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FOR
REGISTRATION

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Drawn By: Laura L. Howell
SMITH, DEBNAM, HIBBERT & PAHL
Post Office Drawer 26268
Raleigh, North Carolina 27611

KENNETH C. WILKINS
REGISTER OF DEEDS
WAKE COUNTY

NORTH CAROLINA

WAKE COUNTY

DECLARATION OF COVENANTS,
CONDITIONS, AND RESTRICTIONS
EDENBURGH'S KEEP HOMEOWNERS'
ASSOCIATION, INC.

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS is entered into this 8th day of December, 1994, between MGA Properties, Inc. (hereinafter "Declarant"), and Edenburgh's Keep Homeowners' Association, Inc., (hereinafter "Association") and all parties hereafter acquiring any of the described property.

W I T N E S S E T H:

WHEREAS, Declarant is the owner of all lots within a subdivision in the County of Wake, State of North Carolina, known as Edenburgh's Keep, and being that certain 29.38-acre tract or parcel of land more particularly described by map and survey recorded in Book of Maps 1993, Page 1450, Wake County Registry; and

WHEREAS, it is in the best interest of the Declarant and to the benefit, interest and advantage of every party hereafter acquiring any of the described property that certain covenants, conditions, easements, assessments, liens and restrictions governing and regulating the use and occupancy of the property be established; and

WHEREAS, Declarant desires to provide for the preservation of the values and amenities and the desirability and attractiveness of said property; and for the continued maintenance and operation of any recreational and/or common area.

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NOW THEREFORE, in consideration of the premises, the Declarant agrees with all parties hereafter acquiring any of the property hereinafter described, that it shall be and is hereby subject to the following restrictions, covenants, conditions, easements, assessments and liens relating to the use and occupancy thereof, which shall be construed as covenants running with the land which shall be binding on all parties acquiring any right, title or interest in any of the properties and which shall inure to the benefit of each owner thereof.

ARTICLE I

PROPERTIES SUBJECT TO THIS DECLARATION

The property which shall be held, transferred, sold, conveyed and occupied subject to this Declaration is located in the County of Wake, State of North Carolina, and is more particularly described as being all of that property shown on map and survey recorded in Book of Maps 1993, Page 1450, Wake County Registry, plus all the utility and access easements as shown on the aforesaid map. The Declarant hereby subjects the heretofore described property, to this Declaration and the jurisdiction of the Association. Additional properties may be subjected to these Declarations within ten (10) years from the date of this instrument, subject to the approval of the Knightdale Town Council.

ARTICLE II

DEFINITIONS

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

Section 2. "Owner" shall mean and refer to the record owner,

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whether one or more persons or entities, of a fee simple title to any lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 3. "Properties" shall mean and refer to that certain real property hereinbefore described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 5. "Permanent Common Open Space" shall consist of those areas designated on recorded plats of Edinburgh's Keep as such. Such areas shall be dedicated in perpetuity to the common use and enjoyment of the owners. The Declarant will convey all Permanent Common Open Space shown on the various plats of the subdivision to the Association. The Association shall be responsible for the repair, maintenance and repaving as set forth in this Declaration.

Section 6. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Permanent Common Open Space.

Section 7. "Declarant" shall mean and refer to MGA Properties, Inc., its successors and assigns if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

Section 8. "Common Expense" shall mean and include:

- (a) All sums lawfully assessed by the Association against its members;

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(b) Expenses of the common area and administration, maintenance, repair, or replacement of the Permanent Common Open Space;

(c) Expenses declared to be common expenses by the provisions of this Declaration or the ByLaws;

(d) Hazard, liability, or such other insurance premiums as the Declaration or the ByLaws may require the Association to purchase;

(e) Ad valorem taxes and public assessment charges lawfully levied against common areas.

(f) Expenses agreed by the members to be common expenses of the Association.

ARTICLE III

PROPERTY RIGHTS

Section 1. Owner's Easements of Enjoyment. Every owner shall have a right and easement of enjoyment in and to the Permanent Common Open Space and over the common open spaces for access, ingress and egress from and to public streets, walkways and parking areas and such easement shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) the right of the Association to suspend the voting rights of an owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations;

(b) the right of the Association to dedicate or

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transfer all or any part of the Permanent Common Open Space to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members.

No such dedication or transfer shall be effective unless an instrument agreement to such dedication or transfer signed by two-thirds (2/3rds) of each class of members has been recorded, and the Knightdale Town Council has agreed to such conveyance.

(c) the right of the Association, in accordance with its Articles and ByLaws, to borrow money for the purpose of improving the Permanent Common Open Space and facilities and in aid thereof to mortgage said property, and the rights of such mortgagee in said Properties shall be subordinate to the rights of the homeowners hereunder;

(d) the right of the Association to adopt, publish and enforce rules and regulations as provided in Article IX.

Section 2. Delegation of Use. Any owner may delegate, in accordance with the ByLaws, his right of enjoyment to the Permanent Common Open Space and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

Section 3. Title to the Permanent Common Open Space. The Declarant hereby covenants for itself, its successors and assigns, that it will convey fee simple title to the Permanent Common Open Space to the Association, free and clear of all encumbrances and

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liens, prior to the conveyance of the first Lot, except utility and storm drainage easements.

Section 4. Parking Rights. The Association may regulate the parking of boats, trailers and other such items on the Permanent Common Open Space.

Section 5. TV Antennas and Cablevision. The Association may supply cablevision and the cost of this service may be included in annual or special assessments. The Association may regulate or prohibit the erection of television antennas on individual Lots.

ARTICLE IV

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every owner of a lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

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

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

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Class B. The Declarant shall be a Class B member and shall be entitled to four (4) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(a) when the total vote outstanding in the Class A membership equals the total vote outstanding in the Class B membership; or

(b) on December 31, 1999; or

(c) upon the surrender of all Class B membership by the holder thereof or cancellation by the Association.

ARTICLE V

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges; and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal

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obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them. All assessments relating to common open spaces shall be shared equally by the owners of each Lot.

Section 2. Purpose of Assessments. The assessment levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents in the Properties and in particular for the acquisition, improvement and maintenance of the Permanent Common Open Space, including the maintenance, repair and reconstruction of private streets, driveways, walks and parking areas situated on the Permanent Common Open Space, such maintenance to include the cutting and removal of weeds and grass and the removal of trash and rubbish or any other maintenance or for the use and enjoyment of the Permanent Common Open Space, including but not limited to, the cost of repairs, replacements and additions, the cost of labor, equipment, materials, management and supervision, the payment of taxes and public assessments assessed against the Permanent Common Open Space, the procurement and maintenance of insurance in accordance with this Declaration, the employment of attorneys to represent the Association when necessary, the provision of adequate reserves for the replacement of capital improvements including, without limiting, the generality of the foregoing, signs, paving, grading, landscaping and any other major expense for which the Association

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is responsible, and such other needs as may arise.

Section 3. Reserves. The Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of improvements to the common area and those other portions of the Properties which the Association may be obligated to maintain. Such reserve fund is to be established out of regular assessments for common expense.

Section 4. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be \$100.00 per lot.

(a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased effective January 1 of each year without a vote of membership by up to five percent (5%) of the previous year's assessment.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased above the increase permitted in Section 3(a) above by a vote of two-thirds (2/3) of each class of Members who are voting in person or by proxy, at a meeting duly called for this purpose, written notice of which shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting setting forth the purpose of the meeting. The limitations hereof shall not apply to any change in the maximum and basis of the assessments undertaken as an incident to a merger or

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consolidation in which the Association is authorized to participate under its Articles of Incorporation.

(c) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

Section 5. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Permanent Common Open Space, and in connection with exterior maintenance, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose. Written notice of which shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting setting forth the purpose of the meeting.

Section 6. Notice and Quorum for Any Action Authorized Under Sections 4 and 5. Written Notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is

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not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 7. Uniform Rate of Assessment. Both annual and special assessments shall, except as herein otherwise specifically provided, be fixed at a uniform rate for all Lots and shall be collected on a monthly basis. Provided, however, that the assessment for Lots owned by Declarant which are not occupied as a residence, may be a lesser amount as fixed by the Board of Directors of the Association, but shall not be less than twenty-five percent (25%) of the regular assessments for other Lots.

Section 8. Date of Commencement of Annual Assessments; Due Dates. The annual assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance of the Permanent Common Open Space. Such annual assessments shall be paid ratably on a monthly basis. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth the assessment on a specified Lot have been paid. Any certificate so given shall be

conclusive evidence of payment of the assessment stated therein.

Section 9. Effect of Nonpayment of Assessments; Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of six percent (6%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property in the same manner in which Deeds of Trust may be foreclosed under Power of Sale pursuant to Chapter 45 of the N.C. General Statutes, or its successors, and in either event interest, costs and reasonable attorney's fees of any such action shall be added to the assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Permanent Common Open Space or abandonment of his Lot. Should any deficiency remain after the foreclosure, the Association may also bring an action against the owner for said deficiency.

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 and ad valorem taxes. 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.

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Section 11. Exempt Property. All Properties dedicated to, and accepted by, a local public authority and all Properties owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of North Carolina shall be exempt from the assessments created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

Section 12. Working Capital Fund. At the time of closing of the sale of each unit a sum equal to at least two (2) 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

ARCHITECTURAL CONTROL

No building, fence, wall or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee composed of three (3) or more

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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.

ARTICLE VII

ANNEXATION OF ADDITIONAL PROPERTIES

Section 1. Annexation of additional property shall require approval from the Knightdale Town Council, and shall be required to occur within ten (10) years from the date of this instrument. Provided, however, that all annexations of additional properties to the original development described in Article I hereof must contain a minimum of five (5) acres, be contiguous to the property described in Article I hereof or property previously annexed. Provided further, that no annexation of additional property shall have the effect of placing the original development in violation of the Town of Knightdale Zoning Ordinances.

Section 2. Annexation of additional Properties shall be accomplished by recording in the County Registry a Declaration of Annexation, duly executed, describing the lands annexed and incorporating the provisions of this Declaration, either by reference or by fully setting out said provisions of this Declaration. The additional lands shall be deemed annexed to the Properties on the date of recordation of the Declaration of Annexation, and in the case of an annexation by the Declarant, no

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action or consent on the part of the Association or any other person or entity shall be necessary to accomplish the annexation, except approval by the Knightdale Town Council.

Section 3. Prior to the conveyance of the first lot in any newly annexed area, the Declarant shall deliver to the Association one or more deeds conveying fee simple title to any Permanent Common Open Space within the lands annexed free and clear of all encumbrances and liens except utility, storm drainage and greenway easements.

ARTICLE VIII

INSURANCE

Section 1. Insurance coverage on the Property shall be governed by the following provisions:

(a) Ownership of Policies. All insurance policies upon the common area shall be purchased by the Association for the benefit of all the Association and the Owners.

(b) Coverage. All buildings and improvements and all personal property included in the Permanent Common Open Spaces and facilities 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 the standard coverage endorsement, and

(ii) Such other risks as from time to time shall be customarily covered with respect to buildings on the land, if any.

(iii) Such policies shall contain clauses providing for waiver of subrogation.

(c) Liability. Public liability insurance shall be secured by the Association with limits of liability of no less than One Million and No/100 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.

(d) 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.

(e) Proceeds. All insurance policies purchased by the Association shall be for the benefit of the Association and the Owners and their mortgagees as their interest may appear, and shall provide that all proceeds thereof shall be payable to the Association as insurance trustees under this Declaration. The sole duty of the Association as insurance trustees 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 ByLaws and for the benefit of the Owners and

their mortgagees in the following shares:

(i) Proceeds on account of damage to Permanent Common Open Space and facilities held for the Association.

(ii) In the event a mortgagee endorsement has been issued for any Lot, the share of the Owner shall be held in trust for the mortgagee and the Owner as their interests may appear.

Section 2. Distribution of Insurance Proceeds. Proceeds of insurance policies received by the Association as insurance trustee shall be distributed to or for the benefit of the beneficial Owners in the following manner:

(a) Expense of the Trust. All expenses of the insurance trustees shall be first paid or provisions made therefor.

(b) Reconstruction or Repair. The remaining proceeds shall be paid to defray the cost of repairs. Any proceeds remaining after defraying such cost shall be distributed to the beneficial Owners as above provided.

Section 3. Fidelity Insurance or Bond. 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.

ARTICLE IX

USE RESTRICTIONS

Section 1. Rules and Regulations. The Board of Directors of the Association shall have the power to formulate, amend, publish, and enforce reasonable rules and regulations concerning the use and enjoyment of the front yard space of each Lot and the Permanent Common Open Spaces. Such rules and regulations may provide for imposition of fines or penalties for the violation thereof, or for the violation of any of the covenants and conditions contained in this Declaration.

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

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

Section 4. Animals. No animals, livestock or poultry of any kind shall be kept or maintained on any Lot or in any dwelling except that dogs, cats or other household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes.

Section 5. Dwelling Specifications. No dwelling shall be constructed or permitted to remain on any lot having an area of the main structure, heated and finished, exclusive of open porches and

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decks, of less than two thousand (2000) square feet. All yard and setback requirements shall comply with the Town of Knightdale setback regulations.

No building shall be erected, altered, placed or permitted to remain on any lot other than one (1) detached single-family dwelling not to exceed two and one-half (2 1/2) stories in height and a private garage for not more than three (3) cars, but not less than two (2), and (with the approval of the Board of Directors of Edinburgh's Keep Homeowners' Association or its Architectural Control Committee) an accessory building or structure for storage or other appropriate use, not in excess of two hundred fifty (250) square feet in area. Private garages, either attached or detached, as provided herein, shall be required. In addition, each lot shall contain sufficient off-street parking space for at least two full-sized automobiles. No automobiles shall be parked on any street abutting any of the lots. No lot shall be subdivided without the express consent of the Edinburgh's Keep Homeowners' Association and the Knightdale Town Council. An owner may let or rent his entire dwelling unit, but no portion of any dwelling unit shall be leased separately from the rest of the unit.

Section 6. Temporary Structures. Except as hereinbefore set forth, no trailer, tent, shack, barn or other out building, except a private garage for not more than three (3) cars, nor less than two (2) or an out building not more than two hundred fifty (250) square feet in size, shall be erected or placed on any lot covered by these covenants. No detached garage shall at any time be used

for human habitation, either temporarily or permanently.

Section 7. Fences and Signs. No fence or fencing-type barrier of any kind shall be placed, erected, allowed or maintained upon any portion of the community, including any lot, without the prior written consent of the Edeburgh's Keep Homeowners' Association or its designated Architectural Control Committee. The committee may issue guidelines detailing acceptable fence styles or specifications, but in no event shall hogwire be approved. Chainlink fencing shall not be visible from the front (or the front and the side, in the case of a corner lot) of any house located on a lot having such type of fencing. No signs shall be erected or allowed to remain on any lot except with the written consent of the Board of Directors.

Section 8. Accessory Buildings and Other Outdoor Structures. No accessory building of any nature whatsoever (including, but not limited to, detached garages, storage buildings, doghouses, and greenhouses) shall be placed on any lot without the prior written approval of the Architectural Control 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. Under no circumstances shall metal storage buildings be permitted. All accessory buildings must conform to the same architectural style as the residence located on the same lot. No outside clothes lines, tree houses, playhouses, motorcycles, supplies, tractors, boats, trucks (other than one pick-up truck rated one-half ton or less), trailers, vans (other than one non-commercial van owned and

operated on a regular daily basis by the owner-occupant of the lot), campers or other equipment or vehicles, except for operative licensed automobiles, shall be regularly parked or stored in any area on a lot except inside an enclosed building, behind screening approved by the Homeowners' Association or its designated Architectural Control Committee. Garbage and refuse containers, transformers, air conditioning and other mechanical equipment, including solar and other alternative energy devices shall either be concealed behind screening or integrated into the building design so as to be inconspicuous. All outdoor equipment and accessories on a lot, such as, play structures, benches, sculptures, etc., shall be concealed by approved screening or approved in writing by the Board or Architectural Control Committee as compatible and harmonious with the surroundings.

Section 9. Appearance. All fireplace chimneys shall be masonry construction. Communication towers are expressly prohibited. Stick-built homes are expressly required; that is, no prefabricated or manufactured homes are permitted on any lot. Truss roofs are prohibited, except for garage or storage building roofs, unless approval in writing is obtained from the Board or Architectural Control Committee. Flat roofs are prohibited, unless approval in writing is obtained from the Board or Architectural Control Committee. All primary fuel storage tanks must be placed underground. Home curtain foundation walls are expressly prohibited unless approval for same is first obtained, in writing, from the Board or Architectural Control Committee. No inoperable

motor vehicles may be parked on any lot if visible from any road within the subdivision. All mailboxes shall be of the same type and shall be provided to the first permanent Owner by the builder of the dwelling unit.

All driveways and walks must be paved with concrete, asphalt or brick. All lots on which a dwelling unit is approved and built shall be landscaped in accordance with Town of Knightdale specifications. Landscaping must be finished upon completion of the dwelling unit for occupancy. Total construction time, from the date of final approval of Plans by the Board or Architectural Control Committee to the completion of the dwelling unit for occupancy, shall not exceed nine (9) months. All buffer areas are to be according to the Town of Knightdale requirements.

ARTICLE X

EASEMENTS

Section 1. All of the Properties, including Lots and Permanent Common Open Space, shall be subject to such easements for driveways, walkways, parking areas, water lines, sanitary sewers, storm drainage facilities, gas lines, telephone and electric power lines and other public utilities as shall be established by the Declarant or by its predecessors in title, prior to the subjecting of the Properties to this Declaration; and the Association shall have the power and authority to grant and establish upon, over, under, and across the Permanent Common Open Space conveyed to it, such further easements as are requisite for the convenience, use and enjoyment of the Properties. In addition, there is hereby

reserved in the Declarant and its agents and employees an easement and right of ingress, egress and regress across all Permanent Common Open Spaces, now or hereafter owned by the Association, for the purpose of construction of improvements within the Properties.

Section 2. All Lots shall be subject to easements for the encroachments constructed on adjacent Lots by Declarant to the extent that such initial improvements actually encroach including, but not limited to, such items as overhanging eaves, gutters and downspouts and walls.

Section 3. An easement is hereby established over the Permanent Common Open Space and facilities for the benefit of applicable governmental agencies, public utility companies and public service agencies as necessary for setting, removing and reading of meters, replacing and maintaining water, sewer and drainage facilities, electrical, telephone, gas and cable antenna lines, fire fighting, garbage collection, postal delivery, emergency and rescue activities and law enforcement activities.

Section 4. If any dwelling is located closer than five (5) feet from its lot line, so long as such setback complies with the Town of Knightdale applicable Zoning Ordinances, the owner thereof shall have a perpetual access easement over the adjoining lot to the extent reasonably necessary to perform repair, maintenance or reconstruction of his dwelling. Such repair, maintenance or reconstruction shall be done expeditiously and, upon completion of the work, the owner shall restore the adjoining lot to as near the same condition as that which prevailed prior to the commencement of

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the work as is reasonably practicable.

Section 5. Water and Sewer. All lot owners shall be subject to monthly charges as approved by the proper public authorities for water and sewer for domestic usage.

ARTICLE XI

GENERAL PROVISIONS

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

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

Section 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty (20) year period by an instrument signed by not less than ninety percent (90%) of the Lot owners, and thereafter by an instrument signed by not less than seventy-five percent (75%) of the Lot owners, so long as any amendment is first approved by the

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Knightdale Town Council. Amendments shall not become effective until approved by the Knightdale Town Council or until the Council, in the interest of lack of discrimination, after twenty (20) days notice, fails to comment on the amendment.

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

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

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

CERTIFICATION OF VALIDITY OF AMENDMENT TO COVENANTS,
CONDITIONS AND RESTRICTIONS OF EDENBURGH'S KEEP HOMEOWNERS'
ASSOCIATION, INC.

EDENBURGH'S KEEP ~~HOUSES~~ HOMEOWNERS' ASSOCIATION, INC.

By: _____
President

(CORPORATE SEAL)

ATTEST:

Secretary

Section 5. Management and Contract Rights of Association.

Declarant may enter into a contract with a Management company 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 Declarant or by the Association while Declarant is in control thereof shall contain a provision allowing the Association to terminate such contract without justification or penalty after transfer or management by Declarant to the Association.

Section 6. Rights of Noteholders. Any institutional holder

of a first mortgage on a 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 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 owed by the owner of any unit on which it holds the mortgage, (f) receive written notice of a lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by

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the Owners' Association, (g) receive written notice of any proposed action that requires the content of a specified percentage of mortgage holders, and (h) be furnished with a copy of the master insurance policy.

ARTICLE XII

ELECTRICAL SERVICE

Declarants reserve the right to subject the above-described Property to a contract with Carolina Power and Light Company for the installation of underground electric cables and/or the installation of street lighting, either or both of which may require an initial payment and/or a continuing monthly payment to Carolina Power and Light Company by the Owner of each Lot within said Property.

ARTICLE XIII

In no case shall the Town of Knightdale be responsible for failing to provide any emergency or regular fire, police or other public service to such developments or their occupants when such failure is due to the lack of access to such areas due to inadequate design or construction, blocking of access routes, or any other factor within the control of the developer, homeowners' association or occupants.

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IN WITNESS WHEREOF, the Declarant has caused this instrument
to be executed, by authority of its Board of Directors, this 9th
day of December, 1994.

DECLARANT:

MGA PROPERTIES, INC.

BY: Clinton E. Blackley
Clinton E. Blackley, President

MGA

CORPORATE
SEAL (CORPORATE SEAL)

ATTEST:

Jerry Gower
Jerry Gower, Secretary

EDENBURGH'S KEEP HOMEOWNERS' ASSOCIATION

By: Jerry Gower
Jerry Gower, President

(CORPORATE SEAL)

ATTEST:

Robert Joe Eddins
Robert Joe Eddins, Secretary

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STATE OF NORTH CAROLINA

COUNTY OF WAKE

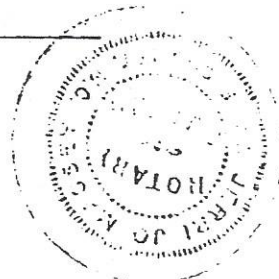
I, the undersigned, a Notary Public in and for said County and State, do hereby certify that Jerry Gower personally appeared before me this day and acknowledged that he is Secretary of MGA Properties, Inc., a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its corporate name by its President, sealed with its corporate seal, and attested by him as its Secretary.

Witness my hand and notarial seal, this the 8 day of ~~November~~, 1994.

JM December

Jerry Jo Massey
Notary Public

My Commission Expires: ~~My Commission Expires October 25, 1997~~



STATE OF NORTH CAROLINA

COUNTY OF WAKE

I, a Notary Public of the County and State aforesaid, certify that Robert Joe Eddins personally came before me this day and acknowledged that he is Secretary of Edinburgh's Keep Homeowners' Association, Inc., a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal and attested by him as its Secretary.

Witness my hand and official stamp, this 9th day of December, 1994.

Laura K. Howell
Notary Public

My commission expires: 11-11-97

eden.DRC



NORTH CAROLINA — WAKE COUNTY

The foregoing certificate S of

Jerry Jo Massey
Laura K. Howell Notary Public is

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

KENNETH C. WILKINS, Register of Deeds

William E. Nelson
Deputy Register of Deeds

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000175

PRESENTED
FOR
REGISTRATION

95 MAR 21 AM 11:00

KENNETH C. WILKINS
REGISTER OF DEEDS
WAKE COUNTY

PREPARED BY: Laura K. Howell

MAIL TO: Smith Debnam Hibbert & Pahl
Post Office Drawer 26268
Raleigh, North Carolina 27611

NORTH CAROLINA

WAKE COUNTY

AMENDMENT TO DECLARATION OF
RESTRICTIVE COVENANTS FOR
EDENBURGH'S KEEP SUBDIVISION

This Amended Declaration, made this 7th day of March, 1995, by and between MGA PROPERTIES, INC., hereinafter referred to as "Declarant"; H. J. MORRIS CONSTRUCTION, INC. and JERRY GOWER CONSTRUCTION COMPANY, INC., hereinafter referred to as "Owners"; and EDENBURGH'S KEEP HOMOEWNERS' ASSOCIATION, INC., hereinafter referred to as "Association";

W I T N E S S E T H:

THAT WHEREAS, Declarant heretofore declared, gave, granted, and conveyed for Edenburgh's Keep Subdivision, certain restrictive covenants for the benefit of said subdivision, as recorded in Book 6373, Page 36, Wake County Registry; and

WHEREAS, Declarant and Owners own all of the lots in Edenburgh's Keep Subdivision, subject to said applicable restrictive covenants; and

WHEREAS, Declarant, Owners and Association desire that the Covenants provide for additional building restrictions, for aesthetic and other reasons;

NOW, THEREFORE, the parties to this Agreement hereby amend said restrictive covenants for Edenburgh's Keep Subdivision, as recorded in the Wake County Registry as referenced above, by adding as additional building restrictions under Article IX, Use Restrictions, Section 9, Appearance, the following:

Slab foundations are expressly prohibited hereby. Exterior foundation walls must be constructed of brick; block exterior foundation walls are expressly prohibited hereby. Fireplace chimneys, if visible from the street, must be of masonry construction; however, if a chimney is to be constructed off of the back of the dwelling and will not be clearly visible from the street, then the chimney can have a wood surround, so long as the construction for same is first approved in writing by the Association or its designated Architectural Control Committee. Roof slope must be at least eight inches of rise for every twelve inches of run, except that a garage or shed roof not clearly visible from the street may have a less steep slope, so long as approval for same is first approved in writing by

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the Association or its designated Architectural Control Committee. In the event these amendments conflict with the Declaration of Covenants, Conditions and Restrictions recorded in Book 6373, Page 36, Wake County Registry, then these amendments shall control.

Excepted as otherwise provided herein, said restrictive covenants for Edinburgh's Keep Subdivision, as recorded in the Wake County Registry as referenced above, shall be and remain in full force and effect.

IN TESTIMONY WHEREOF, the corporate parties have caused this instrument to be executed, by authority of their respective Boards of Directors, as of the day and year first above written.

DECLARANT:

MGA PROPERTIES, INC.

BY: *Clinton E. Blackburn*
President

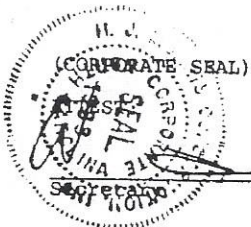


Jerry Gower
Secretary

OWNERS:

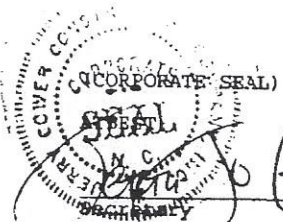
H. J. MORRIS CONSTRUCTION, INC.

BY: *[Signature]*
Vice President



JERRY GOWER CONSTRUCTION COMPANY, INC.

BY: *Jerry Gower*
President



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ASSOCIATION:

EDENBURGH'S KEEP HOMEOWNERS' ASSOCIATION, INC.

(CORPORATE SEAL)

By:

Jerry Gower
President

ATTEST:

Laura H. Howell
Assistant Secretary

NORTH CAROLINA

Wake COUNTY

I, the undersigned, a Notary Public in and for said County and State aforesaid, do hereby certify that Jerry Gower personally appeared before me this day and acknowledged that he is Secretary of MGA Properties, Inc., a North Carolina Corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its corporate name by its President, sealed with its corporate seal and attested by him as its Secretary.

WITNESS my hand and official stamp or seal, this the 14th day of March, 1995.

My Commission Expires:

11-11-97



Laura H. Howell
Notary Public

NORTH CAROLINA

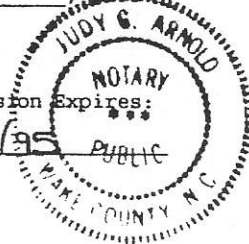
Wake COUNTY

I, Judy B. Arnold, a Notary Public in and for said County and State aforesaid, do hereby certify that W. Thurston Debnam, Jr. personally appeared before me this day and acknowledged that he is Secretary of H. J. Morris Construction, Inc., a North Carolina Corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its corporate name by its Vice President, sealed with its corporate seal and attested by him as its Secretary.

WITNESS my hand and official stamp or seal, this the 9th day of March, 1995.

My Commission Expires:

5/1/95



Judy B. Arnold
Notary Public

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NORTH CAROLINA

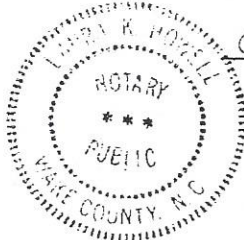
Wake COUNTY

I, the undersigned, a Notary Public in and for said County and State aforesaid, do hereby certify that Jerri Jo Gower personally appeared before me this day and acknowledged that she is Secretary of Jerry Gower Construction Company, Inc., a North Carolina Corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its corporate name by its President, sealed with its corporate seal and attested by her as its Secretary.

WITNESS my hand and official stamp or seal, this the 14th day of March, 1995.

My Commission Expires:

11-11-97



Laura K. Howell
Notary Public

NORTH CAROLINA

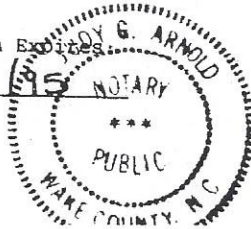
Wake COUNTY

I, a Notary Public in and for said County and State aforesaid, do hereby certify that Laura K. Howell personally appeared before me this day and acknowledged that she is Assistant Secretary of Edinburgh's Keep Homeowners' Association, Inc., a North Carolina Non-Profit Corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal and attested by her as its Secretary.

WITNESS my hand and official stamp or seal, this the 14th day of March, 1995.

My Commission Expires:

5/1/95



Judy G. Arnold
Notary Public

NORTH CAROLINA — WAKE COUNTY

The foregoing certificate 5 of

Laura K. Howell
Judy G. Arnold

Notar(y) Public is

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

KENNETH C. WILKINS, Register of Deeds

By P. Anne Redd
Asst./Deputy Register of Deeds