

**DECLARATION OF RIGHTS, RESTRICTIONS,
AFFIRMATIVE OBLIGATIONS AND CONDITIONS
APPLICABLE TO ALL PROPERTY IN FALLS RIVER**

PRESENTED

REGISTRATION

DEC 15 PM 3:23

FILED

Georgia limited

L.P. LIMITED

WHEREAS, FALLS RIVER DEVELOPMENT ASSOCIATES, L.P., a Georgia limited partnership d/b/a FALLS RIVER DEVELOPMENT ASSOCIATES, L.P. LIMITED PARTNERSHIP (the "Company"), is the owner of certain lands located within a community known as "Falls River" in Wake County, North Carolina.

WHEREAS, the Company wishes to declare certain restrictive covenants affecting certain lands in Falls River.

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

DEFINITIONS

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

Whenever used herein, the term "Company" or "the Company" shall refer to Falls River Development Associates, L.P., a Georgia limited partnership, its successors and assigns, and any agent or agents appointed by Falls River Development Associates, L.P., its successors and assigns, to act on its behalf for the purpose of administering or enforcing, in whole or in part, the rights reserved unto the Company in this Declaration.

Whenever used herein, the term "Association" shall refer to Falls River Community Association, Inc., a North Carolina nonprofit, nonstock corporation, its successors and assigns, and any other community or owners association within Falls River organized by the Company or by others with the consent of the Company.

The terms "Property" and "Properties" when used herein shall refer to any tract of land or subdivision thereof in Falls River which has been subjected to the provisions of this Declaration or any Supplemental Declaration as may be referenced in deeds issued by the Company or any third party with the consent of the Company, including, without limitation, all that tract or parcel of land, situate, lying and being in Wake County, North Carolina, which is more particularly described in Exhibit "A" attached hereto and by specific reference made a part hereof.

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The terms "Property owner," "owner of Property" and "owner" when used in this Declaration shall mean and refer to all owners of an interest in real property in Falls River which has been subjected to the provisions of this Declaration, including, but not limited to, owners of property or tracts of land and owners of condominium units, whether such property, tracts or units are used or intended to be used for residential, commercial or recreational purposes.

The term "Master Plan" when used in this Declaration shall mean and refer to the drawing which represents the conceptual plan for the future development of Falls River and as approved by the City of Raleigh for the planned unit development of Fall River. Since the concepts of the future development of Falls River are subject to continuing revision and change by the Company, present and future references to the "Master Plan" shall be references to the latest revision thereof. Any such amendments to the Master Plan must be approved by the City of Raleigh. The Master Plan is on file with the City of Raleigh at City Hall and at the office of the Company in the Falls River Development.

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

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

The covenants and restrictions below will be referred to as the General Property Covenants of Falls River, and will be recorded in the office of the Register of Deeds of Wake County, Raleigh, North Carolina, and may be incorporated by reference in deeds to real property issued by the Company by reference to the book and page of recording in the land records of said office of the Register of Deeds.

PART I

COVENANTS, RESTRICTIONS AND AFFIRMATIVE OBLIGATIONS APPLICABLE TO ALL PROPERTIES IN FALLS RIVER

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

as defined hereinafter, which shall be in addition to and more restrictive than these covenants and which shall be binding on all Property Owners within Falls River. Such guidelines shall be available at the office of the Company in the Falls River Development.

1. No building, fence, or other structure shall be erected, placed or altered nor shall a building permit for such improvement be applied for on any Property in Falls River until the proposed building plans, specifications, exterior color or finish, plot plan (showing the proposed location of such building or structure, drives and parking areas), the land management plan described in paragraph 1 of Part II and construction schedule shall have been approved in writing by the Company. In addition, the Company may, at its election, require prior written approval of a landscape plan. The Company further reserves the right to promulgate and amend from time to time architectural standards and construction specifications (hereinafter referred to as the "Architectural Standards and Construction Specifications") for specific neighborhoods and areas or for all Properties within Falls River, and such Architectural Standards and Construction Specifications shall establish, define and expressly limit those standards and specifications which will be approved in said neighborhoods and areas or within the Properties, including, but not limited to, architectural style, exterior color or finish, landscape design and construction technique. Refusal or approval of plans, location, exterior color or finish or specifications may be based by the Company upon any ground, including purely aesthetic considerations, which in the sole and uncontrolled discretion of the Company shall seem sufficient. No alteration in the exterior appearance of any building or structure, including exterior color or finish, shall be made without like prior written approval by the Company. One (1) copy of all plans and related data shall be furnished the Company for its records. In the event approval of such plans is neither granted nor denied within thirty (30) days following receipt by the Company of written demand for approval, the provisions of this paragraph shall be thereby waived.

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

3. Each Property Owner shall provide space for the parking of automobiles off of public streets prior to the occupancy of any building or structure constructed on said property in accordance with reasonable standards established by the Company.

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

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

5. It shall be the responsibility of each Property Owner, tenant, contractor or subcontractor to prevent the development of any unclean, unsightly, unkempt, unhealthy or unsafe conditions of buildings or grounds on any Property which shall tend to substantially decrease the beauty or safety of Falls River, the neighborhood as a whole or the specific area. The Company and its agents shall have the right to enter upon any Property for the purpose of correcting such conditions, including, but not limited to, the removal of trash which has collected on the Property, and the cost of such corrective action shall be paid by the Property Owner. Such entry shall not be made until thirty (30) days after the Owner of the Property has been notified in writing of the need to take corrective action and unless such Owner fails to perform the corrective action within said thirty (30) days period; provided, however, that should such condition pose a health or safety hazard, such entry shall not be made until the Owner has been notified in writing of the need to take immediate corrective action and unless such owner fails to perform the corrective action immediately. The provisions of this paragraph shall not create any obligation on the part of the Company to take any such corrective action.

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

7. Prior to the occupancy of a building or structure on any Property, proper and suitable provisions shall be made for the disposal of sewage by connection with the sewer system presently approved by the State of North Carolina for use in Falls River, or other means of sewage disposal if other means are approved by the State of North Carolina for use in Falls River.

8. Prior to the occupancy of a building or structure on any Property, proper and suitable provisions for water shall be made by connection with the water lines of the City of Raleigh water system which is the only system presently approved by the State of North Carolina for use in Falls River, or other water system if other water system is approved by the State of North Carolina for use in Falls River.

9. The Company reserves unto itself, its successors and assigns, and its agent, a perpetual, alienable and releasable easement and right on, over and under the Properties to erect, maintain and use electric, Community Antenna Television and telephone poles, wires, cables (television or otherwise), conduits, drainage ways, sewers, water mains and other suitable equipment for the conveyance and use of electricity, telephone equipment, gas, sewer, water, drainage or other public conveniences or utilities on, in or over those portions of such Property as may be reasonably required for utility line purposes; provided, however, that no such utility easement shall be applicable to any portion of such Property as may (a) have been used prior to the installation of such utilities for construction of a building whose plans were approved pursuant to these covenants by the Company or (b) such portion of the Property as may be designated as the site for a building on a plot plan for erection of a building which has been filed with the Company and which has been approved in writing by said Company. These easements and rights expressly include the right to cut any trees, bushes or shrubbery, make any gradings of the soil, or take any other similar action reasonably necessary to provide economical and safe utility installation and to maintain reasonable standards of health, safety and appearance. The Company further reserves the right to locate wells, pumping stations, siltation basins and tanks within Falls River in any open Space or on any Property designated for such use on the applicable plat of said Property, or to locate same upon any Property with the permission of the owner of such Property. Such rights may be exercised by any licensee of the Company, but this reservation shall not create any obligation on the part of the Company to provide or maintain any such utility or service.

PART II

ADDITIONAL RESTRICTIONS TO IMPLEMENT EFFECTIVE ENVIRONMENTAL AND LAND MANAGEMENT CONTROLS

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

1. Topographic and vegetation characteristics of Properties within Falls River shall not be altered by excavation, grading, removal, reduction, addition, clearing, cutting, pruning, seeding, planting, transplanting or any other means without the prior written approval of the Company. In addition, the Company may, at its election, require prior written approval of a landscape plan. Refusal or approval of plans or any alteration of topographic or vegetation characteristic (s) may be based by the Company upon any ground including purely aesthetic

considerations which, in the sole and uncontrolled discretion of the Company, seem sufficient. Written approval will be granted for the minimum amount of earth movement and vegetation reduction required in plans and specifications approved pursuant to the provisions of paragraph 1 of Part I of these covenants. Should written notice be served by the Company upon any Property Owner requiring corrective alteration of topographic and vegetation characteristics pursuant to paragraphs 3 and 4 of this Part II, such notice shall be deemed to constitute written approval by the Company for such corrective alteration under the provisions of this paragraph 1.

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

3. In order to implement effective and adequate erosion control, the Company and its agents shall have the right to enter upon any Property before or after a building or structure has been constructed thereon for the purpose of performing any grading or landscaping work or constructing and maintaining erosion prevention devices; provided, however, that prior to exercising its right to enter upon the Properties for the purpose of performing any grading, landscaping work, constructing or maintaining erosion prevention devices, the Company shall give the owner of the Property the opportunity to take any corrective action required by giving the Owner of the Property written notice indicating what type of corrective action is required and specifying in that notice that immediate corrective action must be taken by the Owner. If the Owner of the Property fails to take the corrective action specified immediately, the Company or its agent may then exercise its right to enter upon the Property in order to take the necessary corrective action. The cost of such erosion prevention measures, when performed by the Company or its agent, shall be kept as low as reasonably possible. The cost of such work, when performed by the Company or its agent on an improved Property or any Property for which a building permit has been issued by the appropriate governmental authorities, shall be paid by the Owner thereof.

4. In order to implement effective insect, reptile, rodent and woods fire control, the Company and its agents have the right to enter upon any Property for the purpose of mowing, removing, clearing, cutting or pruning underbrush, weeds or other unsightly growth which, in the

opinion of the Company, detracts from the overall beauty, setting and safety for Falls River. The cost of this vegetation control shall be kept as low as reasonably possible and shall be paid by the Owner of the Property. Such entry shall not be made until thirty (30) days after the Owner of the Property has been notified in writing of the need of such work and unless such owner fails to perform the work within said thirty (30) day period. The provisions in this paragraph shall not create any obligation on the part of the Company to mow, clear, cut or prune any Property.

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

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

PART III

ADDITIONAL RESTRICTIONS AFFECTING OPEN SPACE AREAS

1. It is the intent of the Company to maintain and enhance (or to convey subject to open space restrictions to the Association) certain Properties which the Company designates as "Open space" (hereinafter referred to as "Open Space Areas") or "Private Open Space" (hereinafter referred to as "Private Open Space Areas") on its Master Plan or on plats recorded in the office of the Register of Deeds of Wake County, North Carolina, by the Company. It is the further intent and purpose of these restrictions and covenants to protect, maintain and enhance the conservation of natural and scenic resources; to promote the conservation of soils, wet lands, wildlife, game and migratory birds; to enhance the value of abutting and neighboring Properties adjacent to such forests, open areas and open spaces; and to afford and enhance recreation opportunities, preserve historic and archeological sites and implement generally the Falls River Master Plan for development. The Company reserves the right to review and modify the Master Plan at its sole option from time to time based upon its continuing architectural and design program, and such modifications may change the boundaries of certain Open Space or Private Open Space areas designated as such upon the Master Plan. The Company further reserves the right to transfer, sell, convey, give, donate or lease to the Association or to any other third party any parcel of land designated as Open Space or Private Open Space on the Master Plan. Provided, however, once any Open Space or Private Open Space has been conveyed to the Community Association, its further conveyance or encumbrance shall be limited by the provisions of the Raleigh City Code.

2. As easement in open Space Areas is hereby granted to the Owners of the Properties in Falls River, tenants of such Properties and their guests, invitees and employees

which easement shall entitle such Owners, tenants and their guests to enjoy the Open Space Areas subject to the rules and regulations established by the Company.

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

- (a) Social, recreational and community buildings;
- (b) Public and private profit making clubs, golf courses and other recreational facilities;
- (c) Daycare centers, nursery schools and kindergartens;
- (d) Indoor and outdoor recreational establishments;
- (e) Art school and/or art gallery and/or nature museum;
- (f) Light commercial activities;
- (g) Emergency squad(s) and fire stations;
- (h) Roads as shown on recorded plats of Falls River.

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

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

6. The Company reserves unto itself, its successors and assigns, and its agent, the right to enter upon any Open Space Area or Private Open Space Area for the purpose of constructing, landscaping, maintaining and operating any (i) indoor and/or outdoor recreational and community facilities, including, but not limited to, marinas, tennis courts, platform tennis courts, handball courts, squash courts, basketball courts, swimming pools, gymnasiums, golf courses, ice skating rinks and any showers, locker rooms or other picnic shelters, picnic tables, parks, horseback riding stables, riding arenas, riding trails, walking trails, bike trails, boardwalks, decks, boating facilities and marinas, boat rental facilities, boat storage facilities, trailer storage facilities, fishing facilities, beach facilities, bicycle rental facilities, operating farms and/or animal pastures, wildlife conservancies and feeding stations, nature interpretive areas, amphitheaters, community meeting facilities and all restroom facilities, parking lots, service buildings,

concession-type food services associated with all such uses and roads shown on recorded plats of Falls River; and (ii) places of worship; libraries; fire stations and rescue squads; post offices; day care centers, nursery schools and other schools and instructional centers; nonprofit or charitable community, civic or cultural clubs and institutions; and other similar community facilities. The Company further reserves the right to authorize the construction, landscaping, maintenance or operation of such facilities within the Open Space Areas and Private Open Space Areas by the Association or any other third party. The provisions of this paragraph shall not create any obligation on the part of the Company to construct, landscape, maintain or operate any such facilities.

7. The Company and its agent shall have the right to protect from the erosion the lands described as Open Space Areas or Private Open Space Areas by planting trees, plants and shrubs where and to the extent necessary, or by such mechanical means as construction and maintenance of siltation basins or other means deemed expedient or necessary by the Company. The right is likewise reserved unto the Company and its agent to take steps necessary to provide and insure adequate drainage ways in Open Space Areas and Private open Space Areas, to cut fire breaks, remove diseased, dead or dangerous trees and carry out other similar activities. Such rights shall not create any obligation on the part of the Company to provide or maintain any such utility or service.

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

9. Without the express written approval of the Company, which approval shall be in the sole and absolute discretion of the Company, no television antenna or disc, radio receiver, radio sender or other similar device shall be attached to the exterior portion of any building or structure on any Open Space Area or Private Open Space Area or installed on any Open Space Areas or Private Open Space Areas within Falls River; provided, however, that the provisions of this paragraph shall not prohibit the Company from installing or approving the installation of equipment necessary for a master antenna system, Community Antenna Television (C.A.T.V.), mobile radio systems or other similar systems on any Open Space Areas or Private open space Areas within Falls River.

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

11. The granting of the easement in Open Space Areas and Private Open Space Areas in this Part III in no way grants to the public or to the owners of any land outside the Properties in Falls River the right to enter any Open Space Area or Private Open Space Area without the prior written permission of the Company.

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

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

14. The Company reserves unto itself, its successors and assigns, the right to convey "Open Space Areas" and "Private Open Space Areas" to the Association. Such conveyance shall be made subject to the provisions of this Part III, all other restrictions and limitations of record and any other restrictions or limitations which the Company, in its sole and uncontrolled discretion, shall elect to impose. As an appurtenance to such conveyances, the Association shall have all of the powers, immunities and privileges reserved unto the Company in this Part III as well as all of the Company's obligations with respect thereto, including the obligation to maintain and enhance set out in paragraph 1 of this Part III; provided, however, that so long as the Company, its successors and assigns, is the Owner of Property subject to the provisions of this Declaration, the Company and its agent, in addition to and jointly with the Association, shall retain all rights of easement reserved unto it in this Part III and shall, furthermore, retain all rights of entry granted in this Part III for the purposes of correcting, repairing, enhancing, improving, cleaning, preserving, clearing out, removing or taking any action to prevent a violation of these Covenants, and the retention of said rights of easement and entry by the Company shall in no way create any obligation on the part of the Company to perform any affirmative action. Property conveyed to the Association pursuant to the authority of this paragraph 14 shall become "Common Properties" or "Restricted Common Properties" as prescribed by the "Declaration of Covenants and Restrictions of the Falls River Community Association and Falls River Development Associates, L.P., a Georgia limited partnership," which are to be recorded in the Office of the Register of Deeds of Wake County, North Carolina, contemporaneously herewith.

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

PART IV

ADDITIONAL RESTRICTIONS AFFECTING RESIDENTIAL PROPERTIES

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

2. "Single Family Lots" or "Lots" as used herein shall mean and refer to all those parcels or tracts of land within the Properties intended for subdivision or subdivided into Properties or lots intended for the construction of detached dwelling units including Single Family A (Conventional), Single Family C (Cluster) and attached Single Family D (Duplex) as defined and controlled by the applicable zoning for Falls River granted by the City of Raleigh.

3. "Patio Home Site" or "Sites" as used herein shall mean and refer to all those parcels or tracts of land within the Properties intended for subdivision or subdivided into Properties or lots intended for construction of detached dwelling units and on which a Patio Wall will be required to be erected, including Single Family B (Patio or Zero Lot Line) as defined and controlled by the applicable zoning for Falls River granted by the City of Raleigh.

4. "Multiple Family Tract" or "Tracts" as used herein shall mean and refer to all those parcels or tracts of land within the Properties intended for development of or developed as attached dwelling units including Multiple Family A (Townhouse Lots) and Multiple Family B (Condominiums and Apartments) as defined by the applicable zoning for Falls River granted by the City of Raleigh.

5. Plans required under paragraph 1 of Part I of these Covenants will not be approved unless the proposed house, dwelling unit, phase or group of Multiple Family dwelling units or any other structures will have the minimum square footage of enclosed dwelling space. Such minimum requirements for each Lot, Site or Tract will be specified in each sales contract and stipulated in each deed. The term "enclosed dwelling area" as used in these minimum size requirements does not include garages, terraces, decks, open porches, screened porches and the like area.

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

(b) No structure, except as hereinafter provided, shall be erected, altered, placed or permitted to remain on a Single Family Lot or Patio Home Site other than one (1) detached single family dwelling and one (1) small one-story accessory building which may include a detached private garage, provided the use of such accessory building does not overcrowd the Property, as determined by the Company in its sole and uncontrolled discretion, and provided, further, that such building is not used for any activity normally conducted as a business. Such accessory building may not be constructed prior to the construction of the main building.

(c) A guest suite, utility apartment, or like facility may be included as part of the main dwelling or accessory building on any Single Family Lot or Patio Home Site, provided, however, each suite may not be rented or leased except as part of the entire premises including the main dwelling, and provided, however, that such suits may not result in over-crowding the Property, as determined by the Company in its sole and uncontrolled discretion.

(d) The provisions of this paragraph (6) or any other provision herein shall not prohibit the Company or its agent from using any house, other dwelling units or accessory buildings as models, which use is expressly approved.

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

(b) The failure to complete the exterior of any house, dwelling unit, phase or group of Multiple Family dwelling units or any other structure within the time limit set forth in paragraph 7 (a) above shall constitute a violation and breach of these Covenants. The Company hereby reserves unto itself, its successors and assigns, and its agent, a perpetual, alienable and releasable easement and right on, over and under all Residential Properties for the purpose of taking any action necessary to effect compliance with paragraph 7(a) above, including, but not limited to, the right to enter upon Property for the purpose of completing the exterior of such house, dwelling unit, phase or group of Multiple Family dwelling units, or any other structure which is in violation of paragraph 7(a). Such entry shall not be made until thirty (30) days after

the Owner of the Property has been notified in writing of the violation of these Covenants, and unless such Owner has failed to complete said exterior within said thirty (30) days period. The cost of such corrective action, when performed by the Company or its agents, shall be paid by the Owner of the Property on which the corrective action is performed. The provisions of this paragraph shall not create any obligation on the part of the Company to take any action to effect compliance with paragraph 7(a).

8. (a) Each Residential Property Owner shall provide a screened area to serve as a service yard and an area in which garbage receptacles, fuel tanks or similar storage receptacles, electric and gas meters, air conditioning equipment, clothes lines and other unsightly objects must be placed or stored in order to conceal them from view from the road and adjacent Properties. Pursuant to the provisions of paragraph 1 of Part I, plans for such screened area delineating the size, design, specifications, exterior color or finish and location must be approved by the Company prior to construction. No alteration in the exterior appearance of any screened area shall be made without like prior written approval by the Company. Garbage receptacles and fuel tanks may be located outside of screened area only if located underground, and such underground garbage receptacles and fuel tanks and their location must likewise be approved by the Company prior to construction.

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

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

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

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

- (a) The provisions of this paragraph shall not prohibit the Company from installing or approving the installation of equipment necessary for a master antenna system, Community Antenna Television (C.A.T.V.), mobile radio systems or other similar systems within the Properties; and
- (b) Should C.A.T.V. services be unavailable and good television reception not be otherwise available, the owner or tenant of a dwelling unit or the Owner of a Multiple Family Tract may make written application to the Company for permission to install a television antenna and such permission shall not be unreasonably withheld.
- (c) The Company may, in its absolute sole discretion, expressly approve in writing some disc's or antennas.

12. The utility and drainage easement reserved by the Company in paragraph nine (9) of Part I of these Covenants shall be located along any two (2) of the boundary lines of each Single Family Lot or Patio Home Site.

13. No Single Family Lot, Patio Home Site or Townhouse Lot (following the subdivision of a Multiple Family Tract into individual lots on which Townhouses are intended to be constructed) shall be subdivided or its boundary lines changed, nor shall application for same be made to The City or Raleigh, except with the prior written consent of the Company. However, the Company hereby expressly reserves unto itself, its successors and assigns, and its agent, the right to replat any Single Family Lot(s), Patio Home Site(s) or Townhouse Lot (s), all hereinafter referred to as "Lot(s)," owned by it and shown on the plat of any subdivision within the Properties in order to create a modified building lot or lots; and to take such other steps as are reasonably necessary to make such replatted Lot(s) suitable and fit as a building site including, but not limited to, the relocation of easements, walkways, rights of way, private roads, bike trails, bridges,, parks, recreational and community facilities, and other amenities to conform to the new boundaries of said replatted lot(s), provided that no lot originally shown on a recorded plat is reduced to a size more than ten percent (10%) smaller than the smallest lot shown on the first plat of the subdivision section recorded in public records. The provisions of this paragraph shall not prohibit the combining of two (2) or more contiguous lots into one (1) larger lot. Following the combining of two (2) or more lots into one (1) larger lot, only the exterior boundary lines of the resulting larger lot shall be considered in the interpretation of these covenants.

14. In addition to the foregoing, the following restrictions shall apply to all Patio Home Sites:

- (a) Each dwelling unit, or "Patio Home," constructed on a Patio Home Site must be constructed so as to utilize a Patio Wall as designated on the recorded subdivision plat. Said Patio Wall shall be constructed simultaneously with the Patio Home and shall be located so that the exterior of said Patio Wall shall be located two (2) feet inside of and parallel to the designated property line on the recorded subdivision plat. Patio Walls constructed pursuant to the provisions of this paragraph shall contain no openings which provide a view of the adjoining Patio Home Site or decrease the privacy of the adjoining Patio Home Site. Patio Walls shall be of sufficient height and length and shall extend sufficiently beyond the front and back faces of the Patio Home to provide adequate privacy for the adjoining Patio Home, its entrances and its outdoor living areas. Such determination of required Patio Wall height, overall length and length of front and back extensions shall be made by the Company, in its sole and uncontrolled discretion, and such determination may be based on any ground, including purely aesthetic considerations.
- (b) Each Patio Home shall utilize a portion of the Patio Wall as one of its exterior walls, unless an alternative location of the Patio Home is approved pursuant to the provisions of paragraph 14 (c) of this Part IV, and shall be constructed so that neither the Patio Wall nor the Patio Home provides any window or view openings looking into or overlooking the adjacent Patio Home site and provides no access way or entry way into said adjacent Patio Home Site.
- (c) Should an Owner of a Patio Home Site desire to locate his Patio Home on a portion of the Site other than contiguous to the Patio Wall, said owner may apply to the Company for approval of the alternative location. A site plan showing the proposed alternative location shall not relieve the Owner's responsibility to construct a Patio Wall as required by paragraph 14 (a) of this Part IV. Approval or disapproval of an application for alternative location of a Patio Home may be based by the Company upon any ground, including purely aesthetic considerations, which in the sole and uncontrolled discretion of the Company, shall seem sufficient.
- (d) The cost of construction, maintenance and repair of a Patio Wall shall be the sole responsibility of the Patio Home Site Owner on whose Patio Home Site the Patio Wall is situated.
- (e) There shall be reserved a two-foot easement on each Patio Home Site between the exterior of the Patio Wall and/or Patio Home and the parallel property boundary line for the use and enjoyment of the adjacent Patio Home Site Owner, only as hereinafter provided. Said two-foot easement area and the exterior of the Patio Wall and/or Patio Home may be used by

an adjacent Patio Home Site owner only for the planting and care of shrubbery and other landscaping and shall be used in a manner which does not interfere with the structural integrity of the Patio Wall and/or Patio Home, and which does not prevent proper construction, maintenance or repair of the Patio Wall and/or Patio Home.

- (f) An eight foot easement is further reserved along the boundary line of each Patio Home Site, opposite the boundary line along which the Patio Wall is to be constructed, for the construction, maintenance and repair of the Patio Wall and/or Patio Home on the adjoining site. The use of said easement area by an adjoining Patio Home Site owner shall not exceed a reasonable period of time during construction nor shall it exceed a period of thirty (30) days each year for essential maintenance. Any shrubbery or planting in the eight-foot easement area that is removed or damaged by the adjoining Patio Home Site owner during the construction, maintenance, or repair of his Patio Wall and/or Patio Home shall be repaired or replaced at the expense of the said adjoining Patio Home Site owner causing such damages.
- (g) Each Patio Home shall be constructed with appropriate means to insure that no excessive rain water is discharged upon the adjoining Patio Home Site.

15. In addition to the foregoing, the following restrictions shall apply to all Multiple Family Tracts:

- (a) In addition to the minimum square footage requirements specified in paragraph 4 of Part IV, plans required under paragraph 1 of Part I for any Multiple Family Tract will not be approved unless the proposed house, dwelling unit, phase or group of dwelling units, or any other structures will have no more than the maximum number of dwelling units, maximum height above the ground, maximum number of residential dwelling floors, maximum occupancy of individual units and total maximum occupancy or density of all units combined within a given Multiple Family Tract. Such maximum requirements for each Tract, as determined by the Company in its sole discretion, will be specified in each sales contract and stipulated in each deed. No structure or structures shall be erected, altered, placed or permitted to remain on any Multiple Family Tract except as provided for in these covenants and restrictions.
- (b) No apartment building, buildings or any portion of an apartment building shall be converted to a condominium or cooperative form of ownership within the Properties without the prior written consent of the Company. The Company's decision in determining whether to grant consent for such

conversion may be based on any ground which in its sole and uncontrolled discretion shall seem sufficient. Should such consent be granted, the resulting condominium or cooperative shall continue to be subject to these Multiple Family Covenants.

PART V

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

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

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

calculating the quorum requirements for said meeting, provided, however, such ballots shall not be counted in determining whether a quorum is present to vote upon motions not appearing on the ballot.

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

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

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

meeting of the Owners at which such Amendment was adopted, the date that notice of such meeting was given, the total number of votes of Owners of Properties substantially affected by such Amendment, the total number of votes required to constitute a quorum at a meeting of said owners, the total number of votes of said Owners present at said meeting, the total number of votes cast for and against such Amendment, the total number of votes necessary to adopt such Amendment, the total number of votes cast in favor of such Amendment and the total number of votes cast against such Amendment. Such Amendment shall be recorded in the Register of Deeds Office of Wake County, North Carolina.

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

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

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

In addition to the foregoing, the Company or its agent shall have the right, whenever permitted by any restriction contained in Part II of this Declaration, to enter immediately (unless otherwise specifically stated in said Part II) any Property in Falls River to implement environmental controls, to take corrective action, or to take any action necessary to effect compliance with the Environmental Rules and Regulations. Whenever specifically stated in said Part II, the cost of such action, when performed by the Company or its agent shall be paid by the Owner of the Property on which the work is performed. Entrance upon any Property pursuant to the provisions of said Part II shall not be deemed a trespass.

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

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

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

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

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

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

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

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

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

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

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

11. Falls River Development Associates, L.P. has established and published certain covenants and land use restrictions (the "Declaration of Covenants and Restrictions of the Falls River Community Association, Inc. and Falls River Development Associates, L.P., a Georgia limited partnership") affecting certain Properties in Falls River. Said covenants are to be recorded contemporaneously herewith in the Records in the office of the Register of Deeds of Wake County, North Carolina. Properties described in Exhibit "A" and Owners of Properties described in Exhibit "All shall also be subject to the provisions of the -said covenants established by Falls River Development Associates, L.P. Additional Properties brought within the plan and operation of this Declaration pursuant to paragraph (8) hereinabove, and owners of such additional Properties may become subject to the provisions of the said covenants established by Falls River Development Associates, L.P., pursuant to the rules and regulations stipulated in Article II of the said covenants established by Falls River Community Association, Inc. In the event of any conflict between this Declaration and the said covenants established by Falls River Community Association, Inc., this Declaration shall prevail.

12. Notwithstanding anything contained herein to the contrary, all the provisions of these covenants shall be subject to, interpreted and applied in accordance with the Raleigh City Code and the Rules and Regulations promulgated thereunder and (ii) the Master Plan for the development of Falls River as may from time to time hereafter be amended or modified.

13. Neither the Company, nor its officers, employees or agents shall be liable to any Property Owner or to any other person on account of any claim, liability, damage or expense suffered, incurred by or threatened against any Property Owner or such other person arising out of or in any way relating to the subject matter of any reviews, acceptances, inspections, permissions, consents or required approvals which must be obtained from the Company or from Wake County, North Carolina, whether given, granted or withheld.

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

This the 7th day of December, 1995.

FALLS RIVER DEVELOPMENT ASSOCIATES,
L. P., a Georgia limited partnership, d/b/a FALLS
RIVER DEVELOPMENT ASSOCIATES, L.P.
LIMITED PARTNERSHIP BY: FALLS RIVER,
L.L.C., Its General Partner, BY: (SEAL)

EAST WEST PARTNERS MANAGEMENT
COMPANY, INC., Manager

By: [Signature] (SEAL)
President

ATTEST:

[Signature]
Secretary

STATE OF North Carolina
COUNTY OF Granville

I, Teresa B. Yarbrough, a Notary Public of the County and State aforesaid, do hereby certify that Dennis Rachelle personally came before me this day and acknowledged that she/he is Secretary of EAST WEST PARTNERS MANAGEMENT COMPANY, a North Carolina Corporation, and further that said act was the act of the corporation as Manager of FALLS RIVER, L.L.C., and as General Partner of FALLS RIVER DEVELOPMENT ASSOCIATES, L.P., d/b/a FALLS RIVER DEVELOPMENT ASSOCIATES, L.P. LIMITED PARTNERSHIP and as the act of the company and corporation and limited partnership the foregoing instrument was signed in its name by the corporation and sealed with its corporate seal and signed by the President and attested by him/herself as its Secretary all as the act of the partnership.

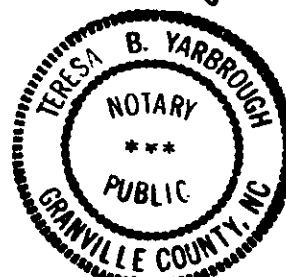
WITNESS my hand and notarial seal, this the 7th day of December, 1995.

[Signature]
Notary Public

My Commission Expires: 7-31-99

NGHK: 41031_1

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NORTH CAROLINA — WAKE COUNTY

The foregoing certificate of Teresa B. Yarbrough

Notary Public is

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

KENNETH C. WILKINS, Register of Deeds

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

EXHIBIT A

PARCEL 1

All that tract or parcel of land lying and being in Neuse Township, Wake County, North Carolina and being more particularly described as follows:

TO FIND THE POINT OF BEGINNING, commence at North Carolina Grid System monument "Durant" 1985 located at North Carolina Grid Coordinate values of NAD83, N=239,471.876 mtrs. and E= 645,625.956 mtrs.; running thence South 73° 38' 35" East a distance of 2058.38 feet to a railroad spike at a control corner, said spike being located within the right of way of Durant Road (a.k.a SR 2006) (a right of way of unknown width) and THE TRUE POINT OF BEGINNING; FROM THE TRUE POINT OF BEGINNING AS THUS ESTABLISHED run thence North 87° 57' 14" East a distance of 227.69 feet to a concrete monument set; thence North 87° 55' 19" East a distance of 416.86 feet to a concrete monument set; thence North 01° 02' 07" East a distance of 639.99 feet to a concrete monument set; thence North 01° 01' 21" East a distance of 406.62 feet to a concrete monument set; thence North 01° 02' 17" East a distance of 481.42 feet to a concrete monument set; thence North 68° 51' 59" East a distance of 113.40 feet to an existing iron pipe; thence along the arc of a 1471.22 foot radius curve turning to the right an arc distance of 360.40 feet to an existing iron pipe (said arc being subtended by a chord bearing North 12° 50' 29" West, a chord distance of 359.50 feet); thence North 82° 44' 21" East a distance of 35.35 feet to an existing iron pipe; thence South 09° 00' 20" East a distance of 218.90 feet to an existing iron pipe; thence North 83° 59' 30" East a distance of 251.24 feet to an existing iron pipe; thence North 83° 59' 01" East a distance of 192.66 feet to an existing iron pipe located on the western right of way line of a Carolina Power & Light easement (said easement having a 140 foot width at this point); thence along said right of way line North 36° 23' 31" East a distance of 1898.49 feet to an existing iron pipe; thence leaving said right of way line and running South 89° 35' 36" East a distance of 2992.03 feet to an existing iron pipe; thence South 89° 53' 32" East a distance of 197.75 feet to an existing iron pipe; thence South 00° 34' 34" East a distance of 271.24 feet to an existing iron pipe; thence South 00° 37' 39" East a distance of 1299.57 feet to an existing iron pipe located in the thread of a creek; thence along the thread of said creek and following the meanderings thereof the following courses and distances: North 85° 53' 56" West a distance of 221.80 feet to a point; North 85° 37' 26" West a distance of 142.96 feet to a point; South 58° 05' 41" West a distance of 266.10 feet to a point; South 73° 11' 40" West a distance of 172.86 feet to a point; South 87° 50' 06" West a distance of 190.92 feet to a point; North 80° 49' 58" West a distance of 269.93 feet to a point; South 79° 19' 38" West a distance of 71.20 feet to a point; North 86° 38' 26" West a distance of 109.93 feet to a point; South 79° 36' 08" West a distance of 216.01 feet to a point; South 73° 26' 09" West a distance of 106.21 feet to a point; North 74° 57' 30" West a distance of 200.02 feet to a point; North 81° 56' 27" West a distance of 99.56 feet to a point; South 77° 33' 19" West a distance of 319.47 feet to a point; North 41° 00' 22" West a distance of 48.14 feet to a point; North 84° 22' 10" West a distance of 35.67 feet to a point; North 08° 11' 40" East a distance of 33.14 feet to a point; North 67° 59' 19" West a distance of 25.35 feet to a point; North 10° 49' 59" East a distance of 82.47 feet to a point; South 63° 58' 13" West a distance of 23.93 feet to a point; North 44° 50' 12" West a distance of 124.10 feet to a point;

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North 67° 45' 57" West a distance of 24.03 feet to a point and North 76° 03' 43" West a distance of 64.84 feet to a point; thence leaving the thread of said creek and running South 17° 41' 21" West a distance of 2132.60 feet to an existing iron pipe; thence North 60° 18' 48" West a distance of 458.05 feet to a point located within the right of way of Raven Ridge Road (a.k.a SR 2010); thence South 36° 12' 12" East a distance of 1066.20 feet to a railroad spike located within the right of way of Durant Road; thence within the right of way of Durant Road the following courses and distances: North 76° 06' 46" West a distance of 206.27 feet to a point; along the arc of a 9043.77 foot radius curve turning to the right an arc distance of 1047.29 feet to a point (said arc being subtended by a chord bearing North 72° 47' 43" West a chord distance of 1046.71 feet); North 69° 28' 40" West a distance of 306.36 feet to a point; along the arc of a 11407.84 foot radius curve turning to the right an arc distance of 555.33 feet to a point (said arc being subtended by a chord bearing North 68° 04' 59" West, a chord distance of 555.28 feet); and North 66° 41' 19" West a distance of 518.48 feet to a railroad spike and THE TRUE POINT OF BEGINNING.

Said tract contains 243.69 acres and is shown on and described according to that certain survey for Duke University, prepared by The John R. McAdams Company, Inc., Miles O. McCall, III, N.C.R.L.S. No. L-3518, dated August 24, 1994, last revised August 22, 1995, which survey is hereby made a part of this description by this reference.

SAVING AND EXCEPTING the following tracts and parcels: All of Tracts 1, 2, 3, 8, and 9 as shown on the subdivision plat of Falls River Shopping Center Tracts by The John R. McAdams Company, Inc. dated September 12, 1995 recorded in Book of Maps 1995 at Pages 1287 through 1990 of the Wake County Registry and the following described parcel which constitutes a portion of Tract 6 on the above described plat:

Commencing at an existing railroad spike located in the centerline of Durant Road, a public right of way, thence North 87° 57' 14" East 227.69 feet to a concrete monument, thence North 87° 55' 20" East 27.28 feet to THE POINT AND PLACE OF BEGINNING, thence North 87° 55' 20" East 389.58 feet to a concrete monument, thence North 01° 02' 07" East 87.73 feet to a point, thence a new line North 83° 49' 43" East 322.83 feet to a point on the western right-of-way of Raven Ridge Road, a dedicated public right-of-way, thence along and with said right-of-way the following calls: South 07° 09' 35" East 271.36 feet; thence along a simple curve to the right having a radius of 460.00 feet, an arc length of 206.02 feet and a chord of South 05° 40' 15" West 204.30 feet; thence along a simple curve to the right having a radius of 30.00 feet, an arc length of 48.37 feet and a chord of South 64° 41' 19" West 43.30 feet to a point on the northern right-of-way of Durant Road, thence with said right-of-way being a simple curve to the right having a radius of 11362.84 feet, an arc length of 482.66 feet and a chord of North 67° 54' 42" West 482.62 feet to a point, thence North 66° 41' 18" West 288.08 feet to a point, thence leaving the right-of-way of Durant Road North 23° 18' 42" East 64.27 feet to the POINT OF BEGINNING, containing 4.82 acres, more or less.

PARCEL 2

BEING all of that property acquired by Falls River Development Associates, L.P. by deed from William O. Johnson, et al. recorded in Book 6766 at Page 201 of the Wake County Registry.