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WAKE COUNTY

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DRAFTED BY:
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PO BOX 370
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BRIEF DESCRIPTION FOR INDEX

Declaration - Southern Trace Subdivision

**DECLARATION OF COVENANTS, CONDITIONS
RESTRICTIONS AND EASEMENTS**

THIS DECLARATION made by KRJ, INC., a Delaware corporation (the "Declarant") concerning the planned community to be known as SOUTHERN TRACE SUBDIVISION.

R E C I T A L S:

The Declarant owns a 59.367 acre tract of land located in Wake County, North Carolina as shown on plat recorded in Map Book 1995, Page 1532, Wake County Registry (hereafter called the "Development Site"). The Development Site is being developed and further subdivided and the first phase of such development consists of all the land shown on the plats entitled "Southern Trace, Phase One" recorded in the Office of the Register of Deeds of Wake County, North Carolina in Map Book 1995, Pages 1962-1964 (hereafter called the existing "Property");

The Declarant desires to subject the Property, and the lots located thereon (the "Lots") to the covenants, conditions, restrictions and easements set forth herein which are for the purpose of insuring the most appropriate development and improvement of each lot; to protect the lot owners against such improper use of nearby lots as would depreciate the value of the property of each; to preserve, insofar as practicable, the natural beauty of the lots; to guard against the erection thereon of poorly designed or proportioned structures and structures built of improper or unsuitable materials; to encourage and secure the erection of attractive homes thereon,

with appropriate locations thereof on the lots, to secure and maintain proper setbacks from streets, and adequate free spaces between structures; and in general to provide for a high quality of improvement and to insure the maintenance and preservation of any common and recreational areas.

ARTICLE 1

COVENANTS, CONDITIONS AND RESTRICTIONS

1.1 The Lots and any building or structure now or hereafter erected on a Lot shall be occupied and used for single family residence purposes only, and no building shall be erected, altered, placed or permitted to remain on any Lot other than one single detached dwelling not exceeding two stories and an attic (finished or unfinished) in height, a basement (finished or unfinished), a garage for not more than three cars (which may include guest or employee quarters) and appropriate outbuildings incident to the residential use of the premises, except as follows:

1.1.1 Real estate sales, management, and construction offices may, with the prior written consent of the Declarant, be erected, maintained, and operated on any Lot or in any building or structure now or hereafter erected on any Lot, provided the offices are used solely in connection with the development of the Property, or the construction of improvements on the Property, or the management, rental, or sale of any part of the Property, or of improvements now or hereafter erected thereon.

1.1.2 Any Lot or other parcel of land comprising the Property, and any improvements now or hereafter erected thereon may, with the prior written consent of the Declarant or community association, be used for playground, nonprofit community swimming pool, well site for a community water system, nonprofit community tennis court, park, place of public assembly for community meetings, automobile parking area for noncommercial vehicles while the passengers are using or attending any of the above activities, and for the usual purposes incidental to the foregoing.

1.2 No building, fence, hedge, privacy enclosure wall, retaining wall, driveway, sign, swimming pool, tank, hot tub, greenhouse, free standing mailbox, gazebo, outdoor lighting, or structure of any kind (collectively the "Structures") shall be commenced, erected, or maintained on the Property, nor shall any addition to (including awnings) or change or alteration therein (including alterations in exterior color or design) be made, until the plans and specifications, in duplicate, showing the nature, kind, shape, height,

materials, color, locations, and approximate cost of the Structure, addition, or alteration shall have been submitted to and approved in writing by the Declarant, or to the Architectural Review Committee as hereafter provided. The Declarant or the Architectural Review Committee shall consider applications for approval of plans, specifications, etc., upon the basis of conformity with the Declaration and shall be guided by the extent to which the proposed Structure, addition, or alteration will insure conformity and harmony in exterior design and appearance, based upon, among other things, the following factors: the quality of workmanship; nature and durability of materials; harmony of external design with existing Structures; choice of colors; changes in topography, grade elevations, and/or drainage; factors of public health and safety; the effect of the proposed Structure, addition or alteration on the use, enjoyment, and value of other neighboring properties, and/or on the outlook or view from adjacent or neighboring properties; and the suitability of the proposed Structure, addition, or alteration taking into account the general aesthetic values of the surrounding area. Any Structure erected or affixed by the Declarant shall not be replaced without Declarant's written consent.

1.3 No Structure shall be erected, placed, altered, or permitted to remain on any Lot nearer to any street than the minimum building setback line for the Lot as shown on the Plat therefor.

1.4 No Structure shall be erected or allowed to remain on any Lot except a detached single family dwelling unit not exceeding in height two stories and an attic (finished or unfinished), which may also include a basement (finished or unfinished). Each dwelling Structure shall have an enclosed garage with adequate space for at least one full-size automobile.

1.5 No animals may be kept, maintained, or bred on any Lot or in dwelling houses or Structure erected thereon, except that no more than two dogs, cats or similar domestic household pets may be kept on a Lot provided they are not kept, bred, or maintained for any commercial purpose and provided further than they are kept in such a manner as to avoid becoming a nuisance to neighbors or adjoining property owners.

1.6 No nuisance shall be maintained, allowed, or permitted on any part of the Property, and no use thereof shall be made or permitted which may be noxious or detrimental to health.

1.7 Each Lot and the Structures thereon shall be kept in good order and repair and free of debris; lawns shall be seeded and mowed, shrubbery trimmed, and painted exterior surfaces painted, all in a manner and with such frequency as is consistent with good property management. Each Lot owner

shall keep his Lot free of tall ~~pruned~~ ^{overgrowth}, dead trees, trash, and rubbish.

1.8 No Structure other than a dwelling house shall be used at any time as a residence, either temporarily or permanently. No boats, trailers, or recreational vehicles shall be regularly parked or stored on any street, or on any Lot except in a garage. No commercial vehicles shall be parked on any street or Lot longer than is reasonably necessary for the driver thereof to perform the business functions to which the commercial vehicle relates.

1.9 No advertising or display signs of any character shall be placed or maintained on any part of the Property or on any Structure, except customary "For Rent" or "For Sale" signs, placed on or in front of a dwelling house by the owner thereof.

1.10 No outside television, radio antenna, or satellite dish shall be erected, installed, or maintained on any Lot, or on any Structures thereon, except that outside television or radio antennae not more than four feet in diameter and/or height shall be permitted on the roof or chimney of a dwelling house, or at such other places as may be pre-approved by Declarant or the Architectural Review Committee.

1.11 No permanent exterior clothes dryer shall be erected, installed, or maintained on any Lot, or on any Structures thereon. Only collapsible or retractable clothes dryers shall be used and they shall be collapsed or retracted when not in use and shall be located in the rear yard behind the dwelling house.

1.12 No trees or shrubs shall be located on any Lot which block the view of operators of motor vehicles so as to create a traffic hazard.

1.13 All lots on which a dwelling Structure is approved and built shall be landscaped in accordance with landscaping plans approved by the Architectural Review Committee. Landscaping must be finished upon completion of the dwelling Structure.

1.14 All driveways must be paved with concrete, asphalt or brick.

1.15 Any structure or facility for providing alternative sources of energy (such as solar, wind or bio-mass) or for television or other signal reception (such as antenna or satellite dish) shall be erected and maintained only with the prior written approval of the Architectural Review Committee.

1.16 Mobile and Manufactured Homes are prohibited, except for those used in onsite home sales by the Declarant or his agent.

1.17 All Lots initially shall control sewage by individual septic tank system and lines serving each dwelling unit. Each private septic system must meet the requirements of the applicable municipal and state health and zoning

regulations. Each lot owner shall be responsible for obtaining any necessary permits for the septic system in compliance with all local and state zoning and health regulations, and in such a manner so as not to create any nuisance or offensive conditions.

1.18 All garbage shall be stored in receptacles which are picked up and disposed of weekly. Receptacles shall be placed out of sight of the subdivision and shall be screened.

1.19 No portion of a lot shall be used for business, manufacturing or commercial purposes, provided that such restriction shall not prohibit "home occupations" or occupations conducted by "telecomputing" conducted entirely within a Structure as may then be permitted under applicable zoning ordinances.

1.20 The Declarant, prior to its notifying the Association of surrender of control, and then, the Association acting through its Board of Directors, in their discretion may allow reasonable variances and adjustments of these Restrictions in order to alleviate practical difficulties and hardship in their enforcement and operation. Any such variances shall not violate the spirit or the intent of this document to create a single family Subdivision of Lots owned in fee by various Persons in a planned community governed by a Homeowners Association to be established by the Lot owners.

To be effective, a variance hereunder shall be recorded in the Wake County Register of Deeds Office; shall be executed on behalf of the Association (or Declarant, prior to the surrender of control to the Association); and shall refer specifically to this Declaration and require a notation of marginal entry on this Declaration, if allowed by the recording media of the Registrar at the time of granting the variance.

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

ARTICLE 2

RESERVED EASEMENTS

2.1 Easements for installation and maintenance of utilities, storm water sewers, surface drains and drainage facilities are reserved over the front ten (10) feet, rear thirty (30) feet and side ten (10) feet of each of the Lots. Additional reserved easements may be noted on the recorded plats. Within said easements so reserved, no structure, planting or other materials shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, or which may change the direction

of flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements. The owner of each lot lying within the easement areas as defined herein shall maintain such improvements as may be located thereon, except for those improvements whose maintenance is the responsibility of a governmental body or agency or a public authority or utility company. No conveyance by the Declarant of any Lot, or of any interest therein, shall be deemed to be, or construed as a conveyance or release of these easements, or any of them, even though the conveyance purports to convey the Lot in fee simple, or by other language purports to convey the Declarant's entire interest therein, but such effect shall only arise if the conveyance specifically recites it to be the intention of the Declarant to convey or release the easements.

2.2 All water, sewer, gas, electric, telephone, television and other utility lines and connections between the main utility lines and the dwelling Structure shall be located underground and concealed so as not to be visible. Declarant reserves the right to subject the real property described hereinabove to contracts with utility or service companies for the installation of underground electric cables, the installation of street lighting, installation of water service, all of which may require a continuous monthly charge to the owner of the lot where such structure is located and each lot owner agrees to pay their assessed charge for the provision of the utility services to the appropriate utility provided.

2.3 The Carolina Power & Light Company Transmission Line Easement affects certain lots as noted on the recorded plats. In addition to such restrictions as are contained herein, Carolina Power & Light Company has promulgated other restrictions involving transmission line rights of way and a copy of Form 41187 dated 10/92 is attached hereto. Carolina Power & Light Company should be contacted prior to construction as to any revisions or changes to that printed policy.

2.4 The designation of streets, avenues, roads, courts, and open spaces on any recorded Plat is for the purpose of description only and not dedication, and the rights of the Declarant in the same are specifically reserved. The Declarant hereby reserves to itself, its successors and assigns, the right to grade, regrade, and improve the streets, avenues, roads, courts and open spaces as the same may be located on any recorded Plat, including the creation or extension of slopes, banks, or excavation in connection therewith and in the construction of and installation of drainage structures therein.

2.5 The Declarant further reserves to itself, its successors and assigns, the right to grant easements, rights-of-way and licenses to any person, individual, corporate body, or municipalities, to install and maintain pipelines, underground or above ground lines, with the appurtenances necessary thereto, for public utilities or quasi-public utilities, or to grant such other licenses or permits as the Declarant may deem necessary for the improvement of the Property in, over, through, upon, and across any and all of the streets, avenues, roads, courts, and open spaces, and in, over, through, upon and across each and every Lot in the easement area reserved in paragraph 2.1, or as shown on any recorded Plat.

2.6 The Declarant further reserves to itself, its successors and assigns, the right to dedicate all of the streets, avenues, roads, courts, open spaces, or easements to public use. No street, avenue, road, court, open space, or easement shall be laid out or constructed through or across any Lot, except as set forth in this Declaration, or as laid down and shown on any recorded Plat, without the prior written approval of the Declarant.

ARTICLE 3

ARCHITECTURAL REVIEW COMMITTEE

3.1 The Declarant shall establish an Architectural Review Committee (hereinafter referred to as the "Committee") which shall initially be composed of two (2) members appointed by Declarant. Upon formation of the homeowners association, the number of members shall be increased to five (5) and the Board of Directors of that association shall have the right to appoint and remove, at any time and without cause, three (3) members. The Declarant shall have the right to appoint and remove two (2) members of the Committee so long as the Declarant continues to own any portion of the Development Area. At such time as the Declarant no longer owns any portion of Development Area, or upon notification by the Declarant to the Board of Directors that it does not desire to continue to appoint two (2) members of the Committee, all five (5) members shall be appointed or removed, at any time and without cause, by the Board of Directors.

3.2 No construction, which term shall include within its definition clearing, excavation, grading and other site work, shall take place except in strict compliance with this Article, until the requirements thereof have been fully met, and until the approval of the Committee has been obtained.

3.3 The Committee shall have exclusive jurisdiction over any modifications, additions or alterations subsequent to the original construction by the Declarant or made to any improvements. The Committee shall prepare and,

on behalf of the Board of Directors, shall promulgate architectural standard guidelines ("guidelines") and application and review procedures ("procedures"). The guidelines and procedures shall be those of the Association and the Committee shall have the sole and full authority to prepare and to amend the guidelines and procedures. The Committee shall make the guidelines and procedures available to owners and builders who seek to engage in construction upon the Lots and who shall conduct their operations strictly in accordance therewith.

3.4 The Committee shall have the absolute and exclusive right to disapprove any plans, specifications or details submitted to it in the event the same are not in accordance with any of the provisions of these Restrictions and the guidelines; if the design, color scheme or location upon the Lot or Lots of the proposed improvements are not in harmony with the general surroundings or adjacent structures; if the plans or specifications submitted are incomplete; or in the event the Committee deems the plans, specifications or detail, or any part thereof, to be contrary to the best interests, welfare or rights of all or any part of the real property subject to this Declaration or the owners thereof.

3.5 The Committee shall approve or disapprove plans, specifications and details submitted in accordance with its procedures within thirty (30) days from the receipt thereof and the decisions of the Committee shall be final and not subject to appeal or review. Provided, however, that plans, specifications and details revised in accordance with Committee recommendations may be resubmitted for determination by the Committee. In the event that the Committee fails to approve or disapprove plans, specifications and details within thirty (30) days after submission of the same to the Committee, approval, for the purposes of this Article, shall be deemed to have been given by the Committee.

3.6 The Committee, or its agent, shall have the right to inspect all construction to ensure that it is performed in strict accordance with the approved plans, specifications and details. Upon completion of the construction in accordance with the approved plans, specifications and details, the Committee shall issue a certificate of completion to the owner.

3.7 Nothing contained herein shall be construed to limit the right of an Owner to remodel the interior of his residence or permitted pertinent structures, or to paint the interior of the same any color desired.

3.8 Neither the Declarant nor the Committee nor the Board of Directors or any architecture agent thereof shall be responsible in any way for any defects in plans, specifications or details submitted, revised or approved in

accordance with the provisions contained herein or in the guidelines, nor for any structural or other defect in any construction.

3.9 The requirements of this Article shall not constitute a lien or encumbrance on any Lot on which construction is completed, and any subsequent purchaser thereof for value without notice thereof is in no way affected by the failure of his predecessors in title to comply with the terms hereof. The requirements of this Article shall not apply to the Declarant with regard to original erection or construction of a Structure on a Lot.

ARTICLE 4

COMMUNITY ASSOCIATION

4.1 Any common and recreational areas dedicated to the private use of the Lot Owners shall be managed by a Board of Directors elected by majority of the Southern Trace Home Owners Association Members, a non-profit corporation or other legal entity to be formed by the Lot Owners. The date of the first election of the Board of Directors shall be determined by the Declarant. The duties of the Board of Directors shall be to ratify and enforce the By-laws of the Southern Trace Home Owners Association, or other named entity, if such name is not permitted at the time of formation. The By-laws shall provide for: 1) Yearly Election of the Board of Directors. 2) Meetings of the Board of Directors. 3) Definition of a quorum and provision for proxy vote. 4) Definition of specific duties of each director. 5) Provisions for special meetings and special appointments and for the removal of an officer. 6) Provisions for audit and inspection of records. 7) Statement of the functions of the Board of Directors which shall be to (A) adopt and publish rules and regulations governing the common properties and recreational facilities and the conduct of the members and their guests thereon, and to establish penalties for the infraction thereof, (B) assess all members for the upkeep of the entrance area and other common areas as described herein, or as may hereafter be established, (C) offer memberships primarily to the lot owners for use of the recreational facilities, (D) employ a manager, independent contractor or such other employees as are necessary to maintain, repair and replace the common facilities and to maintain financial records of assessments, memberships, and payments. (E) maintain records of all meetings, proceedings, and voting. (F) serve notice of meetings, (G) collection of assessments and enforcement of penalties and interest for non-payment of assessments, (H) procurement and maintenance of adequate liability and hazard insurance.

4.2 The Declarant hereby covenants for itself, its successors and assigns that it will convey fee simple title to all designated common

elements located within the property as recorded in the Wake County Registry to the Southern Trace Home Owners Association on the election of the Board of Directors. Such conveyance will be free and clear of all encumbrances and liens except encumbrances or utility, service, access, storm drainage, greenery, and other similar service or utility easements and this Declaration.

4.3 Until such time as the Association shall be formed and adopt a budget for maintenance of the common areas, etc. as provided above, each Lot Owner, except for the Declarant, shall pay a yearly assessment not exceeding \$100 per year to a special account to be established by the Declarant. As a lot is first conveyed from the Declarant to a Lot Owner, the Lot Owner shall pay at closing to the special account a prorated amount of the initial annual assessment based on the number of full or partial months remaining in that calendar year.

ARTICLE 5

COMPLIANCE WITH DECLARATION

5.1 In the case of failure of a Lot Owner to comply with the terms and provisions contained in this Declaration, or the Bylaws of the Association once established and promulgated, the following relief shall be available:

5.2 The Declarant prior to its notifying the Association of surrender of control, the Association, an aggrieved Lot Owner or Owners within the Subdivision on behalf of the Association, or any Lot Owner on behalf of all the Lot Owners within the Subdivision shall have the right to bring an action and recover sums due, damages, injunctive relief, and/or such other and further relief as may be just and appropriate.

5.3 The Association shall have the right to remedy the violation and assess the costs of remedying same against the offending Lot Owner as a special assessment.

5.4 If the violation is the nonpayment of any general or special assessment, the Association shall have the right to suspend the offending Owner's voting rights and the use by such Owner, his agents, employees and invitees of the Common Areas in the Subdivision for any period during which an assessment against the Lot remains unpaid.

5.5 The remedies provided by this Article are cumulative, and are in addition to any other remedies provided by law.

5.6 The failure of the Association or any other Lot Owner or Declarant to enforce any restrictions contained in these Restrictions or the Bylaws shall not be deemed to waive the right to enforce such restrictions

thereafter as to the same violation or subsequent violation of similar character.

5.7 Prior to availing itself of the relief specified herein, the Association shall follow any hearing procedures set forth in the Bylaws.

ARTICLE 6

GENERAL PROVISIONS

6.1 The area of the Property subject to this Declaration may be increased by filing with the Register of Deeds of the jurisdiction referred to above, supplements to this Declaration, which need only be signed by the Declarant, the owner of the additional land described in the supplement and the holder of any mortgage, deed of trust or similar liens thereon, stating that additional land within the Development Site shall be subject to this Declaration. No other land within the Development Site or vicinity of the Development Site shall be subject to this Declaration unless the provisions of this paragraph are complied with, it being intended that this Declaration may not be construed or considered as a scheme for the development of any land other than that shown on the Phase One Plats or hereafter subjected to this Declaration in the manner described in this paragraph.

6.2 The following amendments may be effected by the Declarant without consent of the members: (A) The Declarant or Association may amend this Declaration to correct any obvious error or inconsistency in drafting, typing or reproduction. (B) The Declarant shall have the right to amend this Declaration to conform to the requirements of any law or governmental agency having legal jurisdiction over the Property or to qualify the Property or any Lots and improvements thereon for mortgage or improvement loans made, insured or guaranteed by a governmental agency or to comply with the requirements of law or regulations of any corporation or agency belonging to, sponsored by, or under the substantial control of, the United States Government, the State of North Carolina or Wake County regarding purchase or sale in such lots and improvements, or mortgage interests therein, as well as any other law or regulation relating to the control of Property, including, without limitation, ecological controls, construction standards, aesthetics, and matters affecting the public health, safety and general welfare. (C) The Declarant may amend the Declaration so long as it is the record owner of (or holds a purchase money deed of trust on) one-tenth of the total lots in the Development based on the then current number of recorded lots. (D) The Declarant may amend the Declaration so long as it is the record owner of (or holds a purchase money deed of trust on) one-tenth of the total lots in the

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Development based on the then current number of recorded lots and by all of the owners of the involved lot or lots to be changed and by the majority of the owner of the lots to both sides within 100 feet of any involved lot and the lots across the street within 100 feet of the center of any involved lots projected directly across the street. Any amendments made pursuant to this section shall not affect the residential character of the Property or the common plan or scheme for residential development.

6.3 The covenants and restrictions of this Declaration shall run with and bind the land for a term of twenty-five (25) 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, except ARTICLES 2.1, 6.1 and 6.2 hereof, which may not be amended without Declarant's consent, may be amended during the first twenty-five (25) year period by an instrument signed by the owners of not less than sixty-six and two thirds (66 2/3%) percent of the Lots, and thereafter by an instrument signed by the owners of not less than fifty-one (51%) percent of the Lots. Any amendment must be properly recorded. All or any part of the rights and powers (including discretionary powers and rights) reserved by or conferred upon the Declarant by this Declaration may be assigned or transferred by the Declarant to any successor Declarant of all or any part of the Property, or to the community association or the architectural review committee as provided herein. Any such assignment or transfer shall be evidenced by an appropriate instrument recorded in the Office of the Register of Deeds of the jurisdiction referred to above, and upon recordation thereof the grantee or grantees of such rights and powers shall thereafter have the right to exercise and perform all of the rights and powers reserved by or conferred upon the Declarant by this Declaration to the extent assigned by such instrument.

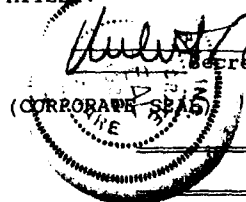
6.4 The invalidity of any of the provisions of this Declaration shall not affect any of the other provisions, all of which shall remain in full force and effect.

6.5 Each conveyance of a Lot, or of any interest in the Lot, by the Declarant, shall be deemed subject to this Declaration whether or not the deed conveying the Lot shall so state.

IN WITNESS WHEREOF, the Grantor has caused this instrument to be signed in the corporate name by its duly authorized officers and its seal or a reasonable facsimile thereof to be hereunto affixed or impressed by authority of its Board of Directors, the day and year first above written.

By: Katherine A. Stafford
President

ATTEST



Debra W. Honeycutt
Secretary

NOTARY'S ACKNOWLEDGMENT

NORTH CAROLINA

MOORE COUNTY

I, Notary Public of the County and State aforesaid, certify that Katherine A. Stafford, with whom I am personally acquainted, who, being by me duly sworn, says that she is the President of KRJ, INC. a Delaware corporation, described in and which executed the foregoing instrument; that she knows the common seal of the corporation; that the seal affixed to the foregoing instrument is the common seal or a reasonable facsimile of same, and the name of the corporation was subscribed thereto by the said President, and that the said President and Secretary subscribed their names thereto, and said common seal or reasonable facsimile thereof was affixed, all by order of the Board of Directors of said corporation, and that the said instrument is the act and deed of said corporation.

Witness my hand and official stamp or seal, this 3/17 day of January, 1996.

My commission expires: 3/26/97

Debra W. Honeycutt
Notary Public



NORTH CAROLINA — WAKE COUNTY

The foregoing certificate of _____

Debra W. Honeycutt

Notary(ies) Public is

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

KENNETH C. WILKINS, Register of Deeds

By Meta A. Harris
Asst./Deputy Register of Deeds

CAROLINA POWER & LIGHT COMPANY
TRANSMISSION LINE RIGHTS OF WAY RESTRICTIONS 866835PG0761

The following list of right of way restrictions has been developed to inform property owners regarding the use of CP&L's transmission line rights of way across their property. Inquiries should be made concerning any proposed plans or special uses that would deviate from the restrictions as outlined.

1. Structures are not allowed within the rights of way. Structures are defined as any man-made assembly of materials or devices, above or below ground, that will obstruct utilization of any portion of the right of way, now or in the future, or could in anyway endanger the safe and proper maintenance and operation of the transmission line. Structures include, but are not limited to, the following: buildings/sheds, wells, septic tanks/drain fields, absorption pits, storage tanks or swimming pools (either above or below ground), mobile homes, trailers, satellite signal receiver systems and equipment, billboards, signs, dumpsters, and hunting stands. Human graves, garbage, trash, rubble, flammable material, building material, and junked/wrecked/disabled vehicles are not allowed within the rights of way limits.
2. Fences should be installed at least ten (10) feet away from poles or towers and shall not exceed eight (8) feet in height. Fences shall not be attached to CP&L poles or towers. If, in the opinion of CP&L, a fence impedes Company access along the right of way, a sixteen (16) foot gate will be installed by the property owner so that vehicular access is maintained.
3. Grading (to include fill and excavation) will not be allowed on the right of way or near a structure without prior approval of CP&L in order to ensure adequate clearance between the lowest conductor to ground and to maintain free access. Approved grading shall be more than forty (40) feet from a pole or tower and the slope shall not exceed a one (1) foot rise/fall in elevation over a three (3) foot horizontal distance (1:3 slope).
4. Any grading or drainage ditch that allows water to pond or to cause erosion around any pole or tower is prohibited.
5. Streets, roads, driveways, water and sewer lines, or any underground facilities shall cross the right of way at an angle of more than 45 degrees with the center line and more than forty (40) feet from any pole or tower. Manholes, fire hydrants, pedestals and underground vaults will not be allowed within the rights of way limits.
6. Lakes, ponds, or dams shall not be constructed on any portion of the rights of way without the prior approval of CP&L.
7. Parking lots may be constructed on rights of way with prior CP&L approval and compliance with the following conditions:
 - a. A CP&L approved barrier adequate to protect any pole or tower shall be erected, by the party constructing the parking area, in such a manner as to restrict parking to a minimum five (5) feet from the pole or tower.
 - b. Any access areas, entrances or exits, upon the right of way shall be at an angle of more than 45 degrees with the center line and more than forty (40) feet from any pole or tower.
 - c. Any lighting facilities are to be outside of the right of way.
 - d. Signs and other attachments to any CP&L poles or towers are prohibited.
 - e. Trash bins/dumpsters are to be located/stored outside the right of way.
8. CP&L will approve certain beautification programs, such as planting grass, flowers, low growing shrubs, gardens, etc., as long as they do not interfere with the maintenance of the right of way or access to poles or towers and meet the following:

Tall growing species of trees are not allowed within the right of way. Other trees, flowering shrubs, bushes, hedges, or low-growing evergreens within the right of way shall not exceed twelve (12) feet in height at maturity. Any plants exceeding this height are subject to being cleared from the rights of way.
9. As required to properly operate and maintain its transmission facilities, CP&L may exercise its right to cut tall growing species of trees growing outside the right of way which endangers its facilities.

It is the intent of CP&L to protect its rights of way from encroachments in the interest of providing safe and reliable electric service to its customers. If additional information, clarification, or prior approval is needed, please contact a CP&L right of way representative by calling: Bill Stanton - 557-2626

BK 8171 PG 2440

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PREPARED BY AND ~~STAFFORD~~
WALLACE, CREECH & SARDA, L.L.P.

NORTH CAROLINA

DECLARATION OF ANNEXATION FOR
SOUTHERN TRACE, PHASE THREE,
RECORDED IN BOOK OF MAPS ~~6835~~, 1998
PAGE ~~1902~~ WAKE COUNTY REGISTRY

WAKE COUNTY

601

THIS DECLARATION OF ANNEXATION, made this 21st day of July, 1998, by
Stafford Land Company, Inc. (formerly KRJ, Inc.), a Delaware corporation, hereinafter
referred to as "Declarant":

WITNESSETH:

WHEREAS, the Declarant has heretofore executed an instrument entitled
"Declaration of Covenants, Conditions, Restrictions and Easements" for Southern Trace
Subdivision, recorded in Book 6835, Page 748, Wake County Registry, said document being
referred to herein as the "Declaration"; and

WHEREAS, Article 6 of the Declaration provides that "The area of property subject
to this Declaration may be increased by filing with the Register of Deeds of the jurisdiction
referred to above, supplements to this Declaration, which need only be signed by the
Declarant, the owner of the additional land described in the supplement and the holder of
any mortgage, Deed of Trust or similar liens thereon, stating that additional land within the
Development Site shall be subject to this Declaration. No other land within the
Development Site or vicinity of the Development Site shall be subject to this Declaration
unless the provisions of this paragraph are complied with, it being intended that this
Declaration may not be construed or considered as a scheme for the development of any
land other than that shown on the Phase One Plats or hereafter submitted to the
Declaration in the manner described in this paragraph."; and

WHEREAS, the Declarant now desires to annex to the Property referred to in the
Declaration, all of the 15.545 acres described in Exhibit "A" attached hereto and
incorporated herein by this reference, said property lying within the perimeter of the lands
which the Declarant is entitled to annex pursuant to authority contained in the Declaration.

NOW, THEREFORE, Declarant hereby declares that all of the 15.545 acres
described in Exhibit "A" is hereby annexed to the Property as permitted by the Declaration,
whereby all of the foregoing property is now subject to the covenants, conditions, restrictions
and easements of the Declaration, and are entitled to all of the benefits of the Declaration.

The purpose of this rerecording is to correct the Book of Maps
reference in the heading.

Wallace, Creech & Sarda, LLP

By: M. Bradley Aches

PRESENTED
FOR
REGISTRATION
98 JUL 21 PM 4:20
LAURA L. ANDERSON
REGISTER OF DEEDS
WAKE COUNTY

-01-
20

~~BK 8107PG1124~~

BK 8171PG0441

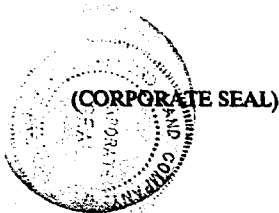
IN TESTIMONY WHEREOF, the Declarant has executed this instrument by authority duly given on the day and year first above written.

STAFFORD LAND COMPANY, INC.

ATTEST:

Julia Stafford
Secretary

BY: *Katherine A. Stafford*
President



NORTH CAROLINA
MOORE COUNTY

I, a Notary Public of the County and State aforesaid, certify that Robert R. Stafford personally came before me this day and acknowledged that he/she is Secretary of Stafford Land Company, Inc., a Delaware 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 himself/herself as its Secretary.

Witness my hand and official stamp or seal, this 21st day of July, 1998.

Louise Knotoff
Notary Public

My Commission Expires: 03-28-2001



NORTH CAROLINA — WAKE COUNTY

The foregoing certificate of

Louise Knotoff
Notary(y)(ies) Public

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

LAURA M. RIDDICK, Register of Deeds

By *Laura M. Riddick*
Asst. Deputy Register of Deeds

~~BOOK 107 PG 1125~~
~~BOOK 171 PG 442~~
EXHIBIT A

BEING ALL of Lots 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71 and 72, Phase 3 Southern Trace Subdivision, together with the right-of-way of Southern Trace Trail and Red Brick Road as shown on the plat recorded in Plat Book 1998, Page 601, Wake County Registry.

STRACE ANN

Stafford Custom Homes

780 a N.W. Broad St 000535

So. Pine NC 28387

BK8150PG2458

PRESENTED
FOR
REGISTRATION

98 SEP 20 PM 2:49

LAURENCE COUNTY
REGISTERED
WARE COUNTY

Recording Time, Book and Page

DRAFTED BY:
D.T. SCARBOROUGH III, ATTORNEY AT LAW
PO Box 1669
PINEHURST, NC 28370

BRIEF DESCRIPTION FOR INDEX
Amended Declaration - Southern Trace Subdivision

AMENDED DECLARATION OF COVENANTS, CONDITIONS RESTRICTIONS AND EASEMENTS

THIS AMENDED DECLARATION made by STAFFORD LAND COMPANY, INC. (formerly K.R.J., INC.), a Delaware corporation (the "Declarant") concerning the planned community known as SOUTHERN TRACE.

R E C I T A L S:

The Declarant has previously filed a Declaration of Covenants, Conditions, Restrictions and Easements in Book 6835 Page 0748, Wake County Registry (the "Declaration") and now desires to amend the Declaration pursuant to original Article 6.2 (B) in order to qualify the subdivision for certain government agency loans or guaranties.

Now therefore, in consideration of the premises, the Declaration is amended by replacing current Article 4 and adding a new Article 7 as follows:

ARTICLE 4

4.1 Every owner of a Lot shall be a member of the Southern Trace Homeowners Association, Inc., a non-profit corporation or other legal entity formed by the Declarant. Membership shall be appurtenant to and may not be separated from ownership of any Lot. Each membership in the

30

Association shall relate to and have a unity of interest with an individual Lot which may not be separated from ownership of said Lot.

4.2 The voting rights of the membership shall be appurtenant to the ownership of the Lots. Declarant's vote shall be the vote of the membership and Declarant may appoint and remove the Board of Directors and all officers until such time as Declarant releases such right by notice in writing delivered to the Board of Directors of the Association or no later than the earlier of: (i) 120 days after conveyance of seventy-five percent (75%) of Lots (including Lots which may be created by the platting and recording of subdivision plats of the Development Site as provided in the Declaration) to Owners other than Declarant or permitted Builders; (ii) two years after all Declarants have ceased to offer Lots for sale in the ordinary course of business; or (iii) two years after any reserved Development Right to add new Lots was last exercised. This provision is a Declarant "Development Right". Before the earliest of the designated events, members shall be entitled to vote only on (i) any proposal to charge fees for the actual use of any recreational facility, (ii) any proposal to change the method of calculating the maximum amount of the annual assessment to be levied by the Association, (iii) any proposal that a special assessment be levied by the Association, (iv) any proposal to dedicate or transfer all or any part of any designated Common Area to any public agency or authority, (v) any proposal to amend this Declaration, except for those authorized Amendments that the Declarant may make without Owner approval as provided in the Declaration, (vi) any proposal to amend the By-Laws of the Association, and (vii) any proposal of merger, consolidation or dissolution of the Association. Further, items (iv) and (v) and annexation of additional properties shall require the approval of the Department of Veterans Affairs.

Not later than 60 days after conveyance of twenty-five percent (25%) of the Lots (including Lots which may be added to the Property) to Owners other than Declarant or a permitted Builder, at least one member and not less than twenty-five (25%) of the members of the Board of Directors shall be elected by Owners, other than Declarant or a permitted Builder. Not later than 60 days after conveyance of fifty (50%) of the Lots (including Lots which may be added to the Property)

to Owners other than Declarant or a permitted Builder, at least one member and not less than thirty-three (33%) of the members of the Board of Directors shall be elected by Owners, other than Declarant or a permitted Builder. Not later than the termination of the period of Declarant control, the Owners shall elect a Board of Directors of at least five members, at least a majority of which must be Owners, other than Declarant or a permitted Builder.

4.3 Each Owner shall be entitled to one (1) vote for each Lot owned. If only one of multiple owners of a Lot is present at a meeting of the Association, that Owner is entitled to cast the vote allocated to that Lot. If more than one of the multiple owners are present, the vote allocated to that Lot may be cast only in accordance with the agreement of the majority in interest of the multiple owners. Majority agreement is conclusively presumed if any one of the multiple owners casts the vote allocated to that Lot without protest being made promptly to the person presiding over the meeting by any of the other multiple Owners of the Lot.

4.4 The vote allocated to a Lot may be cast pursuant to a proxy duly executed by a Lot Owner. If a Lot is owned by more than one person, each Owner of the Lot may vote or register protest to the casting of votes by the other owners of the Lot through a duly executed proxy. A Lot Owner may not revoke a proxy given pursuant to this section except by written notice of revocation delivered to the person presiding over a meeting of the Association. A proxy is void if it is not dated. A proxy terminates one year after its date, unless it specifies a shorter term.

4.5 The Association purposes will be to own, manage, maintain, and operate the Common Areas and facilities located upon the Development Area; to enforce the restrictions contained herein; to adopt budgets and to collect assessments as provided herein; and to make and enforce rules and regulations governing the Owners' use and occupation of Lots.

4.6 Any Common Areas, including any recreational areas, dedicated to the private use of the Lot Owners by the Declarant or by this Declaration shall be managed by a Board of Directors of the Association. The date of the first election of the Board of Directors shall

be determined by the Declarant. This provision is a Declarant "Development Right". The initial By-Laws of the Association are attached hereto as Exhibit A. The duties of the Board of Directors are set forth therein.

4.7 The Declarant has filed a Master Plan of the entire Development Site with Wake County Community Services on which is shown the proposed location of a Recreation and Pool Area, which is the only intended Common Area to be developed within the Development Site. The construction of the planned improvements consisting of a pool and cabana is scheduled to begin in 1999.

4.8 The Declarant hereby covenants for itself, its successors and assigns that it will convey fee simple title to any future designated Common Areas and any improvements constructed thereon located within the Development Site to the Southern Trace Home Owners Association, Inc. at such time as all planned improvements are completed; or such earlier time as Declarant may elect. The Declarant reserves the right to convey any designated Common Areas in separate conveyances and at separate times as any phase of the Common Area is developed. This provision is a Declarant "Development Right". Any such conveyance will be free and clear of all encumbrances and liens except encumbrances or utility, service, access, storm drainage, greenery, and other similar service or utility easements and this Declaration.

ARTICLE 7

COMMON EXPENSES

7.1 Creation of the Lien and Personal Obligation of Assessments. Each Owner for each Lot owned within the properties, 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 herein-after 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 per-

sonal obligation of the person who was the Owner of such property at the time when the assessment fell due.

7.2 The Common Expenses of the Subdivision include:

7.2.1 All amounts expended by the Association in operating, administering, managing, repairing, replacing and improving the Common Areas of the Subdivision; all amounts expended by the Association in insuring the Common Areas in the Subdivision; all amounts expended by the Association for maintenance of entranceways, entry lighting and irrigation of those areas, although those areas may not be a part of the Common Area; all amounts expended by the Association in legal, engineering, or architectural fees; all similar fees which may be incurred by the Association from time to time in performing the functions delegated to the Association by these Restrictions; and all amounts expended in any form by the Association in enforcing these Restrictions, the Articles or the Bylaws.

7.2.2 All amounts expended by the Association in carrying out any duty or discretion as may be required or allowed by these Restrictions, the Articles or the Bylaws.

7.2.3 All amounts declared to be Common Expenses in the Bylaws or in this Declaration.

7.2.4 All taxes and special assessments which may be levied from time to time by any governmental authority upon the Common Areas in the Subdivision.

7.2.5 The Association shall, upon request by an Owner or prospective Owner or such person's agent, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

7.3 Purpose of Assessments:

7.3.1 The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the owners of the properties and in particular for the acquisition, improvement and maintenance of properties, services

and facilities devoted to this purpose and for the use and enjoyment of the Common Area, including but not limited to the costs of repairs, replacements and additions, the cost of labor, equipment, materials, management and supervision, the payment of taxes assessed against the Common Area and entranceways, the procurement and maintenance of insurance in accordance with the By-Laws, the employment of attorneys to represent the Association when necessary and such other needs as may arise, including the establishment of reserve funds for any of such purposes.

7.3.2 The assessments shall also include the expense to purchase, install, maintain and replace, if damaged, at Association expense, all street directional signs in Southern Trace.

7.3.3 The assessments shall also include maintenance and landscaping on the rights of ways of any public street or road abutting the Subdivision, including entranceways, identifying signs and any landscape berm on any boundary of the Development Site.

7.4 Separate Property of Association. All monies collected by the Association shall be treated as the separate property of the Association, and such monies may be applied by the Association to the payment of any expense of operating and managing the Properties or to the proper undertaking of all acts and duties imposed upon it by virtue of this Declaration, the Articles of Incorporation and the By-Laws of the Association. As monies for any assessment are paid to the Association by any Owner, the same may be commingled with monies paid to the Association by other Owners. Although all funds and common surplus, including other assets of the Association, and any increments thereto or profits derived therefrom shall be held for the benefit of the Members of the Association, no Member of the Association shall have the right to assign, hypothecate, pledge or in any manner transfer his membership interest therein, except as an appurtenance to his Lot. When an Owner shall cease to be a Member of the Association by reason of his divestment of ownership of his Lot, by whatever means, the Association shall not be required to account to such Owner for any share of the funds or assets of the Association, or which may have been paid to the Association by such Owner, as all monies which any Owner

has paid to the Association shall constitute an asset of the Association which may be used in the operation and management of the Properties.

7.5 Maximum Annual Assessment. Until the Directors establish the annual assessment pursuant to the provisions herein, the maximum annual assessment shall be \$180.00 per Lot per year.

7.6 Special Assessments for Private or Public Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any calendar year, a special assessment for the purpose of defraying in whole or in part the costs of any construction, reconstruction, repair or replacement of a capital improvement upon or adjacent to the Common Area, including fixtures and personal property related thereto.

7.7 Procedure for setting Annual and Special Assessments. The Board of Directors shall annually adopt a proposed budget and the annual assessment for each Lot for the next year. Within 30 days after adoption of any proposed budget for the Association and assessments for the Lot Owners, the Board shall provide a summary of the budget and assessments to all Lot Owners, and shall set a date for a meeting of the Owners to consider ratification of the budget and the assessments based thereon not less than 14 nor more than 30 days after mailing of the summary. There shall be no requirement that a quorum be present at the meeting. The budget and the assessments based thereon are ratified unless at that meeting a majority of all Owners in person or by proxy rejects the budget. In the event the proposed budget is rejected, the periodic budget last in effect and the assessments based thereon shall be continued until such time as the Owners ratify a subsequent budget proposed by the Board of Directors. In the event that the Association proposes a special assessment, it shall be set forth as a separate item in connection with the annual proposed budget and the procedure for setting the special assessment shall be as set forth above, except that the special assessment shall be ratified separately from the other portions of the budget.

7.8 Effect of Nonpayment of Assessments; Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of twelve

(12%) percent per annum or the maximum interest rate permitted to be legally charged under the laws of the State of North Carolina at the time of such delinquency, whichever is greater, and shall constitute a lien on the Lot when a Notice or Claim of Lien is filed of record in the office of the Clerk of Court of Wake County, by the Association setting forth the name of the Owner when the Assessment became due and the name of any subsequent Owner, since the Assessment became due, and the amount owed, exclusive of any collection expense. In addition to such interest charge, the delinquent owner shall also pay such late charge as may have been theretofore established by the Board of Directors of the Association to defray the cost of the late payment. The Association may bring an action at law against any Owner personally obligated to pay the same, and/or foreclose the lien against the property, and interest, late payment fee, fines, cost and reasonable attorneys' fees of such action of foreclosure shall be added to the amount of such delinquent Assessment. No Owner may waive or otherwise escape liability for the Assessments provided for herein by nonuse of the Common Area or abandonment of his Lot.

7.8.1 The Association's lien may be foreclosed in like manner as a deed of trust on real estate under power of sale under Article 2A of Chapter 45 of the General Statutes of North Carolina, as the same may be in effect at the time that foreclosure is commenced. Each Owner of a Lot agrees that the Association may appoint a Trustee or Commissioner (or the Clerk of Court may appoint such a person) for such purpose, and upon request by the Association, it shall be lawful for and the duty of the Trustee or Commissioner so appointed, to sell the Lot subject to the lien at public auction for cash, after having first given such notice of hearing as to commencement of foreclosure proceedings and obtained such findings or leave of court as may then be required by law and by giving such notice and advertising the time and place of such sale in such manner as may then be provided by law, and upon such and any resales and upon compliance with the law then relating to foreclosure proceedings under power of sale to convey title to the purchaser in as full and ample manner as the Trustee or Commissioner is hereby empowered. The Trustee or

Commissioner shall be authorized to retain an attorney to represent the Trustee or Commissioner in such proceedings.

7.8.2 The proceeds of the Sale shall after the Trustee or Commissioner retains a commission, together with any reasonable attorneys fees incurred by the Trustee or Commissioner in such proceeding, be applied to the costs of sale, including, but not limited to, costs of collection, taxes, assessments, costs of recording, service fees and incidental expenditures, the amount due on the assessment which the lien secures and any advancements and other sums expended by the Association according to the provisions hereof and otherwise as required by the then existing law relating to foreclosures under power of sale. The Trustee's or Commissioner's commission shall be five per cent (5%) of the gross proceeds of sale or the minimum sum of \$350.00, whichever is greater, for a completed foreclosure. In the event foreclosure of the lien is commenced, but not completed, the Lot Owner shall pay all expenses incurred by the Trustee or Commissioner, including reasonable attorneys fees, and a partial commission computed on five percent (5%) of the outstanding indebtedness or the above stated minimum sum, whichever is greater, in accordance with the following schedule, to wit: three-fourths (3/4ths) after commencement but before the initial sale; and the greater of the full commission or minimum sum after the initial sale.

7.8.3 Each Lot Owner and any Trustee or Commissioner appointed covenant and agree that in case the appointed Trustee or Commissioner, or any successor Trustee or Commissioner, shall die, become incapable of acting, renounce his trust, or for any reason the Association desires to replace said Trustee or Commissioner, then the Association may appoint, in writing, a trustee or commissioner to take the place of the Trustee or Commissioner; and upon the probate and registration of any initial or subsequent appointment of Trustee or Commissioner, the Trustee or Commissioner thus appointed shall be vested with or succeed to all rights, powers and duties of the Trustee or Commissioner herein described. Until such time as the Association may substitute such Trustee or

Commissioner, the Trustee or Commissioner shall be the then current President of the United States of America.

7.8.4 In the event the Trustee or Commissioner is named as a party to any civil action as Trustee or Commissioner to foreclose the Association's lien rights, the Trustee or Commissioner shall be entitled to employ an attorney at law, including the Trustee or Commissioner if a licensed attorney, to represent the Trustee or Commissioner in said action and the reasonable attorney's fee of the Trustee or Commissioner in such action shall be paid by the Association and added to the outstanding indebtedness which the Association's lien secures and bear interest at the rate provided by this Declaration for unpaid assessments.

7.8.5 Each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, or by request to join the Association, is deemed to bargain, sell, grant, give and convey to any such appointed Trustee or Commissioner for the benefit of the Association a real property interest in said Lot to secure the Association's lien, TO HAVE AND TO HOLD said interest with all privileges and appurtenances thereto belonging, to said Trustee or Commissioner, his heirs, successors and assigns forever, upon the trust, terms and conditions and for the uses herein set forth.

7.9 Rate of Annual Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly, quarterly or yearly basis or such other periodic basis as the Board of Directors of the Association may set.

7.10 Date and Commencement of Annual Assessment. The annual assessments provided for herein shall commence as to each Lot on the first day of the month following the conveyance of that Lot by Declarant to an Owner. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. At least thirty (30) days in advance of each annual assessment period, the Board of Directors shall fix the amount of the annual assessment 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 whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

7.11 Subordination of the Lien to Mortgages.

7.11.1 The liens provided for herein shall be subordinate to the lien of any first mortgage or deed of trust if, but only if, all such assessments with respect to such Lot having a due date on or prior to the date such mortgage or deed of trust is filed of record have been paid. Sale or transfer of any Lot shall not affect the assessment lien or liens provided for in the preceding sections. No such sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof, but the liens provided for herein shall continue to be subordinate to the lien of any first mortgage or deed of trust filed prior to the time of transfer.

7.11.2 Such subordination is merely a subordination and shall not relieve the Owner of the mortgaged or pledged property of his personal obligation to pay all assessments coming due at a time when he is the Owner.

7.12 Exempt Property.

7.12.1 Until the Declarant's membership in the Association shall terminate as provided in this Declaration, each Lot which is subject to this Declaration shall be exempt from the assessment, charges and liens created herein while owned by Declarant; provided that the Declarant shall pay to the Association at the close of each fiscal year of the Association 25% of the assessment rate as provided in Article 7.9 for each Lot then owned by Declarant.

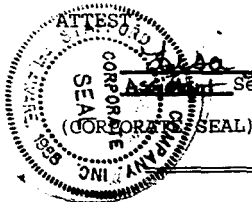
7.12.2 All Common Area, including any Lot which may be designated for use as such by Declarant, shall be exempt from the assessments, charges and liens created herein.

IN WITNESS WHEREOF, the Declarant has hereunto set his hand and seal, adopting the designation (SEAL) as its own, or if corporate, has caused this instrument to be signed in the corporate name by its duly authorized officers and its seal or a reasonable facsimile thereof to

be hereunto affixed or impressed by authority of its Board of Directors, the day and year first above written.

STAFFORD LAND COMPANY, INC., Declarant

By: Robert R. Stafford III
Sr. Vice-President



Lisa M. Stafford
Asst. Secretary

NOTARY'S ACKNOWLEDGMENT

NORTH CAROLINA Wake COUNTY

I, Notary Public of the County and State aforesaid, certify that AND Robert R. Stafford III Lisa M. Stafford personally came before me this day and acknowledged that She is Asst. Secretary of Stafford Land Company, Inc. a Delaware corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its Sr. Vice President, sealed with its corporate seal and attested by her as its Asst. Secretary. Witness my hand and official stamp or seal, this 23 day of September, 1998.

My commission expires: 8/30/2000

Linda M. Garner
Notary Public



NORTH CAROLINA — WAKE COUNTY

The foregoing certificate of _____

Linda M. Garner
Notary(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.

LAURA M. RIDDICK, Register of Deeds

By: Laura M. Riddick
Asst. Deputy Register of Deeds

BK 8221 PG 0297

PRESENTED
FOR
REGISTRATION

000388

99 DEC 31 AM 11:10

LADDA & WIDEN
REGISTER OF DEEDS
WAKE COUNTY

Recording Time, Book and Page

Return to and.

DRAFTED BY:
D.T. SCARBOROUGH III, ATTORNEY AT LAW
PO BOX 1669
PINEHURST, NC 28370

BRIEF DESCRIPTION FOR INDEX

Amendment to Declaration - Southern Trace Subdivision

AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS RESTRICTIONS AND EASEMENTS

THIS AMENDMENT TO DECLARATION made by STAFFORD LAND COMPANY, INC. (formerly K.R.J., INC.), a Delaware corporation (the "Declarant") concerning the planned community known as SOUTHERN TRACE.

R E C I T A L S:

The Declarant has previously filed a Declaration of Covenants, Conditions, Restrictions and Easements in Book 6835 Page 0748, as amended in Book 8150, Page 2458, Wake County Registry (the "Declaration") and now desires to expand the Property subject to the Declaration and further amend the Declaration pursuant to original Article 6.2 (B) in order to comply with certain governmental regulations.

Now therefore, in consideration of the premises, the Declaration is amended pursuant to Article 6.1 extending the scheme to Phase Three of Southern Trace recorded in Map Book 1998, Page 2438 and by adding a new Article 9 as follows:

2429

12

ARTICLE 9
PROPERTY DEVELOPMENT PLAN

9.1 The Property in Phase 4 and subsequent phases shall be developed in accordance with a plan that complies with applicable Wake County zoning regulations for a Cluster Development, as the same now exists. A maximum of ninety percent (90%) of the area of the Property shall be included within lots and associated off-street parking for such lots.

9.2 A minimum of ten percent (10%) of the area of the Property may include utility areas, recreational facilities, such as playing fields and tennis courts, community buildings, such as clubhouses, and Permanent Open Space set aside for passive recreation or for forestry, pasture or agriculture. Off-street parking for persons using such facilities may also be included within the ten percent (10%) area.

9.3 "Permanent Open Space" shall mean all real property dedicated to the use and enjoyment of the Owners by labeling as such on the recorded plats of the Subdivision and shall deemed to be a special type of Common Area as defined in the Declaration. Any such designated Permanent Open Space shall be maintained for forestry, agriculture or active or passive recreational uses. Permanent Open Space shall not include public or private roads within the Property, and shall not include utility lines and utility structures. All Permanent Open Spaces shall be subject to easements for utilities, including sewer, drainage and waterlines, easements for ingress and egress, and easements for any encroachments arising from the initial improvements constructed by or at the request of Declarant. Each such Permanent Open Space shall be designated on a plat or plats of the Subdivision recorded to be recorded in the Office of the Wake County Register of Deeds.

9.4 The recorded plats for the Property shall reflect that no less than ten percent (10%) of the total area has been reserved for Permanent Open Space.

9.5 The Property shall at all times remain in compliance with the governing percentages of land area dedicated to individual lots and to Permanent Open Space.

9.6 The Declarant hereby covenants for itself, its successors or assigns, that it will convey to the Association fee simple title to the Permanent Open Space designated as such on any recorded plat of the Property. Such conveyance shall be free and clear of all encumbrances and liens, but subject to the Declaration and to all easements of record affecting the Property and Development Site.

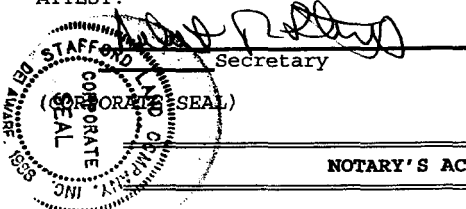
9.7 Each Lot Owner covenants and agrees to pay to the appropriate governmental taxing authority, a pro-rata share of ad valorem taxes levied against the Permanent Open Space and a pro-rata share of any assessments for public improvements to the Permanent Open Space, if the Association shall default in the payment thereof for a period of six (6) months.

IN WITNESS WHEREOF, the Declarant has hereunto set his hand and seal, adopting the designation (SEAL) as its own, or if corporate, has caused this instrument to be signed in the corporate name by its duly authorized officers and its seal or a reasonable facsimile thereof to be hereunto affixed or impressed by authority of its Board of Directors, the day and year first above written.

STAFFORD LAND COMPANY, INC., Declarant

By: Katherine A. Stafford
President

ATTEST:

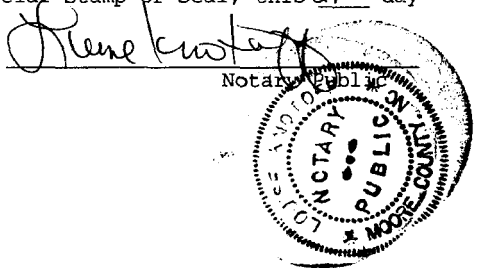


NOTARY'S ACKNOWLEDGMENT

NORTH CAROLINA MOORE COUNTY

I, Notary Public of the County and State aforesaid, certify that Robert R. Stafford personally came before me this day and acknowledged that he is Secretary of Stafford Land Company, Inc. a Delaware 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 me as its Secretary. Witness my hand and official stamp or seal, this 29th day of December, 1998.

My commission expires: 03-28-2001



NORTH CAROLINA — WAKE COUNTY

The foregoing certificate of _____

Laurie K. Riddick
Notary(ies) Public

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

LAURA M. RIDDICK, Register of Deeds

By: Laura M. Riddick
CSR/Deputy Register of Deeds

BK8272PG2498

Return To:

Southern Trace HOA
780-A NW Broad ST
Southern Pines, NC
28387

PRESENTED
FOR
REGISTRATION

99 MAR 19 AM 11:11

LAURA M. HODDICK
REGISTER OF DEEDS
WAKE COUNTY

Recording Time, Book and Page

DRAFTED BY:
D.T. SCARBOROUGH III, ATTORNEY AT LAW
PO Box 1669
PINEHURST, NC 28370

BRIEF DESCRIPTION FOR INDEX

Amended Declaration - Southern Trace Subdivision

AMENDED

**DECLARATION OF COVENANTS, CONDITIONS
RESTRICTIONS AND EASEMENTS**

THIS AMENDED DECLARATION made by STAFFORD LAND COMPANY, INC.
(formerly K.R.J., INC.), a Delaware corporation (the "Declarant")
concerning the planned community known as SOUTHERN TRACE.

R E C I T A L S :

The Declarant has previously filed a Declaration of Covenants,
Conditions, Restrictions and Easements in Book 6835 Page 0748, Wake
County Registry, as previously amended, (the "Declaration") and now
desires to further amend the Declaration pursuant to Article 6.2.

Now therefore, in consideration of the premises, the Declaration
is amended by replacing Articles 1.5 & 1.14 with the following:

Article 1.5 No animals may be kept, maintained, or bred on
any Lot or any Structure erected thereon, including dwelling
houses, except that no more than two dogs, cats or similar
domestic household pets may be kept on any Lot and with
special written permission of the Declarant or the Architec-
tural Review Committee in the case of a Lot in excess of one
acre, no more than three dogs, cats or similar domestic
household pets may be kept on any Lot in excess of one acre;
provided that in each instance, they are not kept, bred or
maintained for any commercial purpose and provided further

BK 0272PG2499

that they are kept in such a manner as to avoid becoming a nuisance to neighbors or adjoining property owners.

Article 1.14 All driveways must be paved with concrete, asphalt, or brick, provided however, in instances where the driveway may exceed 75 feet in length, other substances may be used, if approved by the Architectural Review Committee.

IN WITNESS WHEREOF, the Declarant has hereunto set his hand and seal, adopting the designation (SEAL) as its own, or if corporate, has caused this instrument to be signed in the corporate name by its duly authorized officers and its seal or a reasonable facsimile thereof to be hereunto affixed or impressed by authority of its Board of Directors, the day and year first above written.

STAFFORD LAND COMPANY, INC., Declarant

By: Katharine A. Stafford
President

ATTEST:

[Signature]
Secretary

(CORPORATE SEAL)

NOTARY'S ACKNOWLEDGMENT

NORTH CAROLINA MOORE COUNTY

I, Notary Public of the County and State aforesaid, certify that Robert R. Stafford personally came before me this day and acknowledged that he is Secretary of Stafford Land Company, Inc. a Delaware 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 as its Secretary. Witness my hand and official stamp or seal, this 18 day of March, 1999.

My commission expires: 03-28-2001

[Signature]
Notary Public

NORTH CAROLINA — WAKE COUNTY

The foregoing certificate of

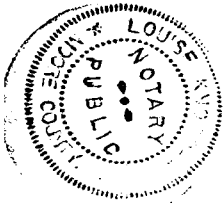
Louise Krotz

Notary(y)ies) Public

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

LAURA M. RIDDICK, Register of Deeds

By Sandrah Callahan
Asst. Deputy Register of Deeds



BK8272PG2500

PRESENTED
FOR
REGISTRATION

99 MAR 19 AM 11:11

LAURA K. RICHMOND
REGISTER OF DEEDS
WAKE COUNTY

Return To:

000308

Southern Trace HOA

780-A NW Broad ST

Southern Pines, NC 28387

Recording Time, Book and Page

DRAFTED BY:
D.T. SCARBOROUGH III, ATTORNEY AT LAW
PO BOX 1669
PINEHURST, NC 28370

BRIEF DESCRIPTION FOR INDEX
Amended Declaration - Southern Trace Subdivision

AMENDED DECLARATION OF COVENANTS, CONDITIONS RESTRICTIONS AND EASEMENTS

THIS AMENDED DECLARATION made by STAFFORD LAND COMPANY, INC. (formerly K.R.J., INC.), a Delaware corporation (the "Declarant") concerning the planned community known as SOUTHERN TRACE.

R E C I T A L S:

The Declarant has previously filed a Declaration of Covenants, Conditions, Restrictions and Easements in Book 6835 Page 0748, Wake County Registry, as previously amended, (the "Declaration") and now desires to expand the Property subject to the Declaration pursuant to Article 6.1.

Now therefore, in consideration of the premises, the Declaration is amended pursuant to Article 6.1 extending the scheme to Phase 2, 3 & 4 of Southern Trace as recorded in Map Book 1998, Pages 266-267, 601, 2428-2429 Wake County Registry.

IN WITNESS WHEREOF, the Declarant has hereunto set his hand and seal, adopting the designation (SEAL) as its own, or if corporate, has caused this instrument to be signed in the corporate name by its duly authorized officers and its seal or a reasonable facsimile thereof to

be hereunto affixed or impressed by authority of its Board of Directors, the day and year first above written.

STAFFORD LAND COMPANY, INC., Declarant

By: Katherine R. Stafford
President

ATTEST:

Robert R. Stafford
Secretary

(CORPORATE SEAL)

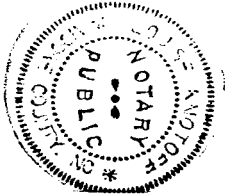
NOTARY'S ACKNOWLEDGMENT

NORTH CAROLINA MOORE COUNTY

I, Notary Public of the County and State aforesaid, certify that Robert R. Stafford personally came before me this day and acknowledged that he is Secretary of Stafford Land Company, Inc. a Delaware 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 as its Secretary. Witness my hand and official stamp or seal, this 18 day of March, 1999.

My commission expires: 03-28-2001

Glenn Knott
Notary Public



NORTH CAROLINA -- WAKE COUNTY

The foregoing certificate of

Louise Knott

Notary(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.

LAURA M. RIDDICK, Register of Deeds

By

Laura M. Riddick
Asst./Deputy Register of Deeds

Wake County, NC 65
Laura M Riddick, Register Of Deeds
Presented & Recorded 07/14/2000 09:40:17
Book : 008632 Page : 01594 - 01596

Recording Time, Book and Page

DRAFTED BY:
D.T. SCARBOROUGH III, ATTORNEY AT LAW
PO Box 1669
PINEHURST, NC 28370

MAIL
BRIEF DESCRIPTION FOR INDEX
Amended Declaration - Southern Trace Subdivision

AMENDED DECLARATION OF COVENANTS, CONDITIONS RESTRICTIONS AND EASEMENTS

THIS AMENDED DECLARATION made by STAFFORD LAND COMPANY, INC.
(formerly K.R.J., INC.), a Delaware corporation (the "Declarant")
concerning the planned community known as SOUTHERN TRACE.

R E C I T A L S:

The Declarant has previously filed a Declaration of Covenants,
Conditions, Restrictions and Easements in Book 6835 Page 0748, Wake
County Registry, as previously amended, (the "Declaration") and now
desires to expand the Property subject to the Declaration pursuant to
Article 6.1.

Now therefore, in consideration of the premises, the Declaration
is amended pursuant to Article 6.1 extending the scheme to Phase
FIVE (5) of Southern Trace as recorded in Map Book 2000, Pages
615 and 616, Wake County Registry.

IN WITNESS WHEREOF, the Declarant has hereunto set his hand and
seal, adopting the designation (SEAL) as its own, or if corporate, has
caused this instrument to be signed in the corporate name by its duly
authorized officers and its seal or a reasonable facsimile thereof to

be hereunto affixed or impressed by authority of its Board of Directors, the day and year first above written.

STAFFORD LAND COMPANY, INC., Declarant

By: *Robert R. Stafford*
President

ATTEST:

Katherine A. Stafford
Secretary

(CORPORATE SEAL)

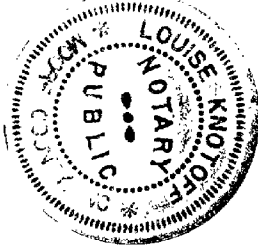
NOTARY'S ACKNOWLEDGMENT

NORTH CAROLINA MOORE COUNTY

I, Notary Public of the County and State aforesaid, certify that Robert R. Stafford personally came before me this day and acknowledged that he is Secretary of Stafford Land Company, Inc. a Delaware 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 _____ as its Secretary. Witness my hand and official stamp or seal, this 12th day of July, 2000.

My commission expires: 03-28-2001

Gene Knott
Notary Public



Laura M. Riddick
Register of Deeds
Wake County, NC



Book : 008632 Page : 01594 - 01596

Yellow probate sheet is a vital part of your recorded document.
Please retain with original document and submit for rerecording.



Wake County Register of Deeds
Laura M. Riddick
Register of Deeds

North Carolina - Wake County

The foregoing certificate ___ of Louise Knostoff

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

Laura M. Riddick, Register of Deeds

By: Murray M. Pacheco
Assistant/Deputy Register of Deeds

This Customer Group
of Time Stamps Needed

This Document
of Pages

New Time Stamp

Stafford Land Company
 780-A New Broad Street
 Southern Pines NC 28387

Wake County, NC 224
 Laura M Riddick, Register Of Deeds
 Presented & Recorded 08/22/2008 10:58:51
 Book : 008663 Page : 00906 - 00916

Recording Time, Book and Page

DRAFTED BY:
 D.T. SCARBOROUGH III, ATTORNEY AT LAW
 PO BOX 1669
 PINEHURST, NC 28370

BRIEF DESCRIPTION FOR INDEX

Amended Declaration - Southern Trace Subdivision

**AMENDED
 DECLARATION OF COVENANTS, CONDITIONS
 RESTRICTIONS AND EASEMENTS**

THIS AMENDED DECLARATION made by **STAFFORD LAND COMPANY, INC.**
 (formerly K.R.J. Inc), a Delaware Corporation (the "Declarant") concerning the planned community
 known as **SOUTHERN TRACE**.

RECITALS:

The Declarant previously filed an Amended Declaration of Covenants, Conditions, Restrictions and Easements in Book 8150 Page 2458, Wake County Registry and inadvertently omitted the ByLaws of the Southern Trace Homeowners Association, Inc. , which were recited to be attached as Exhibit "A" and the Declarant desires to correct such omission by the filing of this Amendment and the attachment of the ByLaws as Exhibit "A".

IN WITNESS WHEREOF, the Grantor has caused this instrument to be signed in its name by its duly officer, the day and year first above written.

STAFFORD LAND COMPANY, INC.

By: 
Robert R. Stafford, President

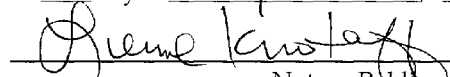
NOTARY'S ACKNOWLEDGMENT

NORTH CAROLINA MOORE COUNTY

I, Notary Public of the County and State aforesaid, certify that Robert R. Stafford [Name of official] personally came before me this day and acknowledged that he (or she) is President [Title of official] of **Stafford Land Company, Inc.** a Dela. corporation, and that he/she as President [Title of official], being authorized to do so, executed the foregoing on behalf of the corporation.

Witness my hand and official stamp or seal, this 21ST day of August, 2000

My commission expires: 03-28-2001


Notary Public

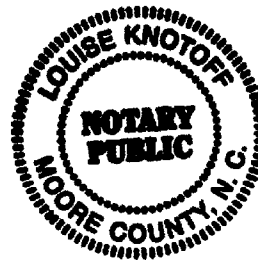


EXHIBIT "A"

BYLAWS OF SOUTHERN TRACE HOME OWNERS ASSOCIATION, INC.

ARTICLE I ASSOCIATION MEMBERS

Section 1. ANNUAL MEETING OF MEMBERS. The annual meeting of the Members of the Association shall be held at the principal office of the Association, at an hour to be fixed by the president, on the second Tuesday in January of each year for the purpose of electing directors and for the transaction of such other business as may be brought before the meeting. If the day fixed for the annual meeting shall be a legal holiday, such meeting shall be held on the next succeeding business day.

Section 2. SUBSTITUTE ANNUAL MEETING. If the annual meeting shall not be held on the day designated in these Bylaws, a substitute annual meeting at the principal office of the Association may be called in accordance with the provisions of Section 3 of this Article I. A meeting so called shall be designated and treated for all purposes as the annual meeting.

Section 3. SPECIAL MEETINGS OF MEMBERS. Special meetings of the members may be held in the principal office of the corporation, or elsewhere by consent of the members, whenever called in writing by the President or any member of the Board of Directors of the corporation or by members representing twenty percent (20%) of the membership entitled to vote.

Section 4. NOTICE OF MEETING. Written or printed notices stating the time and place of meeting shall be mailed or delivered by the Secretary to each member of record at the member's last known address.

The notice of each meeting shall be mailed or delivered by the Secretary not less than ten days nor more than fifty days prior to the date set for such meeting and as to special meetings, the Notice shall indicate the purpose or purposes thereof.

Section 5. QUORUM. At any meeting of the members, ten percent (10%) of the members entitled to vote, present in person or represented by proxy, shall constitute a quorum of the membership for all purposes.

If a quorum is not present, the meeting may be recessed from time to time by announcement from the chair at the time such meeting was set and such shall be sufficient notice of the time and place of the recessed meeting. The members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum.

Section 6. ORGANIZATION. The President, or, in his absence, the Vice President, shall preside over all meetings of members and the Secretary of the Association shall act as Secretary at all meetings of the members; provided, however, in the Secretary's absence the President may appoint a Secretary for the meeting of the members.

Section 7. VOTING. Each member of the Association, as defined in the Declaration of Covenants, Conditions, and Restrictions for Southern Trace Subdivision recorded in Book 6835, Page 0748, Wake County Registry (the "Declaration"), shall be entitled to one vote on each matter submitted to a vote at a meeting of members.

The vote of a majority of the members at a meeting of members at which a quorum is present shall be the act of the members on that matter, unless the vote of a greater number is required by the Declaration, by law or by the charter or other Bylaws of this Association. Cumulative voting shall not be allowed.

Section 8. VOTING BY PROXY. The vote allocated to a member may be cast pursuant to a dated written proxy signed by the member. A member may not revoke a proxy except by written notice delivered to the person presiding over a meeting of the Association. A proxy terminates one year after its date, unless it specifies a shorter term.

Section 9. ELECTION OF DIRECTORS. At each annual meeting the members shall elect a Board of Directors as provided in the Declaration. Corporate members, including the Declarant or any permitted Builder, may elect individual candidates for such position.

ARTICLE II BOARD OF DIRECTORS

Section 1. NUMBER AND TERM OF OFFICE. The affairs of the Association shall be managed by a Board of Directors of five (5) members, which shall be entitled to act on behalf of the Association, in all routine, day to day operation of the Association. Said Board shall consist of the President, Vice President and Secretary of the Association.

The term of office for each Board member shall be until the successors to such offices shall have been duly elected and qualified at the annual meeting of the members as provided above.

Section 2. COMPENSATION. No Board member shall receive compensation for any service he may render to the Association. However, with the prior approval of the Board, any Board member may be reimbursed for actual expenses incurred in the performance of his duties.

Section 3. ACTION WITHOUT MEETING. The Board shall have the right to take any action in the absence of a meeting which they could take at a duly held meeting by obtaining the written consent of all of the Board members to the action. Any action so approved shall be filed in the corporate books and records and shall have the same effect as though taken at a meeting of the Board.

Section 4. MEETINGS. Meetings of the Board shall be held quarterly without notice, at such place and hour, as may be fixed from time to time by resolution of the Board. Special meetings of the Board may be called by any member of the Board after not less than five (5) days notice to each Board member.

Section 5. QUORUM. A majority of the Board members shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Board members present at a duly held meeting shall be regarded as the act of the Board.

Section 6. POWERS AND AUTHORITY OF THE BOARD OF DIRECTORS. Subject to the provisions contained herein and applicable law, the Board shall have the power and authority to exercise all of the rights and powers of the Association, including, but not limited to, the following powers:

(a) To adopt rules and regulations governing the use of the Common Areas and any recreational facilities, the personal conduct of the members and their guests thereon, and establish penalties for the infraction thereof;

(b) To suspend the voting rights and right of use of the recreational facilities of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association; and to suspend such rights, after notice and hearing, for infraction of published rules and regulations for a period of at least 60 days;

(c) To declare the office of a member of the Board to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board;

(d) To employ a manager, an independent contractor, or other employees as is deemed necessary, and prescribe their duties; provided, that any contract for professional management must contain a clause requiring not more than 90 days termination notice;

(e) To procure, maintain, and pay premiums on, insurance policy(s) and equitably assess the members same for their prorata portion of such expense;

(f) To impose and receive any payments, fees, or charges for the use, rental, or operation of the common areas or elements other than for service provided to members;

(g) To exercise all other powers that may be exercised in this state by legal entities of the same type as the Association;

(h) To exercise any other powers necessary and proper for the governance and operation of the Association; and

(i) To have and to exercise any and all powers, rights and privileges which the Association may required to enforce and comply with the Declaration.

Section 7. DUTIES OF THE BOARD OF DIRECTORS. It shall be the duty of the Board to do the following:

(a) To cause the common elements to be maintained, repaired, and replaced as necessary, and to assess the members to recover the cost of the upkeep of the common elements;

(b) To serve as the architectural committee as provided in the Declaration, or appoint same;

(c) To keep a complete record of all its acts and corporate affairs and present a statement thereof to the members at the annual meeting, or at any special meeting when such statement is requested in writing by 20% of the members;

(d) To supervise all officers, agents and employees of the Association, and see that their duties are properly performed;

(e) To fix the amount of any annual assessment pursuant to the provisions set forth in the Declaration;

(f) To send written notice of each assessment to every member at least thirty (30) days in advance of the due date for each annual assessment;

(g) To foreclose any unpaid assessments and liens resulting therefrom against any property for which assessments are not paid within thirty (30) days after due date and/or to bring an action at law against the member personally obligated to pay the same;

(h) To issue, or have issued, for a reasonable charge, a certificate setting forth whether or not any assessment has been paid; provided, however, that if a certificate states that an assessment has been paid, such certificate shall be conclusive evidence of such payment as to all parties except the member and lot owner as of the date of the assessment;

(i) To procure and maintain, at all times, adequate hazard insurance on the property owned by the Association and all property for which the Association has the duty to maintain, and sufficient liability insurance to adequately protect the Association as provided in the Declaration; and

(j) To cause all officers or employees, including officers and employees of professional management, having fiscal responsibilities to be bonded, as it may deem appropriate.

(k) To appoint officers immediately following the annual meeting of the members.

ARTICLE III
OFFICERS

Section 1. OFFICERS. The Executive officers of this Association shall be a President, Vice President, and Secretary/Treasurer.

Section 2. ELECTION OF OFFICERS. Each officer shall be appointed by the Board of Directors from its members as provided in the Declaration. Each officer appointed shall serve until the next annual election and his successor shall have been appointed by the Board of Directors.

Section 3. POWERS AND DUTIES OF THE EXECUTIVE OFFICERS.

(a) The President shall preside at all meetings of the Board; he shall see that orders and resolutions of the Board are carried out; he shall sign all leases, mortgages, deeds and other written instruments; and he shall co-sign all checks and promissory notes.

(b) The Vice President shall act in the place of the President in the event of his absence, or his inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

(c) The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; he shall keep the associate seal and affix it on all papers requiring said seal; he shall serve notice of meetings of the Board and of the members; he shall keep appropriate current records showing the members of the Association together with their addresses; he shall prepare, execute, certify, and record amendments to the Declaration on behalf of the Association; and he shall perform such other duties as required by the Board.

(d) The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and disburse such funds as directed by the Board; he shall sign all checks and promissory notes (such checks and promissory notes to be co-signed by the president) of the Association; he shall keep proper books of account; he shall cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and he shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its annual meeting, and deliver a copy to each member.

Section 4. ACTION WITHOUT MEETING. The Officer shall have the right to take any action in the absence of a meeting which they could take at a duly held meeting by obtaining the written consent of all of the Officer members to the action. Any action so approved shall be filed in the corporate books and records and shall have the same effect as though taken at a meeting of the Officers.

Section 5. REMOVAL. Any Executive Officer, may be removed with or without cause, by a vote of at least sixty-seven percent (67%) of the Board of Directors. In the event of death, resignation or removal of an executive officer, his successor shall be appointed by the Board to serve until the next annual meeting of the members.

ARTICLE IV
BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member or a mortgagee of any member. Any Articles of Incorporation (or other formation documents) and the Declaration of Covenants, Conditions and Restrictions and Bylaws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE V
FORMS OF PROXY AND WAIVER

Section 1. FORMS OF PROXY. The following form of proxy shall be deemed sufficient, but any other form may be used which is sufficient in law:

SOUTHERN TRACE HOME OWNERS ASSOCIATION, INC.

Know all men by these presents that the undersigned member of Southern Trace Home Owners Association Inc. hereby constitutes and appoints _____ the attorney and proxy of the undersigned to annual and special meeting of the members of Southern Trace Home Owners Association, Inc., at which I am not present, until the secretary of the Association receives from me a letter revoking this proxy and for and on behalf of the undersigned to vote as the undersigned would be entitled to vote if personally present, hereby ratifying and confirming all that said attorney and proxy shall do in the premises, and giving and granting unto said attorney and proxy full power of substitution and revocation.

Dated: _____, 19__.

Member

Witness:

Section 2. FORM OF WAIVER OF NOTICE. The following form of waiver of notice shall be deemed sufficient, but any other form may be used which is sufficient in law:

Southern Trace Home Owners Association, Inc.

We the undersigned (Board or Association Members) of Southern Trace Home Owners Association, Inc. do hereby severally waive notice of the time, place, and purpose of (the annual or a special) meeting of the Board or Association members) of the said association, and consent that same be held at _____ on the ____ day of _____, 19__ at _____ o'clock __. M., and we do further consent to the transaction of any and all business of any nature that may come before the meeting.

Dated this ____ day of _____, 19__

ARTICLE VI
GENERAL PROVISIONS

Section 1. AMENDMENTS. Except as otherwise provided herein or in the Declaration these Bylaws may be amended or repealed and new bylaws may be adopted by the affirmative vote of a majority of the Board then holding office at any regular or special meeting of the Board; or at a regular or special meeting of the members at which a quorum is present, by a vote of the majority of the members.

Section 2. ASSOCIATION SEAL. A circular seal with the words "SOUTHERN TRACE HOME OWNERS ASSOCIATION, INC." within the circle, or any reasonable facsimile thereof, including any handdrawn facsimile, shall be the common corporate seal of the Association.

END OF BYLAWS

Laura M Riddick
Register of Deeds
Wake County, NC



Book : 008663 Page : 00906 - 00916

Yellow probate sheet is a vital part of your recorded document.
Please retain with original document and submit for rerecording.



Wake County Register of Deeds
Laura M. Riddick
Register of Deeds

North Carolina - Wake County

The foregoing certificate___ of Louise Knotoff

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

Laura M. Riddick, Register of Deeds

By: Wendy Stinson
Assistant/Deputy Register of Deeds

This Customer Group
_____ # of Time Stamps Needed

This Document
_____ New Time Stamp
_____ # of Pages