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Raleigh, N.C. 27611

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WAKE COUNTY

STATE OF NORTH CAROLINA

COUNTY OF WAKE

DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR COMMON PROPERTIES IN
HARRISON PLACE SUBDIVISION
AND PROVISIONS OF HARRISON
PLACE OWNERS ASSOCIATION

This Declaration of Covenants for Common Properties, made
this 21 day of September, 1988, by SAS Institute, Inc.
d/b/a Reedy Creek Properties, whose address in Post Office
Box 729, Cary, North Carolina 27512, a (hereinafter referred to
as "Declarant").

W I T N E S S E S:

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

WHEREAS, Declarant may desire to create certain recreational
facilities more particularly described as Common Properties for
the benefit of the residents of Harrison Place Subdivision and a
limited number of others;

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

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

WHEREAS, Declarant has caused or will later cause to be
incorporated under the laws of the State of North Carolina as a

nonprofit corporation, Harrison Place Owners Association, for the purpose of exercising the functions described above, and which are hereinafter more fully set forth.

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

ARTICLE I.

DEFINITIONS

Section 1. "Association" shall mean and refer to the Harrison Place Owners Association, a North Carolina nonprofit corporation, and its successors and assigns.

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

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

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

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

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

Section 7. "Associate Member" shall mean and refer to any person or entity which is a record owner of a fee or undivided fee interest in any Lot in Homestead or Dublin Wood Subdivisions in Wake County, North Carolina, who has applied for and has been accepted in membership of the Association as provided for herein. Associate membership shall be limited to sixty-one (61) members.

Section 8. "Reedy Creek" shall mean and refer to SAS Institute, Inc., d/b/a Reedy Creek, a North Carolina Corporation, its successors and assigns.

ARTICLE II.

MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

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

Section 2. Voting Rights. The Association shall have two (2) classes of voting membership and one (1) Class of non-voting membership.

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

(b) The Class B Member shall be Reedy Creek. The Class B member shall be entitled to three (3) votes for each Lot owned by it. The Class B Membership shall cease and be converted to Class A Membership on the happening of either of the following events, whichever occurs earlier: (a) when Reedy Creek has sold and conveyed seventy-five percent (75%) of all the lots affected

by these Covenants. Thereafter, Reedy Creek may be entitled to one vote per Lot owned by it.

(c) Class C Members shall be all those Associate Members and they shall have no voting rights.

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

ARTICLE III.

PROPERTY RIGHTS IN THE COMMON AREAS

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

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

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

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

(a) The right of the Association, in accordance with its Articles of Incorporation, to borrow money for the purpose of improving the Common Properties and in aid thereof to mortgage said properties;

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

(c) The right of the Association, as provided in its By-Laws, to suspend the enjoyment of rights of any Member or any tenant of any Member for any period during which any assessment remains unpaid; and for any period not to exceed thirty (30) days for any infraction of its published rules and regulations, it being understood that any suspension for either non-payment of any assessment or a breach of the rules and regulations of the Association shall not constitute a waiver or discharge of the Member's obligations to pay the assessment; and

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

(e) The right of the Association to give, sell or lease all or any part of the Common Properties to any public agency, authority, or utility or private concern for such purposes and subject to such conditions as may be agreed to by the Members, provided that no such gift, sale or lease shall be effective unless authorized by the vote of two-thirds (2/3) of the vote of each class of Members at a duly called meeting and unless written notice of the proposed action is sent to every Member at least twenty (20) days in advance of any action taken. A true copy of such resolution together with a certificate of the result of the vote taken and a certificate of mailing executed by the Secretary of the Association thereon shall be made and acknowledged by the President or Vice President and Secretary or Assistant Secretary of the Association and such certificate shall be annexed to any instrument affecting the Common Properties, prior to the recording thereof. Such certificates shall be conclusive evidence of authorization by the membership.

(f) The right of the Association to grant limited privileges to the Associate Members as provided in Article IV.

ARTICLE IV

ASSOCIATE MEMBERS

Section 1. Application for Membership. Any record owner of a fee or undivided fee interest in a lot of Homestead or Dublin Woods Subdivision in Wake County, North Carolina interested in becoming an Associate Member of the Association shall submit a written and signed application, on a form approved by the Board of Directors of the Association, to any director or officer for transmittal to the membership committee. Such application must contain the name of at least one Member who is a sponsor, and

such Member must be in good standing with the Association. The application shall be duly considered by the membership committee, by a majority vote of the committee, whether the application should be approved or disapproved. The Board of Directors of the Association shall approve or disapprove the applications, by a majority vote, after considering the recommendation of the membership committee at any regular or special meeting of the board. The Board of Directors of the Association in their sole discretion shall determine the criterion and qualifications for associate membership. Applicants whose applications are so approved shall become Associate Members upon payment of the required initiation fee and dues.

Section 2. Rights and Priviledges. Associate Members who are in good standing shall have the limited privilege to use and enjoy the swimming pool facilities, if any, and tennis courts, if any, subject to the following restrictions set forth in Section 4 hereof.

Section 3. Delegation of Use. Any Associate Member may delegate in accordance with the By-Laws of the Association, his use and enjoyment of the swimming pool facilities, if any, and tennis courts, if any, to the members of his family.

Section 4. Extent of Associate Member's Priviledges. The privileges of enjoyment of the Associate Member's use of the swimming pool facilities, if any, and tennis courts, if any, shall be subject to the following:

(a) The rights of the Association and Members as provided in Article III.

(b) The right of the Association, as provided in its By-Laws, to suspend the privileges of any Associate Member for any period during which any dues or assessments remains unpaid; and for any period for any infraction of its published rules and regulations.

(c) The right of the Association to publish rules and regulations as they apply to the swimming pool facilities, if any and tennis courts, if any, and to enforce the same.

Section 5. Dues. Each Associate Member shall and agrees to pay its pro-rata share of the costs of maintenance and up-keep of the swimming pool facilities, if any, and tennis courts, if any, in the manner and amount as determined by the Board of Directors of the Association in their sole discretion.

Section 6. Termination of Associate Membership. The Board of Directors of the Association, by affirmative vote of at least two-thirds (2/3) of all the directors, may suspend or expel an Associate Member for cause after an appropriate hearing as set out by the directors in their sole discretion, and, by a majority vote of those present at any regularly constituted meeting, may

terminate membership of any Associate Member who becomes ineligible for membership, or suspend or expel any member who shall be in default in the payment of dues or special assessments for the period fixed hereafter.

Section 7. Transfer of Associate Membership. Associate Membership is not transferable or assignable except to a spouse who is otherwise eligible for membership.

ARTICLE V.

COVENANTS FOR ASSESSMENT

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

(a) Annual Assessments or charges;

(b) Special Assessments for the purposes set forth in this Article, such assessments to be fixed, established, and collected from time to time as hereinafter provided. The Annual and Special Assessments together, with such interest thereon and costs of collection therefor as hereinafter provided, shall be a charge and continuing lien on the Lot against which such assessment is made. Each such assessment, together with such interest thereon and cost of collection therefor as hereinafter provided, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment fell due. In the case of co-ownership of a Lot, all such co-owners shall be jointly and severally liable for the assessment.

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

Section 3. Basic and Maximum Annual Assessments. For calendar year 1988, the maximum annual assessment shall be Six Hundred Dollars (\$600.00) per Lot except as otherwise provided herein, the exact amount of which shall be determined from time to time by the Board of Directors in accordance with the following provisions:

(a) From and after December 31, 1988, the basic annual assessment may be increased by the Board of Directors each calendar year by no more than twenty percent (20%) above the maximum assessment for the previous calendar year, without the approval of the Members.

(b) After December 31, 1988, the basic annual assessment may be increased, by more than twenty percent (20%), by the assent of two-thirds (2/3) of the votes of each class of Member who are voting in person or by proxy at a meeting called for such purpose at which a quorum is present. For this purpose, the Class B Member shall be entitled only to one vote for each dwelling unit or site as to which it owns the required ownership interest. Written notice of the meeting shall be given to all members not less than thirty (30) days in advance of the meeting. The provisions of this subsection shall not apply to nor be a limitation upon any change in the basic annual assessment undertaken as an instant to a merger or consolidation in which the Association is authorized to participate under its Articles of Incorporation.

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

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

Section 5. Special Assessments for Improvements and Additions. In addition to the annual assessments authorized by Section 3 of this Article, the Association may levy special assessments for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of capital improvements to the Common Properties; provided, however, that any such special assessment may be levied only with the vote of two-thirds of the votes of each class of Members who are voting in person or by proxy, at a meeting duly called for this purpose at which a quorum is present. Written notice of such meeting shall be sent at least thirty (30) days in advance and shall set forth the purpose of the meeting.

Section 6. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots

except for exempt Lots provided in Section 9 hereof and except that, notwithstanding anything within this Declaration to the contrary, Reedy Creek shall be required to pay only 50% of any annual or special assessment levied against any Lot owned by it and except that any builder acquiring any Lot for the purpose of engaging in the business of constructing single family residential building shall be required to pay only 50% of any annual or special assessment levied against such Lot until the issuance of a certificate of occupancy for such Lot by the appropriate municipal government. The Owner shall then pay 100% of the assessment with the assessment adjusted according to the number of months remaining in the calendar year after the date of closing.

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

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

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

The Association shall upon demand, and for a reasonable charge, at any time furnish to any Owner liable for said assessment a certificate in writing signed by an officer of the

Association, setting forth whether said assessment has been paid. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 9. Effect of Nonpayment of Assessment. If an annual assessment or any special assessment is not paid on the date when due, then such assessment shall become delinquent and shall, together with interest therefrom at the rate of ten percent (10%) per annum (or if illegal, the highest rate of interest permitted by law) from the due date, and the cost of collection thereof as hereinafter provided, become a charge and continuing lien on the Lot and all improvements thereon. If an assessment is not paid within thirty (30) days after the due date, the Association may bring an action at law against the Owner personally or foreclose the lien against the Lot, and there shall be added to the amount of such assessment the costs of collection, including reasonable attorneys' fees and expenses, and interest as provided above. No Owner may waive or escape liability for the assessments provided for herein by non-use of the Common Properties or abandonment of his Lot. Each Owner, by his acceptance of a deed to a Lot, hereby expressly vests in the Association, or its agents or assigns, the right and power to bring all actions against such Owner or Member personally liable for the collection of such charges as a debt and to enforce the aforesaid lien by all methods available for the enforcement of such liens, including foreclosure by an action brought in the name of the Association in a like manner as a mortgage or a deed of trust lien on real property and such Owner hereby expressly grants to the Association a power of sale in connection with foreclosure of said lien. The lien provided for in this action shall be in favor of the Association and shall be for the benefit of all other Owners. The Association, acting on behalf of the Owners, shall have the power to bid in an interest foreclosed at foreclosure and to acquire and hold, lease, mortgage and convey the same and to subordinate so much of its right to such liens as may be necessary or expedient to an insurance company continuing to give total coverage notwithstanding the nonpayment of the Owner's portion of the premium.

Section 10. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage or deed of trust now or hereafter placed upon any Lot subject to assessment. Sale or transfer of any Lot shall not affect the assessment lien; however, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

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

- (a) Properties conveyed to public utilities for the purpose of granting utility easements;
- (b) All Common Properties as defined herein;
- (c) All properties exempt from taxation by the laws of the State of North Carolina, upon the terms and to the extent of such legal exemptions; and
- (d) All properties dedicated to, and accepted by, a local public authority.

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

ARTICLE V.

ARCHITECTURAL CONTROL

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

ARTICLE VI.

INSURANCE AND CASUALTY LOSSES

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

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

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

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

ARTICLE VII.

CONDEMNATION

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

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

(b) If the taking does not involve any improvements on the Common Properties or in the event that a decision is made not to repair or restore such improvements, or if there are net funds

remaining after any such restoration or replacement is completed, then such award or net funds shall be disbursed to the Association and used for such purposes as the Board of Directors may determine.

ARTICLE VIII.

LAND USE

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

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

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

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

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

ARTICLE IX

EASEMENTS

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

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

Section 2. Underground Electrical Services.

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

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

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

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

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

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

ARTICLE X.

GENERAL PROVISIONS

Section 1. Duration and Amendments. The covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, the Declarant or the Owner of any Lot subject to this Declaration, the irrespective legal representatives, heirs, successors and assigns, for a term of twenty-five (25) years from the date this Declaration is recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years unless the Association approves a change in the

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

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

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

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

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

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

this Declaration as may be necessary or convenient, in the judgment of Reedy Creek, to reflect the different character, if any, of the added properties.

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

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

(c) Mergers. Upon a merger or consolidation of the Association with another association as provided for in the By-Laws of the Association, its properties, rights and obligations may, by operation of law, be transferred to another surviving or consolidated association, or, in the alternative, the properties, rights and obligations of another association may, by operation of law, be added to the properties of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer the covenants and restrictions established by this Declaration, together with the covenants and restrictions established upon any other properties as one plan. No such merger or consolidation, however, shall effect any revocation, change of or addition to the Covenants established by this Declaration as herein provided.

Section 6. Declarant's Right to Amend Declaration with Approval of Veterans Administration or Department of Housing and Urban Development. In the event that the Declarant shall seek to obtain approval of these covenants and the plan of development of the Properties in order that the dwelling unites and sites and improvements constructed thereon will be eligible for loans approved or guaranteed by the Veterans Administration, hereinafter called "VA," or the Department of Housing and Urban Development, hereinafter called "HUD," or Federal National Mortgage Association, hereinafter called "Fannie Mae," or the Federal Home Loan Mortgage Corporation, hereinafter called "Freddie Mac," it is likely that HUD, VA, Fannie Mae or Freddie Mac will require changes in this Declaration in order to make the Lots and improvements thereon eligible for VA, HUD, Fannie Mae or Freddie Mac loans. In such event, Declarant, without the consent or approval of any Owner, Member or Associate Member shall have the right to amend this Declaration. When this Declaration, Bylaws and Articles of Incorporation have been approved by VA,

HUD, Fannie Mae, or Freddie Mac, then this paragraph shall be considered null and void and the Declarant shall not have any further rights hereunder to amend except upon approval of the Membership.

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

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

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

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

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

Section 9. Amendment by Owners. The covenants, conditions and restrictions of this Declaration may be amended during the first thirty (30) year period or thereafter by an instrument

signed by the Owners of not less than two-thirds (2/3) of the lots, provided, however, that the Board of Directors of the Association may amend this Declaration to correct any obvious error or inconsistency in drafting, typing or reproduction or amendment without actual consent of the Owners, and such amendment shall be certified as an official act of the Board and recorded in the Wake County Registry.

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

(a) Reasonably assure itself that the amendment has been duly approved by the Owners as provided in Section 9 of this Article. (For this purpose, the Board may rely on its roster of Members and shall not be required to cause any title to be examined.)

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

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

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

Section 12. Exchange of Common Area. Notwithstanding any provision herein to the contrary, other than Section 5 of this Article, it is expressly provided that the Association may convey to Declarant, as well as any other Member, for fair market value, any portion of the Common Properties theretofore conveyed to the Association, as provided in the Articles of Incorporation of the Association. Upon such conveyance, the area conveyed shall cease to be Common Properties and shall cease to be subject to the provisions of this Declaration relating to the common Properties. Any area purchased by the Association pursuant to the foregoing provision shall become Common Properties and subject to the provisions of this Declaration relating to the Common Properties. (The following hypothetical situation is by way of illustration but not of limitation: Due to a surveying error an undesirable drainage area is designated for the location

of dwelling units or sites. Under this provision, Declarant and Association exchanged deeds so that the dwelling units or sites may be relocated within the Common Properties and the area previously designated for dwelling units or sites is converted to Common Properties.)

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

ARTICLE XI

DISSOLUTION OR INSOLVENCY OF THE ASSOCIATION

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

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



Secretary

SAS INSTITUTE, INC., d/b/a
Reedy Creek Properties

By: [Signature]
Vice President

NORTH CAROLINA

WAKE COUNTY

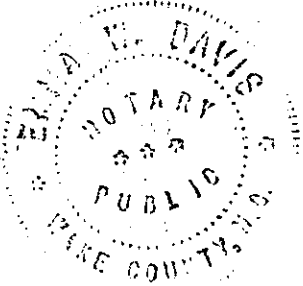
I, Emma W. Davis, a Notary Public of the
aforesaid County and State, do hereby certify that
Marsha L. Russo personally appeared before me this
day and acknowledged that she is the Secretary of
SAS Institute, Inc., d/b/a Reedy Creek Properties, and that by
authority duly given and as an act of the corporation, the
foregoing instrument was signed in its name by its Vice
President, and attested by herself as Secretary,
and sealed with its common corporate seal.

Witness my hand and notarial seal this 21st day
of September, 1988.

Emma W. Davis
Notary Public

My Commission Expires:

April 3, 1992



NORTH CAROLINA — WAKE COUNTY

The foregoing certificate _____ of _____

Emma W. Davis

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

Ragna R. Cooke
Asst. Deputy Register of Deeds

EXHIBIT A

BEGINNING at a monument on the western right-of-way of Harrison Avenue, said monument also being at the southeast corner of the Property of North Hills Properties in Deed Book 3425, Page 595, Wake county Registry, as shown on the hereinafter referred map, and thence running from said monument along the southern boundary of said Property of North Hills Properties South 88°56'43" East 4083.98 feet to an existing iron pipe; thence South 0°05'57" West 497.46 feet to an existing iron pipe; thence North 89°56'34" East 653.36 feet to an iron pipe; thence North 27°09'41" East 169.85 feet to an iron pipe on the southern right-of-way of Livingston Drive; thence running along said right-of-way of Livingston Drive South 66°57'09" East 20.05 feet to an iron pipe; thence leaving said right-of-way of Livingston Drive South 27°09'41" West to an existing iron pipe; thence South 01°08'57" West 507.26 feet to an existing iron pipe; thence South 88°39'06" West 2315.06 feet to an existing iron pipe and being the southwestern corner of the Property of L.V. Sorrell in Deed Book 2060, Page 411, Wake County Registry; thence running along the western boundary of said property of L.V. Sorrell North 01°17'33" East 189.02 feet to an existing iron stake in the northwest corner of said Property of L.V. Sorrell and along the southern boundary of the Property of Jack and Jean Hester in Deed Book 2285, Page 545, Wake County Registry; thence running along the southern, western, and northern boundaries of said Property of Jack and Jean Hester the following courses and distances: North 88°33'31" West 138.91 feet to an existing iron pipe, North 0°45'39" East 224.79 feet to an existing iron pipe, North 13°06'09" East 104.04 feet to an existing iron pipe, thence along and with a curve to the left having a radius of 1001.19 and a distance of 249.58 feet to an existing iron pipe, thence North 88°03'40" East 119.99 feet to an existing iron pipe, thence along and with a curve to the right having a radius of 316.52 and a distance of 143.61 feet to an existing iron pipe; thence South 65°04'45" East 57.61 feet to an existing iron pipe in the southwest corner of the Property of Alma Sorrell in Deed Book 897, Page 384, Wake County Registry; thence running along the western boundary of said Property of Alma Sorrell North 15°18'05" East 198.26 feet to an existing iron pipe in the northwest corner of said Property of Alma Sorrell; thence running along the northern boundary of said Property of Alma Sorrell South 74°54'39" East 369.91 feet to an existing iron pipe on the western right-of-way of Harrison Avenue; thence running along said western right-of-way of Harrison Avenue in northeasterly direction along and with a curve to the left having a radius of 1854.48 and a distance of 508.78 feet to a monument, said monument being the point and place of BEGINNING and being all of Harrison Place as shown on a map entitled "Harrison Place Cary Wake County N.C.", dated September 7, 1988, prepared by Bass, Nixon & Kennedy, Inc., Consulting Engineers and recorded in Book of Maps 1988, Page 1335, Wake County Registry.