

DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR
LAKESIDE TOWNES AT PLANTATION POINTE

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DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS

FOR

LAKESIDE TOWNES AT PLANTATION POINTE HOMEOWNERS ASSOCIATION, INC

THIS DECLARATION, made on the date hereinafter set forth by Royal Flush Development LLC, a North Carolina limited liability company, hereinafter referred to as the "Declarant",

WITNESSETH, THAT WHEREAS, the Declarant is the owner of certain property in the Johnston County, North Carolina, consisting of approximately 36.647 acres, which is more particularly described in Plat Book 69, Page 122-124, Johnston County Registry; and

WHEREAS, Declarant will convey the said properties, subject to certain protective covenants, conditions, restrictions, reservations, liens and charges as hereinafter set forth;

NOW, THEREFORE, Declarant hereby declares that all of the properties described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, all of which are for the purpose of enhancing and protecting the value, desirability, and attractiveness of the real property. These easements, covenants, restrictions, and conditions shall run with the real property and shall be binding on all parties having or acquiring any right, title or interest in the described properties or any part thereof, and shall inure to the benefit of each owner thereof.

Article 1 Definitions

Section 1. "Association" shall mean and refer to Lakeside Townes at Plantation Pointe Homeowners Association, Inc, its successors and assigns.

Section 2. "Board of Directors" or "Board" means those persons elected or appointed and acting collectively as the Directors of the Association.

Section 3. "Building" shall mean and refer to a multi-unit structure containing townhouses constructed or erected on the Property.

Section 4. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of Members or designated classes of Members of the Association.

Section 5. "Common Expenses" shall mean and include:

- (a) All sums lawfully assessed by the Association to its members;
- (b) Expenses for maintenance of the townhouses as provided in this Declaration;
- (c) Expenses of administration, maintenance, repair, or replacement of the Common Area and Limited Common Area;
- (d) Expenses declared to be Common Expenses by the provisions of this Declaration or the By-Laws;

- (e) Hazard, liability, or such other insurance premiums as the Declaration or the By-Laws may require the Association to purchase;
- (f) Ad valorem taxes and public assessment charges lawfully levied against Common Areas and Limited Common Areas;
- (g) Expenses agreed by the Members to be Common Expenses of the Association.
- (h) Such costs as are imposed by Flowers Foundation under the Declaration of Easements and Covenants to Share Costs for Flower' Plantation.

Section 6. "Contract Seller" shall mean any Person who purchases any Property for the purpose of improving it with one or more Townhouse for sale to consumers in the ordinary course of such Person's business.

Section 7. "COVENANT TO SHARE COSTS" shall mean and refer to that certain DECLARATION OF EASEMENTS AND COVENANT TO SHARE COSTS for Flowers Plantation, and recorded in Book 1615, Page 611 of the Johnston County Registry.

Section 8. "Declarant" shall mean and refer to Royal Flush Development LLC and its successors and assigns to whom the rights of Declarant hereunder are expressly transferred, in whole or in part, and subject to such terms and conditions as the Declarant may impose.

Section 9. "Developer Control Period" shall mean and refer to the period of time during which the Declarant, by virtue of its Class B membership, is entitled to appoint the Board of Directors pursuant to the By-Laws; and the other rights reserved to the sole discretion of the Declarant in the Declaration, By-Laws, and Articles of Incorporation, Architectural Guidelines, and Rules and Regulations.

Section 10. "DEVELOPMENT AGREEMENT" shall mean and refer to that certain DEVELOPMENT AGREEMENT for Flowers Plantation recorded by Rebecca Flowers Finch for the benefit of all present and future owners of property within Flowers Plantation, and recorded in Book 1615, Page 601 of the Johnston County Registry.

Section 11. "FOUNDATION" shall mean and refer to FLOWERS PLANTATION FOUNDATION, a North Carolina non-profit corporation; and is a tax-exempt entity, which has certain rights and obligations relating to Flowers Plantation as set forth in the DEVELOPMENT AGREEMENT and the COVENANT TO SHARE COSTS.

Section 12. "Governing Documents" shall mean the Articles of Incorporation, the By-Laws, the Declaration of Covenants Conditions and Restrictions for Lakeside Townes at Plantation Pointe Homeowners Association, Inc, the Use Restrictions, and the Architectural Guidelines; as well as the COVENANT TO SHARE COSTS, the DEVELOPMENT AGREEMENT.

Section 13. "Limited Common Area" shall mean those portions of the Common Area that serve only a limited number of Lots and which may include, but specifically is not limited to, driveways and walkways, parking lots or areas serving only specified Lots, and such other similar areas as may be designated by the Association.

Section 14. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties on which such plot appears, with the exception of the Common Area and Limited Common Areas.

Section 15. "Lot in Use" shall mean and refer to any Lot on which a dwelling unit has been fully constructed and made ready for occupancy as a dwelling unit.

Section 16. "Member" shall mean and refer to every person or entity that holds membership in the Association.

Section 17. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is part of the Properties, including Contract Sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 18. "Person" shall mean and refer to any individual, corporation, partnership, association, trustee, or other legal entity.

Section 19. "Properties" shall mean and refer to that certain real property hereinbefore described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 20. "Rules and Regulations" shall mean Board-adopted Rules and Regulations that establish administrative procedures for internal governance, and operating procedures concerning the use and enjoyment of the yard space of each Unit and the Common Areas and Limited Common Areas.

Section 21. "Townhouse" shall mean and refer to a dwelling or place of residence constructed upon a Lot within the Property and constituting a part of a Building.

Section 22. "Unit" shall mean and refer to Lot, Lot in Use and Building collectively.

Article 2 Annexation of Additional Properties

Section 1. Annexation of additional Property shall require the consent of two-thirds (2/3) of the Class A Membership, and the Declarant so long as the Declarant owns any Property subject to the Declaration. However, during the Developer Control Period, the Declarant shall annex additional property, as Declarant deems necessary.

Section 2. Annexation of additional properties shall be accomplished by recording in the Johnston County Registry a Declaration of Annexation, duly executed by the Association describing the lands annexed and incorporating the provisions of this Declaration, either by reference or by fully setting out said provisions of this Declaration. The additional lands shall be deemed annexed to the Properties on the date of recordation of the Declaration of Annexation. In the case of an annexation by the Declarant, no action or consent on the part of the Association or any other person or entity shall be necessary to accomplish the annexation so long as the Declarant owns any Property subject to the Declaration.

Article 3 Membership

Every Person who is a record Owner of a fee or undivided fee interest in any Lot, which is subject by covenants of record to Assessments by the Association, including Contract Sellers, shall be a Member of the Association. The foregoing is not intended to include Persons who hold an interest merely as security for the performance of an obligation. No Owner shall have more than one membership. Membership shall be appurtenant to and may not be separated from ownership of any Lot that is subject to Assessment by the Association. Ownership of such Lot shall be the sole qualification for membership. The Board of Directors may make reasonable Rules and Regulations relating to the proof of ownership of a Lot in Lakeside Townes at Plantation Pointe Homeowners Association, Inc.

Article 4 Voting Rights

Section 1. The Association shall have two classes of voting membership:

Class A Member – The Class A Members shall be all those Owners as defined in Article 3 with the exception of the Declarant. Class A Members shall be entitled to one vote for each Lot in which they hold the interest required for membership by Article 3. When more than one Person holds such interest in any Lot, all such Persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot. The right to vote of any Class A Member may be suspended by the Board of Directors for just cause pursuant to its Rules and Regulations.

Class B Member – The sole Class B Member shall be the Declarant. The Class B Member shall be entitled to three votes for each Lot or Lot in Use in which the Declarant holds the interest required for membership as specified in Article 3 above. The rights of the Class B Member, including the right to approve, or withhold approval of, actions proposed under the Governing Documents, are specified in the relevant sections of the Articles of Incorporation, By-laws, and the Declaration of Covenants, Conditions and Restrictions. Class B membership shall terminate the date upon which the Declarant voluntarily terminates such membership by written notice in the Johnston County Registry. Upon termination of the Class B membership, the Declarant shall become a Class A Member as to any Lots or Lots in Use, which the Declarant then owns, if any.

Section 2. The right of any Member to vote may be suspended by the Board of Directors for just cause pursuant to its Rules and Regulations.

Article 5 Property Rights

Section 1. Member Easement of Enjoyment

Every Member shall have a right and easement of enjoyment in and to the Common Area and such easement shall be appurtenant to and shall pass with the right to every assessed Lot and Lot in Use, subject to the following provisions:

- (a) The right of the Association, in accordance with its Governing Documents and with the assent of Members entitled to cast two-thirds (2/3) of the votes of the entire Class A membership and the Declarant, if any, to borrow money for the purpose of improving

the Common Area and Limited Common Area and in aid thereof to mortgage said Property;

- (b) The right of the Association to dedicate or transfer all or any part of the Common Area and Limited Common Area to any public agency, authority, or utility, provided that no conveyance of Limited Common Area shall deprive any Member the full use thereof. And, an instrument signed by the Board and the Declarant, if any, has been recorded in the Johnston County Registry agreeing to such dedication or transfer.

Section 2. Delegation of Use

Any Member may delegate, in accordance with the Governing Documents, his right of enjoyment to the Common Areas, Limited Common Area to the members of his family, his tenants, or Contract Seller who reside on the Property.

Article 6 Covenants for Assessments

Section 1. Budgeting

At least 60 days before the beginning of each fiscal year, the Board shall prepare an operating budget reflecting the estimated Common Expenses that the Association expects to incur during the coming year. Such budget shall include a line item of Common Expense for the annual contribution to the FOUNDATION pursuant to the COVENANT TO SHARE COSTS. The budget shall include a line item of Common Expenses in contribution to a reserve fund, which the Board shall establish to provide for the repair and replacement of any capital assets for which the Association may be responsible. The amount of such reserve fund shall be based upon the Board's reasonable estimate of the annual contribution needed over the estimated useful life of each asset to provide sufficient funds for repairs or replacement of such assets as required. The Board shall send a copy of the budget to each Owner at least 30 days prior to the effective date of such budget.

Except as otherwise provided in this Article, Assessments shall be fixed at a uniform rate for all Lots. Subject to the provisions of this Article, such Assessment rate shall be set at a level that is reasonably expected to produce total income for the Association equal to the total budgeted Common Expenses, including reserves.

So long as the Declarant has the right unilaterally to annex additional property, the Declarant may, but shall not be obligated to, reduce the Assessment for any fiscal year by payment of a subsidy (in addition to any amounts paid by Declarant under this Article), which may be treated as either a contribution or an advance against future Assessments due from the Declarant, in the Declarant's discretion. Any such subsidy shall be conspicuously disclosed as a line item in the Common Expense budget and the treatment of such subsidy shall be made known to the membership. The payment of such subsidy in any year shall under no circumstances obligate the Declarant to continue payment of such subsidy in future years.

The Board without a vote of the membership may adopt the budget and proposed Assessments. The Maximum Assessment that may be levied on any unit without a vote of the membership shall be \$960.00 for fiscal year

2006 payable \$80.00 per month and shall be increased for each subsequent fiscal year by maximum of 10% if approved by the Declarant. The maximum assessment for any year may be increased by an amount greater than that set forth above with the approval of at least 67% of the Class A votes represented at a duly called meeting of the Membership at which a quorum is present including proxies; and the consent of the Class B Member.

If a budget is not adopted for any year, then until such time as a budget is adopted, the budget in effect for the immediately preceding year shall continue for the current year.

Section 2. Capitalization of Association

Upon acquisition of record title to a Unit by the first Owner and each subsequent Owner thereof, other than the Declarant or a Contract Seller, a contribution shall be made by or on behalf of the purchaser to the working capital of the Association in an amount equal to 30% of the annual Assessment per Unit for that year. This amount shall be in addition to, not in lieu of, the annual Base Assessment and shall not be considered an advance payment of such Assessment. This amount shall be for use in covering Common Expenses and other expenses incurred by the Association pursuant to the Governing Documents.

Section 3. Allocating Common Expenses

(a) Purposes and Types

There are hereby created, and the Association is hereby authorized to levy, Assessments for expenses incurred or anticipated to be incurred by the Association in performing its responsibilities and exercising its rights and powers under the Governing Documents, specifically including, but not limited to: making contributions to the FOUNDATION; expenses of maintaining, repairing, replacing, improving, operating and insuring the Common Areas, Limited Common Areas and other areas of Common Expense, including amounts due to third parties who perform such tasks on behalf of the Association and the costs of labor, equipment, materials, management, supervision and utilities; taxes, if any, imposed on the Association or the Common Area or Limited Common Areas; the cost of insurance and fidelity bond coverage; expenses of monitoring and enforcing compliance with provisions of this Declaration and all exhibits hereto and all instruments referenced herein; expenses arising out of the Association's indemnification obligations; expenses arising out of any measure undertaken to enhance the safety of the Owners and occupants of Buildings and the Property; expenses of architectural control; expenses of managing the Association, including compensation of management personnel, maintaining books and records, handling Association funds, providing financial reports, and corresponding with Members; administrative expenses; legal, accounting and other professional fees; and such other expenses as the Board deems necessary or desirable to keep the Property in good, clean and attractive condition and to maintain and enhance Property values and marketability.

The Association may maintain other property that it does not own, including, without limitation, property dedicated to the public, if the

Board determines that such maintenance is necessary or desirable to maintain and enhance Property values and marketability.

The Association shall not be liable for any damage or injury occurring on or arising out of the condition of property that it does not own.

(b) Assessments

Common Expenses that directly or indirectly benefit all of the Lots or Lots in Use shall be allocated subject to this Declaration. The Board shall determine the amount of the Assessment for each fiscal year at the time the budget is prepared, subject to adjustment in the event that the budget is revised during the year. Notice of the amount of the Assessment, as it may be adjusted, shall be sent to each Owner with a copy of the budget.

The Assessment shall be a monthly Assessment due and payable in advance on the first day of each month; however, the Board may permit any Assessment to be paid in monthly, quarterly, semi-annual or annual installments, in its discretion.

A variety of dwellings with a variety of exteriors will be constructed. Some dwellings may entail more expense for exterior maintenance than others. No difference is made in the amount of Assessments to account for disparity in the cost of exterior maintenance. No difference is made in the amount of Assessments to account for the disparity in the costs of replacement of different types of construction material.

(c) Special Assessments

Any Common Expenses of a non-routine nature, or which were not anticipated in the Association's annual operating budget, or which exceed budgeted amounts, may be assessed as a Special Assessment. Special Assessments shall be payable in such manner as the Board may determine.

Notice of any Special Assessment shall be sent to each Owner at least 30 days prior to the due date of such Special Assessment (or the first installment thereof). Any such Special Assessment must be approved by a majority of the Class A Members subject to such Special Assessment and by the Class B Member, if any.

(d) Specific Assessment

The Association may assess the following expenses as a Specific Assessment against a particular Owner:

- I) Those costs, including overhead and administrative costs, of providing benefits, items of services to a Unit or the occupants thereof upon request of the Owner, which Specific Assessment may be made in advance of the provision of the requested benefit, item, or service as a deposit against costs to be incurred on behalf of the Owner; and
- II) Those costs incurred in bringing the Unit into compliance with the Governing Documents or as a consequence of the conduct of the Owner or occupants of the Townhouse, their agents, contractors, employees, licensees, or guests.
- III) Those costs incurred in the event that any Townhouse located on the Property is: substantially destroyed by fire or

other hazard, ("substantially destroyed" shall mean that the costs of replacement or repair equals at least fifty percent (50%) of the appraised value of the improvements before they were damaged); in need of repair or maintenance caused through the willful or negligent acts of its Owner, his family, tenants, contract seller, guests, or invitees; damaged by fire, lightning, windstorm, hail, explosion, aircraft, vehicles, or smoke. The Owner shall give written notice to the Association within thirty (30) days following such destruction as to whether he intends to repair or reconstruct the Townhouse. If the Owner fails to give such notice to the Association, it shall be conclusively considered as notice that the Owner does not intend to repair or reconstruct the Townhouse. If the Owner elects not to repair or reconstruct the Townhouse, the Association shall have the right to repair or reconstruct the Townhouse and assess a Specific Assessment to the Owner.

Section 4. Commencement of Assessments

The obligation to pay Assessments shall commence as to each Lot on the first day of the month following; the month in which the Lot is made subject to this Declaration, or the month in which the Board first determines a budget and levies Assessments pursuant to this Article, whichever is later; provided, until the first day of the first month following the month in which the Building is first deeded to a resident Owner, such Lot or Lot in Use shall be assessed only 40% of the full Assessment rate and shall pay only 40% of any Special Assessment which would otherwise be payable during such period.

Failure of the Board to fix Assessment amounts or rates or to deliver or mail each Owner an Assessment notice shall not waive the Association's right to collect such Assessment retroactively or release any Owner from the obligation to pay any Assessment when made. Each Owner shall continue to pay Assessments on the same basis as during the last year for which Assessment was made, if any, until a new Assessment is made, at which time the Association may retroactively assess any shortfalls.

Section 5. Personal Obligation and Lien for Assessments, Special Assessments, Specific Assessments

Except as otherwise provided in this Section, each Owner, by accepting a deed or entering into a recorded contract of sale for any Unit, agrees to pay the Assessments authorized in this Declaration. No Owner may exempt himself from liability for Assessments by non-use of Common Area or Limited Common Area, abandonment of his Townhouse, or any other means. The obligation to pay Assessments is a separate and independent covenant on the part of each Owner. No reduction or abatement of Assessments or set-off shall be claimed or allowed for any alleged failure of the Association or the Board to take some action or perform some function required of it, or for inconvenience arising from the making of repairs or improvements, or otherwise as a result of any action or inaction by the Association.

All Assessments, together with interest computed from the due date of each assessment at a rate of 18% per annum (or the maximum rate permitted by North Carolina if less than 18% per annum), late charges established by Board resolution and costs of collection (including

reasonable attorneys' fees, whether or not suit is filed) shall be the personal obligation of the Person who is the Owner of the Unit at the time the Assessment is due. Upon a transfer of title to a Unit, the new Owner shall be jointly and severally liable with the former Owner for any Assessments and other charges due at the time of conveyance (i.e. both are responsible and either may be required to pay the full amount due to the Association), unless the new Owner takes title following foreclosure of a mortgage which has priority over the Association's lien.

The Declarant does hereby establish, create and make each Unit subject to a lien (i.e. a security interest) in favor of the Association to secure payment of all Assessments and other charges.

In the event that the Owner is delinquent in paying any amounts due to the Association, the Association may sue to collect the amounts due and, upon obtaining a judgment, foreclose its lien. The Association may purchase the Unit at the foreclosure sale and thereafter hold, lease, mortgage, and convey the Unit. The Association may sue for unpaid Assessments and other charges authorized hereunder without foreclosing or waiving its lien.

If a Unit is owned by the Association:

- a) No right to vote shall be exercised on its behalf;
- b) No Assessment shall be levied on it; and
- c) Each other Unit shall be charged, in addition to its usual Assessment, its pro rata share of the Assessment that would have been charged such Unit had it not been acquired by the Association.

The sale or transfer of any Unit shall not affect the Association's lien or relieve such Unit from the lien securing any subsequent Assessments. However, a Person who obtains title to a Unit pursuant to the foreclosure of a mortgage shall not be personally liable for Assessments due prior to such acquisition of title. Such unpaid Assessments shall be deemed to be Common Expenses that the Association may thereafter allocate among all Owners as Common Expense.

Section 6. Payment of Assessments; Delinquencies

Assessments shall be paid in such manner and on such dates as the Board may establish. The Board may require advance payment of Assessments at closing of the transfer of title to a Unit. Unless the Board otherwise provides, Assessments shall be due and payable in advance on the first day of each fiscal year. If any Owner is delinquent in paying any Assessments or other charges levied on his Unit, the Board may require the outstanding balance to be paid in full immediately and place a lien on the Unit. And the Board may impose special requirements for Owners with a history of delinquent payment.

Section 7. Exempt Property

The following Property shall be exempt from payment of Assessments:

All property owned by the FOUNDATION; all Common Area, Limited Common Area or Property owned by the Association except as specifically set out in this Article; and any Property dedicated to and accepted by any governmental authority or public utility, a local public authority, or a charitable or non-profit organization exempt from taxation

by the laws of the State of North Carolina. No Property or improvements devoted to dwelling use shall be exempt from said Assessments.

**Article 7 Maintenance Responsibility and Repair of Units, Common Areas
Limited Common Areas**

Section 1. Maintenance of Units

Each Owner shall maintain, repair, and replace all structures on his Unit, parking areas, grounds and other improvements comprising the Unit in a manner consistent with all applicable covenants, unless such maintenance, repair, and replacement responsibility is otherwise assumed by or assigned to the Association pursuant the Governing Documents applicable to such Unit. Maintenance shall include the responsibility for repair and replacement as necessary. In addition to any other enforcement rights, if an Owner fails to properly perform his maintenance, repair, and replacement responsibilities, the Association may perform such maintenance responsibilities and Specifically Assess all costs incurred by the Association against the Owner. The Association shall afford the Owner reasonable notice and opportunity to cure the problem, except when entry is required due to an emergency situation.

The Association shall provide exterior maintenance upon each Townhouse, which is subject to Assessment, and Common Areas and Limited Common Areas as follows:

Stain and paint the exterior of Townhouses and replace roofs. Replace, repair and care for walks, trees, shrubs, grass and other such exterior improvements. Cleaning exterior Building surfaces, gutters and downspouts; annual termite inspection; repair and maintain driveways, parking areas and streetlights, street signs and community signs.

Each Owner shall maintain his Unit: interior; exterior including glass surfaces, windows, window screens, fire place chimney and flue, exterior water faucets, heat pump – HVAC systems, mail box locks and keys, exterior Building materials, patios and decks, storm/screen door, exterior doors, exterior light fixtures and bulbs, garage doors, waste water clogs from Building, crawl space repairs; gas, water, electricity and other utilities; correction of any original deficiencies; and for any additions made to the exterior by an Owner. Owners are responsible for painting touch-ups between scheduled paintings. Owners are responsible for gutter replacement. Owners are responsible for replacement of termite-damaged wood. Any damage to the exterior of any Unit or to the Common Area or Limited Common Area will be the responsibility of that Owner who caused the damage.

Section 2. Maintenance of Units Wastewater Collection Line

It shall be the responsibility of each Owner to maintain the wastewater collection line from the Townhouse to the sewer main. The Owner shall be responsible not only for that portion of the collection line on their Lot but also that portion of the collection line that crosses any Common Area or Limited Common Area prior to entering the sewer main from their Unit.

Section 3. Insurance on Units

Each Owner shall obtain and maintain in effect at all times property insurance for the full replacement cost of all insurable improvements on

his Unit, less a reasonable deductible. In the event of damage to or destruction of any structures or improvements on the Unit, the Owner shall proceed promptly to repair, reconstruct or replace the damaged structures or improvements in a manner consistent with their original condition or such other plans and specifications as are approved by the Board of Directors. The Owner shall pay any costs that are not covered by insurance proceeds.

Section 4. Insurance on Common Areas, Limited Common Areas

The Association shall obtain and keep in effect, as a Common Expense, the following types of insurance, if reasonably available:

- (a) Blanket property insurance covering the full replacement cost of all insurable improvements on the Common Areas and Limited Common Areas to the extent that it has assumed responsibility for maintenance, repair, and replacement;
- (b) Commercial general liability insurance on the Common Area and Limited Common Area;
- (c) Workers compensation insurance and employers' liability insurance, if and to the extent required;
- (d) Directors' and officers' liability coverage;
- (e) Fidelity insurance covering all persons responsible for handling Association funds; and
- (f) Such additional insurance as the Board, in the exercise of its business judgment, determines advisable.

The policies may contain a reasonable deductible.

All Association insurance policies shall:

- (a) Be written with a company authorized to do business in the State of North Carolina;
- (b) Be written in the name of the Association, for the benefit of the Association and its Members; and
- (c) Contain an inflation guard endorsement.

Section 5. Security

The Association may, but shall not be obligated to, maintain or support certain activities within the Property designed to make the Property safer than they otherwise might be. Neither the Association nor the Declarant shall in any way be considered insurers or guarantors of security within the Property, nor shall either be held liable for any loss or damage by reason of failure to provide security or for ineffective security measures. No representation or warranty is made that any systems or measures, including any mechanism or system for limiting access to the Property, can not be compromised or circumvented, nor that any such systems or security measures undertaken will in all cases prevent loss or provide the detection or protection for which the system is designed or intended. Each Owner acknowledges, understands and covenants to inform its tenants and all occupants of its Unit that the Association, its Board and committees, and the Declarant are not insurers and that each Person using the Property assumes all risks of personal injury and loss or damage to property, including Units and the contents of Units resulting from acts of third parties.

Article 8 Party Walls

Section 1. General Rules of Law to Apply

Each wall which is built as a part of the original construction of the Building upon the Property and placed on the dividing line between the Lots shall constitute a party wall, and to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply.

Section 2. Sharing of Repair and Maintenance

The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

Section 3. Destruction by Fire or Other Casualty

If a party wall is destroyed or damaged by fire or other casualty any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall they shall contribute to the cost of restoration thereof in proportion to such use.

Section 4. Weatherproofing

Notwithstanding any other provision of this Article, an Owner who by his negligent or willful act causes the party wall to be exposed to the elements, shall bear the whole cost of furnishing the necessary protection against such elements.

Section 5. Right to Contribution Does Not Run With Land

The right of any Owner to contribution from any other Owner under this Article shall not be appurtenant to the land and shall not pass to such Owner's successors in title.

Section 6. Easement and Right of Entry for Repair, Maintenance, and Reconstruction

Every Owner shall have an easement and right of entry upon the Unit of any other Owner to the extent reasonably necessary to perform repair, maintenance, or reconstruction of a party wall and those improvements belonging to one Unit that encroach on an adjoining Unit or Common Area or Limited Common Area. Such repair, maintenance, or reconstruction shall be done expeditiously, and, upon completion of the work the Owner shall restore the adjoining Unit or Units to as near the same condition as that which prevailed prior to commencement of the work.

Article 9 Easements

Section 1. Walks, Drives, Parking Areas and Utilities

All of the Property, including Lots, Lots in Use, Common Areas, Limited Common Areas shall be subject to such easements for public streets, driveways, walkways, parking areas, water lines, sanitary sewers, storm drainage, gas lines, telephone and electric power lines, cable television lines, internet lines, and other public utilities, fire fighters, garbage

collectors, postal delivery, emergency and rescue activities, law enforcement activities. The Association shall have the power and authority to grant and to establish in, over, upon, and across the Common Area, Limited Common Area conveyed to it such further easements as are requisite for the convenient use of the Property.

Section 2. Encroachments

All Lots and the Common Area and Limited Common Area shall be subject to easements for the encroachment of initial improvements constructed on adjacent Lots by the Declarant, to the extent that such initial improvements actually encroach, including, without limitation, such items as overhanging eaves, gutters, downspouts, exterior storage rooms and walls. If any encroachment shall occur subsequent to subjecting a Lot to this Declaration as a result of settling or shifting of any Building or as a result of any permissible repair, construction, reconstruction, or alteration, there is hereby created and shall be a valid easement for such encroachment and for the maintenance of the same. Every Lot shall be subject to an easement for entry and encroachment by the Declarant for a period of eighteen (18) month or so long as the Declarant owns any of the Property, whichever is longer, for the purpose of correcting any problems, such as, grading and drainage.

Section 3. Structural Support

Every portion of a Townhouse that contributes to the structural support of the Building shall be burdened with an easement of structural support for the benefit of all other Townhouses within the Building.

Section 4. Emergencies

Every Unit shall be subject to an easement for entry by the Association for the purpose of correcting, repairing, or alleviating any emergency condition that arises upon or within any Unit and that endangers any Building or portion of the Common Area or Limited Common Area.

Section 5. Easement for Maintenance of Joint Property

The FOUNDATION shall have such easements for the maintenance of the Joint Property (as Joint Property is defined in Section 2.2 of the COVENANT TO SHARE COSTS) as are set forth in the COVENANT TO SHARE COSTS.

Article 10 Rights of Institutional Lenders

"Institutional Lender" shall mean and refer to banks, savings and loan associations, insurance companies, other reputable mortgage lenders and insurers of first mortgages. So long as any Institutional Lender shall hold any mortgage upon any Unit, or shall be the owner of any Unit, such Institutional Lender shall have a right to the following:

- a) To be furnished with at least one copy of the Annual Financial Statement and Report of the Association including a detailed statement of annual carrying charges or income collected and operating expenses.
- b) To be given notice by the Association of the call of any meeting of the membership to be held for the purpose of considering any proposed Amendment to the Governing Documents, which notice shall state the nature of the Amendment being proposed, and to

- be given permission to designate a representative to attend all such meetings.
- c) To be given notice of default in the payment of Assessments by any Owner of a Unit encumbered by a mortgage held by the Institutional Lender, such notice to be given in writing and to be sent to the principal office of such Institutional Lender, or to the place which it or they may designate in writing to the Association.
 - d) To inspect the books and records of the Association during normal business hours.
 - e) To be given notice by the Association of any substantial damage to any part of the Common Areas or Limited Common Areas.
 - f) To be given notice by the Association if any portion of the Common Area or Limited Common Area is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority.

Whenever any Institutional Lender desires the benefits of the provisions of this Article, such shall serve written notice upon the Association by registered mail or certified mail and identify the Unit upon which such Institutional Lender holds mortgage or is Owner.

Article 11 Architectural Standards

Section 1. General

No structure shall be placed, erected, or installed upon any Unit, and no improvements or other work (including clearing, excavation, exterior alterations of existing improvements, and planting or removal of landscaping material) shall take place except in accordance with this Article.

Any Owner may remodel, paint, or redecorate the interior of structures on his Unit without Association approval. No approval shall be required to repaint the exterior of a structure using identical paint colors. However, modifications to the interior of screened porches, patios, and similar portions of a Unit visible from outside the structures of the Unit shall be subject to approval.

This Article shall not apply to the activities of the Declarant, or to activities of the Association so long a there is a Class B Member.

Section 2. Architectural Review

No activities shall be commenced on any Unit until the Owner of the Unit submits an architectural application for the proposed work, and the Architectural Review Committee and the Declarant, if any, approve such application in writing.

So long as the Declarant owns any Property, the Declarant shall have the exclusive authority to review or act upon all architectural applications. Thereafter, such authority shall be exercised by an Architectural Review Committee ("ARC") comprised of three to five persons appointed by the Board, the members of which shall serve and may be removed and replaced in the Board's discretion. (For purposes of this Article, the "Reviewer" shall refer to the Declarant or the ARC, as appropriate under the circumstances.)

The Reviewer may establish and charge reasonable fees for review of applications and may require such fees to be paid in full prior to review of

any application. The Reviewer may retain architects, engineers or other professionals to assist in reviewing any application and may include the compensation of such persons in a Specific Assessment against the applicant.

Section 3. Guidelines and Procedures

(a) Architectural Guidelines

Declarant may prepare architectural guidelines generally applicable to all Units, as well as specific provisions that vary from one Unit to another depending upon the location and unique characteristics of that Unit.

Architectural guidelines are intended to provide guidance regarding matters of Architectural Review, but shall not be the exclusive basis for decisions of the Reviewer. Compliance with architectural guidelines does not guarantee approval of any application. The Declarant shall have sole and full authority over architectural matters. Thereafter, the ARC shall have authority over architectural matters. There shall be no limitation on the scope of architectural guidelines and they may be more or less restrictive from time to time.

(b) Procedures

An application for approval of any proposed work shall be in the form required by the Reviewer and shall include plans and specifications in such detail as the Reviewer reasonably deems appropriate to evaluate the proposed work. The Reviewer may require additional information, as it deems necessary to consider any application. The Reviewer may refuse to consider any application if the Reviewer determines, in its reasonable discretion, that the plans are not sufficiently legible, precise, or detailed or are otherwise insufficient in any respect.

In reviewing each submission, the Reviewer may consider (but shall not be limited to consideration of) finished grade elevations, the quality of workmanship and design, harmony of external design, location in relation to surrounding structures and plant life, architectural merit. Decisions of the Reviewer may be based on purely aesthetic considerations.

The Reviewer shall, within thirty (30) days after receipt of each application or other required submission, advise the applicant, in writing at an address specified in the application, of the approval or disapproval of plans. In the event the Reviewer fails to so advise the applicant the plans shall be deemed approved. However, no approval, whether expressly granted or deemed granted, shall be inconsistent with the Governing Documents.

All work shall be completed within one year of approval of plans or such shorter period as the Reviewer may specify.

Section 4. No Waiver of Future Approvals

Approval for any work shall not be deemed to constitute a waiver of the right to withhold approval as to any similar proposal.

Section 5. Limitation of Liability

The standards and procedures established pursuant to this Article are intended only to provide a mechanism for maintaining and enhancing overall appearance and attractiveness, and shall not create any duty or responsibility to any person to ensure the structural integrity or soundness of approved work, the adequacy of soils or drainage, compliance with building codes and other governmental requirements, or any other matter. Neither Declarant, the Association, the Board, the ARC, nor any member of any of the foregoing shall be held liable for any injury, damages, or loss to any person arising out of the approval or disapproval of any proposed work. The Association shall defend the ARC and its members and reimburse them for any loss, damages, and expenses incurred in any action arising out of their service on the ARC, to the extent provided in the By-Laws.

Article 12 Miscellaneous

Section 1. Amendment

Declarant may impose additional covenants, restrictions and easements on any Property by filing a Supplemental Declaration in the Public Records setting forth such additional covenants, restrictions and easements. Any Supplemental Declaration may supplement, create exceptions to, or otherwise modify the terms of this Declaration as it applies to the subject Property in order to reflect the different character and intended use of the Property. Any such Supplemental Declaration shall require the written consent of the Owner(s) of the Property upon which the additional provisions are being imposed.

Section 2. Withdrawal of Property

Declarant reserves the right to amend this Declaration, so long as it owns any Property, for the purpose of removing any portion of the Property from the coverage of this Declaration, provided such withdrawal is not unequally contrary to the general plan of development. Such an amendment shall not require the consent of any Person other than the Owner of the Property to be removed.

Section 3. Right to Approve Changes in Community Standards

No amendment to or modification of the Use Restrictions or the Governing Documents or Architectural Guidelines or community standards shall be effective without prior notice to and the written approval of Declarant, so long as Declarant owns any portion of the Property primarily for purpose of development and sale.

Section 4. Severability

Invalidation by judgment or court order of any provision of this Declaration shall not affect the validity of other provisions of this Declaration. Invalidation of any provision as applied in a particular case shall not affect the validity of other applications of the same provisions.

Section 5. Dissolution

The Association may be dissolved only upon a resolution duly adopted by the Board of Directors and the affirmative vote of Members who are Owners of not less than two-thirds (2/3) of total eligible votes of the Members, and the consent of the Declarant, so long as the Declarant owns any property subject to the Declaration or which may unilaterally be subjected to the Declaration by the Declarant. Upon dissolution of the Association, the assets shall, after all liabilities and obligations of the corporation have been paid, or adequate provision made therefore, be returned to the present Members, as defined in the By-Laws and the Declaration, and the return of any assets shall be made in proportion to the dues, fees, or assessments collected from the Members.

Section 6. Exhibits

Exhibit A - Land Initially Submitted; Exhibit B - Use Restrictions; Exhibit C - Architectural Guidelines; and D - By-Laws of Lakeside Townes at Plantation Pointe Homeowners Association, Inc. are incorporated by this reference. Amendments of such Exhibits shall be subject to the Governing Documents.

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IN WITNESS WHEREOF, the undersigned Declarant has executed this Declaration this 19th day of OCTOBER, 2006.

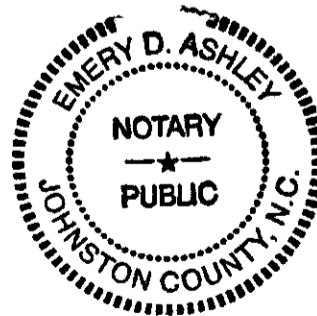
DECLARANT: Royal Flush Development, a North Carolina limited liability company.

By: James M. Gilbert
James M. Gilbert, Manager

STATE OF NORTH CAROLINA
COUNTY OF JOHNSTON

I, the undersigned Notary Public of the County and State aforesaid, certify that James M. Gilbert, Manager personally came before me this day and acknowledged that he is Manager of Royal Flush Development, a North Carolina limited liability company, and that by the authority duly given and as the act of the company, the foregoing instrument was signed in its name by James M. Gilbert, Manager

Witness my hand and official stamp/seal this 19th day of OCTOBER, 2006



Emery D. Ashley

Notary Public

My Commission Expires: 11-5-2010

EXHIBIT A

BEING All of that 36.647 acres (1596344 SF) total area in LAKESIDE TOWNES, including Lots 1 through 103; the common areas/open space; and the roadways, as shown on plat recorded in Plat Book 69, pages 122-124, Johnston County Registry, to which reference is hereby made for a more particular description. Also see Plat Book 69, page 163, Johnston County for a further description of the common area/open space.

EXHIBIT B

Use Restrictions

Exhibit B

Use Restrictions

The following restrictions applicable to the Property shall remain in effect until such time as they are amended, modified, repealed or limited by action of the Association or the Declarant, so long as the Declarant owns any Property.

Section 1. Rules and Regulations

The Board of Directors of the Association shall have the power to formulate, amend, publish, and enforce reasonable Rules and Regulations concerning the use and enjoyment of the yard space of each Unit and the Common Areas and Limited Common Areas.

Section 2. Use of Property

Each Unit, the Townhouses therein, and the Common Area, Limited Common Area and Amenities, if any, shall be for the following uses and subject to the following restrictions, in addition to those set forth in the By-Laws and Declaration.

- (a) All Buildings and the Common Area, Limited Common Area and Amenities shall be used for residential and related common purposes. Each Townhouse shall be used as a single-family residence and for no other purpose, except that the Declarant may use one or more Units for offices and or model Townhouses for sales purposes.
- (b) Nothing shall be kept and no activity shall be carried on in any Building or Townhouse or on the Common Area, Limited Common Area and Amenities which will increase the rate of insurance, applicable to residential use, for the Property or the contents thereof. No Owner shall do or keep anything, nor cause or allow anything to be done or kept, in his Unit or on the Common Area, Limited Common Area and Amenities which will result in the cancellation of insurance on any portion of the Property or the contents thereof, or which will be in violation of any law, ordinance, or regulation. No waste shall be committed on any portion of the Common Area, Limited Common Area and Amenities.
- (c) No immoral, improper, offensive, or unlawful use shall be made of the Property, or any part thereof, and all valid laws, ordinances, and regulations of all governmental agencies having jurisdiction thereof shall be observed. All laws, orders, rules, regulations, or requirements of any governmental agency having jurisdiction thereof, relating to any portion of the Property, shall be complied with, by and at the sole expense of the Owner or the Association, whichever shall have such obligation.
- (d) Nothing shall be done in or to any Townhouse or upon any of the Common Area, Limited Common Area and Amenities that will impair the structural integrity of any Building, Townhouse, or portion of the Common Area, Limited Common Area and Amenities. Nothing shall be done to the exterior of any Building or portion thereof, except in the manner provided in the Governing Documents.
- (e) No industry, business, trade, occupation, not for profit organization or profession of any kind, whether commercial or otherwise, shall

be conducted, maintained, or permitted on any part of the Property, provided however, any business, trade or similar activity in which the existence or operation of the business is not apparent or detectable from outside the Unit and the business activity does not involve regular visitations of the Unit by clients, customers, suppliers or other business invitees or door-to-door solicitation of residents of The Village at Plantation Pointe; except that the Declarant or its agents may use any unsold Unit or a sold Unit with the permission of its Owner, for sales or display purposes. The leasing of a Townhouse shall not be considered a business, however, no townhouse shall be leased for transient or hotel purposes.

- (f) No Owner shall display, or cause or allow to be displayed, to public view any sign, placard, poster, billboard, or identifying name or number upon any Unit or any portion of the Common Area, Limited Common Area and Amenities except as allowed by the Association; provided, however, that the Declarant and the Owner of any Unit, or their respective agents, may place "For Sale" or "For Rent" signs on any unsold or unoccupied Unit and in suitable places on the Common Area and Limited Common Area; provided, however, that during the development of the Property and the marketing of the Property, the Declarant may maintain a sales office and may erect and display such signs as the Declarant deems appropriate as aids to such development and marketing.
- (g) No person shall undertake, cause, or allow any alterations or construction in or upon any portion of the Common Area, Limited Common Area and Amenities except at the direction or with the express written consent of the Association.
- (h) The Common Area, Limited Common Area and Amenities shall be used only for the purposes for which they are intended and reasonably suited and which are incident to the use and occupancy of the Townhouses, subject to any Rules and Regulations that may be adopted by the Association.
- (i) Subdivision of a Lot into two or more Lots or changing the boundary lines of any Lot after a subdivision plat has been approved and filed in the Public Records is prohibited, except that Declarant shall be permitted to subdivide, combine or re-plat Lots that it owns.
- (j) Use of any structure of a temporary character, either temporarily or permanently is prohibited. Manufactured homes on foundations shall be considered structures of a temporary character and shall not be permitted.
- (k) Stored vehicles and vehicles which are either obviously inoperable or do not have current operation licenses shall not be permitted on the Property.
- (l) Ownership of each Lot shall entitle the Owner thereof to the use of not more than two (2) automobile parking spaces. Said spaces shall be as near and convenient to said Lot as reasonably possible. The Association shall assign two (2) parking spaces for each dwelling, such space to be as near the dwelling to which it is assigned as is reasonably possible. The Association may regulate the parking of boats, trailers and other such items. Parking is not allowed on the grass.
- (m) The Association may regulate or prohibit the erection of antennas and satellite dishes on individual Lots, on a case-by-case basis. Permission to erect such antennas or satellite dishes shall in no wise obligate the Board to grant permission for such installation on another Lot.

- (n) Outside clotheslines are not permitted. In addition, the use of porch railings or any other part of the exterior of the Unit for drying or storing clothes or other articles is prohibited.
- (o) The discharge of firearms, fireworks, or other noise making devices is not permitted.
- (p) Pets shall not be allowed to run free, disturb, annoy or otherwise interfere with residents and their guests. All pets shall be kept on a leash and under control of their owners at all times. Raising, breeding or keeping animals, livestock or poultry of any kind is prohibited, except that a reasonable number of dogs, cats or other usual and common household pets may be permitted provided they are not maintained for commercial purposes.
- (q) No personal property including toys, bicycles, garbage cans and recycling bins should be left in the streets, parking areas, yards or any Common Areas and Limited Common Areas. No portion of the Property shall be used for the storage of any thing that will cause it to appear to be in an unclean or untidy condition or that will be obnoxious to the eye. The Declarant may in the course of development of the property store materials, equipment, debris and all construction related items on the Property. Contract Sellers may store materials, equipment, debris and all construction related items on a Lot of which he is the Owner; and with such restrictions as might be imposed by the Declarant.
- (r) No obnoxious or offensive activity shall be carried on upon the Property, nor shall anything be done which may be or may become a nuisance or annoyance to residents within the Property.

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EXHIBIT C

Architectural Guidelines

EXHIBIT C

Architectural Guidelines

ARCHITECTURAL GUIDELINES

Declarant may prepare architectural guidelines generally applicable to all Units, as well as specific provisions that vary from one Unit to another depending upon the location and unique characteristics of that Unit.

Architectural guidelines are intended to provide guidance regarding matters of Architectural Review, but shall not be the exclusive basis for decisions of the Reviewer. Compliance with architectural guidelines does not guarantee approval of any application. The Declarant shall have sole and full authority over architectural matters. Thereafter, the ARC shall have authority over architectural matters. There shall be no limitation on the scope of architectural guidelines and they may be more or less restrictive from time to time.

GENERAL

No structure shall be placed, erected, or installed upon any Unit, and no improvements or other work (including clearing, excavation, alterations of existing improvements, and planting or removal of landscaping material) shall take place except in accordance with this Article and with the approval of the Architectural Review Committee.

This Article shall not apply to the activities of the Declarant, or to activities of the Association so long as there is a Class B Member.

ARCHITECTURAL REVIEW

No activities shall be commenced on any Unit until the Owner of the Unit submits an architectural application for the proposed work, and the Architectural Review Committee and the Declarant, if any, approve such application in writing.

So long as the Declarant owns any Property, the Declarant shall have the exclusive authority to review or act upon all architectural applications. Thereafter, such authority shall be exercised by an Architectural Review Committee ("ARC") comprised of three to five persons appointed by the Board, the members of which shall serve and may be removed and replaced in the Board's discretion. (For purposes of this Article, the

"Reviewer" shall refer to the Declarant or the ARC, as appropriate under the circumstances.)

The Reviewer may establish and charge reasonable fees for review of applications and may require such fees to be paid in full prior to review of any application. The Reviewer may retain architects, engineers or other professionals to assist in reviewing any application and may include the expense of such persons in fees required of the applicant.

PROCEDURES

An application for approval of any proposed work shall be in the form required by the Reviewer and shall include plans and specifications in such detail as the Reviewer reasonably deems appropriate to evaluate the proposed work. The Reviewer may require additional information, as it deems necessary, to consider any application. The Reviewer may refuse to consider any application if the Reviewer determines, in its reasonable discretion, that the plans are not sufficiently legible, precise, or detailed or are otherwise insufficient in any respect.

In reviewing each submission, the Reviewer may consider (but shall not be limited to consideration of) finished grade elevations, the quality of workmanship and design, harmony of external design, location in relation to surrounding structures and plant life, architectural merit. Decisions of the Reviewer may be based on purely aesthetic considerations.

The Reviewer shall, within thirty (30) days after receipt of each application or other required submission, advise the applicant, in writing at an address specified in the application, of the approval or disapproval of plans. In the event the Reviewer fails to advise the applicant the plans shall be deemed approved. No approval, whether expressly granted or deemed granted, shall be inconsistent with the Declaration.

All work shall be completed within one year of approval of plans or such shorter period as the Reviewer may specify.

NO WAIVER OF FUTURE APPROVALS

Approval for any work shall not be deemed to constitute a waiver of the right to withhold approval as to any similar proposal.

LIMITATION OF LIABILITY

The standards and procedures established pursuant to this Article are intended only to provide a mechanism for maintaining and enhancing overall appearance and attractiveness, and shall not create any duty or responsibility to any person to ensure the structural integrity or soundness of approved work, the adequacy of soils or drainage, compliance with building codes and other governmental requirements, or any other matter. Neither Declarant, the Association, the Board, the ARC, nor any member of any of the foregoing shall be held liable for any injury, damages, or loss to any person arising out of the approval or disapproval of any proposed work.

USE AND BUILDING TYPE

No Unit shall be used except for residential purposes and for Townhouses. No building shall be erected, altered, placed or permitted to remain on

any Unit other than one Townhouse, attached or detached, or attached or detached garage for residential use. No Lot shall be subdivided or boundary lines amended, except with the written consent of the Declarant. The Declarant hereby expressly reserve to the right to re-plot one or more Lots. In order to maintain architectural harmony in Lakeside Townes at Plantation Pointe and to guard against the erection of poorly designed or proportioned structures, no Building shall be erected, altered, or permitted to remain on any unit until blueprint plans have been submitted for approval by the Association, pursuant to the Declaration and the By-Laws.

DWELLING SIZE

Dwellings shall have the following minimum square footage of heated floor space, exclusive of porches, carports and garages; 1,600 square feet.

BUILDINGS

Improvements on any Lot shall be limited to one Townhouse residential structure. All Buildings erected upon Lots shall be of new construction and no Building other than Townhouses, residential garages and carports shall be constructed.

MATERIALS

Exterior siding materials that will be allowed include solid stained or painted cedar, stone, brick, painted hardboard, and high quality vinyl. Specific styles, colors and quality must be approved.

Foundations will be permanent masonry brick or block or concrete slab construction. Architectural Review Committee (ARC) must approve brick and mortar colors.

Roofs will have 20 or 25-year shingle. Style and color must be approved.

Roofs shall have a minimum pitch of 7/12.

Porches, which contain columns, posts, or spindles of materials other than brick or stone shall be painted.

All dwellings with a garage shall have an overhead type garage door and shall contain a concrete driveway, minimum width ten feet, extending from the pavement line of the street/parking lot to the front of the garage.

SETBACKS

All residential structures; townhouses, garages, carports, shall be built within designated surveyed lots as recorded in Plat Book 69, Pages 122, 123, and 124, Johnston County Registry.

DRIVEWAY PIPES

Street and guttering pipes for drainage, if required, under driveways at or near their point of access, shall be minimum of fifteen (15) inches in diameter.

ACCESS TO NEUSE RIVER PARKWAY

No Lot adjacent to Neuse River Parkway shall have driveways or access roadways directly connecting the Lot to the roadway of Neuse River Parkway.

COMPLETION OF WORK

All work shall be completed within one year of commencement of construction or such shorter period as the Reviewer may specify.

SIGNS

No sign of any kind shall be displayed to the public view on any Unit except a professional sign of not more than five (5) square feet advertising a Unit for sale or signage for any model home no larger than five (5) square feet.

LANDSCAPING

Each Lot will be landscaped with at least one tree in the front yard and foundation shrubbery at a minimum of three foot on center across the front of the Building; and five foot on center down the sides of the Building on a corner Lot facing the street. The ARC will approve the species and placement of landscape material.

As a minimum, all live and healthy trees with a trunk diameter of six inches or more that are within fifteen (15) feet of the rear property line shall be preserved.

No fence, wall, hedge, tree, or shrub or any other thing, which obstructs streets from clear view of motor vehicles, shall be placed or permitted to remain on any corner Lot.

CONSTRUCTION DEBRIS

Each Lot must be kept neat and orderly during construction. One contained debris pile is acceptable during construction, provided however, debris must be removed at a minimum of once per week. The landscaping and roadsides of each Lot must also be maintained. Damage to any landscaping or roadsides and roads by subcontractors or deliveries to your Lot are your responsibility and must be repaired without delay.

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EXHIBIT D

By-Laws

of

Lakeside Townes at Plantation Pointe

Homeowners Association, Inc.

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By-Laws
of
Lakeside Townes at Plantation Pointe
Homeowners Association, Inc.

Article 1 Name, Principal Office, Definitions

Section 1. Name

The name of the corporation is Lakeside Townes at Plantation Pointe Homeowners Association, Inc. (the "Association").

Section 2. Principal Office

The principal office of the Association shall be located in Wake County, North Carolina, or as the Board of Directors may determine or as the affairs of the Association may require.

Section 3. Definitions

The words used in these By-Laws shall be given their normal, commonly understood definitions, unless otherwise specified. In order to minimize repetition, some terms are capitalized to indicate that they have specific definitions as set forth in the Declaration of Covenants, Conditions and Restrictions for Lakeside Townes at Plantation Pointe, (the "Declaration"), filed by Royal Flush Development, a North Carolina limited liability company, in the Public Records of Johnston County, North Carolina, as such Declaration may be amended.

Article 2 Membership and Meetings

Section 1. Membership

The Association shall be a membership corporation without certificates or shares of stock. The Declarant and each Person who is the Owner of a Lot or a Lot in Use (as such capitalized terms are defined in the Declaration) are Members and shall be entitled to vote as set forth in the Declaration and the By-Laws.

The Association shall have two classes of membership; Class A and Class B as described in the Declaration, the terms of which pertaining to membership are incorporated by this reference.

Section 2. Place of Meetings

Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Members as the Board may designate.

Section 3. Annual Meetings

The first meeting of the Association membership, whether a regular or special meeting, shall be held within one year from the date of incorporation of the Association. Subsequent regular annual meetings shall be set by the Board so as to occur during the first quarter following the end of the Association's fiscal year on a date and at a time set by the Board.

Section 4. Special Meetings

The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting if so directed by resolution of the Board or upon a petition signed by Members representing at least 10% of the total Class A votes in the Association.

Section 5. Notice of Meetings

Written notice stating the place, day, and hour of any meeting of the Members shall be delivered, either personally or by mail, to each Member entitled to vote at such meeting, not less than 10 nor more than 50 days before the date of such meeting, by or at the direction of the President or the Secretary or the officers or persons calling the meeting. Meetings to consider material amendments must have at least 25 days notice.

In the case of a special meeting or when otherwise required by statute or these By-Laws, the purpose for which the meeting is called shall be stated in the notice. No business shall be transacted at a special meeting except as stated in the notice.

Section 6. Waiver of Notice

Any Member may, in writing, waive notice of any meeting of the Members, either before or after such meeting. Waiver of notice of a meeting of the Members shall be deemed the equivalent of proper notice. Attendance at a meeting by a Member shall be deemed waiver by such Member of notice of the time, date, and place thereof, unless such Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting also shall be deemed waiver of notice of all business transacted at such meeting unless an objection on the basis of lack of proper notice is raised before the business is put to a vote.

Section 7. Adjournment of Meetings

If any meeting of the Association cannot be held because a quorum is not present, a majority of the Members who are present at such meeting may adjourn the meeting to a time not less than 5 nor more than 30 days from the time the original meeting was called. At the reconvened meeting, if a quorum is present, any business may be transacted which might have been transacted at the meeting originally called,

The Members present at a duly called or held meeting at which a quorum is initially present may continue to do business until adjournment, notwithstanding the withdrawal of some Members leaving less than a quorum, provided that any action taken is approved by at least a majority of the votes required to constitute a quorum.

Section 8. Voting

The voting rights of the Members shall be as set forth in the Declaration and in these By-Laws, and such voting rights provisions are specifically incorporated by this reference.

Section 9. Proxies

Members may vote in person or by proxy, subject to the limitations and any specific provisions to the contrary in the Declaration or these By-Laws. Every proxy shall be in writing and shall identify the Unit for which it is given. The Member or the Member's attorney-in-fact shall sign, date and file proxies with the Secretary of the Association prior to the meeting for which it is to be effective.

Unless otherwise specifically provided in the proxy, a proxy shall be presumed to cover all votes that the Member giving such proxy is entitled to cast. In the event of any conflict between two or more proxies purporting to cover the same voting rights, the later dated proxy shall prevail, or if dated as of the same date, both shall be deemed invalid.

Every proxy shall be revocable and shall automatically cease upon conveyance of any Unit for which it was given; upon receipt by the Secretary of written notice of revocation of the proxy; the death or judicially declared incompetence of a Member; or one year from the date of the proxy, unless a shorter period is specified in the proxy.

Section 10. Majority

As used in these By-Laws the term "majority" shall mean those votes, Owners, or other group as the context may indicate totaling more than 50% of the total eligible number.

Section 11. Quorum

Except as otherwise provided in these By-Laws or in the Declaration, the presence of persons entitled to cast at least 25% of the total Class A votes in the Association shall be required to transact business at any meeting of the membership.

Section 12. Conduct of Meetings

The President shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meetings and record in a minute book all resolutions adopted and all other transactions occurring at such meetings.

Section 13. Action Without a Meeting

Any action to be taken at a meeting of the Members may be taken by written consent or by ballot cast by mail without a meeting.

The proposed action shall be deemed approved if ballots or consents approving the action are received from Members holding at least the minimum number of votes necessary to authorize such action at a meeting if all Members entitled to vote thereon were present. And such ballots or consents shall have the same force and effect as a vote of the Members at a meeting.

Article 3 Board of Directors

Section 1. Governing Body; Composition

A Board of Directors, each of whom shall have one equal vote, shall govern the affairs of the Association. Except with respect to directors appointed by the Class B Member, the directors shall be Members or residents; provided, however, no Owner and resident representing the same Unit may serve on the Board at the same time. A "resident" shall be any person 18 years of age or older whose principal residence is a Unit within the Community.

Section 2. Number of Directors

The Board shall consist of three to five directors, as provided in this Article. To begin with, directors shall be elected for a one or two-year period to provide for approximately an equal number of directors elected each subsequent year. Thereafter, directors shall be elected for a two-year period. The initial Board shall consist of three directors as identified in the Articles of Incorporation.

Section 3. Directors During Developer Control Period

The Declarant, as the sole Class B Member, shall be entitled to appoint, remove and replace the directors in its sole discretion during the Developer Control Period. The Developer Control Period shall terminate upon the termination of the Class B membership as provided in the Declaration, unless earlier terminated by the Declarant, in its discretion.

Section 4. Nomination and Election Procedures

Nomination and Declarations of Candidacy:

Prior to each election of directors the Board shall announce the opening date and the closing date of a reasonable period in which any eligible person who has an interest in serving as a director may file as a candidate. The Board shall also establish such other rules and regulations as it deems appropriate to conduct the nomination of directors in a fair, efficient and cost-effective manner.

Election Procedures:

Each Member may cast all votes assigned to its Unit for each position of the Board of Directors to be filled by such election. There shall be no cumulative voting. The number of candidates equal to the number of positions to be filled receiving the greatest number of votes shall be elected. Directors may be elected to serve any number of consecutive terms.

Section 5. Removal of Directors and Vacancies

Any director elected by the Class A Members may be removed, with or without cause, by a two-thirds vote of the Class A Members present and entitled to vote at any meeting at which a quorum is present. Any director whose removal is sought shall be given notice prior to any meeting called for that purpose. Upon removal of a director, or any vacancy on the Board arising because of death, resignation, or otherwise,

a successor shall be elected by the Members entitled to vote, to fill the vacancy for the remainder of the term of such removed director.

This Section shall not apply to directors appointed by the Class B Member.

Section 6. Organizational Meetings

The first meeting of the Board, following each annual meeting of the membership, shall be held within 30 days thereafter.

Section 7. Regular Meetings

At least four regular meetings of the Board shall be held during each fiscal year.

Section 8. Special Meetings

Special meetings of the Board shall be held when called by the President or Vice President or by any two directors.

Section 9. Participation in Meetings

At all meetings of the Board the presence of a majority of the directors shall be necessary to establish a quorum for the transaction of business and the votes of a majority of the director present at a meeting at which a quorum is present shall constitute the decision of the Board, unless otherwise specifically provided in these By-Laws or the Declaration. A meeting at which a Quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

If any meeting of the Board cannot be held because a quorum is not present a majority of the directors present, at such meeting may adjourn the meeting to a time not less than five nor more than 30 days from the date of the original meeting. At the reconvened meeting, if a quorum is present, any business which might have been transacted at he meeting originally called may be transacted.

Section 10. Compensation

Directors shall not receive any compensation from the Association for acting as such. Any director may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other directors. The Association may compensate a director, or any entity with which a director is affiliated, for services or supplies furnished to the Association in a capacity other than as a director pursuant to a contract or agreement with the Association, upon approval of a majority of the other directors.

Section 11. Conduct of Meetings

The President shall preside over all meetings of the Board and the Secretary shall keep a minute book of Board meetings recording all Board resolutions and all transactions and proceedings.

Section 12. Waiver of Notice

Any director may, in writing, waive notice of any meeting of the Board, either before or after such meeting. Waiver of notice of a meeting of the Board shall be deemed the equivalent of proper notice. Attendance at a meeting by a director shall be deemed waiver by such director of notice of the time, date, and place thereof, unless such director specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting also shall be deemed waiver of notice of all business transacted at such meeting unless an objection on the basis of lack of proper notice is raised before the business is put to a vote.

Section 13. Open Meetings

At any meetings of the Members the President may adjourn the meeting and reconvene the Board in executive session. The President may exclude persons other than directors.

Section 14. Powers

The Board of Directors shall have all of the powers and duties necessary for administration of the Association's affairs and for performing all responsibilities and exercising all rights of the Association as set forth in the Governing Documents. The Board may do or cause to be done, without a vote of the membership, all acts and things except those as to which the Governing Documents require a vote of the membership.

Section 15. Duties

The duties of the Board shall include, without limitation:

- (a) Preparing and adopting an annual budget establishing each Owner's share of the Common Expense;
- (b) Levying and collecting assessments from the Owners;
- (c) Making an annual contribution to the FOUNDATION pursuant to the terms of the COVENANT TO SHARE COSTS;
- (d) Providing for the operation, care, upkeep, and maintenance of the Common Area, Limited Common Area;
- (e) Depositing all funds received on behalf of the Association in a bank and using such funds to operate the Association.
- (f) Making and amending Rules and Regulations;
- (g) Opening bank accounts on behalf of the Association and designate the persons authorized to sign on such accounts;
- (h) Enforcing by legal means the provisions of the Declaration, these By-Laws, the Rules and Regulations, and the Architectural Guidelines;
- (i) Obtain and carry Property and liability insurance and fidelity bonds, paying the cost thereof, and filing claims;
- (j) Paying the cost of all services rendered to the Association;

- (k) Keeping books with detailed accounts of the receipts and expenditures of the Association;
- (l) Permitting utility suppliers to use portions of the Common Area, Limited Common Area necessary to the ongoing development of Lakeside Townes at Plantation Pointe and of the operation of the Association;
- (m) Indemnify directors, officers, or committee members and former directors, officers, or committee members of the Association to the extent such indemnity is required by the Articles of Incorporation, the By-Laws and the Declaration;
- (n) Cooperating with the FOUNDATION.

Section 16. Right of Declarant to Disapprove Actions

So long as the Declarant owns any property described on Exhibit A, the Declarant shall have a right to disapprove any action, policy or program of the Association, the Board and any committee which in the sole judgment of the Declarant would tend to impair rights of the Declarant or Builders, interfere with development or construction of any portion of the property described on Exhibit A, or diminish the level of services being provided by the Association, and

- (a) The Declarant shall be given written notice of all meetings and proposed actions approved at meetings (or by written consent in lieu of a meeting) of the Association, the Board or any committee. Such notice shall be given by certified mail, return receipt requested or by personal delivery at the address it has registered with the Secretary of the Association, and
- (b) The Declarant shall be given the opportunity at any meeting to join in or have its representatives or agents join in discussion from the floor of any prospective actions, policy, or program that would be subject to the right of disapproval set forth in the Articles of Incorporation, the By-Laws and the Declaration, and

No action, policy or program subject to the right of disapproval shall become effective or be implemented without the consent of the Declarant.

Section 17. Management

The Board may enter into, make, perform, or enforce contracts of every kind and description, and to do all other acts necessary, appropriate, or advisable in carrying out any purpose of the Association, with or in association with any other entity or agency, public or private.

The Board may employ for the Association a professional management agent to perform such duties and services as the Board shall authorize. The Board shall not delegate policymaking authority or ultimate responsibility. The Declarant or an affiliate of the Declarant may be employed as a managing agent or manager.

Section 18. Accounts and Reports

Cash or accrual accounting as defined by generally accepted accounting principles shall be employed.

Cash accounts of the Association shall not be commingled with any other accounts.

Annual reports consisting of at least the following shall be made available to all Members within 120 days after the close of the fiscal year:

Balance Sheet
Income and Expense Statement
Statement of Change in Financial Position

An independent public accountant shall prepare such annual report.

Section 19. Borrowing

The Association shall have the power to borrow money. If the proposed borrowing is for the purpose of making discretionary capital improvements and the total amount of such borrowing would exceed 25% of the budgeted gross expenses of the Association for that fiscal year, the Board shall obtain approval of Members at a duly called meeting. During the Developer Control Period no mortgage lien shall be placed on any portion of the Common Area, Limited Common Area without the consent of the Class B Member.

Section 20. Indemnification of Directors

To the extent consistent with the North Carolina Nonprofit Corporation Act, as it exists on the date hereof or as it may hereafter be amended, the Association shall indemnify its officers and directors. No amendment to or repeal of this Article shall apply to or have any effect on the liability or alleged liability of any director of the Association for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal.

Article 4 OfficersSection 1. Officers

The officers of the Association shall be a President, Vice President, Secretary, and Treasurer. The President and Secretary shall be elected from among the members of the Board. Other officers may, but need not be members of the Board. The Board may appoint such other officers as it shall deem desirable. The same person, except the offices of President and Secretary, may hold any two or more offices.

Section 2. Election and Term of Office

The Board shall elect the officers of the Association at the first meeting of the Board following each annual meeting of the Members, to serve until their successors are elected.

Section 3. Removal and Vacancies

The Board may remove any officer whenever in its judgment the best interests of the Association will be served and may fill any vacancy in any office arising because of death, resignation, removal, or otherwise, for the remaining portion of the term.

Section 4. Powers and Duties

The officers of the Association shall each have such powers and duties as generally pertain to their respective offices as well as such powers and duties as may specifically be conferred or imposed by the Board of Directors. The President shall be the chief executive officer of the Association. The Treasurer shall have primary responsibility for the preparation of the budget.

Section 5. Agreements, Contracts, Deeds, Leases, Checks

All agreements, contracts, deeds, leases, checks, and other instruments of the Association shall be executed by at least two officers or by such other persons as may be designated by the Board.

Section 6. Compensation

Compensation of officers shall be subject to the same limitations as compensation of the Board of Directors.

Article 5 Committees

The Board shall appoint an Architectural Review Committee upon delegation or termination of the Declarant's authority over architectural matters pursuant to the Declaration.

The Board may appoint such committees as it deems appropriate.

Article 6 Miscellaneous

Section 1. Conflicts

If there are conflicts between the provisions of the DEVELOPMENT AGREEMENT, the COVENANT TO SHARE COSTS, the Declaration, the Articles of Incorporation and these By-Laws, if there are conflicts, the DEVELOPMENT AGREEMENT, the COVENANT TO SHARE COSTS, the Declaration, the Articles of Incorporation, and the By-Laws (in that order) shall prevail.

Section 2. Amendment

During the Class B membership the Class B Member may amend these By-Laws without approval of the Board or the Class A Members.

Except as provided above, these By-Laws may be amended only by the affirmative vote of persons entitled to cast a majority of the total Class A votes in the Association, and the consent of the Declarant so long as the Declarant owns any property subject to the Declaration. In addition, the approval requirements set forth in the Declaration shall be met, if applicable.

No amendment may remove, revoke or modify any right or privilege of the Declarant or the Class B Member without consent of the Declarant, the Class B Member, respectively.

Amendments to these By-Laws shall become effective upon recording in the Public Records, unless a later effective date is specified in the amendment. Any procedural challenge to an amendment must be made within three months of its recordation or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of these By-Laws.

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CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of Lakeside Townes at Plantation Pointe Homeowners Association, Inc, a North Carolina corporation;

That the foregoing By-Laws constitute the original By-Laws of such Association, as duly adopted at a meeting of the Board of Directors thereof, held on the 10 day of October, 2006.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 17th day of 19, 2006.

Albert Calloway
Albert Calloway, Secretary