

Drawn by & mail to C. D. Hogue, III, 110 West Margaret, Hillsborough, NC 27278.
 DOC5/13/88DC-RD

DEEP CREEK SUBDIVISION ROADS MAINTENANCE AGREEMENT

THIS DECLARATION, Made this 23 day of August, 1988, by TERRAFIRMA, A LIMITED PARTNERSHIP, organized under the laws of North Carolina of Route 3 Box 685, Hillsborough, North Carolina 27278, hereinafter called Declarant.

W I T N E S S E T H:

WHEREAS, Declarant owns in fee simple the real property described in ARTICLE 1 below, known as DEEP CREEK; and

WHEREAS, the property will have access to North Carolina Secondary Road #1747 via the rights-of-way of the private roads to be platted by Declarant as the property is subdivided and to be named RIVER TRACE DRIVE, RIVER GORGE RUN, PASCO PLACE, and DEEP CREEK POINT; and

WHEREAS, RIVER TRACE DRIVE shall be built by Declarant or its properly designated successor or assign to a length of at most 2400 feet, RIVER GORGE RUN shall be built by Declarant or its properly designated successor or assign to a length of at most 1900 feet, PASCO PLACE shall be built by Declarant or its properly designated successor or assign to a length of at most 700 feet, DEEP CREEK POINT shall be built by Declarant or its properly designated successor or assign to a length of at most 850 feet, and other roads shall be built by Declarant or its properly designated successor or assign to a length of at most 1000 feet; and

WHEREAS, all of the said roads once built shall be subject to and maintained under the terms and conditions of this agreement; and

WHEREAS, Declarant by this DEEP CREEK SUBDIVISION ROADS MAINTENANCE AGREEMENT wishes to bind itself, its successors and assigns, to provide all owners of any portion of said property owned by Declarant described below perpetual ingress, egress, and regress to State Roads; and

WHEREAS, Declarant by this DEEP CREEK ROAD MAINTENANCE AGREEMENT wishes to bind itself, its successors and assigns, to provide for maintenance of said roads until such time as they is accepted by the State of North Carolina for maintenance;

NOW, THEREFORE, Declarant agrees for itself and with any and all persons, firms, or corporations hereafter acquiring any of the property described in ARTICLE 1 below, that the same shall be subject to the following restrictions, conditions, and covenants relating to the use and occupancy thereof, which restrictions, conditions, and covenants shall run with the said property and inure to the benefit of and be binding upon the heirs, successors, and assigns of Declarant and other acquiring parties and persons.

ARTICLE 1. The real property which is, and shall be, held, transferred, sold, and conveyed subject to the protective and restrictive covenants set forth in the various articles of this declaration is located in Mt. Tirzah Township, Person County, North Carolina, and is more particularly described as follows: BEING that certain lot or parcel of land lying and being in Mt. Tirzah Township, Person County, North Carolina, and being shown as 126.54 acres on the plat of the survey entitled "PROPERTY OF PASCOE GRINSTEAD" surveyed by Ernest B. Wood, Jr., Surveyor, dated March, 1987, recorded in Plat Cabinet 4, page 563, Person County Registry.

ARTICLE 2. Declarant hereby grant unto itself and the future record owners of the aforesaid property adjoining and abutting any of the said roads as they are now platted in the Person County Registry or may be platted in the future a non-exclusive easement for perpetual ingress, egress, and regress and establishing and maintaining utilities over, on, and under the rights-of-way of RIVER TRACE DRIVE, RIVER GORGE RUN, PASCO PLACE, DEEP CREEK POINT, and all other roads within the property as now platted or as they may be platted in the future.

TO HAVE AND TO HOLD these easements as appurtenances to and to run with the Article 1 Property forever.

ARTICLE 3. Said rights-of-way shall be maintained as eighteen foot wide gravel roads passable in all weather conditions, properly ditched under acceptable engineering standards, maintained without potholes and washouts, and graded at least one time each year. Any owner of property served by said rights-of-way shall have the right to enforce maintenance standards by sending by registered or certified mail, return receipt requested, written notice of all proposed maintenance and of the time and place of a meeting of the record owners (said meeting to take place no less than 10 days following the mailing of such notice) to all record owners at their last known addresses as disclosed by the Person County Tax Listings.

At the owners' meeting each owner shall have one vote for each subdivided lot owned (with the exception that any and all lots owned by one person, group of persons, or entity shall be considered as one lot) and three votes for each dwelling unit, and all maintenance shall be approved and an agent elected to contract the work by a majority of the votes cast in person or by signed proxy.

Each record owner of any portion of the ARTICLE 1 property shall bear on a pro-rata basis the cost of maintaining said rights-of-way by grading, adding gravel or rock to fill ruts, holes, and washed out sections, replacing or adding necessary drainage culverts, and doing any other needed maintenance. Each owner's pro-rata share of the maintenance costs of said rights-of-way shall be the total cost of maintenance multiplied by each owner's number of votes and divided by the total number of votes belonging to all the owners of the ARTICLE 1 property, and shall be due and owing to the elected agent within 30 days of the owners' meeting. If not paid by that time, said costs may be reduced to a judgment and shall become a lien on the land of the defaulting record owner.

Notwithstanding the vote at the owners' meeting, nothing in this Agreement shall be construed as denying any owner the right to see that said rights-of-way are maintained and any owner may require that the maintenance requirements be submitted to binding arbitration (as governed by the Uniform Arbitration Act of North Carolina, North Carolina General Statutes Section 1.567.1 et seq, as it may be from time to time amended) by notice mailed to all record owners at their last known addresses as shown on the Person County tax listings by registered or certified mail, return receipt requested, by 5:00 p.m. on the second working day following the owners' meeting. Unless such arbitration notice is sent, the majority of the votes cast at the owners' meeting shall be conclusive as to what maintenance is mandated by this Agreement.

ARTICLE 4. Said rights-of-way may be dedicated to the public by a majority vote of the owners of any portion of the ARTICLE 1 property cast at a meeting called and a vote taken as in the case of road maintenance. In that event, the owners and their successors in title and interest to any portion of the ARTICLE 1 property will remain responsible for road maintenance as herein provided until such time as the said rights-of-way are maintained by a governmental body.

ARTICLE 5. This Agreement shall run with and be appurtenant to the land and shall be binding upon the heirs, successors, and assigns of each owner of any portion of the ARTICLE 1 property.

ARTICLE 6. This Agreement shall remain in full force and effect as to said rights-of-way or any portion thereof until such time as said rights-of-way or any portion thereof are maintained by a governmental body and any portion of said rights-of-way not maintained by a governmental body shall remain subject to this Agreement.

ARTICLE 7. It is further stipulated and agreed that the owners of property in the ARTICLE 1 property and their heirs, successors or assigns, may enforce the above restrictive covenants and agreements by injunction and that this shall not be in exclusion of, but in addition to, other remedies available in law.

ARTICLE 8. Invalidation of any one of these covenants by judgment or court order shall in no way affect any of the other provisions which shall remain in full force and effect.

ARTICLE 9. This agreement is to govern the maintenance of said rights-of-way when subject to residential use. If any owner liable under this Agreement shall cause any extraordinary wear and tear on said rights-of-way by building, well drilling, or other heavy use, said owner shall be responsible to pay such

extraordinary cost of maintenance as are caused by said use. If the responsibility for such extraordinary costs of maintenance are not agreed between the owners at an owners meeting called under the provisions of Article 3 above, said costs shall be subject to binding arbitration as set out in Article 3. above.

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be signed by its General Partners in the Partnership name, the day and year first above written.

TERRAFIRMA, A LIMITED PARTNERSHIP

BY: Ann Moss Joyner (SEAL)
ANN MOSS JOYNER, General Partner

BY: Dolly Anne Hunter (SEAL)
DOLLY ANNE HUNTER, General Partner

BY: CHARLES A. HUNTER, General Partner
Dolly Anne Hunter (SEAL)
By: DOLLY ANNE HUNTER, Attorney in fact

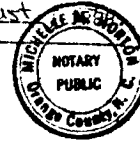
STATE OF NORTH CAROLINA, COUNTY OF Orange

I, Michelle M. Horton, a Notary Public in and for said County and State, do hereby certify that ANN MOSS JOYNER, General Partner in TERRAFIRMA, A LIMITED PARTNERSHIP, and DOLLY ANNE HUNTER, a General Partner in TERRAFIRMA, A LIMITED PARTNERSHIP, personally appeared before me and acknowledged the due execution of these covenants on behalf of the Partnership, for the intents and purposes therein expressed.

WITNESS my hand and notarial seal, this the 23rd day of August, 1988
Michelle M. Horton

My commission expires: Feb 22, 1991

NOTARY PUBLIC

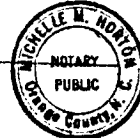


STATE OF NORTH CAROLINA, COUNTY OF ORANGE

I, Michelle M. Horton, a Notary Public in and for Orange County, North Carolina, do hereby certify that DOLLY ANNE HUNTER, Attorney-in-Fact for CHARLES A. HUNTER, General Partner in TERRAFIRMA, A LIMITED PARTNERSHIP, personally appeared before me this day, and being by me duly sworn, says that she executed the foregoing and annexed instrument for and in behalf of the said CHARLES A. HUNTER, General Partner in TERRAFIRMA, A LIMITED PARTNERSHIP, and that her authority to execute and acknowledge said instrument is contained in an instrument duly executed, acknowledged, and recorded in Book 198 page 262A, in the Office of the Registry of Deeds in the County of Person State of North Carolina, on the 13th of July, 1988 and that this instrument was executed under and by virtue of the authority given by said instruments granting her power of attorney. WITNESS my hand and official seal, this 23rd day of August, 1988.

My commission expires: Feb 22, 1991

NOTARY PUBLIC



STATE OF NORTH CAROLINA, PERSON COUNTY.

The foregoing certificate(s) of (2) Michelle M. Horton A Notary ~~(or Notary)~~ Public of the designated governmental unit is (are) certified to be correct. Filed for registration this the 31 day of August 1988 at 2:15P.M. o'clock, in Record Book 199 Page 434.

By: J. Ben Kirby
Register of Deeds
J. BEN KIRBY

Assistant, Deputy Register of Deeds

NORTH CAROLINA

DEEP CREEK COVENANTS

PERSON COUNTY

THIS DECLARATION, is made this 25th day of July, 1988, by TERRAFIRMA, A LIMITED PARTNERSHIP, organized under the laws of North Carolina, hereinafter called Declarant.

W I T N E S S E T H:

WHEREAS, Declarant owns in fee simple the real property and its appurtenances described in ARTICLE 1 below; and

WHEREAS, Declarant desires for itself, its successors, and assigns, and all future owners of any part or parcel of the subject property to assure a uniform development of the same, and to preserve and enhance the value of the subject property.

THEREFORE, Declarant agrees that it and all persons, firms, or corporations, and the heirs, successors, and assigns thereof, owning any portion of said real property shall be subject to the following restrictions, conditions, and covenants relating to the ownership, use, and occupancy of their portion of said real property:

ARTICLE 1. The property subject to these covenants is described as follows: BEING that certain parcel of land lying and being in Mt. Tirzah Township, Person County, North Carolina, and being shown as 126.54 acres on the plat of the survey entitled "PROPERTY OF PASCOE GRINSTEAD" surveyed by Ernest B. Wood, Jr., Surveyor, dated March, 1987, recorded in Plat Cabinet 4, page 563, Person County Registry.

ARTICLE 2. The following restrictions shall apply to the subject property:

1. That no mobile homes or trailers shall be placed on the subject property for more than 18 months and at no time may they be placed on the property where they can be seen from the roads within the property; it is the intention of this provision to allow the temporary use of mobile homes for residences while a stick built home is being constructed or another type of approved home is being placed on the lot. It is the intention of this paragraph to require that any houses built on the subject property be built on site and built to North Carolina Building Code specifications. Manufactured homes, kit homes, or other homes which meet North Carolina Building Code specifications may be moved to the property if approved in writing by Declarant or its properly designated successor or assign.

2. That the main house built or placed on any lot in the subject property must have a minimum floor space for residential living, (i. e. heated space, excluding carports, garages, and porches) of 1,100 square feet. The foundation on any permanent house may be continuous or of piers but no plain cement, cinder, or concrete blocks can be exposed. Eighty percent (80%) of the roof area of any house on the property must have at least 5 feet of fall for every 12 feet of horizontal distance.

3. That any structures built on the subject property shall be set back at least 50 feet from the right-of-way of all roads. All structures shall be set back at least 20 feet from any lot line. No structures or activities which would have an adverse effect on stream quality or erosion control are permitted within 100 feet of Deep Creek. No healthy trees greater than six inches in diameter at four feet above the ground located on the subject property shall be cleared within 50 feet of any lot line or right-of-way except to clear driveways to access buildings, for utilities, for solar exposure on the south side of a dwelling, and for septic systems and wells where needed. No living tree larger than six feet in circumference four feet above the ground located anywhere on the property shall be cut without Declarants permission for so long as Declarants own any lots in the subject property. All lot owners must plant at least one tree of 4 feet or more for every 50 feet of road frontage, somewhere on the lot if none exist.

4. Lots in the ARTICLE 1 property may be used for residential use only. No more than one residential building and one guest house shall be erected, placed, or permitted on any lot. Such outbuildings as are usually accessory to such residential use may be erected, placed, or permitted on each lot. This does not exclude garages, barns, or workshops. Owners of lots in the ARTICLE 1 property may elect to build guest accommodations (which shall not be subject to paragraph 2 above) prior to the erection of a main residence, provided that, within 24 months of having occupied the guest accommodations, a main residence is constructed.

5. Lots in the subject property may be divided in accordance with applicable subdivision ordinances.

6. No poultry or swine may be kept on the subject property. Other domestic animals may be kept on the subject property under reasonable control and sanitation, provided they do not become a nuisance to other owners in the development, and further provided that except for horses, all domestic animals shall not be kept, bred, or maintained for any commercial purpose. In no case shall said animals be allowed to roam beyond the owners' boundaries.

7. Garbage containers shall be concealed from public view except on collection days. All automobiles and other motor vehicles must be currently licensed and inspected if they are visible from adjacent property. Trash piles and other unsightly objects shall also be kept from view of adjacent property.

8. There shall be no hunting allowed on the subject property.

9. Public utilities, such as electricity, telephone, and cable TV must be run underground within the subject property.

10. For so long as Declarant or its properly designated successor or assign owns at least one-half of the lots in the subject property, Declarant or its properly designated successor or assign may amend these covenants without joinder of any other owners; after Declarant has sold more than one-half of the lots in the subject property these covenants may be amended by the owners of three-quarters of the lots in the subject property. These restrictions shall remain in effect until January 1, 2018. If prior to their expiration, a continuation of these restrictions is recorded in the Person County Registry and signed by the then owners of three-quarters of the lots located in ARTICLE 1 property, the said restrictions may be continued for another thirty years.

ARTICLE 3. Invalidation of any one or more of these covenants by judgment or court order shall in no way affect any of the other provisions which shall remain in full force and effect.

ARTICLE 4. It is further stipulated and agreed that the owners of the lots in the subject property, and their heirs, successors, or assigns, may enforce the above agreements by injunction and that this shall not be in exclusion of, but in addition to, all other remedies available in law or equity.

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be signed by its General Partners in the Partnership name, the day and year first above written.

TERRAFIRMS, A LIMITED PARTNERSHIP

BY: Ann Moss Joyner (SEAL)
ANN MOSS JOYNER, General Partner

BY: Dolly Anne Hunter (SEAL)
DOLLY ANNE HUNTER, General Partner

BY: CHARLES A. HUNTER, General Partner
Dolly Anne Hunter (SEAL)
By: DOLLY ANNE HUNTER, Attorney in fact

4. Lots in the ARTICLE 1 property may be used for residential use only. No more than one residential building and one guest house shall be erected, placed, or permitted on any lot. Such outbuildings as are usually accessory to such residential use may be erected, placed, or permitted on each lot. This does not exclude garages, barns, or workshops. Owners of lots in the ARTICLE 1 property may elect to build guest accommodations (which shall not be subject to paragraph 2 above) prior to the erection of a main residence, provided that, within 24 months of having occupied the guest accommodations, a main residence is constructed.

5. Lots in the subject property may be divided in accordance with applicable subdivision ordinances.

6. No poultry or swine may be kept on the subject property. Other domestic animals may be kept on the subject property under reasonable control and sanitation, provided they do not become a nuisance to other owners in the development, and further provided that except for horses, all domestic animals shall not be kept, bred, or maintained for any commercial purpose. In no case shall said animals be allowed to roam beyond the owners' boundaries.

7. Garbage containers shall be concealed from public view except on collection days. All automobiles and other motor vehicles must be currently licensed and inspected if they are visible from adjacent property. Trash piles and other unsightly objects shall also be kept from view of adjacent property.

8. There shall be no hunting allowed on the subject property.

9. Public utilities, such as electricity, telephone, and cable TV must be run underground within the subject property.

10. For so long as Declarant or its properly designated successor or assign owns at least one-half of the lots in the subject property, Declarant or its properly designated successor or assign may amend these covenants without joinder of any other owners; after Declarant has sold more than one-half of the lots in the subject property these covenants may be amended by the owners of three-quarters of the lots in the subject property. These restrictions shall remain in effect until January 1, 2018. If prior to their expiration, a continuation of these restrictions is recorded in the Person County Registry and signed by the then owners of three-quarters of the lots located in ARTICLE 1 property, the said restrictions may be continued for another thirty years.

ARTICLE 3. Invalidation of any one or more of these covenants by judgment or court order shall in no way affect any of the other provisions which shall remain in full force and effect.

ARTICLE 4. It is further stipulated and agreed that the owners of the lots in the subject property, and their heirs, successors, or assigns, may enforce the above agreements by injunction and that this shall not be in exclusion of, but in addition to, all other remedies available in law or equity.

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be signed by its General Partners in the Partnership name, the day and year first above written.

TERRAFIRMA, A LIMITED PARTNERSHIP

BY: Ann Moss Joyner (SEAL)
ANN MOSS JOYNER, General Partner

BY: Dolly Anne Hunter (SEAL)
DOLLY ANNE HUNTER, General Partner

BY: CHARLES A. HUNTER, General Partner
Dolly Anne Hunter (SEAL)

By: DOLLY ANNE HUNTER, Attorney in fact

Drawn by & mail to: C. D. Hogue, III, 110 W. Margaret, Hillsborough, NC 27278
DocU2dc-pud8/26/88

DECLARATION

OF COVENANTS, CONDITIONS AND RESTRICTIONS

THIS DECLARATION, made on the date hereinafterset forth by TERRAFIRMA, A LIMITED PARTNERSHIP, organized under the laws of North Carolina, hereinafter referred to as "Declarant" and who has a mailing address of Route 3 Box 685, Hillsborough, North Carolina 27278.

WITNESSETH:

WHEREAS, Declarant is the owner of certain property in Mt. Tirzah Township County of Person, State of North Carolina, which is more particularly described as follows:

126.54 acres as shown on the plat of the survey of Ernest B. Wood, Jr., Surveyor (L-2648) entitled "PROPERTY OF PASCOE GRINSTEAD", dated March, 1987, and recorded in Plat Cabinet 4 at page 563 of the Person County Registry. SAVE AND EXCEPT 8.48 acres of land with the designation "DEEP CREEK RECREATION AREA (to be retained by Terrafirma)" as shown on the plat of the survey of Ernest B. Wood, Jr., Surveyor (L-2648) entitled "Phase I - DEEP CREEK", dated February, 1988, and to be recorded in the Person County Registry.

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, which are for the purpose of protecting the value and desirability of, and which shall run with, the real property and be binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to DEEP CREEK SUBDIVISION HOMEOWNERS ASSOCIATION, INC., its successors and assigns.

Section 2. "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 a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 3. "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 4. "Common Area" shall mean all real property (including the improvements thereto) owned by the Association for the common use and enjoyment of the owners. The Common Area to be owned by the Association at the time of the conveyance of the first lot in the properties is described as follows:

2.10 acres in Mt. Tirzah Township, County of Person, State of North Carolina, designated as "COMMON AREA" and bordered by lots 5, 7, 23, 24, 3, & 2 as shown on the plat of the survey of Ernest B. Wood, Jr., Surveyor (L-2648) entitled "Phase I - DEEP CREEK", dated February, 1988, and recorded in Plat Cabinet 5 at page 190 of the Person County Registry; and an appurtenant and perpetual easement for ingress, egress, and regress to and from the dam as it is built within the right-of-way of River Trace Drive for the purpose of maintaining said dam.

Declarants hereby covenant for themselves, their successors, and assigns to transfer the aforesaid Common Area to the Association before any lot is conveyed to the public.

Section 5. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area. If a new recorded subdivision map of the Properties changes the lines of an existing Lot the new subdivision map shall control.

Section 6. "Declarant" shall mean and refer to TERRAFIRMA, A NORTH CAROLINA PARTNERSHIP, its successors and assigns if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

ARTICLE II

PROPERTY RIGHTS

Section 1. Owners' Easements of Enjoyment. Every owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) the right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area;

(b) the right of the Association to suspend the voting rights and right to use of the recreational facilities by an owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed 60 days for any infraction of its published rules and regulations;

(c) the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer signed by 2/3rds of each class of members has been recorded.

Section 2. Delegation of Use. Any owner may delegate, in accordance with the By-Laws, his right of enjoyment to the Common Area and facilities to the members of his family, his guests, his tenants, or contract purchasers who reside on the property.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every owner of a Lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 2. The Association shall have two classes of membership:

Class A. Class A members shall be all Owners, with the exception of the Declarant, and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. Class B member(s) shall be the Declarant (as defined in the Declaration), and shall be entitled to two (2) vote for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever happens earlier;

(a) when the total votes outstanding in the Class A membership equals the total votes outstanding in the Class B membership.

(b) on the January 1, 1995.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Properties, hereby covenants and agrees, and each Owner of any lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special

assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents in the Properties, for the improvement and maintenance of the Common Area, for the improvement and maintenance of the dam and pond on the Common Area, and for the improvement and maintenance of the dam as it lies within an easement within the boundaries of River Trace Drive.

Section 3. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be Ten Dollars (\$10.00) per Lot.

(a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased each year not more than 5% above the maximum assessment for the previous year without a vote of the membership.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased above 5% by a vote of two-thirds (2/3) of each class of members who are voting in person or by proxy, at a meeting duly called for this purpose.

(c) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5. Notice and Quorum for Any Action Authorized Under Section 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all members (at their addresses as disclosed by the Person County Tax listings, or at any other address as is given in writing to the Secretary of the Association) no less than 30 days nor more than 60 days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

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

Section 7. Date of Commencement of Annual Assessments; Due Dates. The annual assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance of the Common Area. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable

charge, furnish a certificate signed by an officer of the association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a lot is binding upon the Association as of the date of its issuance.

Section 8. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the same percent as is allowed for judgments in the courts of North Carolina. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

Section 9. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

ARTICLE V

MAINTENANCE OF DAM

Section 1. Inspection and Maintenance of Structures. The structure of the dam shall be inspected annually by the Association. The dam shall be inspected for leaks or failure of the slopes that could threaten stability. The outlet of the pipe through the dam shall be inspected for erosion or undercutting. The emergency spillway shall be inspected for erosion that could threaten the control section of the dam. Any fences around the pond shall be inspected and maintained for safety.

Section 2. Vegetation. The vegetation on the dam and around the pond shall be maintained to prevent erosion and to enhance the appearance of the area. All vegetation shall be fertilized and mowed as necessary. Undesirable vegetation shall be removed from along the water line as it attracts undesirable wildlife and makes the area unattractive. Trees shall not be planted or allowed to volunteer on any part of the dams or spillways as they will attract undesirable wildlife, and the roots will weaken the dam if the tree dies.

ARTICLE VI

GENERAL PROVISIONS

Section 1. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no wise affect any other provisions which shall remain in full force and effect.

Section 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of thirty (30) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. After the Class B membership no longer exists, this Declaration may be amended during the first thirty (30) year period by an instrument signed by not less than ninety percent (90%) of the Lot Owners, and thereafter by an instrument signed by not less than seventy-five percent (75%) of the Lot Owners. Any amendment must be recorded.

Section 4. Annexation. Additional residential property and Common Area may be annexed to the Properties with the consent of two-thirds (2/3) of each class of members.

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be signed by its General Partners in the Partnership name, the day and year first above written.

TERRAFIRMA, A LIMITED PARTNERSHIP

BY: Ann Moss Joyner (SEAL)
ANN MOSS JOYNER, General Partner

BY: Dolly Anne Hunter (SEAL)
DOLLY ANNE HUNTER, General Partner

BY: CHARLES A. HUNTER, General Partner
Dolly Anne Hunter (SEAL)
By: DOLLY ANNE HUNTER, Attorney in fact

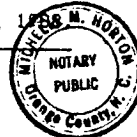
STATE OF NORTH CAROLINA, COUNTY OF Orange

I, Michelle M. Horton, a Notary Public in and for said County and State, do hereby certify that ANN MOSS JOYNER, General Partner in TERRAFIRMA, A LIMITED PARTNERSHIP, and DOLLY ANNE HUNTER, a General Partner in TERRAFIRMA, A LIMITED PARTNERSHIP, personally appeared before me and acknowledged the due execution of these covenants on behalf of the Partnership, for the intents and purposes therein expressed.

WITNESS my hand and notarial seal, this the 31st day of August, 1988,
Michelle M. Horton

My commission expires: 2-22-1991

NOTARY PUBLIC

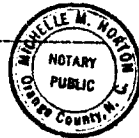


STATE OF NORTH CAROLINA, COUNTY OF ORANGE

I, Michelle M. Horton, a Notary Public in and for Orange County, North Carolina, do hereby certify that DOLLY ANNE HUNTER, Attorney-in-Fact for CHARLES A. HUNTER, General Partner in TERRAFIRMA, A LIMITED PARTNERSHIP, personally appeared before me this day, and being by me duly sworn, says that she executed the foregoing and annexed instrument for and in behalf of the said CHARLES A. HUNTER, General Partner in TERRAFIRMA, A LIMITED PARTNERSHIP, and that her authority to execute and acknowledge said instrument is contained in an instrument duly executed, acknowledged, and recorded in Book 198 page 563A in the Office of the Registry of Deeds in the County of Person State of North Carolina, on the 13th of July, 1988 and that this instrument was executed under and by virtue of the authority given by said instruments granting her power of attorney. WITNESS my hand and official seal, this 31st day of August, 1988.

My commission expires: 2-22-1991

NOTARY PUBLIC



STATE OF NORTH CAROLINA, PERSON COUNTY.

The foregoing certificate(s) of (2) Michelle M. Horton A Notary (~~or Notaries~~) Public of the designated governmental unit is (are) certified to be correct. Filed for registration this the 31 day of AUGUST, 1988, at 2:25 P.M. o'clock, in Record Book 199 Page 440.

J. Ben Kirby
Register of Deeds

By: _____
Assistant, Deputy Register of Deeds

J. BEN KIRBY