in the performance of their duties. Further, an easement is hereby granted to the Association, its officers, agents, employees, and to any management companies selected by the Association to enter in or to cross over the Common Properties provided for herein. Notwithstanding anything to the contrary contained in this Section 1, no sewers, electrical lines, water lines, or other utilities may be installed or relocated on said Properties except as initially approved by the Declarant or thereafter approved by the Declarant or the Association's Board of Directors. Should any utility furnishing a service covered by the general easement herein provided request a specific easement by separate recordable documents, Declarant (or the Association after the termination of Class B Membership or in the event the easement crosses property owned by the Association) will have the right and authority to grant such easement on said property without conflicting with the terms hereof. The easement provided for in this Article shall in no way affect other recorded easements on said Properties.

Section 2. Underground Electrical Services.

(a) Underground electrical service shall be available to all the Lots and to the recreational buildings, if any, to be constructed on the Common Properties. The metering equipment shall be located on the exterior surface of the wall at a point to be designated by the utility company. The utility company furnishing the service shall have a two foot priority easement along and centered on the underground electrical power service conductors installed from the utility's company easement to the designated point of service on the dwelling.

(b) Easements for the underground service may be crossed by the driveways and walkways, provided the Declarant or builder makes prior arrangements with the utility company furnishing electrical service. Such easements for the underground service shall be kept clear of all other improvements including buildings, patios and/or other pavings other than crossing walkways or driveways and neither Declarant nor any such utility company using the easements shall be liable for any damage done by either of them or their assigns, their agents, employees, or servants to shrubbery, trees, flowers, and other improvements of the Owner located on land covered by said easements.

(c) An easement is hereby established for the benefit of all applicable government agencies over all Common Properties and over an area five (5) feet behind the curb line of any street or roadway within this property hereby or hereafter established for the setting, removal, and reading of water meters, the maintenance and replacement of water, sewage, and

drainage facilities, fire fighting, law enforcement, garbage collection and the delivery of mail.

Section 3. Encroachments and Declarants Easements to Correct Drainage. All Lots and the Common Properties shall be subject to an easement for the encroachments of initial improvements constructed on adjacent sites by the Declarant to the extent that such initial improvements actually encroach, including, without limitations, such items as overhanging eaves, gutters, downspouts, exterior storage rooms, bay windows, steps and walls. If this Declaration is breached as a result of settling or shifting of any building or as a result of any permissible repair, construction, reconstruction, or alterations, there is hereby created and shall be and remain a valid easement for such encroachment with the maintenance of the same. For a period of twenty-five (25) years from the date of conveyance of the first site in a parcel, phase or section, Declarant reserves a blanket easements and right on, over and under the ground within that parcel, phase or section to maintain and to correct drainage or surface water in order to maintain reasonable standards of health, safety and appearance. Such right expressly includes the right to cut any trees, bushes or shrubbery, make any grading of the soil, or take any other similar action reasonably necessary. After such action has been completed, Declarant shall restore the affected property to its original condition to the extent practicable. Declarant shall give reasonable notice of intent to take such action to all affected Owners. These rights and reservations are assignable by Declarant.

Section 4. Easement to City of Durham. An easement is hereby established for municipal, state or public utilities serving the area, their agents and employees or all Common Properties hereby or hereafter established for setting, removing, and reading utility meters, maintaining and replacing utility or drainage connections, and acting with other purposes consistent with the public safety and welfare, including, without limitation, police and fire protection.

ARTICLE X.

GENERAL PROVISIONS

Section 1. Duration and Amendments. The covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, the Declarant or the Owner of any Lot subject to this Declaration, the irrespective legal representatives, heirs, successors and assigns, for a term of thirty (30) years from the date this Declaration is recorded, after which time said covenants shall be automatically extended for successive periods of ten years unless the Association approves a change in the covenants and restrictions. The covenants may be amended at

any time if two-thirds (2/3) of the vote at a duly called meeting of the Association at which a quorum is present approves the change; provided, however, that no such amendment shall be effective unless made and recorded sixty (60) days in advance of its effective date and unless written notice of the proposed amendment is sent to every Class A Member at least twenty (20) days in advance of any action taken at a duly called meeting.

Section 2. Notices. Any notice required to be sent to any Member or Owner under the provisions of this Declaration shall be deemed to have been properly sent, and notice thereby given, when mailed, postpaid, to the last known address of the person who appears as Member upon the Association's membership roll or Owner on the records of the Association at the time of such mailing. Notice to one of two or more co-owners of a Lot shall constitute notice to all co-owners. It shall be the obligation of every Member to immediately notify the Secretary of the Association in writing of any changes of address and it shall be the responsibility of any new Member to immediately notify the Association of the fact of the transfer of ownership.

Section 3. Enforcement. Enforcement of these covenants shall be by any proceeding at law or in equity against any person or persons violating or attempting to violate or circumvent any covenant, either to restrain such violation or to recover damages, and against the land and to enforce any lien created by these Covenants, and a failure of the Association or any Owner or by the Declarant to enforce any covenant herein contained for any period of time shall in no way be deemed to be a waiver or estoppel of the right to enforce such covenant at any time thereafter.

Section 4. Severability. The invalidation, illegality or unenforceability of any one or more of these covenants, by judgment or court order or otherwise, shall in no way affect any other provisions hereof which are declared to be severable and which shall remain in full force and effect.

Section 5. Additions to Existing Property. Additional lands may become subject to this Declaration in the following manner:

(a) Additions. GFA, its successors and assigns, including the Association, have the right to bring within the plan and operation of this Declaration, additional later-acquired properties at future stages of the development. The additions authorized under this section shall be made by filing of record Supplementary Declarations of Covenants for Common Properties with respect to the additional property which shall extend the operation and effect of these covenants to such additional property. The Supplementary Declarations may contain such additions and modifications of the covenants contained in this Declaration as may be necessary or convenient, in the

judgment of GFA, to reflect the different character, if any, of the added properties.

(b) Other Additions. Upon approval in writing of the Association pursuant to two-thirds of the vote of each class of members at a duly called meeting, the owner of the property other than GFA who desires to add it to the plan of these covenants and to subject it to the jurisdiction of the Association, may record a Supplementary Declaration of Covenants with respect to the additional property which shall extend the operation and effect of the covenants to such additional property.

The Supplementary Declaration may contain such complementary additions and modifications of the covenants contained in this Declaration as may be necessary or convenient, in the judgment of GFA, to reflect the different character, if any, of the added properties.

(c) Mergers. Upon a merger or consolidation of the Association with another association as provided for in the By-Laws of the Association, its properties, 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 covenants and restrictions established by this Declaration, together with the covenants and restrictions established upon any other properties as one plan. No such merger or consolidation, however, shall effect any revocation, change of or addition to the Covenants established by this Declaration as herein provided.

(d) FHA/VA/FNMA/FHLMC Approval. As long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration, the Veterans Administration, the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation: annexation of additional properties, dedication of Common Properties, and amendment of this Declaration.

Section 6. Declarant's Right to Amend Declaration with Approval of Veterans Administration or Department of Housing and Urban Development. In the event that the Declarant shall seek to obtain approval of these covenants and the plan of development of the Properties in order that the dwelling unites and sites and improvements constructed thereon will be eligible for loans approved or guaranteed by the Veterans Administration, hereinafter called "VA," or the Department of Housing and Urban Development, hereinafter called "HUD," or Federal National Mortgage Association, hereinafter called "Fannie Mae," or the Federal Home Loan Mortgage Corporation, hereinafter called

"Freddie Mac," it is likely that HUD, VA, Fannie Mae or Freddie Mac will require changes in this Declaration in order to make the Lots and improvements thereon eligible for VA, HUD, Fannie Mae or Freddie Mac loans. In such event, Declarant, without the consent or approval of any Owner or Member shall have the right to amend this Declaration. When this Declaration, Bylaws and Articles of Incorporation have been approved by VA, HUD, Fannie Mae, or Freddie Mac, then this paragraph shall be considered null and void and the Declarant shall not have any further rights hereunder to amend except upon approval of the Membership.

Section 7. Voting. Unless otherwise specified in these Declarations, any vote pursuant to this Declaration shall be at a meeting duly called, written notice of which shall be sent to all Members stating the purpose of such meeting, not less than ten (10) days, nor more than fifty (50) days in advance of the meeting. Notice shall be necessary only to those classes of Membership which shall be entitled to vote on a particular matter, it being the intention that only Class A Members shall be entitled to receive notice as to meetings on which only Class A Members are entitled to vote. The foregoing shall equally apply to Class B Members. The presence of Members or of proxies duly witnessed by another person, entitled to cast ten percent (10%) of the votes of each class of Membership shall constitute a quorum as to that class, unless a greater quorum is specifically required in these Declarations. If the required quorum is not forthcoming at any meeting, another meeting may be called subject to the notice requirements set forth above. The required quorum at such subsequent meeting shall be one-half of the required quorum of the preceding meeting. No such subsequent meeting shall be held more than thirty (30) days following the preceding meeting.

Any action shall be taken by a majority vote of the Member of a class present, unless a greater number is specifically required by these Declarations.

Section 8. Rights of Lenders and Insurers of First Mortgages. Lenders and insurers of first mortgages shall have the following rights:

(a) In the event that any Owner is in default in any obligations hereunder which default remains uncured for a period of sixty (60) days, every lender who is a mortgagee as to the dwelling unit or site of the defaulting Owner, and the insurer of any first mortgage, shall be immediately notified of such default, provided that such lender and/or insurer shall have given written certified notice to the Association that it is a mortgagee or insurer as to the dwelling unit or site of such Owner and shall have requested that notice of default as herein set forth.

(b) Every first mortgagee and/or insurer of the first mortgage of the dwelling unit or site of an Owner shall have the right, during regular business hours, to examine the books and records of the Association.

Section 9. Amendment by Owners. The covenants, conditions and restrictions of this Declaration may be amended during the first thirty (30) year period or thereafter by an instrument signed by the Owners of not less than two-thirds (2/3) of the lots, provided, however, that the Board of Directors of the Association (with prior approval of VA or HUD) may amend this Declaration to correct any obvious error or inconsistency in drafting, typing or reproduction or amendment requested by VA, HUD or the Federal National Mortgage Association, without actual consent of the Owners, and such amendment shall be certified as an official act of the Board and recorded in the Durham County Registry.

Section 10. Certification and Recordation of Amendment. Any instrument amending these covenants, conditions and restrictions (other than an amendment by the Board of Directors to correct an error or inconsistency in drafting, typing or reproduction) shall be delivered, following approval by the Owners, to the Board of Directors. Thereupon, the Board of Directors shall, within thirty (30) days after delivery do the following:

(a) Reasonably assure itself that the amendment has been duly approved by the Owners as provided in Section 11 of this Article. (For this purpose, the Board may rely on its roster of Members and shall not be required to cause any title to be examined.)

(b) Attached to the amendment a certification as to its validity, which certification shall be executed by the Association.

(c) Within the thirty (30) day period aforesaid, cause the amendment to be recorded in the Durham County Registry.

Section 11. Effect and Validity of Amendments. All amendments shall be effective from the date of proper recordation in the Durham County Registry. When any instrument purporting to amend the covenants, conditions and restrictions has been certified by the Board of Directors and recorded as provided in Section 10 of this Article, it shall be conclusively presumed that such instrument constitutes a valid amendment as to the Owners of all Lots in Garrett Farms Subdivision.

Section 12. Exchange of Common Area. Notwithstanding any provision herein to the contrary, other than Section 5 of this Article, it is expressly provided that the Association may convey to Declarant, as well as any other Member, for fair

market value, any portion of the Common Properties theretofore conveyed to the Association, as provided in the Articles of Incorporation of the Association. Any such conveyance shall be subject to prior VA and HUD approval. Upon such conveyance, the area conveyed shall cease to be Common Properties and shall cease to be subject to the provisions of this Declaration relating to the common Properties. Any area purchased by the Association pursuant to the foregoing provision shall become Common Properties and subject to the provisions of this Declaration relating to the Common Properties. (The following hypothetical situation is by way of illustration but not of limitation: Due to a surveying error an undesirable drainage area is designated for the location of dwelling units or sites. Under this provision, Declarant and Association exchanged deeds so that the dwelling units or sites may be relocated within the Common Properties and the area previously designated for dwelling units or sites is converted to Common Properties.)

Section 13. Conflicts. In the event of any irreconcilable conflict between this Declaration and Bylaws of the Association, the provisions of this Declaration shall control. In the event of any irreconcilable conflict between this Declaration or the Bylaws of the Association and the Articles of Incorporation of the Association, the provisions of this Declaration shall control.

ARTICLE XI

DISSOLUTION OR INSOLVENCY OF THE ASSOCIATION

The Association may be dissolved with the assent given in writing and signed by not less than two-thirds (2/3) of each class of Member. Upon dissolution of the Association, other than incident to a merge or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which the Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted to such similar purposes.

IN WITNESS WHEREOF, Declarant has caused this instrument to be executed the day and year first above written.

GARRETT FARMS ASSOCIATES, a North Carolina general partnership

By: [Signature] [SEAL]
General Partner



SPECTRUM HOMES, INC., a corporation

By: [Signature]
President

Patricia P. Manning
Asst. Secretary

[CORPORATE SEAL]

PULTE HOME CORPORATION, a corporation

Attest:

By: _____
President

Secretary

NORTH CAROLINA

Wake COUNTY

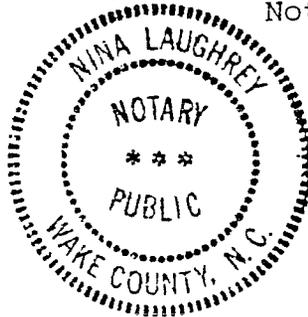
I, Nina Laughrey, a Notary Public of the County and State aforesaid, certify that Alton Smith III, General Partner of Garrett Farms Associates, a North Carolina general partnership, personally appeared before me this day and acknowledged the execution of the foregoing instrument.

Witness my hand and notarial seal this 26 day of August, 1987.

Nina Laughrey
Notary Public

My Commission Expires:

My Commission Expires 5-29-92



FILED
BOOK 1398 PAGE 697-718
SEP 1 4 35 PM '87

NORTH CAROLINA

Wake COUNTY

I, Kathy M. Raley, a Notary Public of the aforesaid County and State, do hereby certify that Patricia P. Manning personally appeared before me this day and acknowledged that she is the Secretary of Spectrum Homes, Inc., a corporation, and that by authority duly given and as an act of the corporation, the foregoing instrument was signed in its name by its President, and attested by her self as Secretary, and sealed with its common corporate seal.

Witness my hand and notarial seal this 25th day of August, 1987.

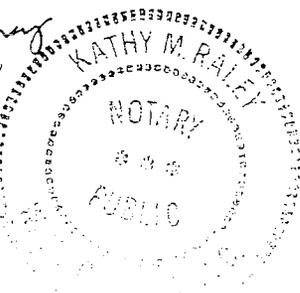
Kathy M. Raley
Notary Public

My Commission Expires:

2-2-91

State of North Carolina-Durham County
The foregoing certificate(s) of Kathy M. Raley
A Notary (Notaries) Public for the Designated Governments
units is (are) certified to be correct.

This the 1st day of Sept. A.D. 1987
Ruth C. Garrett
Register of Deeds
By: Gail DeLu
Assistant, Deputy
Register of Deeds



NORTH CAROLINA

_____ COUNTY

I, _____, a Notary Public of the aforesaid County and State, do hereby certify that _____ personally appeared before me this day and acknowledged that he is the _____ Secretary of Pulte Home Corporation, a _____ corporation, and that by authority duly given and as an act of the corporation, the foregoing instrument was signed in its name by its _____ President, and attested by _____ self as _____ Secretary, and sealed with its common corporate seal.

Witness my hand and notarial seal this _____ day of _____, 1987.

Notary Public

My Commission Expires:

BEGINNING at a stake located at the southeast corner of the property owned by Walsmith Associates, as described in deed recorded in Durham County Registry in Deed Book 1264, at page 753; and thence from said point and place of beginning South 03° 26' 10" West 475.76 feet to a point; thence South 01° 55' 37" West 433.18 feet to a point; thence South 04° 10' 57" West 705.38 feet to a point; thence North 71° 25' 16" West 1092.18 feet to a point; thence North 86° 39' 35" West 530.12 feet to a point; thence South 58° 00' 34" West 21.12 feet to the centerline of New Hope Creek; thence with the centerline of said creek in the following courses and distances: North 39° 44' 55" West 207.88 feet; North 86° 17' 12" West 166.24 feet; South 44° 35' 30" West 29.70 feet; South 02° 51' 01" East 277.40 feet; South 19° 57' 54" West 122.54 feet; South 45° 23' 29" West 121.10 feet; South 78° 24' 46" West 78.94 feet; North 70° 18' 17" West 65.33 feet; North 55° 51' 20" West 125.10 feet; North 07° 25' 54" West 128.79 feet; North 12° 38' 03" East 86.42 feet; North 09° 58' 10" West 79.96 feet; North 29° 55' 54" East 70.80 feet; North 57° 20' 45" East 94.70 feet; North 59° 47' 52" East 185.10 feet; North 28° 21' 46" East 84.30 feet; North 03° 40' 25" West 64.38 feet; thence leaving the centerline of said creek North 66° 59' 24" East 18.0 feet to an iron pin located on the bank of New Hope Creek; thence with the southern line of Walsmith Associates property as described in Deed Book 1264, at page 753, North 67° 16' 27" East 2208.62 feet to the point and place of BEGINNING, containing approximately 45 acres, and being the major portion of the property shown on survey of Clifton H. Garrett by Robert T. Newcomb, III, R.L.S., dated February 1987, and also identified as being the major portion of Tract No. 12 of the W. W. Garrett Estate as shown on survey recorded in Durham County Registry in Plat Book 15, at page 27.

Tract 2

BEGINNING at an existing concrete monument lying in the intersection of the southeastern corner of property now or formerly owned by H. L. Pickard, as described in Deed Book 178, Page 539, Durham County Registry, and the southwestern corner of property now or formerly owned by W. Kenneth Cuyler, as described in Deed Book 64, Page 60, Durham County Registry; thence South 88° 13' 42" East 125.38 feet; thence South 01° 47' 14" West 479.71 feet; thence South 88° 13' 42" East 200.00 feet to a cedar tree; thence North 84° 28' 24" East 375.58 feet to a point in the western right-of-way of Garrett Road; thence continuing along said western right-of-way South 02° 58' 58" East 497.48 feet; thence leaving aforesaid right-of-way South 89° 30' 32" West 436.00 feet; thence South 02° 58' 58" East 200.00 feet; thence South 89° 30' 32" West 78.23 feet; thence South 89° 32' 28" West 1,326.89 feet to a point in the centerline of a 30 foot City of Durham sanitary sewer easement; thence South 89° 32' 28" West 872.15 feet; thence South 03° 32' 42" West 155.11 feet; thence South 67° 16' 09" West 2,218.96 feet to an iron set at a hickory stump; thence South 67° 16' 09" West 10.00 feet to the centerline of New Hope Creek; thence continuing along said centerline the following courses and distances: North 25° 23' 45" West 194.65 feet; North 65° 54' 46" West 148.13 feet; South 59° 08' 11" West 38.11 feet; South 33° 59' 13" West 167.69 feet; South 38° 40' 40" West 221.73 feet; South 41° 04' 16" West 101.80 feet; South 60° 06' 39" West 151.82 feet; South 66° 57' 18" West 179.38 feet; North 84° 19' 43" West 136.04 feet; North 01° 39' 50" East 108.82 feet; North 70° 24' 16" East 162.80 feet; North 37° 33' 29" East 58.88 feet; North 17° 10' 05" East 236.68 feet; North 33° 22' 57" East 186.35 feet; North 16° 54' 14" East 75.77 feet; North 08° 50' 05" West 119.13 feet; North 24° 04' 01" West 160.13 feet; North 45° 26' 32" West 185.98 feet; North 52° 23' 14" West 179.87 feet; North 24° 25' 26" East 200.00 feet; North 35° 22' 46" East 145.80 feet; North 08° 12' 32" East 51.19 feet; thence leaving the aforesaid centerline of New Hope Creek North 77° 21' 13" East 1,392.88 feet; thence North 78° 32' 06" East 793.39 feet; thence North 03° 49' 18" East 134.79 feet; thence North 89° 12' 03" East 700.79 feet; thence South 06° 24' 24" East 145.41 feet; thence North 76° 45' 13" East 356.40 feet; thence North 74° 04' 08" East 421.72 feet to a point in the centerline of an aforementioned 30-foot City of Durham sanitary sewer easement; thence North 74° 04' 08" East 73.39 feet; thence North 75° 45' 03" East 479.54 feet; thence North 75° 54' 36" East 699.54 feet to the point and place of BEGINNING, comprising approximately 131.91 acres, according to a survey prepared by Neil C. Hamlett, dated August 2, 1985, and entitled "Boundary Survey for The Ness Group, Ltd."

STATE OF NORTH CAROLINA
COUNTY OF DURHAM

DECLARATION OF COVENANTS,
CONDITIONS and RESTRICTIONS
FOR GARRETT FARMS SUBDIVISION

THIS DECLARATION, made this 26th day of August, 1987, by GARRETT FARMS ASSOCIATES, a North Carolina general partnership, SPECTRUM HOMES, INC., a North Carolina corporation, and PULTE HOME CORPORATION, a _____ corporation, (collectively referred to as "Declarant");

W I T N E S S E T H:

WHEREAS, the Declarant is the owner of the real property described in Article I of this Declaration and desires to subject such property to the Protective Covenants contained herein, each and all of which is and are for the benefit of such property and for each owner thereof, and shall inure to the benefit of and pass and run with said property, and to each and every lot or parcel thereof, and shall apply and bind the successors in interest and any owner thereof.

NOW, THEREFORE, the Declarant hereby declares that the real property described in and referred to in Article I hereof is and shall be held, transferred, sold and conveyed subject to the Protective Covenants set forth below.

ARTICLE I

The real property which is, and shall be held, transferred, sold, and conveyed subject to the Protective Covenants set forth in the Articles of this Declaration is located in the County of Durham, State of North Carolina, and is more particularly described on Exhibit A attached hereto and incorporated herein by reference.

The real property described in Article I hereof is subjected to the Protective Covenants hereby declared to insure the best use and the most appropriate development and improvements of each lot thereof; to protect the owners of lots against such improper use of surrounding lots as will depreciate the value of their property; to preserve so far as practicable, the natural beauty of said property; to guard against the erection thereon of poorly designed or proportioned structures, and structures built of improper or unsuitable materials, to obtain harmonious color schemes; to ensure the highest and best development of said property; to encourage and secure the erection of attractive homes thereon, with appropriate locations thereof on lots; to prevent haphazard and inharmonious improvement of lots; to secure and maintain proper setbacks from streets, and adequate free spaces between structures, and in

general to provide adequately for a high type and quality of improvements in said property and thereby to enhance the values of investments made by purchasers of lots therein.

ARTICLE II

Land Use and Building Type. No lot shall be used except for residential purposes, except that nothing herein shall preclude the use of any lot as the well site for a community water system or for use in providing a recreational area for the individual lot owners as a group. No building shall be erected, altered, placed or permitted to remain on any lot other than one detached single-family dwelling not to exceed two and one-half stories in height and a private garage for not more than three cars.

ARTICLE III

Site and Plan Approval

Section 3.1 Appointment. Declarant shall designate and appoint an Architectural Control Committee (herein called the "Architectural Committee") composed of three (3) individuals, each generally familiar with residential and community development design matters and knowledgeable about Declarant's concern for a high level of taste and design standards within the Subdivision. The Architectural Committee shall use its best efforts to promote and ensure a high level of taste, design, quality, harmony and conformity throughout the Subdivision consistent with this declaration.

Section 3.2 Successors. In the event of the death, resignation or removal by Declarant of any member of the Architectural Committee, the Board of Directors of Garrett Farms Homeowners Association (the "Association") shall appoint a successor member. Upon the termination of Declarant's Class B membership in the Association, the term of office of all members of the Architectural Committee appointed by Declarant shall cease, and all members shall thereafter be appointed by the Board of Directors of the Association. No member of the Architectural Committee shall be entitled to compensation for, or be liable for claims, causes of action or damages arising out of, services performed pursuant to this declaration.

Section 3.3 Authority. No landscaping shall be undertaken and no building, fence, wall, swimming pool or other structure shall be commenced, erected, placed, maintained or altered on any lot, nor shall any exterior painting of, exterior addition to, or alteration of, such items be made until all plans and specifications and a plot plan have been submitted to and approved in writing by a majority of the members of the Architectural Committee as to:

(a) quality of workmanship and materials, adequacy of site dimensions, adequacy of structural design, proper facing of main elevation with respect to nearby streets;

(b) conformity and harmony of the external design, color, type and appearance of exterior surfaces and landscaping in relation to the various parts of the proposed improvements and in relation to improvements on other lots in the Subdivision, provided, however, approval by the Architectural Committee shall not be required to paint a building the same or similar color as the original paint; and

(c) the other standards set forth within this declaration (and any amendments hereto) or matters in which the Architectural Committee has been vested with the authority to render a final interpretation and decision.

The Architectural Committee is authorized and empowered to consider and review any and all aspects of construction and landscaping which may, in the reasonable opinion of the Architectural Committee, adversely affect the living enjoyment of one or more lot owners or the general value of lots in the Subdivision. In considering the harmony of external design between existing structures and the proposed building being erected, placed or altered, the Architectural Committee shall consider only the general appearance of the proposed building as that can be determined from front, rear and side elevations on submitted plans.

Section 3.4 Procedure for Approval. Final plans and specifications shall be submitted in duplicate by personal delivery or by certified mail to the Architectural Committee. The plans and specifications shall show the nature, kind, shape, height, materials and locations of all landscaping and improvements. The documents shall specify any requested variance from the setback lines, garage location or any other requirement set forth in this declaration. The Architectural Committee is authorized to request the submission of samples of proposed construction materials. At such time as the plans and specifications meet the approval of the Architectural Committee, one complete set of plans and specifications will be retained by the Architectural Committee and the other complete set of plans shall be marked "Approved," signed by a majority of the Architectural Committee and returned to the lot owner or his designated representative. If disapproved by the Architectural Committee, one set of such plans shall be returned marked "Disapproved" and shall be accompanied by a reasonable statement of the reasons for disapproval, which statement shall be signed by a majority of the Architectural Committee. Any modification of the approved set of plans and specifications must again be submitted to the Architectural Committee for its approval. The Architectural Committee's approval or disapproval, as required herein, shall be in writing. In no event shall the

Architectural Committee give verbal approval of any plans. If the Architectural Committee fails to approve or disapprove within thirty (30) days after the date of submission, written approval of the matters submitted shall not be required and compliance with this Article shall be deemed to have been completed. In case of a dispute about whether the Architectural Committee responded within such time period, the person submitting the plans shall have the burden of establishing that the Architectural Committee received the plans. The Architectural Committee's receipt of the plans may be established by a signed certified mail receipt.

Section 3.5 Standards. The Architectural Committee shall have sole discretion with respect to taste, design and all standards specified herein. One objective of the Architectural Committee is to prevent unusual, radical, curious, odd, bizarre, peculiar or irregular structures from being built in the Subdivision. The Architectural Committee shall also have the authority to require a minimum 7-12 foot roof slope, to specify that chimney flues be covered with brick or masonry or wood, to prohibit the use of light-weight composition roof material, to require that the colors of roofing materials be earth tones, to require that the use of wood framed windows, and generally to require that any plans meet the standards of the existing improvements on neighboring lots. The Architectural Committee may from time to time publish and promulgate bulletins regarding architectural standards, which shall be fair, reasonable and uniformly applied and shall carry forward the spirit and intention of this declaration.

Section 3.6 Liability of Architectural Committee. The members of the Architectural Committee shall have no liability for decisions made by the Architectural Committee so long as such decisions are made in good faith and are not arbitrary or capricious. Any errors in or omissions from the plans or the site plan submitted to the Architectural Committee shall be the responsibility of the owner of the lot to which the improvements relate, and the Architectural Committee shall have no obligation to check for errors in or omissions from any such plans, or to check for such plans' compliance with the general provisions of this Declaration, Municipal codes, state statutes or the common law, whether the same relate to lot lines, building lines, easements or any other issue.

ARTICLE IV

Dwelling Size and Driveways. Except with the prior written approval of the Architectural Committee, no residential structure which has a heated area of less than the minimum square footage specified in this Article, exclusive of porches, breeze-ways, steps, garages, basements and unfinished areas, shall be erected or placed or permitted to remain on any lot:

1 Story:	1450 square feet
1½ Story:	1450 square feet on first floor
2 Story:	1700 square feet
Split Level:	1700 square feet

All driveways shall be paved (concrete or asphalt).

ARTICLE V

Building Location. No building shall be located on any lot nearer to the front line than 35 feet or nearer to the rear line than 25 feet, or nearer to the side street than 18 feet in the case of a corner lot. The Architectural Committee may for good cause waive a violation of the setback requirements provided for herein, but only if the waived violation meets or exceeds the minimum setback requirements of the City of Durham. This waiver shall be in writing and recorded in the Durham County Registry. A document executed by the Architectural Committee shall be, when recorded, conclusive evidence that the requirements of this Article have been complied with. No building or garage shall be located nearer than the setback required by the City of Durham to an interior lot line. No other permitted accessory building shall be located nearer than 15 feet to an interior lot line. For the purpose of this covenant, eaves, steps, chimneys and stoops shall not be considered a part of a building; provided, however, that this shall not be construed to permit any portion of a building on a lot to encroach upon another lot. Garrett Farms Associates, on behalf of all Declarants, reserves the right to waive in writing any minor violation of this Article of this Declaration, for purposes hereof, any violation which does not exceed 20% and is in compliance with the minimum setback requirements of the City of Durham shall be considered a minor violation.

ARTICLE VI

Lot, Area and Width. No dwelling shall be erected or placed on any lot having a width less than 75 feet for interior lots and 100 feet for perimeter lots, both measured at the 50 foot line nor shall any dwelling be erected or placed on any lot having an area of less than 15,000 square feet for the interior lots and 20,000 square feet for the perimeter lots. Garrett Farms Associates, on behalf of all Declarants, reserves the right to waive in writing any minor violation of this Article of this Declaration; for purposes hereof, any violation which does not exceed 10% and is in compliance with the minimum lot size requirements of the City of Durham shall be considered a minor violation.

ARTICLE VII

Easements. Easements for installation and maintenance of utilities and drainage facilities and erosion control devices are reserved as shown on the recorded plat and over the front 10 feet of each lot, the rear 10 feet of each lot and 5 feet on each side line unless shown in excess of such distances on recorded plat, in which case the plat shall control. Within these easements, no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, drainage facilities, and erosion control devices, or which may obstruct or retard the flow of water through drainage channels in the easements. An easement of 10 feet across the front of each lot is further reserved for construction equipment, materials and personnel during the period that streets, curbing and guttering are being constructed in the Garrett Farms Subdivision. The easement area of each lot and all improvements in it shall be maintained continuously by the owner of the lot, except for those improvements for which a public authority or utility company is responsible.

ARTICLE VIII

Nuisances. No noxious or offensive trade or activity shall be carried on upon any lot, nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood. No signs or billboards shall be erected or maintained on the premises, except for temporary construction or for sale signs involving the lot on which the sign is placed and if permitted by local law. No trade materials or inventories may be stored or regularly parked on the premises. No business activity or trade of any kind whatsoever, which shall include but not be limited to the use of any residence as a doctor's office or professional office of any kind, a fraternity house, a rooming house, a boarding house, an antique shop or gift shop, shall be carried on upon any lot.

ARTICLE IX

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

ARTICLE X

Fences. No fence, wall, hedge, or mass planting shall be permitted except upon written approval by the Architectural Committee. All fences will be reviewed by the Architectural Committee as to height, style, materials, color and location. No fence shall exceed six feet in height in the rear or side yards, or four feet in the front yards, provided, however, if the City of Durham height limitations are more strict, they shall prevail. No chain link fencing shall be allowed.

ARTICLE XI

Mailboxes. Mailboxes shall be constructed of material and design approved by the Architectural Committee.

ARTICLE XII

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

ARTICLE XIII

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

ARTICLE XIV

Animals. No animals (including horses) or poultry of any kind, other than house pets shall be kept or maintained on any part of said property. No animal commercial breeding, of any kind, shall be allowed.

ARTICLE XV

Parking. Adequate off-street parking shall be provided by the owner of each lot for the parking of motor vehicles owned by such owner, and owners of lots shall not be permitted to park their automobiles on the streets in the development. Owners of lots shall not be permitted to park boats, trailers, campers and

all other similar property on the streets in the development, and such property shall be parked in a garage or area screened from the street and adjoining lot view. In no case shall recreation vehicle parking be allowed in front of or beside a house unless adequately screened from view of the street and adjoining lots. No inoperative or abandoned vehicle, of any type, shall be parked or stored on any lot or on the streets in the development.

ARTICLE XVI

Underground Utilities and Street Lighting. Garrett Farms Associates, on behalf of all Declarants, reserves the right to subject the real property described hereinabove to a contract with Duke Power Company for the installation of underground electric cables and the installation of street lighting, either or both of which may require a continuous monthly charge to the owner of each building lot. Upon acceptance of a deed to a lot, each owner agrees to pay to Duke Power Company the continuing monthly payment therefor as approved by the North Carolina Utilities Commission, or other appropriate government authorities. Garrett Farms Associates, on behalf of all Declarants, reserves the right to contract on behalf of each lot with Duke Power Company, or its successors and assigns, for street lighting service. Upon acceptance of a deed to a lot, each owner agrees to pay to Duke Power Company the continuing monthly payment therefor as approved by the North Carolina Utilities Commission, or its successors or other appropriate governmental authority.

ARTICLE XVII

Term. These covenants are to run with the land and shall be binding upon all parties and all persons claiming under them for a period of thirty (30) years from the date these covenants are recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years unless an instrument signed by a majority of the then owners of the lots has been recorded, agreeing to change said covenants in whole or in part.

ARTICLE XVIII

Section 18.1 Amendment by Owners. The covenants, conditions and restrictions of this Declaration may be amended during the first thirty (30) year period or thereafter by an instrument signed by the Owners of not less than two-thirds (2/3) of the lots, provided, however, that the Board of Directors of the Association (with prior approval of VA or HUD) may amend this Declaration to correct any obvious error or inconsistency in drafting, typing or reproduction or amendment

requested by VA, HUD or the Federal National Mortgage Association, without actual consent of the Owners, and such amendment shall be certified as an official act of the Board and recorded in the Durham County Registry.

Section 18.2 Certification and Recordation of Amendment. Any instrument amending these covenants, conditions and restrictions (other than an amendment by the Board of Directors to correct an error or inconsistency in drafting, typing or reproduction) shall be delivered, following approval by the Owners, to the Board of Directors. Thereupon, the Board of Directors shall, within thirty (30) days after delivery do the following:

(a) Reasonably assure itself that the amendment has been duly approved by the Owners as provided in Section 18.3 of this Article. (For this purpose, the Board may rely on its roster of Members and shall not be required to cause any title to be examined.)

(b) Attached to the amendment a certification as to its validity, which certification shall be executed by the Association.

(c) Within the thirty (30) day period aforesaid, cause the amendment to be recorded in the Durham County Registry.

Section 18.3 Effect and Validity of Amendments. All amendments shall be effective from the date of proper recordation in the Durham County Registry. When any instrument purporting to amend the covenants, conditions and restrictions has been certified by the Board of Directors and recorded as provided in Section 18.2 of this Article, it shall be conclusively presumed that such instrument constitutes a valid amendment as to the Owners of all Lots in Garrett Farms Subdivision.

ARTICLE XIX

Enforcement. Enforcement shall be by proceedings at law or in equity against any person or persons violating or attempting to violate any covenant either to restrain violation or to recover damages.

ARTICLE XX

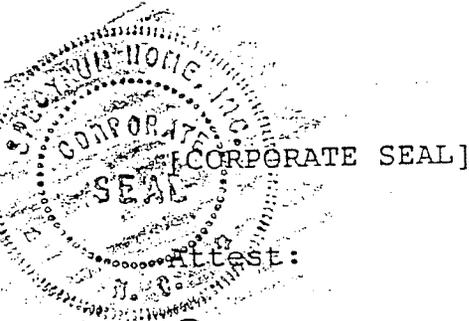
Severability. Invalidation of any one of these covenants or any part thereof by judgment or court order in no way affects any of the other provisions which shall remain in full force and effect, and the failure of any person or persons to take action to enforce the violation of any of these covenants

and restrictions shall not be construed as a waiver of any enforcement rights and shall not prevent the enforcement of such covenant or covenants in the future.

IN TESTIMONY WHEREOF, the Declarant has caused this instrument to be executed all as of the day and year first above written.

GARRETT FARMS ASSOCIATES, a North Carolina general partnership

By: [Signature] (SEAL)



SPECTRUM HOMES, INC., a corporation

By: [Signature] President

Patricia P. Manning
Asst. Secretary

[CORPORATE SEAL]

PULTE HOME CORPORATION, a corporation

Attest:

Secretary

By: _____
President

NORTH CAROLINA

Wake COUNTY

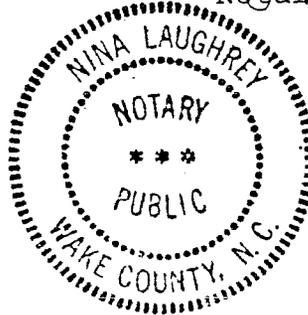
I, Nina Laughrey, a Notary Public of the County and State aforesaid, certify that Alton L Smith III, General Partner of Garrett Farms Associates, a North Carolina general partnership, personally appeared before me this day and acknowledged the execution of the foregoing instrument.

Witness my hand and notarial seal this 26 day of August, 1987.

Nina Laughrey
Notary Public

My Commission Expires:

My Commission Expires 5-29-92



FILED
BOOK 1398 PAGE 717-731
SEP 1 4 38 PM '87
RUTH C. GARRETT
REGISTER OF DEEDS
DURHAM COUNTY, NC

NORTH CAROLINA

Wake COUNTY

I, Kathy M. Raley, a Notary Public of the aforesaid County and State, do hereby certify that Aricia P. Manning Kate D. Gardner personally appeared before me this day and acknowledged that she is the Secretary of Spectrum Homes, Inc., a corporation, and that by authority duly given and as an act of the corporation, the foregoing instrument was signed in its name by its President, and attested by herself as Secretary, and sealed with its common corporate seal.

Witness my hand and notarial seal this 25th day of August, 1987.

Kathy M. Raley
Notary Public

My Commission Expires:

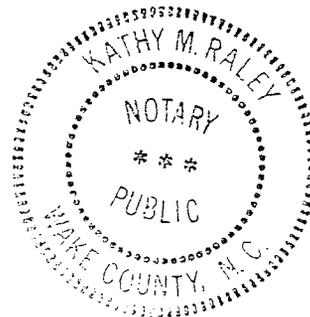
2-2-91

State of North Carolina-Durham County
(The foregoing certificate(s) of Nina Laughrey & Kathy M. Raley
A Notary (Notaries) Public for the Designated Governments
units is (are) certified to be correct.

This the 1st day of Sept. A.D. 19 87

Ruth C. Garrett
Register of Deeds

Gail Baker
By: Assistant, Deputy



NORTH CAROLINA

_____ COUNTY

I, _____, a Notary Public of the aforesaid County and State, do hereby certify that _____ personally appeared before me this _____ day and acknowledged that he is the _____ Secretary of Pulte Home Corporation, a _____ corporation, and that by authority duly given and as an act of the corporation, the foregoing instrument was signed in its name by its _____ President, and attested by _____ self as _____ Secretary, and sealed with its common corporate seal.

Witness my hand and notarial seal this _____ day of _____, 1987.

Notary Public

My Commission Expires:

BEGINNING at a stake located at the southeast corner of the property owned by Walsmith Associates, as described in deed recorded in Durham County Registry in Deed Book 1264, at page 753; and thence from said point and place of beginning South 03° 26' 10" West 475.76 feet to a point; thence South 01° 55' 37" West 433.18 feet to a point; thence South 04° 10' 57" West 705.38 feet to a point; thence North 71° 25' 16" West 1092.18 feet to a point; thence North 86° 39' 35" West 530.12 feet to a point; thence South 58° 00' 34" West 21.12 feet to the centerline of New Hope Creek; thence with the centerline of said creek in the following courses and distances: North 39° 44' 55" West 207.88 feet; North 86° 17' 12" West 166.24 feet; South 44° 35' 30" West 29.70 feet; South 02° 51' 01" East 277.40 feet; South 19° 57' 54" West 122.54 feet; South 45° 23' 29" West 121.10 feet; South 78° 24' 46" West 78.94 feet; North 70° 18' 17" West 65.33 feet; North 55° 51' 20" West 125.10 feet; North 07° 25' 54" West 128.79 feet; North 12° 38' 03" East 86.42 feet; North 09° 58' 10" West 79.96 feet; North 29° 55' 54" East 70.80 feet; North 57° 20' 45" East 94.70 feet; North 59° 47' 52" East 185.10 feet; North 28° 21' 46" East 84.30 feet; North 03° 40' 25" West 64.38 feet; thence leaving the centerline of said creek North 66° 59' 24" East 18.0 feet to an iron pin located on the bank of New Hope Creek; thence with the southern line of Walsmith Associates property as described in Deed Book 1264, at page 753, North 67° 16' 27" East 2208.62 feet to the point and place of BEGINNING, containing approximately 45 acres, and being the major portion of the property shown on survey of Clifton H. Garrett by Robert T. Newcomb, III, R.L.S., dated February 1987, and also identified as being the major portion of Tract No. 12 of the W. W. Garrett Estate as shown on survey recorded in Durham County Registry in Plat Book 15, at page 27.

Tract 2

BEGINNING at an existing concrete monument lying in the intersection of the southeastern corner of property now or formerly owned by H. L. Pickard, as described in Deed Book 178, Page 539, Durham County Registry, and the southwestern corner of property now or formerly owned by W. Kenneth Cuyler, as described in Deed Book 64, Page 60, Durham County Registry; thence South 88° 13' 42" East 125.38 feet; thence South 01° 47' 14" West 479.71 feet; thence South 88° 13' 42" East 200.00 feet to a cedar tree; thence North 84° 28' 24" East 375.58 feet to a point in the western right-of-way of Garrett Road; thence continuing along said western right-of-way South 02° 58' 58" East 497.48 feet; thence leaving aforesaid right-of-way South 89° 30' 32" West 436.00 feet; thence South 02° 58' 58" East 200.00 feet; thence South 89° 30' 32" West 78.23 feet; thence South 89° 32' 28" West 1,326.89 feet to a point in the centerline of a 30 foot City of Durham sanitary sewer easement; thence South 89° 32' 28" West 872.15 feet; thence South 03° 32' 42" West 155.11 feet; thence South 67° 16' 09" West 2,218.96 feet to an iron set at a hickory stump; thence South 67° 16' 09" West 10.00 feet to the centerline of New Hope Creek; thence continuing along said centerline the following courses and distances: North 25° 23' 45" West 194.65 feet; North 65° 54' 46" West 148.13 feet; South 59° 08' 11" West 38.11 feet; South 33° 59' 13" West 167.69 feet; South 38° 40' 40" West 221.73 feet; South 41° 04' 16" West 101.80 feet; South 60° 06' 39" West 151.82 feet; South 66° 57' 18" West 179.38 feet; North 84° 19' 43" West 136.04 feet; North 01° 39' 50" East 108.82 feet; North 70° 24' 16" East 162.80 feet; North 37° 33' 29" East 58.88 feet; North 17° 10' 05" East 236.68 feet; North 33° 22' 57" East 186.35 feet; North 16° 54' 14" East 75.77 feet; North 08° 50' 05" West 119.13 feet; North 24° 04' 01" West 160.13 feet; North 45° 26' 32" West 185.98 feet; North 52° 23' 14" West 179.87 feet; North 24° 25' 26" East 200.00 feet; North 35° 22' 46" East 145.80 feet; North 08° 12' 32" East 51.19 feet; thence leaving the aforesaid centerline of New Hope Creek North 77° 21' 13" East 1,392.88 feet; thence North 78° 32' 06" East 793.39 feet; thence North 03° 49' 18" East 134.79 feet; thence North 89° 12' 03" East 700.79 feet; thence South 06° 24' 24" East 145.41 feet; thence North 76° 45' 13" East 356.40 feet; thence North 74° 04' 08" East 421.72 feet to a point in the centerline of an aforementioned 30-foot City of Durham sanitary sewer easement; thence North 74° 04' 08" East 73.39 feet; thence North 75° 45' 03" East 479.54 feet; thence North 75° 54' 36" East 699.54 feet to the point and place of BEGINNING, comprising approximately 131.91 acres, according to a survey prepared by Neil C. Hamlett, dated August 2, 1985, and entitled "Boundary Survey for The Ness Group, Ltd."