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STATE OF NORTH CAROLINA

AMENDMENT TO MASTER
DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS OF
SOUTHERN VILLAGE

COUNTY OF ORANGE

THIS AMENDMENT to the Master Declaration of Covenants, Conditions and Restrictions of Southern Village, made this 27th day of January, 2004 by the members of the Southern Village Master Association, Inc. (hereinafter, "the Master Association"),

WITNESSETH:

THAT WHEREAS, the original Declarant caused to be recorded on 25th day of July, 1994, a Master Declaration of Covenants, Conditions and Restrictions of Southern Village in Book 1271, Page 165 in the Orange County Registry, (hereinafter, "Declaration"), and such Declaration has been further amended from time to time, which amendments are now incorporated into said Declaration, and which this amendment shall supplement; and

WHEREAS, Article VIII, Section 3 of the Declaration provides that such Declaration may be amended at this time by the execution of this Amendment by not less than seventy-five percent (75%) of the members of the Master Association. This amendment shall become effective upon recordation of this amendment in the Orange County Registry; and

WHEREAS, Chapter 47F of the North Carolina General Statutes, the "North Carolina Planned Community Act", provides that any planned community created prior to 1 January 1999 may elect to make the provisions of such Chapter 47F applicable to it by amending its declaration to provide that Chapter 47F shall apply to that planned community; that the amendment may be made by affirmative vote or written agreement signed by owners of lots to which at least sixty-seven (67%) of the vote of the association are allocated or any smaller majority as the declaration specifies,

NOW, THEREFORE, the undersigned do hereby declare that the Master Declaration of Covenants, Conditions and Restrictions of Southern Village, as previously amended, shall be further amended as follows:

1. To amend Article IV, Section 1 of the Declaration, by deleting that subsection in its entirety and inserting in lieu thereof the following:

"Section 1. Architectural Review Boards. An Architectural Review Board ("ARB") shall be formed for each Sub-Association within the Southern Village Master Association. As a point of historical reference, it should be noted that the Declarant controlled one Master Association ARB until such time as Declarant sold its last remaining lot within Southern Village. The purpose of this section is to apportion architectural control authority for lots within the various Sub-Associations to be administered by each Sub-Association, rather than by the Master Association.

Each ARB shall consist of at least three (3) persons who shall be members of the Sub-Association being served by that particular ARB. The members of each ARB shall be appointed on an annual basis (or more frequently if necessary) by the Board of Directors for the Sub-Association being served by that particular ARB, and the members of the ARB shall serve at the pleasure of each respective Board of Directors. The Board of Directors for each Sub-Association may elect, at its option, to increase the number of members of its particular ARB from time to time. No member of an ARB shall be liable for claims, causes of action or damages, except where occasioned by such member's willful misconduct, arising out of services performed pursuant to this Master Declaration or any other Declaration of Covenants, Conditions and Restrictions pertaining to real property located within Southern Village, and the Sub-Association being served any such member of an ARB shall indemnify and hold harmless the ARB members of that particular Sub-Association's ARB to the same extent that members of the Sub-Association's Board of Directors are so indemnified.

Any reference to the term "ARB" within this Master Declaration or in any Supplementary Declaration of Covenants, Conditions and Restrictions pertaining to real property located within Southern Village shall mean and refer to that certain ARB created by the particular Sub-Association in which the affected real property is situated. Each owner of real property desiring to submit an application for plan or design approval as required in Section 2 below shall submit such application to the ARB which has been appointed by the particular Sub-Association in which that owner is a member."

2. To amend Article IV, Section 3 of the Declaration by deleting the phrase "thirty (30) days" and inserting in lieu thereof the phrase, "sixty (60) days" in the first sentence of that Section.

3. To amend Article V of the Declaration by adding a new Section 19 at the end of that Article as follows:

"The Board of Directors for the Master Association shall be authorized to delegate to the Board of Directors for the Southern Village Homeowners Association, Inc. ("SVHOA") any of its powers or duties relating to the establishment and collection of the Master Association assessments, as such powers and duties are prescribed for the Master Association in this Article or further in this Declaration or the various Supplementary Declaration of Covenants, Conditions and Restrictions pertaining to real property located within Southern Village. The powers and duties which the Board of Directors for the Master Association may delegate to the SVHOA Board of Directors shall include, but not be limited to:

- (a) the rights and obligations associated with collecting the annual Master Association assessments from the various Sub-Associations as set forth in Article V, Section 8 herein, including the right to enforce by legal means the collection of the annual assessments from the various Sub-Associations;
- (b) the rights and obligations associated with affecting the purposes of the assessments to be levied by the Master Association, including the improvement and maintenance of the services and facilities of the Common Area, as set forth in Article V, Section 9 herein;

- (c) the rights and obligations associated with collecting the annual Master Association assessments as set forth in Article V, Section 10 herein;
- (d) the rights and obligations associated with fixing the amount of the Master Association assessment applicable to each Sub-Association for the ensuing year as set forth in Article V, Section 10 herein;
- (e) the obligation to provide written notice to each Sub-Association of the amount of the Master Association assessment due for the ensuing year, as set forth in Article V, Section 10 herein;
- (f) the rights and obligations associated with levying Special Assessments as set forth in Article V, Section 11 herein;
- (g) the rights and obligations associated with levying Special Individual Assessments as set forth in Article V, Section 12 herein;
- (h) the rights and obligations associated with collecting Initial Contributions as set forth in Article V, Section 13 herein;
- (i) the obligation to provide a written certificate setting forth the status of assessments for a particular lot or Sub-Association, including the right to make a reasonable charge for the issuance of such certificate, as set forth in Article V, Section 14 herein;
- (j) the rights and obligations associated with bringing an action at law or foreclosing the lien for assessments, including the collection of costs, interest and reasonable attorney's fees, as set forth in Article V, Section 15 herein;
- (k) the rights and obligations associated with adoption of an annual budget for the Master Association, as set forth in Article V, Section 18 herein;
- (l) any of the rights and obligations relating to the establishment and collection of the Master Association assessments, as such powers and duties are prescribed for the Master Association in the Bylaws of the Southern Village Master Association, Inc.

Any delegation of powers and duties by the Master Association to the SVHOA as authorized herein shall be made by written Resolution of the Board of Directors for the Master Association, which Resolution shall be recorded in the Orange County Registry, and such Resolution shall continue in effect until revoked by a subsequent written Resolution of the Board of Directors for the Master Association."

4. The Declaration is further amended to provide that the provisions of Chapter 47F of the North Carolina General Statutes (the "North Carolina Planned Community Act") are hereby made applicable to the Southern Village planned community and the Master Declaration of Covenants, Conditions and Restrictions of Southern Village, pursuant to N.C.G.S. § 47F-1-102(d).

5. This amendment shall be effective upon recordation in the Office of the Orange County Registry.

6. Except as amended hereinabove, the remaining portions of the Declaration as originally recorded and heretofore amended are hereby restated and reacknowledged.