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NORTH CAROLINA
ORANGE COUNTY

DECLARATION OF
CONDITIONS, COVENANTS AND RESTRICTIONS
FOR TRILLIUM FOREST

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This Declaration of Conditions, Covenants and Restrictions for Trillium Forest Subdivision ("Declaration") is made this 23rd day of June, 2010, by Peregrine LLC, ("Declarant").

W I T N E S S E T H

Declarant is the owner of real property located in Orange County, North Carolina, on North Carolina State Road 1717, Kerley Road, as described in the deed recorded February 16, 2010, in Book 4900, Pages 438 - 446 and on May 12, 2010, in Deed Book 4944, Pages 173 - 188, Orange County Register of Deeds, reference to which is made for a more accurate description; and

Declarant is developing and subdividing said real property into a subdivision of 13 Lots known as Trillium Forest ("Subdivision"); and

Declarant shall create a homeowners association to which shall be delegated the powers of maintaining the easements and common areas, enforcing the covenants and restrictions and collecting and disbursing the assessments; and

Declarant intends by this Declaration to impose upon the Subdivision mutually beneficial restrictions, easements, covenants and conditions under a general plan of improvement and development for the benefit of all Owners of Lots in the Subdivision;

NOW THEREFORE, Declarant hereby declares that all of the lots in the Subdivision shall be held, sold, and conveyed subject to the following easements, restrictions, covenants and conditions for the purpose of protecting their value and desirability. This Declaration shall run with the land and shall be binding on all parties having any right, title or interest in the Subdivision, their heirs, successors, successors in title, and assigns and shall inure to the benefit of each owner thereof and in limitation on all future owners and residents of said property.

ARTICLE 1 - USE RESTRICTIONS

1.1 Single Family Dwelling: No Lot shall be used except for single family residential purposes. Only one single family dwelling may be constructed per Lot. This restriction shall

not preclude the provision of servant's quarter or in-law apartment located in the main residence or garage. One additional detached living unit may be allowed only with written approval from the Architectural Review Committee which approval can be withheld at the Committee's sole discretion. All buildings must comply with Orange County Planning and Zoning regulations. The homes and structures on Lot 1 and 13 in existence before the recording of these covenants are permitted to remain as is and any violation of these covenants by these existing structures is hereby waived. Any future remodeling or new construction on these lots is subject to review by the Architectural Review Committee.

1.2 Square Footage: Each principal residence constructed on any Lot shall consist of not less than 2800 square feet of enclosed finished and heated floor area, exclusive of enclosed garages, porches, decks, patios or other unfinished areas under the main roof. Multi-story dwellings shall have a minimum of 1800 square feet on enclosed area on the first floor. No trailer, tent, shack, garage, barn, outbuilding or other structure of any temporary character shall be used on any lot at any time as a residence. Except for Lot #1 there shall be no more than one Primary dwelling per each 10 acres of lot size. Supplementary dwellings such as an attached one bedroom apartment of no more than half the size of the primary dwelling, or a guest house of no more than 1,200 square feet are allowed; provided that no lot shall have more than one Supplementary dwelling unit.

1.3 Residential Use: Each Lot shall be used for single family residential only and shall not be used at any time for purposes of industry or manufacturing. . No commercial or industrial buildings, businesses with heavy trucks or heavy equipment, duplexes, manufacturing establishments, factory, public garage, sanitarium or hospital, motel, hotel, bed and breakfast, trailer park, commercial kennel, apartment building, condominium or multi-family housing building shall be allowed on any lot. There shall be no single-wide mobile homes/manufactured homes, no double-wide mobile homes/manufactured homes, no modular homes or buildings, no previously constructed homes, systems built homes or buses situated on any lot as a residence or for storage either temporarily or permanently. No outbuilding shall be placed at the front of a lot unless approved by the Architectural Review Committee.

1.4 Home Operated Business is permitted so long as: (1) the activity conforms to all zoning requirements for the Properties; and (2) the activity is consistent with the residential character of the Properties and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the subdivision; and (3) activities are conducted within the dwelling unit of the professional and no more than one non-resident person may be employed on the premises by the lot owner; and (4) No business signs or display of goods or advertising may be visible from the street. No Lot may be used for hotel or other transient residential purposes including a bed and breakfast operation. Any lease on the Lot must be for a term of at least 60 days. This section does not apply to any activity conducted by Declarant with respect to its development and sale of the property. On Lot 13, Stephen McDevitt is permitted to continue operation of his business, McDevitt Construction and Electric, from his home on Lot 13, since it was in existence prior to this Declaration.

1.5 Lot Size: Lots 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12 and 13 must contain a minimum of 10 acres. No lot (except Lot 1) may be subdivided; provided, however: A. Adjustments may be made in the line between any two Lots so long as all restrictions set forth herein are

followed and such recombination is approved by local government and B. Declarant reserves the absolute right in its sole discretion to redraw, combine or further subdivide any lots owned by Declarant in the future subject to Orange County Planning approval. Lot 1 may be subdivided into two tracts only, subject to Orange County Planning approval. Lot 1 is entitled to cast one vote even if subdivided.

1.6 Utilities: All utility lines, including all electrical, telephone, cable television, water and sewer lines, installed in the subdivision shall be installed underground except for the existing above ground lines on Lots 1, which may remain. Declarant hereby reserves and establishes a right of way and easement in favor of Declarant, their successors and assigns, over the rear and side ten feet of each Lot for installation and maintenance of any utilities to the Lots. No structures shall be placed or allowed to remain upon such easements at any time. There shall be no utility easement along the western boundary of Lot #1 (property line shared with Lot 2). No oil drilling or development operation, oil refining, quarrying, or mining operations of any kind shall be permitted in the Subdivision.

1.7 Set back: No residence, building or any structure shall be erected within seventy five feet from the boundary of any Lot. Structures existing at the time of recording this Declaration on Lot 1 and Lot 13 are exempted from the setback requirement in these covenants but are subject to County regulations. No buildings of any kind may be constructed within 100 feet of the centerline of any public or private road not including individual driveways.

1.8 Nuisance: It shall be the responsibility of each Owner and occupant to prevent the development of any unclean, unhealthy, unsightly, or unkempt condition on his or her property. No trash, rubbish, wrecked or unused or inoperable vehicles or similar unsightly items shall be allowed to remain on any lot outside an enclosed structure. An unused or inoperable vehicle shall be defined as those vehicles which are inoperable or unlicensed by NC Dept. of Motor Vehicles. Temporary deposits of trash for pick up by trash removal service are permitted. No noxious or offensive activity shall be carried on within the Properties. The reasonable and normal development, construction and sales activities conducted or permitted by the Declarant shall not be considered a nuisance or a disturbance of the quiet enjoyment of any owner. There shall be no electric or electronic amplification of sound or music at a volume which may be heard from any adjoining lot or parcel, provided that with the special permission of affected adjacent and nearby property Owners, parties may make and amplify sound in excess of the above restrictions for special occasions.

1.9 Conservation of Trees: Each Lot shall maintain a minimum of a fifty foot wooded perimeter with the exception of the driveway for ingress and egress. Such wooded buffer shall be measured from the property line or the outside of the roadway easement, whichever creates the most buffer. The clear cutting of trees is strictly prohibited, however a lot owner may clear trees for a building site, a septic system or driveway access. Architectural Review Committee written approval must be obtained before clearing greater than 2 acres for any purpose. Lots where the trees were cleared before these covenants were recorded are not required to plant trees for a buffer.

1.10 Firearms: No firearms shall be discharged in the subdivision.

1.11 Use of go-carts, dirt bikes, atv's, motor propelled bikes and motorized skateboards is prohibited on all property in the subdivision.

1.12 TV dishes and antennae: Placement and screening must be reviewed by Architectural Review Committee prior to installation on the property. In no case shall an antenna greater than 30 feet in height be erected.

1.13 Tanks: No exposed above ground tanks shall be permitted for the storage of fuel or water or any other substance, unless such tanks are kept in a screened enclosure which must be at least one foot taller than any such tank; or such above-ground tank may not be seen from the street or another Lot in the subdivision. Placement and screening of tanks is subject to approval by the Architectural Review Committee.

1.14 Outdoor Lights: No mercury, sodium or other gas vapor lights shall be used outside enclosed buildings unless the light from them cannot be seen on any adjacent property. Further, all outdoor lights shall be shaded or hooded in such a way that no direct rays are shown in any area within fifty (50) feet of a property line.

1.15 Parking: Off street parking adequate for owners and their guests shall be provided by the owner of each residential lot subject to these restrictions. Such parking shall include spaces sufficient for the owner, guests and by other persons residing regularly in the residence. Lot owners agree not to park their automobiles or other vehicles on the subdivision's private roads. No vehicle may be used as a dwelling, even temporarily.

1.16 Waste: Garbage or waste materials such as plastics, metal, and glass shall be removed from each lot at least twice a month. Residential waste shall be stored in covered containers. Trash containers may not be stored at the ends of driveways except for those days on which trash pick up is scheduled. No non-operative or unlicensed vehicles shall be kept for spare parts or other reasons unless kept in covered sheds or enclosed buildings. No dumping including stumps, dirt, brick, asphalt, concrete or other debris is permitted on any Lot in the Subdivision. Each Owner shall maintain his Lot in a neat, orderly and well kept manner, including bush-hogging of fields and mowing of lawns.

1.17 Signs: No signs or billboards of any description may be displayed on the property to the public view, with the exception of one professional "For Sale" (or rent) signs, which shall not exceed 6 sq. ft. in size and shall be limited to one sign per lot, except a builder is allowed a sign up to 32 sq ft with approval by the Architectural Review Committee. Signs of not more than two (2) square feet in area may be used to give notice of restrictions to hunters, trespassers or others. No signs may be internally lighted. Owner may place a sign with Owner's name and/or house number. Declarant may erect and maintain signs to advertise the Subdivision.

1.18 Driveways: Each driveway shall have a concrete culvert pipe at least fifteen inches in diameter at its entrance from the road at least twenty feet in length. No driveway may be located within 50 feet of an intersection.

1.19 Fences: No chain link or Cyclone fences shall be installed within 75 feet of any property line. Deer fencing may be used to protect specific areas of landscaping. Deer

fences shall be constructed of materials specifically designed for the purpose. Deer fences may not exceed eight feet in height. Deer fencing shall not be erected closer than 25 feet from the property line.

1.20 Pools: Swimming pools, spas and hot tubs shall be located on a lot in a place specified by the Architectural Review Committee.

1.21 Animals: No animals may be bred or maintained on the premises for commercial purposes. The raising of animals for pleasure is specifically permitted provided such activity does not create a nuisance to the other Owners or adversely affect another Owner with the following restrictions: (1) no raising of swine (2) no more than ten fowl which must be confined in pens. No roosters or toms are permitted. (3) no more than 1 horse, cow, sheep or llama per acre of pasture land, up to a maximum of four of each.

1.22 Trailers, Boats and Vehicles: No house trailers shall be permitted on any Lot, with the exception of a construction trailer which may be used during the period of initial construction on a Lot, and which shall be removed immediately upon completion of such construction. Boats, trailers and campers or other recreational or commercial vehicles shall not be permitted on any Lot except in areas where they cannot be viewed from the streets or when properly screened from view as approved by the Architectural Review Committee; such vehicles may not be parked or stored on the street. Backhoes, dump trucks and heavy equipment must be parked where it is not visible from other lots in the subdivision or screened from view as approved by Architectural Review Committee. "Visibility" shall be determined by the Architectural Review Board in its sole discretion. It is the intention of this restriction to prohibit sport riding or joy riding upon motorcycles or similar vehicles within the boundaries of the Subdivision and to completely prohibit the use of ATV's.

ARTICLE 2: PROPERTY RIGHTS

2.1 DEVELOPMENT: Declarant shall have the right, but not the obligation, to make improvements and changes to all Lots owned by Declarant, including, without limitation, changes in the location of the boundaries of any Lots, clearing and installation of any utilities or facilities. The Declarant shall have the responsibility of constructing all roads up to the standard of a well-graded, well-graveled, well-ditched, and well-drained private paved road, but after such construction the Declarant shall not have any further responsibility with regard to the roads and the maintenance and upkeep of said roads shall be the responsibility of the Association. Each Class A member shall be assessed for the costs of maintaining the roadways according to the terms of recorded Road Easement and Maintenance Agreement.

2.2 SUBDIVISION PLAT: Declarant reserves the right to record, modify or revoke at any time Subdivision Plat(s) setting forth such information as Declarant may deem necessary with regard to the Properties, including, without limitation, the locations and dimensions of the Lots, additional property, roads, utility systems, drainage systems, utility easements, drainage easements, access easements, and set-back line restrictions. Until the time a Lot is transferred by the Declarant to another, no Owner of any Lot shall have any rights whatsoever to the continuation of any covenants, or restrictions on such Lot.

2.3 PROPERTY RIGHTS: Each Lot shall for all purposes constitute real property which may be owned in fee simple and which, subject to the provisions of this Declaration or any Supplemental Declaration, may be conveyed, transferred, and encumbered the same as any other real property. Each Owner shall be entitled to the exclusive ownership and possession of his Lot, subject to the provisions of this Declaration.

ARTICLE 3: MEMBERSHIP AND VOTING RIGHTS

3.1 MEMBERSHIP: Every person who is the record owner of a fee or undivided fee interest in any Lot which is subject to this Declaration shall have a mandatory membership in the Homeowner's Association. Each Lot and each Lot Owner shall be subject to all duly adopted articles, by-laws, rules and regulations, and resolutions of the Association. Class A members shall have the obligation to pay any assessments levied by the Association. The By-laws of the Association are incorporated by reference herein. No Class "A" Owner, whether one or more persons, shall have more than one membership per Lot owned.

3.2 VOTING: The Association shall have two classes of membership, Class "A" and "B".

(a) Class "A". Class "A" members shall be all Owners except Class "B" Members. Class "A" Members shall be entitled on all issues to one vote for each Lot in which they hold the interest required for membership.

(b) Class "B". The Class "B" member shall be the Declarant. Class "B" member shall have three votes for each Lot owned by such member and the Class "B" member shall appoint the members of the Board of Directors. Class "B" membership shall terminate after all of the approximately 13 Lots contemplated to be part of the Subdivision have been conveyed by Declarant to Owners or earlier if, in its discretion, the Declarant so determines.

3.3 DECLARANT CONTROL: Notwithstanding any other provision to the contrary within this Declaration or the By-Laws for the Association, Declarant hereby retains the authority and right to appoint and remove any member or members of the Board of Directors of the Association and any officer or officers of the Association until such time as the Class B membership terminates. Every Grantee of any interest in the Subdivision, by acceptance of a deed or other conveyance of such interest, agrees that Declarant shall have the authority to appoint and remove directors and officers of the Association in accordance with the foregoing provisions of this section. Upon the expiration of the period in which Declarant maintains the authority and right to appoint and remove members of the Board and officers of the Association, such right shall pass to the Members. The Members shall then elect a new Board.

ARTICLE 4: RIGHTS AND OBLIGATIONS OF THE ASSOCIATION

4.1 FUNCTION: Trillium Forest Homeowner's Association, a North Carolina non-profit corporation, (Association) shall be the entity responsible for management, maintenance and control of the streets and common areas as well as matters of general benefit to the

Owners in accordance with its Bylaws and this Declaration. The Board of Directors shall conduct the affairs of the Association.

4.2 SERVICES: The Association may obtain and pay for the services of any person or entity to manage its affairs or any part thereof and any other personnel as the Association's Board of Directors shall determine to be necessary or desirable for the proper operation of the Subdivision.

4.3 POWER TO CONTRACT: The Association may, acting through its Board, enter and make contracts with any and all Parties as determined by the Board.

4.4 RULES AND REGULATIONS:

The Association, through its Board, may establish reasonable Rules and Regulations concerning the Subdivision. Such Rules and Regulations shall be binding upon the Owners and users, their families, tenants, guests, invitees, and agents, until and unless such Rules or Regulations are specifically overruled, canceled, or modified by the Board.

4.5 ENFORCEMENT:

(a) The Board may impose sanctions for violation of the Declaration, Bylaws or Rules (Governing Documents) after compliance with the notice and hearing procedures set forth in the By-Laws. In the event that any occupant, guest or invitee of a Lot violates the Governing Documents, the Board may sanction such occupant, guest or invitee and/or the Owner of the Lot that the violator is occupying or visiting. Sanctions may include the actions enumerated below.

(i) The Board may impose reasonable monetary fines which shall constitute a lien upon the Lot of the violator; provided no such fee shall be levied for more than One Hundred Dollars for any one violation; but each day or time a violation is continued or repeated after written notice is given to the Owner to cease and desist, it shall be considered a separate violation. Collection of fines may be enforced against an Owner as if such charges were a Common Expense owed by the Owner involved. In the event that any occupant, guest or invitee of a Lot violates the Governing Documents and a fine is imposed, the fine shall first be assessed against the occupant; provided however, if the fine is not paid by the occupant within the time period set by the Board, the Owner shall pay the fine upon notice from the Board.

(ii) The Board may suspend an Owner's right to vote.

(iii) The Board may levy Specific Assessments to cover costs incurred in bringing a Lot into compliance.

(b) The Association may also elect to enforce the provisions of this Declaration by filing suit at law to recover monetary damages or in equity to enjoin any violation, or both.

(c) In addition, the Board may elect to enforce any provision of this Declaration by filing liens for non-payment of assessments in the Public Records, towing vehicles that are in violation of parking rules and County Animal Control removal of animals that are in violation of rules. Entry onto a Lot under this Section shall not be deemed a trespass.

(d) In any action to enforce the provisions of this Declaration, the By-Laws, any Supplemental Declaration, or any rule or regulation, if the Association prevails, it shall be entitled to recover all costs, including, without limitation, reasonable attorneys' fees and court costs.

(e) The Association shall not be obligated to take action to enforce any covenant, restriction, or rule. Any such decision by the Board shall not be construed a waiver of the right of the Association to enforce such provision.

(f) The Association may enforce County, City, State or Federal ordinances, laws, or rules if applicable, and permit local governments to enforce ordinances in the Subdivision for the benefit of the Association and its Members. If any of the provisions hereof are declared invalid by any tribunal, the remaining provisions shall not be affected thereby. In case of a conflict between any of the provisions herein and the Orange County Subdivision Regulations and Zoning Ordinance, the more restrictive shall apply.

4.6 IMPLIED RIGHTS: The Association may exercise any right or privilege given to it expressly by this Declaration or the By-Laws, or reasonably implied from or reasonably necessary to effectuate any such right or privilege.

4.7 INDEMNIFICATION: The Association shall indemnify every officer, director, and Architectural Review Board or committee member against all damages, liabilities, and expenses, including reasonable attorneys fees, incurred in connection with any action, suit, or other proceeding to which he or she may be a party by reason of being or having been an officer, director, Architectural Review Board or committee member. The officers, directors, and Architectural Review Board or committee members shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misconduct or bad faith. The officers, directors, and Architectural Review Board or committee members shall have no personal liability with respect to any contract or other commitment made or action taken in good faith on behalf of the Association (except to the extent that such officers, directors, or Architectural Review Board or committee members may also be Members of the Association). The Association shall indemnify and forever hold each such officer, director, and Architectural Review Board or committee member harmless from any and all liability to others on account of any such contract, commitment or action.

4.8 POWER TO ASSESS: The Association shall have the right and power to levy, collect assessments to pay expenses of the Association. Initially the regular assessment for Class A members is \$500.00 per year per Lot, prorated from closing date to the end of the year.

The Board may levy an Individual Assessment in the event the need for repair or maintenance of a common area is caused by an Owner. The Board may levy a Fine Assessment as a penalty for violating this Declaration, in accordance with the Planned Community Act. The Board may levy Special Assessments with the consent of five eighths of the votes of each Class of Members voting in person or by proxy. Any assessment which is not paid by the due date shall be delinquent. The Board may impose a late charge or file a lien upon the Lot, which may be foreclosed upon. Any purchaser of a Lot at a foreclosure sale

shall automatically become a Member of the Association and shall be subject to this Declaration and Bylaws. No Owner may waive or otherwise escape liability for Assessments.

Assessments may be used for the following:

- a. Maintenance and repair expenses for roads, ditches and culverts for platted roadways within Trillium Forest Subdivision with the exception of private driveways and culverts used for access to lots.
- b. Maintenance expenses for entrance, landscaping, fencing and signage.
- c. Maintenance of all Easement areas shown on any Subdivision recorded plat
- d. Electric bills, phone bills, postage and insurance.
- e. Community enhancement (mowing, etc.)
- f. All reasonable administration costs for the perpetual continuation of Association.
- g. The payment of reasonable legal fees to enforce any violation of covenants contained or amended within this recorded document.

ARTICLE 5: MAINTENANCE

5.1 ASSOCIATION'S RESPONSIBILITY:

(a) The Association shall maintain the streets and common area which shall include any bridge, landscaping, entry features, fencing, streets and signage situated in the Subdivision;

(b) Except as otherwise specifically provided herein, all costs associated with maintaining common areas shall be a Common Expense to be allocated among all Lots as part of the General Assessment.

(c) The Association shall not be liable for any injury or damage to any personal property (a) caused by the elements, (b) caused by any Owner or by their respective guests, invitees, successors or assigns or (c) resulting from any rain or other surface water which may leak or flow from any portion of the Common Area. Nor shall the Association be liable to any Owner for any loss or damage, by theft or otherwise, of any property of such Owner or their respective guests, invitees, successors or assigns which may be stored in or upon any portion of the Common Area or any portion of the Properties. No diminution or abatement of assessment shall be claimed or allowed by reason of any alleged failure of the Association to take some action or to perform such function required to be taken or performed by the Association under this Declaration, or for inconvenience or discomfort arising from the making of improvements or repairs which are the responsibility of the Association, or from any action taken by the Association to comply with any law, ordinance, or with any order or directive of any municipal or governmental authority, the obligation to pay each such assessment being a separate and independent covenant on the part of each Owner.

5.2 OWNER'S RESPONSIBILITY:

(a) Each Owner shall maintain his or her Lot, including the Residential Unit thereon, and all structures, parking areas, sprinkler and irrigation systems,

landscaping and other flora, and other improvements comprising the Lot, including the Residential Unit thereon, in a manner consistent with this Declaration.

(b) In the event the Board of Directors of the Association determines that (i) any Owner has failed or refused to discharge properly his or her obligations with regard to the maintenance, repair, or replacement of items for which he or she is responsible hereunder; or (ii) that the need for maintenance, repair, or replacement which is the responsibility of the Association hereunder is caused through the willful or negligent act of an Owner, or his or her family, guests, lessees, or invitees, the Association, except in the event of an emergency situation, shall give the Owner written notice of the Association's intent to provide such necessary maintenance, repair, or replacement, at their sole cost and expense; the notice shall set forth with reasonable particularity the maintenance, repair, or replacement deemed necessary and the cost thereof. The noticed party shall have ten (10) days within which to pay such amount claimed; or, in the event such maintenance or repair is to the Owner's Residential Unit or Lot, complete said maintenance, repair, or replacement; or, in the event that such maintenance, repair, or replacement is not capable of completion within said ten (10) day period, to commence such work within said ten (10) day period which shall be completed within a reasonable time. If any Owner does not comply with the provisions hereof, the Association may provide any such maintenance, repair, or replacement at such person's sole cost and expense, and the cost shall be added to and become a part of the assessment to which such party is subject and shall become a lien against the Lot.

5.3 ROAD MAINTENANCE: All twelve record lot owners (except Lot 13 which accesses Kerley Rd directly) will share in the maintenance of the private roads. A plat entitled Trillium Forest Subdivision Road Easement, recorded June 18, 2010 in Orange County Register of Deeds, Plat Book 107, Page 72, shows the easement and is incorporated by reference. The Road Easement and Maintenance Agreement, recorded in Orange County Register of Deeds, Book ____, Page____, determines each owner's share. Each owner's pro-rata share of the road maintenance costs shall be the owner's points (1 point for each lot owned, 3 points for a primary dwelling unit on a lot and 1 point for a supplemental dwelling unit on a lot) divided by total points of all Lot owners.

Before construction on a Lot begins, each Lot owner is required to install, at Lot owner's expense, a drainage culvert at the entrance of the driveway. Any damage caused by driveway connections, by heavy trucks or machinery, or by abuse of the road or shoulders shall be repaired at the expense of the owners responsible for the damage. A port-o-let is required to remain on the building site at owner's expense throughout house construction.

ARTICLE 6: INSURANCE AND CASUALTY LOSSES

6.1 INSURANCE: The Association's Board of Directors or its duly authorized agent shall have the authority to obtain insurance for all insurable improvements or liability.

6.2. LOT OWNER'S RESPONSIBILITY: By virtue of taking title to a Lot each Owner of a Lot covenants and agrees with all other Owners and with the Association to carry all risk casualty insurance.

ARTICLE 7: ARCHITECTURAL REVIEW COMMITTEE

7.1 Architectural Review: No construction, improvements or development of any kind shall be commenced, constructed or altered upon any portion of the Subdivision, unless approved in writing by the Architectural Review Committee. The Committee is empowered to review any and all aspects of construction of any improvement on a Lot. The Committee shall apply the intention of this Declaration fairly, reasonably and uniformly. Committee members and Declarant shall not be liable in damages or otherwise for approval or disapproval of any plans. The Architectural Review Committee shall be made up of three people to implement provisions of this Declaration. Initial members are: Bryan Kempter, Declarant and manager of Peregrine LLC, L. Richardson Preyer and Ken Wing. Declarant, in its sole discretion, shall appoint the members of the Architectural Review Committee until the Declarant no longer owns any Lot in the Subdivision. After Declarant's authority ends, members of the Architectural Review Committee shall be appointed by the Board of Directors.

ARTICLE 8: DECLARANT'S RIGHTS

8.1 DECLARANT'S EASEMENT: Declarant reserves unto itself, its successors and assigns, and reserves and grants unto the Association, a perpetual, alienable and releasable easement and right of way on, over, and under the ground to erect, maintain, and use electric and telephone poles, wires, cables, and conduits, sewers, water mains, and other suitable conduits and equipment for the transmission and discharge of electricity, telephone, gas, sewer, cable television and other public conveniences or utilities on, in, or over all roadway easements within the Subdivision and within the ten (10) foot wide strip immediately inside the boundary of each Lot; provided, in the event of the improvement of one (1) or more Lots as a unit, such easement shall not exist with respect to interior Lot lines unless use of such easement for such purposes has already begun. By reservation of said easements, the Declarant does not obligate its or the Association to provide any utility service to any Lot.

8.2 ADDITIONAL COVENANTS: No Person shall record any declaration of covenants, conditions and restrictions, easements, or similar instrument affecting any portion of the Subdivision without Declarant's written consent.

8.3 EASEMENTS BY DECLARANT: The Declarant may unilaterally subject any portion of the Subdivision to additional covenants and easements. Any such Supplemental Declaration may supplement, create exceptions to, or otherwise modify the terms of this Declaration. Declarant expressly reserves unto itself, its successors and assigns, the right to add additional lands to the Subdivision. Further, Declarant specifically reserves unto itself the right to grant an easement to serve lands added to the Subdivision.

ARTICLE 9: GENERAL PROVISIONS

9.1 DURATION:

Unless terminated as provided in this Section, or unless otherwise limited by North Carolina law, this Declaration shall have perpetual duration. If North Carolina law limits the period during which covenants may run with the land, then to the extent consistent with such law, this Declaration shall automatically be extended at the expiration of such period for successive periods of twenty (20) years each or may be extended thereafter, in whole

or in part, for successive periods of twenty (20) years each, by 8 of 13 lot owners in the subdivision.

9.2 AMENDMENT:

(a) By Declarant. Until termination of the Class "B" membership, Declarant may unilaterally amend this Declaration for any purpose. This Declaration may be amended by Declarant for so long as Declarant owns a Lot, provided amendments would not change from residential use.

(b) By the Board. The Board shall be authorized to amend this Declaration without the consent of the Members to correct scriveners' errors and other mistakes of fact, provided that amendments under this provision have no material adverse effect on the rights of the Owners. During the Development Period, any such amendment shall require the written consent of the Declarant.

(c) By Members. After termination of Class "B" membership these covenants may be amended by the written approval of 10 out of 13 Lot owners in the subdivision. Each Lot Owner is entitled to one vote. Such changes or amendments may not substantially detract from the value or character of the subdivision. Any amendment must be recorded.

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

Bryan Kempter, Manager, Peregrine LLC (Seal)

NORTH CAROLINA
ORANGE COUNTY

I, a Notary Public of the County and State aforesaid, certify that Bryan Kempter, manager of Peregrine LLC., Declarant, personally appeared before me this day and acknowledged the execution of the foregoing Declaration of Conditions, Covenants and Restrictions for Trillium Forest. Witness my hand and official stamp or seal, this 23rd day of June, 2010.

Notary Public

My commission expires: _____