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FILED Joyce H. Pearson
Register of Deeds Orange COUNTY, NC
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**DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND
EASEMENTS FOR PLEASANT GREEN FARMS**

**THIS DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND
EASEMENTS FOR PLEASANT GREEN FARMS** ("Declaration") is made and executed this
____ day of January, 2007, by **PLEASANT GREEN LAND DEVELOPMENT CO.**, a North
Carolina corporation, 1000 Corporate Drive, Suite 109, Hillsborough, North Carolina 27278
("Declarant"), and **DRAYTON TIMMS VIRKLER** and spouse, **LAURA HORTON
VIRKLER**, 4500 Schley Road, Hillsborough, North Carolina 27278 (the "Virklers").

WITNESSETH THAT:

WHEREAS, Declarant is the owner of the Declarant Property (as hereinafter defined);
and

WHEREAS, the Virklers are the owners of the Virkler Property (as hereinafter defined);
and

WHEREAS, Declarant desires to create a residential planned community upon the
Declarant Property, and Declarant and the Virklers desire to include the Virkler Property within
such residential planned community, in accordance with the Subdivision Plat (as hereinafter
defined) and this Declaration.

NOW, THEREFORE, Declarant and the Virklers hereby declare that, effective as of the
date and time of recordation of this Declaration in the Office of the Register of Deeds of Orange
County, North Carolina, all of the Property (as hereinafter defined) shall be owned, held, leased,
transferred, sold, mortgaged and/or conveyed by Declarant, the Virklers, the Association (as
hereinafter defined) and/or each Owner (as hereinafter defined), as applicable, subject to and in
accordance with the provisions of the Act (as hereinafter defined) and the covenants, conditions,
restrictions, easements, charges and liens set forth in this Declaration to the extent not inconsistent
with the provisions of the Act, the purpose of which shall be to enhance and protect the value and

desirability of the Property. This Declaration and all of the covenants, conditions, restrictions, easements, charges and liens set forth herein shall benefit and burden the Property, or any part thereof, including each Lot (as hereinafter defined) and the Common Elements (as hereinafter defined), shall run with title to the Property, or any part thereof, including each Lot and the Common Elements, and shall be binding upon and inure to the benefit of Declarant, the Virklers, the Association, each Owner and their respective heirs, successors and/or assigns.

ARTICLE I - DEFINITIONS

Section 1.01 Definitions. Each of the following terms shall have the meaning ascribed to it when and as used in this Declaration:

(a) "Act" shall mean the North Carolina Planned Community Act, Chapter 47F of the General Statutes of North Carolina, as same may be amended, modified and/or supplemented from time to time.

(b) "Annual Assessment" shall mean an assessment levied each calendar year by the Board of Directors against each Lot to pay the liability for Common Expenses allocated to such Lot as provided in this Declaration and in the Bylaws.

(c) "Architectural Review Board" shall mean (i) such committee of not less than one (1) person nor more than five (5) persons as may be appointed by the Declarant during the Period of Declarant Control or, thereafter, by the Board of Directors for the purposes of enforcing, amending, modifying and/or supplementing the Guidelines and enforcing the provisions of this Declaration and the Rules and Regulations pertaining to the design, construction, alteration and/or location of any Building or Improvement upon any Lot or Common Elements, or (ii) the Board of Directors during any period subsequent to the expiration or termination of the Period of Declarant Control that the Board of Directors has not appointed at least one (1) person to serve as the Architectural Review Board.

(d) "Articles of Incorporation" shall mean the Articles of Incorporation of the Association in the form attached as EXHIBIT B as same may be amended and/or modified from time to time as provided therein.

(e) "Assessment" shall mean any Annual Assessment or Special Assessment.

(f) "Association" shall mean Pleasant Green Farms Homeowners Association, Inc., a North Carolina nonprofit corporation, its successors and/or assigns.

(g) "Board of Directors" shall mean the board of directors of the Association.

(h) "Buffer" shall mean any part of the Property (including any Lot or Common Elements) designated as "buffer" or "stream buffer" on the Subdivision Plat.

(i) "Building" shall mean any residential structure, detached garage, barn, shed or outbuilding at any time existing, constructed, erected or placed on or upon any Lot or Common Elements.

(j) "Building Setback Envelope" shall mean an area on each Lot (exclusive of the Virkler Property or any Lot subdivided from the Virkler Property) approximately two (2) acres in size designated as "Building Setback Envelope" as shown on the Subdivision Plat.

(k) "Bylaws" shall mean the initial bylaws of the Association in the form attached hereto as EXHIBIT C as same may be amended and/or modified from time to time as provided therein.

(l) "Category I Lot" shall mean any of Lots 1, 10, 11, 12, 13, 14, 16, 17 and 18 as shown on the Subdivision Plat.

(m) "Category II Lot" shall mean any of Lots 2, 3, 4, 5, 6, 7, 8, 9, 15, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31 and 32, the Virkler Property and any Lot subdivided from the Virkler Property as shown on the Subdivision Plat.

(n) "Charge" shall mean any late payment charge, interest on a delinquent Assessment or any other cost, charge or expense, including reasonable attorneys' fees, incurred by the Association or its management agent or other representative to collect any delinquent Assessment and/or foreclose any Assessment lien, as provided in this Declaration.

(o) "Common Elements" shall mean any part of the Declarant Property conveyed or to be conveyed to the Association for the common use and enjoyment of the Members, including any and all Buildings and Improvements located thereon. The term "Common Elements" shall not include any Lot or part thereof.

(p) "Common Expenses" shall mean the actual costs and expenses incurred by the Association each calendar year to operate the Association and to operate and maintain the Common Elements, the Private Roads, the Maintenance Zones, the View Corridors and the Trails as provided in this Declaration. Common Expenses shall include, without limitation, the annual costs and expenses for service contracts, lighting, removal of debris from ponds, streams and rivers, snow removal, utility services, taxes and other governmental charges levied against the Common Elements, casualty insurance, liability insurance and administration, including compensation of a management agent, if any.

(q) "Declarant" shall mean Pleasant Green Land Development Co., a North Carolina corporation, its successors and/or assigns.

(r) "Declarant Property" shall mean that certain tract or parcel of land located in Orange County, North Carolina and more particularly described on the attached EXHIBIT A-1.

(s) "Declaration" shall mean this Declaration of Covenants, Conditions, Restrictions and Easements for Pleasant Green Farms as same may be amended, modified and/or supplemented from time to time.

(t) "Development" shall mean "Pleasant Green Farms", a residential planned community located or to be located upon all or a portion of the Property in accordance with the Subdivision Plat and the provisions of this Declaration. The Development shall include the Lots, the Common Elements and the easements established, conveyed and/or reserved as provided in this Declaration.

(u) "Driveway" shall mean any driveway located upon any Lot or Common Elements which provides a means of vehicular ingress, egress and regress to and from any Building on such Lot or Common Elements and any Private Road. The term "Driveway" shall not include any Private Road or the Virkler Driveway.

(v) "Guidelines" shall mean such architectural and site design guidelines, standards and/or specifications pertaining to the design, construction, alteration and/or location of any Building or Improvement upon any Lot or Common Elements as may be established, amended, modified, supplemented and/or repealed from time to time by the Declarant during the Period of Declarant Control or, thereafter, by the Architectural Review Board as provided in this Declaration.

(w) "Improvement" shall mean any improvement, exclusive of any Building, at any time existing, constructed, erected or placed on or upon any Lot or Common Elements including, without limitation, any Driveway, parking area, fence, patio, swimming pool, non-impervious surface area or other structure that is not a Building.

(x) "Lot" shall mean (i) any tract or parcel of land at any time subdivided from the Declarant Property for separate ownership and residential use as provided in this Declaration and as shown on the Subdivision Plat and (ii) the Virkler Property, or any part thereof, including any tract or parcel of land at any time subdivided from the Virkler Property for separate ownership and residential use as provided in this Declaration and as shown on the Subdivision Plat. Each Lot shall be assigned a unique identifying number on the Subdivision Plat. The term "Lot" shall not include any Common Elements or any other part of the Declarant Property that has not been subdivided for separate ownership and residential use.

(y) "Maintenance Zone" shall mean any part of the Declarant Property (including any Lot or Common Elements) designated as "Maintenance Zone" on the Subdivision Plat.

(z) "Member" shall mean any Person who is a member of the Association.

(aa) "Owner" shall mean any Person, whether one or more, who holds record title to any Lot. The term "Owner" shall not include any Person who shall have or acquire an interest in a Lot merely as security for the performance of an obligation. The term "Owner" shall include (i) the Declarant for so long as the Declarant shall hold or retain record title to the Declarant Property, or any part thereof, including any Lot subdivided from the Declarant Property as shown on the Subdivision Plat, and (ii) the Virklers (or either of them) for so long as the Virklers (or either of them) shall hold or retain record title to the Virkler Property, or any part thereof, including any Lot subdivided from the Virkler Property as shown on the Subdivision Plat.

(bb) "Period of Declarant Control" shall mean the period of time commencing upon the recordation of this Declaration in the Office of the Register of Deeds of Orange County, North Carolina and continuing thereafter, unless sooner terminated by Declarant pursuant to a written notice of termination recorded on the Office of the Register of Deeds of Orange County, North Carolina, up to, through and including the date as of which all of the Declarant Property (including all Lots) has been conveyed or transferred of record to one (1) or more persons other than the Declarant.

(cc) "Person" or "person" shall mean any natural person, corporation, business or other trust, partnership, limited liability company, joint venture, association, government, governmental subdivision or agency or other legal or commercial entity.

(dd) "Private Road" shall mean any private road or street within the Development intended to provide a means of ingress, egress and regress to, from and between each Lot, the Common Elements and NCSR 1548 (Schley Road), specifically including, without limitation, all of "Southernwood Drive", "Withers Way", "Tall Oaks Circle", "Horton's Farm Road", "Bittersweet Lane" and "Winding River Road" as shown on the Subdivision Plat. The term "Private Road" shall not include any Driveway. The term "Private Road" shall not include the Virkler Driveway unless and until the Virkler Driveway is made subject to the provisions of this Declaration as provided in **Section 3.03**.

(ee) "Property" shall mean the Declarant Property and the Virkler Property.

(ff) "Rules and Regulations" shall mean such Rules and Regulations not inconsistent with the provisions of this Declaration governing access to and/or the use of the Lots, the Private Roads and/or the Common Elements as may be adopted from time to time by the Declarant during the Period of Declarant Control or, thereafter, by the Board of Directors.

(gg) "Special Assessment" shall mean an assessment levied by the Board of Directors against any Lot or Lots to fund, or to reimburse the Association for, the costs of any capital improvement to the Common Elements, the Private Roads and/or the Trails and/or any extraordinary cost or expense incurred by the Association.

(hh) "Subdivision Plat" shall mean that certain plat of survey recorded in the Office of the Register of Deeds of Orange County, North Carolina in Plat Book 100, Pages 188 and 189, Orange County Registry, as amended, modified and/or supplemented by that certain plat of survey recorded in Plat Book 101, Pages 64 and 65, Orange County Registry, and as hereafter amended, modified and/or supplemented from time to time.

(ii) "Trail" shall mean any part of the Property designated as "Trail" on the Subdivision Plat.

(jj) "View Corridor" shall mean any part of the Declarant Property designated as "View Corridor" on the Subdivision Plat.

(kk) "Virkler Driveway" shall mean those certain private road and driveway easements providing a means of vehicular ingress, egress and regress to and from the Private Roads and the Virkler Property (and such other tracts or parcels of land as may abut the Virkler Driveway) as shown on the Plat and Plans, including any road or driveway constructed thereon. The "Virkler Driveway" may be designated as "50' Private Road Easement" and/or "30' Driveway Easement" on the Subdivision Plat

(ll) "Virkler Property" shall mean that certain tract or parcel of land located in Orange County, North Carolina and more particularly described on the attached **EXHIBIT A-2**.

Section 1.02 Rules of Construction.

(a) Gender. When and as used in this Declaration, words of the masculine gender shall be deemed and construed to include co-relative words of the feminine and neuter genders and words of the neuter gender shall be construed to include co-relative words of masculine and feminine genders.

(b) Captions. The captions or headings in this Declaration are for convenience only and in no way define, limit or describe the scope or intent of any provision of this Declaration.

(c) Reference. All references in this Declaration to particular Articles, Sections or paragraphs are references to Articles, Sections or paragraphs of this Declaration unless some other reference is established.

ARTICLE II - EASEMENTS

Section 2.01 Private Roads Easement. The Declarant hereby establishes, reserves and conveys, as applicable, for the benefit of the Declarant and its employees, contractors and agents (for so long as the Declarant shall retain record title to the Declarant Property or any part thereof, including any Lot subdivided from the Declarant Property), the Virklers and the Virklers' family members, tenants, guests, contractors and invitees (for so long as the Virklers, or either of them, shall retain record title to the Virkler Property or any part thereof, including any Lot subdivided from the Virkler Property), each other Owner and each such Owner's family members, tenants, guests, contractors and invitees, and the Association and its employees, contractors and agents, a perpetual, non-exclusive access easement over, upon and across the Private Roads for the purpose of providing vehicular and pedestrian ingress, egress and regress to and from NCSR 1548 (Schley Road) and each Lot and the Common Elements and to, from and between each Lot and the Common Elements. The easement hereinabove established and conveyed shall (a) be appurtenant to the Property, including each Lot and the Common Elements, (b) run with the title to the Property, including each Lot and the Common Elements, and (c) be subject to any and all restrictions and limitations pertaining to the use of the Private Roads as provided in this Declaration or in the Rules and Regulations.

Section 2.02 General Utility Easements. The Declarant hereby establishes, reserves and conveys, as applicable, for the benefit of the Declarant and its employees, contractors and agents during the Period of Declarant Control, the Association and its employees, contractors and agents and any public or private utility provider, such perpetual, non-exclusive easements over, upon and across the Declarant Property as may be reasonably necessary for the purposes of (a) constructing, installing, maintaining, repairing and/or replacing any water line, sanitary sewer line, storm water drainage line, natural gas line, cable communication transmission, telephone or electric power cable or any other public or private utility pipe, line, cable, apparatus or facility servicing any Lot, any Private Road, the Common Elements or any other part of the Property, or as otherwise required or established by the Declarant during the Period of Declarant Control or, thereafter, by the Association; and (b) providing such vehicular and pedestrian ingress, egress and regress to and from NCSR 1548 (Schley Road) and each Lot, the Common Elements and any other part of the Property over the Private Roads as may be reasonably necessary for the performance of any of the items specified in (a) above.

Section 2.03 Emergency Services Easement. The Declarant hereby establishes and conveys for the benefit of any county, municipal, state or federal emergency services agency and/or personnel, including, without limitation, any law enforcement, fire, ambulance, medical or rescue service and/or personnel, a perpetual, non-exclusive access easement over, upon and across the Driveways, Private Roads, Trails and Common Elements for the purpose of providing such vehicular and/or pedestrian ingress, egress and regress to and from NCSR 1548 (Schley Road) and each Lot (including any Building and Improvement thereon), the Common Elements and any other part of the Property as shall be reasonably necessary for any such emergency services agency and/or personnel to respond to, perform its designated function at, and depart from any apparent or actual emergency upon any Lot, Common Elements or other part of the Property.

Section 2.04 Non-Emergency Services Easement. The Declarant hereby establishes and conveys for the benefit of any non-emergency county, municipal, state or federal service provider, or any non-emergency private service provider contracted by the Association or by any Owner, including, without limitation, the United States Postal Service, any overnight courier service (e.g. FedEx, UPS, DHL) or any trash removal service, a perpetual, non-exclusive access easement over, upon and across the Private Roads for the purpose of providing such vehicular and/or pedestrian ingress, egress and regress to and from NCSR 1548 (Schley Road) and each Lot, the Common Elements and any other part of the Property as shall be reasonably necessary for any such service provider to perform its designated and legal service(s) for the benefit of the Owners, the Owners' respective family members, tenants, guests and invitees, the Association and its employees, contractors and agents, and the Declarant and its employees, contractors and agents.

Section 2.05 Maintenance Zone Easement. The Declarant hereby establishes, reserves and conveys, as applicable, a perpetual, non-exclusive easement over, upon and across each part of the Declarant Property (including any Lot) designated as a Maintenance Zone for the purpose of accessing, maintaining and repairing such Maintenance Zone in accordance with the provisions of this Declaration. Such easement shall inure to the mutual benefit of the Declarant and the Association and their respective employees, contractors and agents during the Period of Declarant Control and, thereafter, to the benefit of the Association and its employees, contractors and agents.

Section 2.06 View Corridor Easement. The Declarant hereby establishes, reserves and conveys, as applicable, a perpetual, non-exclusive easement over, upon and across each part of the Declarant Property (including any Lot) designated as a View Corridor for the purpose of accessing and maintaining such View Corridor in accordance with the provisions of this Declaration. Such easement shall inure to the mutual benefit of the Declarant and the Association and their respective employees, contractors and agents during the Period of Declarant Control and, thereafter, to the benefit of the Association and its employees, contractors and agents.

Section 2.07 Trail Easement. The Declarant and the Virklers hereby establish, reserve and convey, as applicable, a perpetual, non-exclusive easement over, upon and across any part of any Lot, Common Elements or other part of the Property designated on the Subdivision Plat as a Trail for the purpose of maintaining and repairing such Trail. Such easement shall inure to the mutual benefit of the Declarant and the Association and their respective employees, contractors and agents during the Period of Declarant Control and, thereafter, to the benefit of the Association and its employees, contractors and agents. Unless otherwise specified on the Subdivision Plat, the easement herein conveyed for each Trail, regardless of whether such Trail is located on a Lot, the

Common Elements or any other part of the Property, shall be sixteen (16) feet in width, eight (8) feet on either side of the centerline of the Trail as shown on the Subdivision Plat.

Subject to the covenants, limitations and restrictions set forth in this Section and elsewhere in this Article, the Declarant and the Virklers hereby establish, reserve and convey, as applicable, to and for the benefit of each Owner and each Owner's family members, tenants, guests and invitees, a perpetual non-exclusive easement over, upon and across any part of any Lot, Common Elements or other part of the Property designated as a Trail on the Subdivision Plat for pedestrian use and the riding of equines only. Unless otherwise specified on the Subdivision Plat, the easement herein conveyed for each Trail, regardless of whether such Trail is located on a Lot, the Common Elements or any other part of the Property, shall be sixteen (16) feet in width, eight (8) feet on either side of the centerline of the Trail as shown on the Subdivision Plat.

The Trails shall not be used by or for bicycles or motorized vehicles except to the extent the Declarant, the Association or their contractors shall require the use of motorized vehicles for repair or maintenance purposes or any emergency services agency or personnel shall require the use of motorized vehicles to respond to any apparent or actual emergency. The Board of Directors shall have the right to suspend the use of the Trails by any Owner or by any Owner's family member(s), guest(s), tenant(s) and/or invitee(s) in the event such Owner or such Owner's family member(s), guest(s), tenant(s) and/or invitee(s) shall use the Trails in violation of the provisions of this Declaration or the Rules and Regulations or in any manner which the Board of Directors shall, in its sole discretion, determine to be negligent, unsafe or an unreasonable nuisance.

Each Owner, by his/her acceptance of a deed or other instrument conveying record title to any Lot to him, and each of the Virklers acknowledges, covenants and agrees, for himself/herself and his/her family members, tenants, guests and invitees, (a) that riding an equine on any Trail has inherent dangers and may involve the risk of injury to the person and/or property of the rider or death; (b) that pedestrian use of any Trail used for the riding of equines by others has inherent dangers and may involve the risk of injury to the person and/or property of the pedestrian or death; (c) that each Trail may have holes, overhangs, obstructions, snakes and/or wildlife which may result in injury to any pedestrian, equine and/or rider; (d) that none of the Declarant, the Association or the Owner of any Lot on which a Trail is located has expressly or impliedly warranted to him/her the safety or condition of any Trail; (e) that he/she accepts and assumes of his/her own free will and volition and without duress any and all risk of loss or damage to personal property (including any equine), personal injury or death resulting from his use of any Trail for any purpose; and (f) that as a condition of the foregoing right and license to use the Trails, such Owner, for himself/herself and his/her family members, tenants, guests and invitees, forever releases and discharges the Declarant, the Association and each Owner of a Lot upon which a Trail is located from and against, and such Owner hereby waives, any right, demand, claim and/or cause of action that he/she or his/her heirs, successors, personal representatives and/or assigns may at any time have or acquire against any one or more of the Declarant, the Association or any Owner of a Lot upon which a Trail is located arising as a consequence of any loss or damage to personal property (including any equine), personal injury or death suffered as a result of his/her or any family member, tenant, guest or invitee's use of any Trail for any purpose.

Section 2.08 Easement of Enjoyment. The Declarant hereby establishes, reserves and conveys, as applicable, a perpetual non-exclusive right and easement to use and enjoy the Common Elements for any legal purpose not inconsistent with the provisions of this Declaration or the Rules and Regulations, which right and easement shall be appurtenant to and run with the title to each Lot.

Subject to the conditions, restrictions and limitations set forth in this Declaration or in the Rules and Regulations, the right and easement hereby established and conveyed may be exercised by and shall inure to the benefit of each Owner and each Owner's family members, tenants, guests and invitees.

TO HAVE AND TO HOLD each of the easements, rights and licenses established, reserved and/or conveyed pursuant to this Article unto the Person(s) benefited thereby according to its terms. Notwithstanding any provision contained in this Article to the contrary, each of the easements established, reserved and/or conveyed to or by the Owners, the Association and/or the Declarant pursuant to this Article shall benefit and/or burden each Lot, the Common Elements and/or such other part of the Property, as applicable, shall be appurtenant to and run with the title to each Lot, the Common Elements and/or such other part of the Property, as applicable, shall inure to the benefit of the each Owner and each Owner's family members, tenants, guests and invitees, the Association and its employees, contractors and agents and the Declarant and its employees, contractors and agents, as applicable, and shall be subject to any and all restrictions and limitations set forth in this Declaration or in the Rules and Regulations.

ARTICLE III – THE COMMON ELEMENTS

Section 3.01 Ownership. The Common Elements and any and all Buildings and Improvements located thereon shall be owned, operated, maintained and insured by the Association for the use, benefit and enjoyment of the Owners and their respective family members, tenants, guests and invitees in accordance with the provisions of this Declaration and the Bylaws and subject to the easements established in **ARTICLE II**. Prior to the recordation of any deed or other instrument conveying record title to any Lot to any Person other than the Declarant, the Declarant shall record a non-warranty deed in the Office of the Register of Deeds of Orange County, North Carolina conveying all of the Common Elements to the Association.

Section 3.02 Use. Each Owner and each Owner's family members, tenants, guests and invitees shall be permitted to access and use the Common Elements only to the extent expressly permitted in this Declaration or by the Board of Directors. The right of each Owner and each Owner's family members, tenants, guests and invitees to access and use the Common Elements shall be subject to each of the following:

(a) The right of the Board of Directors to promulgate and enforce reasonable rules and regulations governing the use of the Common Elements to ensure the availability of the Common Elements to all Owners and their respective family members, tenants, guests and invitees and the safety of all Owners and their respective family members, tenants, guests and invitees using the Common Elements.

(b) The right of the Board of Directors to suspend the voting rights of an Owner in the Association and the right of the Board of Directors to suspend the right of an Owner and such Owner's family members, tenants, guests and invitees to use the Common Elements and the Trails for any period during which such Owner has failed to pay any Assessment, and for a period not to exceed sixty (60) days for such Owner's infraction of any other provision of this Declaration or the Rules and Regulations.

(c) The right of the Declarant during the Period of Declarant Control and, thereafter, the Association to dedicate or transfer all or any part of the Common Elements to any public agency, authority or utility for such purposes and subject to such conditions as may be

agreed to by the Members; provided, however, that subsequent to the Period of Declarant Control, no such dedication or transfer shall be effective unless not less than two-thirds (2/3) of all Members shall agree to such dedication or transfer and signify their agreement by a signed and recorded written document. This paragraph shall not, however, preclude the Association, by action of the Board of Directors, from granting such easements for the installation and maintenance of electrical, telephone, cablevision, water and sewerage utilities and drainage facilities on, over, under and across the Common Elements, without the assent of the Members, as the Board of Directors, in its sole discretion, shall deem necessary.

(d) The right of the Declarant during the Period of Declarant Control and, thereafter, the Association to grant utility, drainage or other easements over the Common Elements.

(e) The right of the Declarant during the Period of Declarant Control and, thereafter, the Board of Directors to limit the use of the Common Elements and the Trails to the Owners and their respective family members, tenants, guests and invitees

(f) The right of the Declarant during the Period of Declarant Control to reconfigure, expand, reduce or eliminate any Common Elements.

Section 3.03 Maintenance of Common Elements and Private Roads. The Association shall at all times keep and maintain the Common Elements and each of the Private Roads in a neat, clean, attractive and operable condition so as to (a) render and maintain the Common Elements and each of the Private Roads in an accessible and safe condition consistent with the intended uses and purposes thereof as set forth in this Declaration, and (b) enhance and maintain the attractiveness, desirability and value of the Development. Such maintenance shall include, without limitation, the repair, maintenance and upkeep of the Common Elements and Private Roads (including surfaces, entranceways, security facilities, curbing, culverts, bridges and water runoff systems), snow, debris and trash removal, mowing and trimming of grassed areas, the removal of deadfall, debris and obstructions from rivers, streams and ponds located upon the Common Elements, the maintenance of water quality in any pond located upon the Common Elements and the control of silt and erosion from or upon the Common Elements. Unless and until all of the record owners of the Virkler Property (including all Lots subdivided therefrom) and any other tract or parcel of land benefited or burdened by the Virkler Driveway, the Declarant (during the Period of Declarant Control) and the Association shall have executed and caused to be recorded in the Office of the Register of Deeds of Orange County, North Carolina a written instrument (a) subjecting the Virkler Driveway to the provisions of this Declaration pertaining to the use, maintenance and repair of the Private Roads, including, without limitation, the provisions of **Section 4.02**, and (b) conveying each of the easements identified and described in **Sections 2.01, 2.02, 2.03** and **2.04** over and across the Virkler Driveway for the benefit of the Owners, the Association and any other person(s) designated in **Sections 2.01, 2.02, 2.03** and **2.04**, (i) the Virkler Driveway shall be maintained, repaired and improved exclusively by the record owners of the Virkler Property (including all Lots subdivided therefrom) and any other tract or parcel of land benefited or burdened by the Virkler Driveway, at their sole cost and expense, and (ii) the Declarant, the Association and the Owners of Lots subdivided from the Declarant Property shall have no financial or other responsibility for the maintenance, repair and/or improvement of the Virkler Driveway or any part thereof. Upon the execution and recordation of such written instrument as provided above, the Virkler Driveway (or such part thereof as shall be subject to the provisions of such instrument) shall, unless otherwise expressly provided in such instrument, be a

Private Road which shall be maintained and repaired by the Association as fully and to the same extent as if originally designated as a Private Road in this Declaration.

ARTICLE IV – RESTRICTIVE COVENANTS

Section 4.01 Rules and Regulations. The Declarant during the Period of Declarant Control and, thereafter, the Board of Directors, shall have the power to formulate, amend, publish and enforce reasonable rules and regulations concerning the use, enjoyment and/or occupancy of the Common Elements and each Lot, including the Trails, the View Corridors and the Maintenance Zones, not inconsistent with the provisions of this Declaration or any applicable land use ordinance, regulation, statute, law or condition of approval of the Subdivision Plat by any federal, state or local governmental authority.

Section 4.02 Use of Private Roads. The Private Roads shall be used solely for the specific purposes set forth in Sections 2.01, 2.02, 2.03 and 2.04 or elsewhere in this Declaration. Each Owner shall have the duty and responsibility to use the Private Roads in a safe and reasonable manner so as not to create a nuisance or danger to any Person. Each Owner shall be liable to the Association for any damage to any Private Road (including surfaces, entranceways, security facilities, curbing, culverts, bridges and water runoff systems) caused by any extraordinary (e.g. farm, construction or other over-sized vehicles) or negligent use of such Private Road by such Owner or by such Owner's family member, tenant, guest, contractor or invitee. Each Owner shall observe all speed limit and other restrictions or limitations on the use of the Private Roads as may set forth in the Rules and Regulations.

Section 4.03 Use of Lots. Except to the limited extent otherwise expressly provided in Section 11.01, each Lot shall be subject to the following use restrictions:

(a) **Single-Family Residential Use.** Each Lot shall be used for single family residential purposes only. No Lot shall contain more than one (1) primary single family residential structure with an attached or detached private garage as provided in paragraph 4.03(d). A guest house may be constructed kept and maintained as a part of the primary single family residential structure or as an outbuilding constructed in accordance with the provisions of this Article, **ARTICLE V** and the Guidelines. Each Lot may contain such additional Building(s) and/or Improvements to the extent not inconsistent with the provisions of this Declaration and the Guidelines.

(b) **Subdivision of Lots.** No Lot shall be subdivided except that the Virkler Property may be subdivided by the record owners thereof into a total of not more than six (6) Lots. Any subdivision of the Virkler Property into two (2) or more Lots shall be accomplished only by the recordation of an amendment, modification or supplement of or to the Subdivision Plat in the Office of the Register of Deeds of Orange County, North Carolina designating the size and identification number of each new Lot. Any subdivision of the Virkler Property shall comply with the provisions of this paragraph. Notwithstanding the foregoing, in the event any two (2) or more adjoining or contiguous Lots shall be recombined as provided below into a single Lot, such recombined Lot may be subsequently subdivided into two (2) or more Lots each of which shall be at least ten (10) acres in size. Two (2) or more adjoining or contiguous Lots may be recombined into a single Lot; provided, however, that in the event any adjoining or contiguous Lots are recombined into a single Lot, such recombined Lot shall be subject to the same Assessments and other Charges as the original Lots. The Owners of adjoining Lots may

adjust a common boundary line between their Lots by the sale or exchange of portions of such Lots between them. No recombination or subdivision of Lots (including the Virkler Property and any Lots subdivided therefrom) nor any adjustment of any common boundary line between adjoining Lots shall (i) result in the creation of any Lot less than ten (10) acres in size, (ii) result in the reduction of any Lot to less than ten (10) acres in size, or (iii) violate any provision of this Declaration or any applicable zoning, land use or other ordinance, regulation, statute or law or any condition of approval of the Subdivision Plat by any federal, state or local governmental authority.

(c) No Commercial Use. No shop, store, school, child-care facility, factory, hospital, clinic or other for-profit or not-for-profit business establishment or enterprise of any kind shall operate or be permitted to exist on any Lot; provided, however, that a professional home occupation business or consulting activity (hereinafter referred to as a "Professional Home Occupation") shall be allowed to operate and exist on a Lot subject to the following conditions:

- (i) Approval by Board of Directors. No Professional Home Occupation shall be conducted by any Person on any Lot unless the Declarant during the Period of Declarant Control or, thereafter, the Board of Directors shall have approved, in writing, a written request from the Owner of such Lot to conduct a Professional Home Occupation on such Lot. If the Architectural Review Board's approval of any Building and/or Improvement to be used for such Professional Home Occupation is required pursuant to subparagraph (iv) below, the Board of Directors shall not consider such Owner's request for approval to conduct a Professional Home Occupation until the Board of Directors has received and reviewed the Architectural Review Board's written approval or disapproval of such Building and/or Improvement. The Board of Directors shall have the authority to adopt, disregard, amend or modify any such approval or disapproval by the Architectural Review Board. Any approval by the Declarant during the Period of Declarant Control or, thereafter, by the Board of Directors shall constitute a conditional use of the Lot and shall be effective only for so long as the Owner requesting the approval shall own the Lot. Any subsequent Owner of the Lot shall be required to submit a separate written request for approval to the Declarant during the Period of Declarant Control or, thereafter, the Board of Directors prior to conducting a Professional Home Occupation on the Lot. The decision whether or not to approve any Owner's request to conduct a Professional Home Occupation on such Owner's Lot shall be made in the sole and absolute discretion of the Declarant during the Period of Declarant Control or, thereafter, the Board of Directors whose decision shall be final.
- (ii) Maximum Number of Square Feet. Not more than one thousand (1000) square feet of total floor area may be used for any Professional Home Occupation.

- (iii) Location/Screening. Any Building or Improvement (including any parking area) to be used for any Professional Home Occupation shall be located entirely within the Building Envelope on the Lot and shall be adequately screened from view from each Private Road, other Lot and Common Elements by such densely planted evergreen hedge, shrubs, trees and/or other means as may be specified by the Declarant during the Period of Declarant Control or, thereafter, by the Architectural Review Board.
- (iv) Construction Approval. If any Building or Improvement other than an existing Building or Improvement must be constructed or erected, or if any existing Building must be altered, for the conduct of a Professional Home Occupation on any Lot, the Owner of such Lot shall submit a site plan to the Declarant during the Period of Declarant Control or, thereafter, to the Architectural Review Board, which site plan shall show the size and location of each Building and/or Improvement to be constructed, erected and/or altered. Not later than ten (10) days after its receipt of such site plan, the Declarant or the Architectural Review Board, as applicable, shall deliver to the Owner written notification of its approval, approval with conditions or disapproval of the design and/or location of such Building and/or Improvement. In the event the Declarant or the Architectural Review Board, as applicable, shall disapprove of the design or location of such Building and/or Improvement, it shall state, with particularity, the reasons for such disapproval.
- (v) Storage of Materials. No materials for use in any Professional Home Occupation shall be stored outside of any Building.
- (vi) No On-Premises Sales. On-premises wholesale or retail sales and delivery of goods are prohibited, except for goods incidental to the rendering of a service.
- (vii) Nuisances. No equipment or process shall be employed in the conduct of any Professional Home Occupation that will generate noise, odors, vibrations, glare, electrical interference or light pollution detectable at any boundary line of the Lot upon which the Professional Home Occupation is conducted.
- (viii) Vehicular Traffic. No Professional Home Occupation shall generate a significant volume (as determined by the Board of Directors) of vehicular traffic within the Development.
- (ix) Home Occupation Permit. Notwithstanding any approval of any Professional Home Occupation by the Declarant or the Board of Directors, no Owner shall conduct any Professional Home Occupation on his Lot unless and until such Owner has acquired any and all necessary local, state and federal permits, licenses

and approvals for the conduct of such Professional Home Occupation.

- (x) Assessment for Professional Home Occupation. The Association shall assess and collect from each Owner who conducts a Professional Home Occupation on his Lot, and each Owner who conducts a Professional Home Occupation on his Lot shall pay to the Association, an annual Professional Home Occupation assessment in an amount equal to the prevailing Annual Assessment for such Lot. Such assessment shall be prorated by the Association in any calendar year in which the Owner of a Lot does not conduct a Professional Home Occupation on his Lot for such entire calendar year.
- (xi) Revocation of Approval. The Declarant during the Period of Declarant Control or, thereafter, the Board of Directors may, in its sole discretion, revoke its approval to conduct a Professional Home Occupation if the Owner to whom such approval was granted shall violate any condition of the approval of such Owner's Professional Home Occupation by the Declarant or the Board of Directors or any provision of this Declaration or the Rules and Regulations. No Owner shall operate a Professional Home Occupation on his Lot after the approval to conduct such Professional Home Occupation has been revoked by the Declarant or by the Board of Directors.

Notwithstanding the foregoing or any other provision contained in this Declaration to the contrary, the operation of an equestrian business or activity, including, without limitation, the stabling, boarding, breeding, training, purchase, sale and leasing of equines, equestrian lessons, equestrian events and other ancillary activities, shall be permitted on each Category II Lot in accordance with the provisions of paragraph 4.03(i).

(d) Garages. The primary single family residential structure constructed on each Lot shall have an attached or detached private garage for not less than two (2) automobiles. Notwithstanding the foregoing, unless otherwise approved, in writing, by the Declarant during the Period of Declarant Control or, thereafter, by the Architectural Review Board, (i) in the event the primary single family residential structure shall have an attached guest house, the primary single family residential structure shall have an attached or detached garage for not less than three (3) automobiles, and (ii) in the event a detached guest house shall be constructed on such Lot the primary single family residential structure shall have an attached or detached garage for not less than three (3) automobiles or the guest house shall have an attached private garage for not less than one (1) automobile. Any garage, shed, barn or outbuilding located on any Lot shall be used only by the occupant(s) of the primary single family residential structure or guest house located on such Lot.

(e) Completion of Construction. Once the construction, erection or placement of any Building or Improvement on any Lot has commenced, such construction, erection or placement shall proceed in a diligent and continuous manner until completion. Unless otherwise approved, in writing, by the Declarant during the Period of Declarant Control

or, thereafter, by the Architectural Review Board, the construction, erection or placement of any Building or Improvement on any Lot shall be completed not later than eighteen (18) months after the date of commencement.

(f) Other Structures. No mobile home or modular construction residential structure shall at any time be parked, placed, stored, erected, constructed or permitted to remain upon any Lot. No garage, shed, barn, stable, outbuilding, tent or structure of a temporary nature shall be constructed, erected placed, altered or permitted to remain upon any Lot prior to the commencement of construction of a single family residential structure on such Lot. At no time shall any garage, shed, barn, stable, outbuilding, tent or structure of a temporary nature at any time constructed, erected or placed upon any Lot in accordance with the provisions of this Declaration be used for temporary or permanent residential purposes by any Person. Notwithstanding the foregoing or any other provision contained in this Declaration to the contrary, during the period of actual construction of any Building or Improvement on any Lot, the following temporary structures may be erected, placed and permitted to remain on such Lot: (i) a temporary construction shed for tools and equipment, (ii) adequate sanitary toilet facilities for the use and benefit of workmen, and (iii) a construction trailer and/or sales trailer.

(g) Nuisance. No act shall be done and no activity shall be carried on upon any Lot that may be or become an annoyance or nuisance to any Person on any Trail, Private Road, other Lot or Common Elements.

(h) Signs. No sign of any kind shall be displayed or placed upon any Lot except as may be authorized, in writing, by the Declarant during the Period of Declarant Control or, thereafter, by the Architectural Review Board. All signs shall comply with all applicable zoning, land use and other applicable, ordinances, regulations, statutes and laws.

(i) Animals and Pets. No animal of any kind shall be boarded, stabled, housed, pastured, bred, raised or otherwise kept by any Person on any Lot unless expressly permitted herein. Dogs, cats and other domesticated household pets may be kept on each Lot for the sole pleasure and use of the occupants of such Lot, but not for any commercial use or purpose. A limited number of sheep, goats, dairy cows, pigs and/or poultry may be kept on each Lot for the sole pleasure and use of the occupants of such Lot, but not for any commercial use or purpose, with the prior written consent of the Declarant during the Period of Declarant Control or, thereafter, by the Board of Directors. Outside housing for dogs and other pets and animals shall be constructed in such a way that barking dogs or other loud animals shall not be heard by other Owners at night. No commercial kennels shall be permitted on any Lot.

No equine shall be stabled, pastured or otherwise kept on any Category I Lot or on any Common Elements. Equines may be stabled, pastured, bred, raised and/or trained on any Category II Lot for the non-commercial personal use and enjoyment of the Owner of such Category II Lot and such Owner's family members, tenants, guests and invitees; provided, however, that (a) the total number of equines at any time stabled, pastured or otherwise kept on any Category II Lot, exclusive of the Virkler Property or any Lot subdivided therefrom, shall not exceed one (1) per three (3) acres of useable fenced pasture on such Category II Lot without the prior written consent of the Declarant during the Period of Declarant Control or, thereafter, the Board of Directors, and (b) equines may be stabled, pastured, bred, raised and/or trained on the Virkler Property or on any Lot subdivided therefrom for any commercial or non-commercial use or purpose. Nothing contained in this paragraph shall be construed or interpreted to prevent, preclude or in any manner limit the use of any Trail located on any Category I Lot or Common

Elements by any Owner or any owner's family members, tenants, guests or invitees for the riding of equines.

In addition to the foregoing, each and every pet and other animal at any time boarded, stabled, housed, pastured, bred, raised or otherwise kept on any Lot shall, at all times, be (A) properly housed or contained in compliance with the provisions of this Declaration, the Guidelines, the Rules and Regulations and any applicable local, state or federal code, ordinance, regulation, statute or law, (B) adequately supervised, contained and controlled by the Owner of such Lot so as not to chase or molest wildlife or create a nuisance (including any nuisance resulting from noise or odor), menace or danger to any Person within or outside the Development, and (C) properly cared for in good health and condition with all required vaccinations. The health, welfare and condition of each pet and other animal boarded, stabled, housed, pastured, bred, raised or otherwise kept on any Lot is the responsibility of the Owner of such Lot. No pet or other animal boarded, housed, pastured, bred, raised or otherwise kept on any Lot shall be allowed to run free on any other Lot or Common Elements.

The Declarant during the Period of Declarant Control or, thereafter, the Board of Directors shall have the power and authority to require any Owner to remove any pet or other animal from such Owner's Lot in the event such Owner shall fail to comply with the foregoing provisions.

(j) Changes in Topography. No significant change to the topography of any Lot shall be made without the prior written approval of the Declarant during the Period of Declarant Control or, thereafter, the Architectural Review Board.

(k) Weeds, Underbrush and Vegetation. No weeds, underbrush or other unsightly vegetation shall be permitted to grow or remain on any part of any Lot and no refuse pile, debris or unsightly objects shall be placed or permitted to remain on any Lot.

(l) Fences. No fence shall be erected, placed or be permitted to remain on any Lot without the prior written consent of the Declarant during the Period of Declarant Control or, thereafter, the Architectural Review Board. No wall, solid fence or plastic fence shall be erected, placed or permitted to remain on any Lot. Any fence erected, placed or permitted to remain on any Lot shall comply with all applicable Guidelines. For purposes of this paragraph, a "solid fence" shall mean any fence having more than sixty percent (60%) of its vertical surface closed as viewed from a point on a line of sight perpendicular to the line of the fence.

(m) Equipment, Clotheslines. All lawnmowers, tractors and equipment shall be kept in an enclosed structure or adequately screened in a manner approved by the Declarant during the Period of Declarant Control or, thereafter, by the Architectural Review Board so as to conceal same from view from the Private Roads, other Lots and the Common Elements. No clothesline shall be erected, placed or permitted to remain on any Lot.

(n) Antennae. No freestanding telephone, communications, radio or television transmission or reception tower, antenna, dish or disc shall be erected on any Lot; provided, however, that a television reception dish not exceeding five (5) feet in height above the ground and which is adequately screened in a manner approved by the Declarant during the Period of Declarant Control or, thereafter, by the Architectural Review Board so as to conceal same from view from the Private Roads, the Trails, other Lots and the Common Elements. Any radio, television or other antenna attached to any Building shall be erected only in a manner

approved by the Declarant during the Period of Declarant Control or, thereafter, by the Architectural Review Board so as to conceal same from view from the Private Roads, the Trails, other Lots and the Common Elements.

Section 4.04 Maintenance of Lots. The Owner of each Lot shall have the duty and responsibility, at such Owner's sole cost and expense, to keep his Lot, including all Buildings, Improvements and grounds, in a well-maintained, safe, clean and attractive condition at all times. Such maintenance shall include, without limitation, the following:

- (a) prompt removal of all litter, trash, refuse and waste;
- (b) maintenance of lawns and gardens, including lawn mowing and trimming on a regular basis;
- (c) tree and shrub pruning;
- (d) watering by means of a lawn sprinkler system or hand watering as needed;
- (e) maintenance of exterior lighting in working order;
- (f) removal and replacement of any dead plant material;
- (g) maintenance of pastures, fields and other open areas cut, trimmed and free of trash and weeds;
- (h) maintenance of parking areas and the Driveway in good repair;
- (i) painting of Buildings and Improvements when and as necessary; and
- (j) repair of exterior damage to Buildings and Improvements when and as necessary.

Section 4.05 Buffers. Each Buffer shall be kept and maintained in its natural state. No trees, shrubs or plants shall be cut or removed from or planted in any Buffer without the prior written consent of the Declarant during the Period of Declarant Control or, thereafter, the Architectural Review Board.

Section 4.06 Maintenance Zones. Each Maintenance Zone shall at all times be kept free and clear of any and all obstructions and in a neat, attractive and operable condition so as to enhance the attractiveness, desirability and value of the Development. No Building or Improvement (including any fence) shall be constructed, erected, placed or permitted to remain, and no tree or shrub shall be planted, within the boundaries of any Maintenance Zone. Each Maintenance Zone shall be sown with grass to the extent feasible. Such grass shall be maintained and cut when and as necessary consistent with the requirements of this Section. The Association shall have the sole and exclusive duty, obligation and responsibility to at all times maintain and repair each Maintenance Zone, regardless of whether such Maintenance Zone is located on a Lot or the Common Elements. At no time shall any Owner deny, prevent or obstruct access by the Association or its employees or

contractors to any Maintenance Zone for the purpose of performing the Association's duties and responsibilities as set forth in this Section.

Section 4.07 View Corridors. Each View Corridor shall at all times be kept and maintained free and clear of any and all visual obstructions and in a neat and attractive condition so as to enhance the attractiveness, desirability and value of the Development. No Building or Improvement shall be constructed, erected, placed or permitted to remain within any View Corridor; provided, however, that a fence complying with the provisions of this Declaration and the Development Standards may be constructed within any View Corridor with the prior written approval of the Declarant during the Period of Declarant Control or, thereafter, the Architectural Review Board. No tree or shrub shall be planted within any View Corridor without the prior written consent of the Declarant during the Period of Declarant Control or, thereafter, the Architectural Review Board. Each View Corridor shall be sown with grass to the extent feasible. Such grass shall be maintained, cut and trimmed when and as necessary consistent with the requirements of this Section. The Association shall maintain each View Corridor located on the Common Elements. Each Owner of a Lot subject to a View Corridor shall maintain the View Corridor on his Lot. The Association shall have the right, duty and obligation to enter upon any View Corridor located on a Lot pursuant to the easement established and conveyed in **Section 2.06** for the purpose of maintaining such View Corridor in compliance with the provisions of this Section (including the cutting and trimming of grass and the removal of man-made or natural visual obstructions) in the event the Owner of such Lot shall fail to maintain the View Corridor on such Lot in compliance with the provisions of this Section following such Owner's receipt of written notice of non-compliance and demand for cure from the Board of Directors. The reasonable costs incurred by the Association to maintain any View Corridor located on any Lot as provided above shall be charged to and payable by the Owner of such Lot as a Special Assessment. At no time shall any Owner deny, prevent or obstruct access by the Association or its employees or contractors to any View Corridor on such Owner's Lot for the purpose of performing its duties and responsibilities as set forth in this Section.

Section 4.08 Trails. The Trails shall not be used by or for bicycles or motorized vehicles except to the extent the Association or its contractors shall require the use of motorized vehicles for repair or maintenance purposes or any emergency services agency or personnel shall require the use of motorized vehicles for any apparent or actual emergency. Neither the Association nor any Owner shall construct any Building or Improvement or plant any tree or shrub within the boundaries of any Trail. Each Trail shall at all times be kept free and clear of any and all obstructions and overhangs that may pose a risk or danger to any pedestrian, equine or rider. The Association shall have the sole and exclusive duty, obligation and responsibility to at all times maintain and repair each Trail, regardless of whether such Trail is located on a Lot, the Common Elements or any other part of the Property, and shall at all times keep and maintain each Trail in a neat, attractive, operable and safe condition so as to enhance the attractiveness, desirability and value of the Development and the safety of pedestrians, equines and riders. At no time shall any Owner deny, prevent or obstruct access by the Association or its employees or contractors to any Trail located on such Owner's Lot for the purpose of performing its duties and responsibilities as set forth in this Section.

Section 4.09 Sight Lines. No fence, wall, hedge, tree or shrub planting which obstructs sight lines at elevations between two (2) and six (6) feet above any Private Road shall be placed or permitted to remain within any Maintenance Zone or site triangle as shown on the Subdivision Plat.

Section 4.10 Utilities. All water, electric power, telephone, natural gas, sewage, storm water drainage and other utility pipes, lines and cables upon any Lot or Common Elements shall be installed underground. No utility pipe, line or cable upon any Lot or Common Elements shall be installed above ground, whether on poles, towers or otherwise, except for temporary service during construction, unless expressly approved, in writing, by the Declarant during the Period of Declarant Control or, thereafter, by the Architectural Review Board. Municipal water and sewer are not available to any Lot or Common Elements. Consequently, each Owner shall be responsible, at his sole cost and expense, for the installation and maintenance of an adequate well and septic or other waste disposal system in compliance with the Guidelines, the provisions of this Declaration and any and all local, state and federal regulations, codes, ordinances, statutes and laws.

Section 4.11 Motor Vehicles. Except to the extent otherwise expressly provided in this Declaration, no motor vehicle of any kind shall be placed, parked or permitted to remain on any Private Road, Trail or other Common Elements. No commercial vehicle in excess of one (1) ton capacity or bus, including, but not limited to, any school bus, shall be placed, parked, stored or permitted to remain on any Lot. No boat, trailer, camper, recreational vehicle or similar vehicle shall be placed, parked, stored or permitted to remain on any Lot unless it is kept in an enclosed structure or adequately screened in a manner approved by the Declarant during the Period of Declarant Control or, thereafter, by the Architectural Review Board so as to conceal same from view from the Private Roads, other Lots and the Common Elements. No motor vehicle of any kind shall be placed, parked, stored or permitted to remain on any Lot unless it has a valid and current license plat and registration or its is stored in a manner approved, in writing, by the Declarant during the Period of Declarant Control or, thereafter, by the Architectural Review Board.

Except in the event of an emergency or as reasonably necessary to effect any maintenance and/or repair of any Trail, no motor vehicle of any kind shall be operated on any Trail. No unlicensed motor vehicle of any kind shall be operated on any Private Road or other Common Elements. The speed limit for all automobiles and other motorized vehicles using any Private Road shall not exceed thirty (30) miles per hour. The use and operation of all automobiles and other motorized vehicles within the Development shall be in compliance with all local, state and federal ordinances, regulations, codes, statutes and laws.

Section 4.12 Garbage, Containers and Removal. No Lot shall be used or maintained as a dumping ground for garbage, trash or debris. No garbage incinerator shall be placed or operated upon any Lot. All trash, garbage and waste on any Lot shall be kept except in a sanitary container or receptacle which shall be shielded from view from the Private Roads, Trails, adjoining Lots and Common Elements in conformity with the requirements of the Declarant during the Period of Declarant Control or, thereafter, the Architectural Review Board. Each Owner shall use the trash removal service contracted for by the Association or otherwise provided by any county or municipal governmental authority. Until such time, if at all, as the Association or any county or municipal governmental authority shall provide trash removal service for the Development, each Owner shall be responsible for the timely removal of all trash, garbage and debris from his Lot.

Section 4.13 Toxins. The use of any pesticide, herbicide or non-organic chemical for insect or pest control or lawn care on any Lot or Common Elements is discouraged. No chlorinated hydrocarbon pesticide or herbicide or other pesticide or herbicide that persists longer

than the lesser of one (1) season or the life of the crop or vegetation it is meant to protect shall be used on any Lot or the Common Elements, for any purpose, unless serious economic damage is imminent and can be avoided in no other manner. No toxic or other hazardous substance shall be placed upon or otherwise stored or permitted to remain on any Lot or the Common Elements in violation of any local, state or federal ordinance, code, regulation, statute or law.

Section 4.14 Amplified Sound. Amplification of sound or music on any Lot or Common Elements at a volume which may be heard on any Private Road or other Lot or other Common Elements is prohibited unless all affected Owners agree to such amplified sound or music for a special occasion.

Section 4.15 Firearms. No firearm shall be discharged on any Lot or the Common Elements by any Person for any purpose, including practice shooting or hunting. Wildlife which clearly threatens or endangers any Owner or any Owner's family members, tenants, guests or invitees which becomes a nuisance or harmful or damaging to the flora on any Lot or the Common Elements may be controlled in any practical and legal manner which does not require the use of firearms.

Section 4.16 Gas Vapor Lights. No mercury, sodium or other gas vapor light shall be used outdoors on any Lot or the Common Elements unless such light is shaded or hooded in such a manner as to prevent any visible light from being seen on any Private Road or other Lot or Common Elements.

Section 4.17 Erosion and Siltation Control.

(a) The Owner of each Lot shall be responsible for repairing all damage caused by soil erosion and siltation on any adjoining Lot or Common Elements. All Owners and/or their builders shall take the following minimum precautions:

- (i) Prior to commencing any grading or construction on a Lot, the Owner of such Lot shall cause a driveway having a surface of #30 stone with a minimum depth of four (4) inches, a minimum width of ten (10) feet and a minimum length of one hundred (100) feet from the edge of the Private Road to be constructed. Dirt and mud shall not be tracked onto any Private Road. In the event dirt or mud is tracked onto any Private Road, the Owner shall cause such dirt or mud to be immediately removed from the Private Road.
- (ii) Prior to commencing any preliminary grading on any Lot, silt fences, sedimentation ditches or any other appropriate structures shall be installed to control silt and erosion from entering any Lot, Private Road or Common Elements.
- (iii) When a utility company disturbs any area in any Lot, Private Road or Common Elements to connect an individual Lot, the Owner of such Lot shall cause such other Lot, Private Road or Common Elements to be restored to its original condition as soon as the utility work is complete.

- (iv) No building materials, dirt, construction equipment, contractor, subcontractor or workman's vehicle or other construction vehicle shall be stored, left or parked on any Private Road or Common Elements.
- (v) All disturbed earth shall be seeded immediately unless adjoining areas are adequately protected by an appropriate erosion control device.

(b) The Owner of each Lot shall be responsible for repairing, at his sole cost and expense, any damage to any other Lot, Private Road, Common Elements or other part of the Property caused by or in connection with any construction activity on such Owner's Lot.

(c) In the event the Owner of any Lot shall fail to comply with any of the provisions of this Section, the Declarant, during the Period of Declarant Control, or the Association shall deliver written notice to such Owner and/or such Owner's builder demanding compliance with the provisions of this Section. In the event such Owner or his builder shall fail to comply with the provisions of this Section within five (5) business days after the date of such Owner's receipt of such notice, the Declarant, during the Period of Declarant Control, or the Association may then take such action as may be reasonably necessary to remediate the situation and charge the costs and expenses of such remediation, plus an additional amount equal to twenty percent (20%) of all such costs and expenses of remediation, to such Owner. The Owner shall be liable for and shall pay such sum to the Declarant or the Association, as applicable, within ten (10) days after the date on which such Owner receives a written demand for payment from the Declarant or the Association. Any such demand for payment from the Association shall be deemed to be a Special Assessment which shall also constitute a lien against such Owner's Lot pursuant to **Section 6.01**.

Section 4.18 Storage Tanks. No above ground or underground storage tanks for the storage of water, gasoline, chemicals or substances shall be permitted to be erected, constructed, installed, place or permitted to remain on any Lot or Common Elements without the prior written approval of the Declarant during the Period of Declarant Control or, thereafter, the Architectural Review Board. All propane tanks shall be installed underground.

ARTICLE V - SETBACK AND CONSTRUCTION REQUIREMENTS

Section 5.01 Guidelines. No Building (including any single family residential structure) or Improvement shall be constructed, erected, placed, altered or permitted to remain on any Lot or Common Elements unless the plans and specifications for such Building and/or Improvement and the location of such Building and/or Improvement shall have been approved, in writing, by the Declarant during the Period of Declarant Control or, thereafter, by the Architectural Review Board. Each Building and Improvement constructed, erected, placed, altered, existing or otherwise permitted to remain on any Lot or Common Elements shall comply with the provisions of this Declaration, the Guidelines and all applicable local, state and federal ordinances, regulations, codes, statutes and laws. The Guidelines are hereby incorporated into and made a part of this Declaration by this reference; provided, however, that in the event any provision contained in the Guidelines shall conflict or be inconsistent with any provision

contained in this Declaration, the provision contained in this Declaration shall be paramount and controlling and the Guidelines shall be construed and enforced consistent therewith.

Each Owner shall submit two (2) sets of plans and specifications to the Declarant during the Period of Declarant Control or, thereafter, to the Architectural Review Board, for review and approval before initiating the construction of any Building or Improvement on such Owner's Lot. Not later than thirty (30) days after its receipt of such plans and specifications, the Declarant or the Architectural Review Board, as applicable, shall notify such Owner, in writing, whether the Declarant or the Architectural Review Board has approved such plans and specifications, disapproved of such plans and specifications or approved such plans and specifications with conditions. In the event the Declarant or the Architectural Review Board, as applicable, does not respond, in writing, within such thirty (30) day period, the plans and specifications shall be deemed to have been approved. Approval by the Declarant or the Architectural Review Board shall not constitute approval by any local, state or federal governmental authority or agency.

Section 5.02 Building Setbacks. No Building or Improvement shall be constructed, altered, placed or permitted to remain on any Lot outside the designated Building Setback Envelope on such Lot unless approved, in writing, by the Declarant during the Period of Declarant Control or, thereafter, by the Architectural Review Board. No Building or Improvement shall be located closer to any front, side or rear boundary line of any Lot than the minimum setback distance required by the applicable zoning or land use ordinance. If two (2) one or more adjoining or contiguous Lots are recombined into a single Lot, or if any recombined Lot is subsequently subdivided into two (2) or more Lots, the location of any and all Buildings and Improvements on any such Lot shall be subject to the prior written approval of the Declarant during the Period of Declarant Control or, thereafter, the Architectural Review Board.

Section 5.03 Vegetative Conditions. No construction, alteration, earth disturbance or improvement upon, to or on any Lot or Common Elements or any change in its arboreal or vegetative condition shall be made or begun without the prior written approval of the Declarant during the Period of Declarant Control or, thereafter, the Architectural Review Board.

Section 5.04 Height Restrictions. No Building (including any single family residential structure) shall exceed two and one-half stories in height above the natural grade line of the Lot.

Section 5.05 Minimum Square Footage. The heated ground floor area of the main structure (exclusive of basements, porches, garages and storage areas) of each single family residential structure (exclusive of any guest house) having one (1) floor of heated living area shall be not less than three thousand five hundred (3,500) square feet. The heated ground floor area of the main structure (exclusive of basements, porches, garages and storage areas) of any single family residential structure (exclusive of any guest house) having more than one (1) floor of heated living area shall be not less than three thousand (3,000) square feet. The total heated area of the main structure (exclusive of basements, porches, garages and storage areas) of any single family residential structure (exclusive of any guest house) having more than one (1) floor of heated living area shall be not less than four thousand (4,000) square feet.

Section 5.06 Driveways. Each Lot shall have a single width Driveway with a parking pad area of sufficient width and/or depth to allow not less than three (3) automobiles to be simultaneously parked on such pad. Each Driveway shall connect to the Private Road

adjoining the Lot on which such Driveway is located only at the designated connection point as shown on the Subdivision Plat. All Driveways shall be paved from the edge of the travel way of the Private Road to any and all Buildings on the Lot and shall otherwise be constructed in compliance with all applicable Guidelines unless otherwise approved, in writing, by the Declarant during the Period of Declarant Control or, thereafter, by the Architectural Review Board.

ARTICLE VI - THE ASSOCIATION

Section 6.01 Membership. Each Owner shall automatically be a Member of the Association at all times during the period of such Owner's ownership of a Lot. Membership in the Association shall be appurtenant to, and may not be separated from, ownership of a Lot.

Section 6.02 Voting and Voting Rights. The Association shall have the following two (2) classes of voting membership:

Class A. The Class A Members shall be all of the Owners (including the Virklers for so long as the Virklers, or either of them, shall own the Virkler Property or any part thereof, including any Lot that may be subdivided from the Virkler Property) with the exception of the Declarant. Each Class A Member shall be entitled to one (1) vote for each Lot owned by him/her. When more than one (1) Person owns an interest in a Lot, all such Persons shall be Members and the vote for such Lot shall be exercised as they determine; provided, however, that in no event shall more than one (1) vote or any fractional vote be cast with respect to any Lot.

Class B. The Class B Member shall be the Declarant. The Class B Member shall be entitled to four (4) votes for (a) each Lot owned by the Declarant and (b) each ten (10) acre increment of the Declarant Property owned by the Declarant which is not designated on the Subdivision Plat as a Lot or Common Elements. The four (4) votes allocated to each ten (10) acre increment of the Declarant Property owned by the Declarant and not designated on the Subdivision Plat as a Lot or Common Elements shall be allocated on a proportionate basis with respect to any residual increment of the Declarant Property which is less than ten (10) acres in size (e.g. 105 acres = 42 votes). The Class B membership shall cease to exist on the first date as of which the Declarant no longer holds record title to any Lot or other part of the Declarant Property.

Section 6.03 Suspension of Rights. During any period in which a Member shall be in default in the payment of any Assessment, the voting rights of such Member and/or the right(s), license(s) and/or privilege(s) of such Member and such Member's family members, tenants, guests and invitees to use the Common Elements and the Trails may be suspended by the Board of Directors until such Assessment is paid in full. In the event any Member shall violate any provision of this Declaration or any Rules and Regulations, such Member's voting rights and/or the right(s), license(s) and/or privilege(s) of such Member and such Member's family members, tenants, guests and invitees to use the Common Elements and the Trails may, after a hearing as provided below, be suspended by the Board of Directors for a period not to exceed sixty (60) days. Such hearing shall be held by the Board of Directors or a committee thereof after giving such Member not less than ten (10) days prior written notice, which notice shall specify each alleged violation and set the time, place and date of the hearing. Determination of the violation shall be made by a majority vote of the Board of Directors or a committee thereof.

Section 6.04 Management Agreements. The Association is authorized and empowered to engage the services of any Person to act as managing agent of the Association and to perform all of the powers and duties of the Association. The management agent's compensation shall be determined by the Board of Directors. The duties, responsibilities, obligations and compensation of the managing agent shall be set forth in a written management agreement, the term of which shall not exceed one (1) year and which term may be renewed only by written agreement of the parties for successive one year terms. Any management agreement shall be terminable by the Association, with or without cause, upon thirty (30) days prior written notice to the managing agent without payment of any termination fee or penalty.

Section 6.05 Insurance. The Association shall obtain and maintain, to the extent available, public liability insurance in such limits as the Board of Directors may, from time to time, determine to be customary and reasonable for developments similar in construction, location and use to the Development, insuring each of the Declarant (for so long as the Declarant shall own any Lot), the Association, each member of the Board of Directors, the managing agent, if any, and each Owner with respect to its liability arising out of the ownership, maintenance or repair of the Common Elements and the Trails; provided, however, that in no event shall the amounts of such public liability insurance be less than One Million Dollars (\$1,000,000.00) per occurrence for liability for bodily injury, including death resulting therefrom, and damage to property, including loss of use thereof, occurring upon, in or about, or arising from or relating to, the Common Elements or the Trails or any part thereof. Such insurance shall include endorsements covering cross liability claims of one insured against another, including the liability of the Owners as a single group to a single Owner. The Board of Directors shall review such limits annually. Until the first meeting of the Board of Directors following the initial meeting of the Owners, such public liability insurance shall be in an amount of not less than One Million Dollars (\$1,000,000.00) per occurrence for claims for bodily injury and property damage.

ARTICLE VII - ASSESSMENTS

Section 7.01 Creation of Lien and Personal Obligation for Assessments. The Declarant and each Owner, by such Owner's acceptance of a deed conveying a Lot to it, whether or not it shall be so expressed in such deed, covenant and agree, to pay to the Association, when and as due, any and all Annual Assessments, Special Assessments and Charges, including, without limitation, late payment charges, interest on delinquent Assessments, and collection and foreclosure costs and expenses, including reasonable attorneys' fees, as hereafter provided. Each Assessment, together with any Charge incurred or assessed with respect thereto, shall be a charge on, and shall be a continuing lien upon, each Lot against which each such Assessment is levied. Each Assessment, together with any Charge incurred or assessed with respect thereto, shall also be the personal obligation of each Owner of each Lot against which such Assessment is levied at the time such Assessment is due. An Owner's personal obligation for payment of any delinquent Assessment, together with any Charge incurred or assessed with respect thereto, shall not pass to such Owner's successor(s) in title unless expressly assumed by such successor(s) in title.

Section 7.02 Purpose of Assessments. Assessments shall be used (a) to provide funds for maintenance, upkeep, landscaping and beautification of the Common Elements, the Private Roads, the View Corridors, the Maintenance Zones and the Trails; (b) to provide services and facilities related to the Members' use and enjoyment of the Common Elements, the Private Roads and the Trails, including but not limited to the cost of repair, replacement and additions

thereto; (c) for the payment of taxes assessed against the Common Elements and insurance related to the Common Elements, the Private Roads and the Trails; (d) for the employment of attorneys, accountants and other professionals to represent the Association when necessary or useful; (e) for the employment of security personnel; and (f) to provide any service which is not readily available from any governmental authority related to the use, occupancy and enjoyment of the Lots or the Common Elements which the Association shall decide to provide. Assessments may be levied to pay for any utilities necessary to accomplish any of the above-stated purposes.

Section 7.03 Common Expense Budget and Annual Assessments. Not later than the earlier of December 1 or the date of the annual meeting of the Members, the Board of Directors shall prepare and deliver to the Members a budget for the operation of the Association and the maintenance of the Common Elements, the Private Roads, the View Corridors, the Maintenance Zones and the Trails for the following calendar year, which budget shall include an estimate of the Common Expenses and the Annual Assessments for the following calendar year, and a statement of the sources and estimated amounts of funds to cover such Common Expenses, which may include any surplus to be applied from prior years, any income expected from sources other than Annual Assessments, and the amount to be generated through the levy of Annual Assessments.

The Board of Directors shall deliver a copy of the final budget and notice of the amount of the Annual Assessment to be levied to each Owner not later than the earlier of December 1 or the date of the annual meeting of the Members prior to the beginning of the Annual Assessment period. The budget shall automatically become effective unless disapproved by the vote of not less than two-thirds (2/3) of the Members of both classes of Members who are voting in person or by proxy at the annual meeting of the Members or at a meeting of the Members duly called for such purpose. There shall be no obligation to call a meeting for the purpose of considering the budget except on petition of the Members as provided for special meetings in the Bylaws. Any such petition must be presented to the Board of Directors within ten (10) days after delivery of the budget and notice of the Annual Assessment.

If any proposed budget is disapproved or the Board of Directors fails for any reason to determine the budget for any year, then the budget most recently in effect shall continue in effect until a new budget is determined.

The Board of Directors may revise the budget and adjust the Annual Assessment from time to time during any calendar year, subject to the notice requirements and the right of the Members to disapprove the revised budget as set forth above.

The Board of Directors is hereby authorized to levy an Annual Assessment equally against all Lots to fund Common Expenses and to establish and set the frequency or schedule of payment of any Annual Assessment (i.e. monthly, quarterly, annually).

Section 7.04 Special Assessments. In addition to Annual Assessments, the Association may levy, in any calendar year, a Special Assessment applicable to that calendar 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 owned by the Association; provided, however, that any such Special Assessment shall require the affirmative vote of not less than two-thirds (2/3) of the Members of each appropriate and affected class of Members who

are voting in person or by proxy at a meeting of the Members duly called for such purpose. The Board of Directors shall also have the power, right and authority to make and levy a Special Assessment on behalf of the Association against any Lot or Lots (and/or the Owner(s) thereof) when and to the extent expressly provided in this Declaration.

Section 7.05 Notice and Quorum for any Action Authorized Under Sections 7.03 and 7.04. Written notice of any meeting of the Members required by **Section 7.03** or **Section 7.04** (other than a regularly scheduled annual meeting) shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members and/or of proxies entitled to cast sixty percent (60%) of all the votes of each appropriate and affected 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 the Members present in person or by proxy entitled to votes. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 7.06 Uniform Rate of Assessment. Unless otherwise expressly provided in this Declaration, Assessments shall be fixed at a uniform rate for all Lots owned by each class of Member. Assessments may be collected on an annual, monthly, quarterly or other basis as determined by the Board of Directors. Notwithstanding the foregoing or any other provision contained in this Declaration to the contrary, until such time as (a) the Virkler Property is subdivided into two (2) or more Lots in accordance with the provisions of this Declaration, or (b) the Virkler Driveway is subjected to the provisions of this Declaration pursuant to the provisions of **Section 3.03**, whichever shall first occur, the Annual Assessment for the Virkler Property shall not exceed the greater of \$3,000.00 or one-half (1/2) of the Annual Assessment fixed for each of the other Lots.

Section 7.07 Commencement of Annual Assessments; Due Dates; Certificate of Payment. The initial Annual Assessment for each Lot for the calendar year in which this Declaration is recorded in the Office of the Register of Deeds of Orange County, North Carolina shall be levied effective as of the date of such recordation and shall be prorated as of such date. Upon the initial sale of any Lot by Declarant on or before the last day of the calendar year in which this Declaration is recorded in the Office of the Register of Deeds of Orange County, North Carolina, the Owner acquiring such Lot shall pay to the Association the prorated Annual Assessment for the calendar year in which the closing occurs, prorated as of the date of closing. Not later than the last day of such calendar year in which this Declaration is recorded in the Office of the Register of Deeds of Orange County, North Carolina, the Declarant shall pay the prorated initial Annual Assessment for each Lot owned by it as of the last day of such calendar year. Unless the Declarant during the Period of Declarant Control or, thereafter, the Board of Directors, shall specify some other frequency or schedule of payment, Annual Assessments for subsequent calendar years shall be due and payable in full on the first day of each calendar year thereafter. The amount of the Annual Assessment due and payable on the first day of each such calendar year shall be as set forth and established pursuant to this Article. At the time of the initial sale of any Lot by Declarant subsequent to the last day of the calendar year in which this Declaration is recorded in the Office of the Register of Deeds of Orange County, North Carolina, the Owner acquiring such Lot shall pay to the Association the full Annual Assessment for the calendar year in which the closing occurs, prorated as of the date of closing.

The Association shall, upon written request from any Owner, and for a reasonable charge, furnish a certificate to such Owner signed by an officer of the Association setting forth whether the Assessments on such Owner's Lot have been paid. A properly executed certificate issued by a duly authorized officer of the Association as to the status of all Assessments on a Lot shall be binding upon the Association as of the date of its issuance.

Section 7.08 Effect of Nonpayment of Assessments: Remedies of the Association.

In the event any Owner shall fail to pay any Assessment within thirty (30) days after the due date, such Assessment shall bear interest from the due date at the rate of eighteen percent (18%) per annum or the maximum legal rate, whichever is less, and shall be subject to a late payment charge, in the discretion of the Board of Directors, not to exceed Twenty-Five Dollars (\$25.00) or the maximum legal rate, whichever is less. The Association or its managing agent or other representative may bring an action or proceeding against the Owner personally obligated to pay the same to collect such delinquent Assessment, together with any accrued Charges, or to foreclose the Association's lien against the Lot against which the Assessment was levied. For purposes of this Section, the amount of any delinquent Assessment, plus accrued Charges, shall be considered evidenced by this Section and, therefore, evidence of indebtedness shall hereby exist. No Owner may waive or otherwise escape liability for any Assessment or Charge by non-use of the Common Elements or by non-use, abandonment, sale or transfer of his Lot.

Section 7.09 Subordination of the Association's Lien to Mortgages.

The Association's lien for Assessments provided for in this Article shall be subordinate to the lien of any first priority deed of trust or mortgage. The sale or transfer of any Lot shall not affect or impair the Association's lien for any Assessment. However, the sale or transfer of any Lot pursuant to a mortgage foreclosure sale, or transfer of title to the mortgagee in lieu thereof, shall extinguish the Association's lien for any Assessment and Charge which became due and payable prior to the date of such foreclosure sale or transfer to a mortgagee in lieu thereof. No such sale or transfer shall, however, relieve or release any Lot from liability for any Assessments or Charges thereafter becoming due or from the lien thereof.

Section 7.10 Exempt Property.

The Common Elements shall be exempt from the lien of any Assessment. Any Lot which the Declarant shall hereafter designate for common use as part of the Common Elements, and any part of the Property granted to or used solely by a utility for the purpose of providing utility services to the Property, or any part thereof, shall be exempt from the lien of any Assessment.

ARTICLE VIII - INSURANCE

Section 8.01 Ownership.

All insurance policies upon the Common Elements, the Private Roads, the Trails and any other property of the Association shall be purchased by the Association, or its agent, for the benefit of the Association, the Owners (including the Declarant for so long as the Declarant shall retain title to any Lot or any part of the Property) and the Owners' respective mortgagees as their interests may appear. Each Owner may, in his sole discretion, obtain additional insurance coverage upon his real and/or personal property at his sole expense.

Section 8.02 Property Insurance.

Any and all Buildings and Improvements located on any Common Elements, the Private Roads (to the extent insurable) and any and all personal property belong to the Association shall be insured in an amount equal to the maximum amount

of their insurable replacement value, excluding foundation and excavation costs, or by ninety percent (90%) co-insurance blanket coverage or by such other form of policy as the Board of Directors shall deem appropriate. Such coverage shall afford protection from and against (a) loss or damage by fire or other hazards covered by a standard extended coverage endorsement, and (b) such other risks as the Board of Directors shall deem appropriate, including vandalism and malicious mischief.

Section 8.03 Public Liability Insurance. Public liability insurance with respect to the Common Elements, the Private Roads and the Trails shall be purchased by the Association, or its agent, in such amounts and with such coverage as the Board of Directors shall deem appropriate. The Board of Directors may also purchase, from time to time, such additional types of insurance as it may deem necessary or desirable. To the extent available, each such policy shall include an endorsement providing coverage to each Owner and his family members, tenants, guests and invitees.

Section 8.04 Fidelity Insurance or Bond. All Persons responsible for or authorized to expend funds or otherwise deal in the assets of the Association shall be bonded by a fidelity insurer to indemnify the Association for any loss or default in the performance of their duties in an amount equal to at least one-half (1/2) the Annual Assessment plus accumulated reserves.

Section 8.05 Premiums. Premiums for contracts of insurance purchased by the Association shall be paid by the Association and charged ratably to the Owners as a component of Common Expenses.

Section 8.06 Proceeds. All contracts of insurance purchased by the Association shall be for the benefit of the Association, the Owners and the Owners respective mortgagees as their interests may appear. All insurance proceeds shall be payable to the Association as insurance trustee under this Declaration. The sole duty of the Association as insurance trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purposes stated herein.

Section 8.07 Distribution of Insurance Proceeds. Proceeds of insurance policies purchased by the Association shall be payable to the Association, its successors or assigns, as insurance trustee, and shall be distributed to or for the benefit of the beneficial Owners in the following manner:

(a) **Expenses of the Trust.** All expenses of the insurance trustee shall be first paid or provisions made therefor.

(b) **Reconstruction or Repair.** If the damage or destruction for which the insurance proceeds are paid is to be repaired or reconstructed, the proceeds, or such portion thereof as may be required for such purposes, shall be paid to defray the costs thereof. Any insurance proceeds in excess of the amount required to pay for the costs of repairs or reconstruction of the insured property, shall be retained by and for the benefit of the Association and held in a reserve account for capital improvements.

(c) **Failure to Reconstruct or Repair.** If it is determined that the damage or destruction for which the insurance proceeds are paid shall not be repaired or reconstructed, then the said proceeds shall be retained by and for the benefit of the Association and held in a reserve account for capital improvements.

ARTICLE IX - DAMAGE AND DESTRUCTION

Section 9.01 Estimating Cost of Repairs. Immediately after the damage or destruction of all or any part of the Common Elements, the Private Roads or the Trails covered by insurance written in the name of the Association, the Association shall file and settle all claims arising under such insurance policies and obtain detailed estimates of the cost of repair or reconstruction of the damaged or destroyed Common Elements, Private Roads or Trails.

Section 9.02 Property to be Repaired or Reconstructed. Any damage or destruction to the Common Elements, the Private Roads or the Trails insured by the Association shall be repaired or reconstructed unless at least seventy-five percent (75%) of the voting Members of the Association shall vote not to repair or reconstruct the damaged property within ninety (90) days after the damage or destruction. No mortgage shall have the right to participate in the determination of whether the damage or destruction shall be repaired or reconstructed.

Section 9.03 Property Not to be Repaired or Reconstructed. In the event that it is determined that the damage or destruction of property insured by the Association shall not be repaired or reconstructed and no alternative improvements are authorized, then, and in that event, the said property shall be restored to its natural state and maintained as an undeveloped portion of land by the Association.

Section 9.04 Insufficient Insurance Proceeds. If the damage or destruction for which the insurance proceeds are paid is to be repaired or reconstructed and if the said proceeds are insufficient to defray the costs thereof, the Board of Directors may levy a Special Assessment against all Owners in proportion to the number of Lots owned by such Owners. Additional Assessments may be made at any time during or following the completion of any repair or reconstruction to cover the costs of same.

ARTICLE X - ARCHITECTURAL REVIEW BOARD

Section 10.01 Architectural Review Board and Guidelines. The Declarant during the Period of Declarant Control or, thereafter, the Board of Directors may appoint an Architectural Review Board each year consisting of not less than one (1) nor more than five (5) persons, none of whom need be a Member of the Association. In the event the Board of Directors shall fail to appoint an Architectural Review Board at any time subsequent to the expiration or termination of the Period of Declarant Control, the Board of Directors shall act as the Architectural Review Board. Subsequent to the expiration or termination of the Period of Declarant Control, the Architectural Review Board shall have the power and authority to amend, modify, supplement and/or waive any provision of the Guidelines and enforce the provisions of this Declaration and the Guidelines with respect to the construction or alteration of any Building or Improvement on any Lot or Common Elements, as well as landscaping, arboreal and vegetative requirements for the Development. The initial Guidelines shall be established by the Declarant and may be amended, modified, supplemented and/or waived by the Declarant from time to time during the Period of Declarant Control. The Declarant shall have the power and authority to enforce the Guidelines during the Period of Declarant Control but may, in its sole discretion, delegate such power to the Architectural Review Board and/or the Board of Directors at any time prior to the expiration or termination of the Period of Declarant Control. Any amendment, modification, supplement or waiver of any provision of the Guidelines shall be

effective upon adoption by the Declarant or the Architectural Review Board, as applicable, and need not be recorded in the Office of the Register of Deeds of Orange County, North Carolina. Notwithstanding the foregoing, any Building or Improvement constructed, erected or placed on any Lot or Common Elements in compliance with the provisions of this Declaration and the Guidelines (or any valid waiver thereof or exemption therefrom) in effect at the time such Building or Improvement was constructed, erected or placed, shall be permitted to remain in place, as originally constructed, erected or placed notwithstanding any subsequent amendment, modification, supplementation or termination of this Declaration or any provision of the Guidelines (or any valid waiver thereof or exemption therefrom).

Section 10.02 Improvements and Alterations. Unless and until a plan of construction is approved, in writing, by the Declarant during the Period of Declarant Control or, thereafter, by the Architectural Review Board, no Building or Improvement, whether of a temporary or a permanent nature and whether or not affixed to the ground, shall be commenced, erected, installed, added or permitted to remain on any Lot or Common Elements. The plans for any grading and landscaping of any Lot or Common Elements shall also require the prior written approval of the Declarant during the Period of Declarant Control or, thereafter, the Architectural Review Board.

Unless and until a plan of alteration is approved, in writing, by the Declarant or the Architectural Review Board, as applicable, no construction, alteration or repair, including, but not limited to, a change in exterior color of any Building, shall be undertaken which affects the external appearance of any Building or Improvements on any Lot or Common Elements.

No Building or Improvement on any Lot or Common Elements shall be utilized for a type of use other than that for which it was originally designed without the prior written approval of the Declarant during the Period of Declarant Control or, thereafter, the Architectural Review Board. In addition, no mature live trees, located outside the Building Envelope on any Lot or Common Elements, may be cut down or removed without the prior written approval of the Declarant during the Period of Declarant Control or, thereafter, the Architectural Review Board unless necessary to stop the spread of any disease or abate any dangerous situation.

Nothing contained in this Section shall be construed to limit the right of an Owner to remodel the interior of his home or to paint the interior thereof any color desired.

Section 10.03 Appeals to Board of Directors. Any Owner may appeal to the Board of Directors any construction, development, alteration or other decision or determination rendered by the Architectural Review Board subsequent to the Period of Declarant Control; provided, however, that written notice of such appeal of any decision or determination of the Architectural Review Board shall be delivered to a member of the Board of Directors not later than thirty (30) days after the date the written decision or determination of the Architectural Review Board from which an appeal is sought was rendered by the Architectural Review Board. The Board of Directors shall establish such appeal process as it deems reasonable. Subsequent to the Period of Declarant Control, the Board of Directors shall have the power and authority to (a) amend, modify, supplement, terminate and/or waive any provision of the Guidelines, and (b) review and uphold, amend, modify, supplement or overturn, in whole or in part, any decision or determination of the Architectural Review Board. The Board of Directors shall render and deliver to the appealing Owner its decision on any such appeal, in writing, and in a prompt manner. The decision of the Board of Directors shall be final and shall be binding upon the

affected Owner, Lot or Common Elements. The provisions of this Section shall not apply to any decision or determination made or rendered by the Board of Directors subsequent to the Period of Declarant Control while acting in the capacity of the Architectural Review Board

ARTICLE XI - GENERAL PROVISIONS

Section 11.01 Special Provisions Applicable to Virkler Property. Notwithstanding any provision contained in this Declaration to the contrary,

(a) the provisions of paragraph 4.03 (c) and Sections 4.15 and 4.18 shall not apply to the Virkler Property or to any Lot subdivided from the Virkler Property;

(b) the provisions of paragraphs 4.03 (a), (d), (f) and (I), ARTICLE V and Section 10.02 shall not apply to any Building or other Improvement existing upon the Virkler Property as of the date this Declaration is recorded in the Office of the Register of Deeds of Orange County, North Carolina, nor shall any such paragraph, Article or Section require or be construed to require (i) any alteration or removal of, or any addition to, any such existing Building or Improvement or (ii) the construction, erection or placement of any Building or Improvement upon the Virkler Property, or upon any Lot that may be subdivided from the Virkler Property, which does not exist upon the Virkler Property as of the date this Declaration is recorded in the Office of the Register of Deeds of Orange County, North Carolina;

(c) the Virkler Property and each Lot subdivided from the Virkler Property may be used for any legal commercial or non-commercial farming or agricultural purpose or activity (specifically including, without limitation, the breeding, boarding and training of equines) and nothing contained in this Declaration (specifically including, without limitation, the provisions of paragraph 4.03(i)) shall be construed or interpreted to limit the number of equines, sheep, goats, dairy cows, pigs and/or poultry that may at any time be bred, raised, boarded and/or kept on the Virkler Property, or on any Lot subdivided from the Virkler Property, for any such purpose or activity; and

(d) the provisions of this Section may not be amended, modified, altered or deleted without the written consent of the Owner of the Virkler Property and each Lot subdivided from the Virkler Property.

Except to the extent otherwise expressly provided in this Section or elsewhere in this Declaration, each of the covenants, conditions, restrictions and easements contained in this Declaration shall benefit and burden the Virkler Property and each Lot subdivided from the Virkler Property.

Section 11.02 Enforcement. Subject to the notice requirements stated below, the Association (including any management entity contracted by the Association) and each Owner (including the Declarant for so long as the Declarant shall retain record title to any Lot or other part of the Property) shall have the right to enforce or to enjoin the violation of, by any proceeding at law or in equity, all covenants, conditions, restrictions, reservations, easement, use rights, liens and charges now or hereafter established, granted or imposed by the provisions of this Declaration. Subject to the notice requirements stated below, the Association (including its employees, contractors, agents and any management entity contracted by the Association) shall have the further right to enter upon any Lot, at any reasonable time and in any reasonable

manner, for the limited purpose of curing a violation of any covenant, condition, restriction, reservation or easement now or hereafter established, granted or imposed by the provisions of this Declaration existing on such Lot without liability for damages for wrongful entry, trespass or otherwise to the Owner of such Lot or any other Person occupying such Lot. Failure by the Association or any Owner (including the Declarant for so long as the Declarant shall retain record title to any Lot or other part of the Property) to enforce any covenant, condition, restriction, reservation, easement, use right, lien or charge now or hereafter established, granted or imposed by the provisions of this Declaration shall not be deemed a waiver of the right to do so at a subsequent date.

Notwithstanding the foregoing, neither the Association (including its employees, contractors, agents and any management entity contracted by the Association) nor any Owner (including the Declarant) shall take any legal, equitable or other action against any Lot or the Owner thereof to enforce any right or remedy or enjoin any violation pursuant to the provisions of this Section unless and until (a) the Association (or any management entity contracted by the Association) or the enforcing Owner (including the Declarant) shall have delivered to the Owner of the Lot upon which a violation of any covenant, condition, restriction, reservation or easement now or hereafter established, granted or imposed by the provisions of this Declaration shall exist written notice of such violation and demand for cure, which notice shall state the nature of the violation with specificity, and (b) the Owner of the Lot upon which the violation exists shall have failed to cure such violation within a period of not less than thirty (30) calendar days after the date of delivery of such written notice and demand for cure.

The prevailing party in any legal or equitable action pursuant to this Section shall have the right to recover from the non-prevailing party, and the non-prevailing party shall be liable to the prevailing party for the payment of, any and all costs and expenses of such legal or equitable action incurred by the prevailing party, including, without limitation, court costs and reasonable attorneys' fees to the full extent permitted by law. In the event the Association shall incur any costs and/or expenses to enter upon any Lot for the purpose of curing a violation of any covenant, condition, restriction, reservation or easement now or hereafter established, granted or imposed by the provisions of this Declaration existing on such Lot as provided above, the total amount of all such costs and expenses shall be deemed a Special Assessment against such Lot and the Owner thereof and the Association shall have all corresponding lien, collection and other rights with respect to such Special Assessment as are provided in this Declaration.

Section 11.03 Limitations. Nothing contained in this Declaration shall be construed or interpreted to impose any condition, restriction, lien or charge upon any tract or parcel of land other than the Property.

Section 11.04 Amendment/Termination. Unless and until terminated pursuant to agreement of (a) the Owners to which at least eighty percent (80%) of the Association's Class A membership votes are allocated, and (b) the Declarant until such time as Declarant's Class B membership in the Association shall cease as provided herein, or otherwise as provided by law, all of the covenants, conditions and restrictions set forth in this Declaration shall run with and bind the Property for a term of twenty (20) years from the date this Declaration is recorded in the Office of the Register of Deeds of Orange County, North Carolina, after which time they shall be automatically extended for successive periods of ten (10) years each. Except to the extent expressly otherwise provided in this Declaration or by law, this Declaration may be amended by an instrument approved by (a) Owners to which at least sixty-seven percent (67%) of the

Association's Class A membership votes are allocated, and (b) the Declarant until such time as Declarant's Class B membership in the Association shall cease as provided herein. Notwithstanding the foregoing, any amendment that purports to terminate this Declaration and/or the Association shall provide that the responsibility for the maintenance and upkeep of the Common Elements shall remain with the Owners in perpetuity.

Section 11.05 Amendment Form. If any amendment to this Declaration is approved as provided in **Section 11.04**, each such amendment shall be delivered to the Board of Directors. Thereupon, the Board of Directors shall, within thirty (30) days, do the following:

(a) Reasonably assure itself that the amendment has been validly approved by the Owners of the required number of Lots. (For this purpose, the Board of Directors may rely on its roster of Members and shall not be required to cause any title to any Lot to be examined).

(b) Attach to the amendment a certification as to its validity, which certification shall be executed by the Association in the same manner that deeds are executed. The following form of certification is suggested:

CERTIFICATION OF VALIDITY OF AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS FOR PLEASANT GREEN FARMS

By authority of its Board of Directors, the Pleasant Green Farms Homeowners Association, Inc. hereby certifies that the foregoing instrument has been duly approved by the Owners of 100 percent of the Lots in Pleasant Green Farms and is, therefore, a valid amendment to the Declaration of Covenants, Conditions, Restrictions and Easements for Pleasant Green Farms.

This the 2 day of February, 07

PLEASANT GREEN FARMS HOMEOWNERS ASSOCIATION, INC., a North Carolina nonprofit corporation

By: George A. Horton III
Name: George A. Horton III
Title: Owner/Developer

(c) Immediately, and within the thirty (30) day period aforesaid, cause the amendment to be recorded in the Office of the Register of Deeds of Orange County, North Carolina.

All amendments shall be effective from the date of their recordation in the Office of the Register of Deeds of Orange County, North Carolina; provided, however, that no such instrument shall be valid until it has been indexed in the name of the Association. When any instrument purporting to amend the covenants, conditions and restrictions has been certified by the Board of Directors, recorded and indexed as provided by this Section, it shall be conclusively presumed that such instrument constitutes a valid amendment as to each Person thereafter purchasing any Lot.

Section 11.06 Lender's Notice. Upon written request to the Association identifying the name and address of the holder, insurer or guarantor and the Lot number or address, any mortgage holder, insurer or guarantor will be entitled to timely written notice of:

(a) Any condemnation or casualty loss that affects either a material portion of the Common Elements or the Lot securing its mortgage.

(b) Any sixty (60) day delinquency in the payment of any Assessment owed by the Owner of the Lot on which it holds the mortgage.

(c) A lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.

(d) Any proposed action that requires the consent of a specified percentage of mortgage holders.

(e) The Association's financial statement for the immediately preceding fiscal year.

Section 11.07 Exhibits. Whenever reference is made to any exhibit attached to this Declaration, such exhibit shall be deemed to be incorporated herein as fully as if set forth verbatim herein.

Section 11.08 Inconsistent Provisions. In the event any provision contained in the Articles of Incorporation or the Bylaws is contrary to or inconsistent with any provision contained in this Declaration, the provision contained in this Declaration shall prevail and the Articles of Incorporation or Bylaws, as applicable, shall be deemed to be amended and/or modified consistent therewith. In the event any provision contained in this Declaration is contrary to or inconsistent with any provision contained in the Act, the provision contained in the Act shall prevail and this Declaration shall be deemed to be amended and/or modified consistent therewith.

Section 11.09 Notices. Any notices provided for in this Declaration shall be in writing and shall be deemed sufficiently given to (a) any Owner when delivered personally at or mailed to the address shown on any recorded instrument conveying a Lot to such Owner, or at any other address that such Owner may designate to the Association in writing; (b) the Declarant when delivered personally at or mailed to 1000 Corporate Drive, Suite 109, Hillsborough, North Carolina 27278, or to any other address that Declarant may designate to the Association in writing; (c) the Virklers when delivered personally or mailed to 4500 Schley Road, Hillsborough, North Carolina 27278, or to any other address that the Virklers may designate to the Association in writing, (d) the Association when delivered personally at or mailed to the address of the registered agent or any officer of the Association; and (e) any management entity contracted by the Association when delivered personally at or mailed to the address designated in any management agreement. Any notice properly addressed, bearing proper postage and deposited in the United States mail shall be deemed to have been received by the recipient five (5) days (exclusive of any Sunday or federal holiday) after the date of the postmark.

Section 11.10 No Liability. In no event shall the Declarant, the Association (or the any management entity contracted by the Association) be liable to any Owner with respect to any dispute which may arise solely among or between two (2) or more Owners, nor shall the Declarant,

the Association (or any management entity contracted by the Association) be responsible or liable for any act, omission, conduct or breach of any obligation imposed by this Declaration by any Owner or any family member, guest, tenant, licensee or invitee of any Owner.

Section 11.11 Governing Laws. The interpretation and construction of this Declaration and the enforcement of any right or remedy conferred upon the Declarant, the Association, any Owner or any other Person pursuant to any provision of this Declaration shall be governed by the laws of the state of North Carolina.

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be duly executed as of the day and year first above written.

PLEASANT GREEN LAND DEVELOPMENT CO., a North Carolina corporation

By: *George A. Horton III* (SEAL)
George A. Horton, III, President

Drayton Timms Virkler (SEAL)
Drayton Timms Virkler

Laura Horton Virkler (SEAL)
Laura Horton Virkler

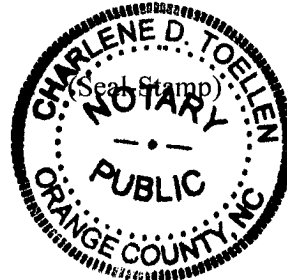
STATE OF NORTH CAROLINA
COUNTY OF Orange

I, Charlene D. Toellen, a Notary Public in and for said county and State, do hereby certify that George A. Horton, III, the President of **PLEASANT GREEN LAND DEVELOPMENT CO.,** a North Carolina corporation, personally appeared before me this day and acknowledged the due and voluntary execution of the foregoing instrument for and as the act of the corporation for the purposes therein expressed. Witness my hand and notarial seal this 25th day of January, 2007.

Charlene D. Toellen
Notary Public

Charlene D. Toellen
Printed or Typed Name of Notary Public

My Commission expires: 2/23/2010

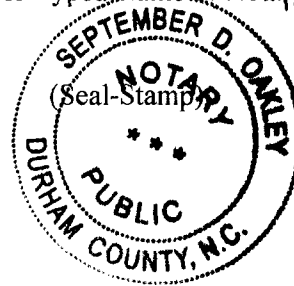


STATE OF NORTH CAROLINA
COUNTY OF Durham

I, September D. Oakley a Notary Public in and for said county and State, do hereby certify that Drayton Timms Virkler personally appeared before me this day and acknowledged the due and voluntary execution of the foregoing instrument for and as the act of the corporation for the purposes therein expressed. Witness my hand and notarial seal this 1st day of February, 2007.

September D. Oakley
Notary Public
September D. Oakley
Printed or Typed Name of Notary Public

My Commission expires: June 8, 2010



STATE OF NORTH CAROLINA
COUNTY OF Durham

I, Jason V. Langlois, a Notary Public in and for said county and State, do hereby certify that Laura Horton Virkler personally appeared before me this day and acknowledged the due and voluntary execution of the foregoing instrument for and as the act of the corporation for the purposes therein expressed. Witness my hand and notarial seal this 30 day of JAN, 2007.

Jason V. Langlois
Notary Public
Jason V. Langlois
Printed or Typed Name of Notary Public

My Commission expires: 11-14-2007

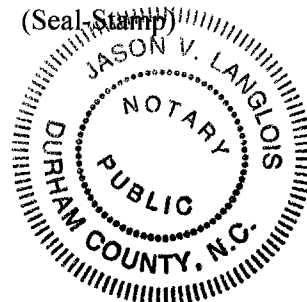


EXHIBIT A-1

PROPERTY DESCRIPTION – DECLARANT PROPERTY

Being all of **Lot 1**, containing 10.16 acres, more or less, as shown on a plat of survey recorded in Plat Book 100, Pages 188 and 189, and Plat Book 101, Pages 64 and 65, Orange County Registry, reference to which plats of survey is hereby made for a more particular description of such lot.

Being all of **Lot 2**, containing 10.34 acres, more or less, as shown on a plat of survey recorded in Plat Book 100, Pages 188 and 189, and Plat Book 101, Pages 64 and 65, Orange County Registry, reference to which plats of survey is hereby made for a more particular description of such lot.

Being all of **Lot 3**, containing 11.29 acres, more or less, as shown on a plat of survey recorded in Plat Book 100, Pages 188 and 189, and Plat Book 101, Pages 64 and 65, Orange County Registry, reference to which plats of survey is hereby made for a more particular description of such lot.

Being all of **Lot 4**, containing 362.73 acres, more or less, as shown on a plat of survey recorded in Plat Book 100, Pages 188 and 189, and Plat Book 101, Pages 64 and 65, Orange County Registry, reference to which plats of survey is hereby made for a more particular description of such lot.

Being all of **Lot A** (also referred to as Lot 5 in Plat Book 100, Pages 188 and 189), containing 8.64 acres, more or less, as shown on a plat of survey recorded in Plat Book 100, Pages 188 and 189, and Plat Book 101, Pages 64 and 65, Orange County Registry, reference to which plat of survey is hereby made for a more particular description of such lot.

EXHIBIT A-2

PROPERTY DESCRIPTION – VIRKLER PROPERTY

Being all of Lot 33, containing 63.85 acres, more or less, as shown on a plat of survey recorded in Plat Book 101, Pages 64 and 65, Orange County Registry, reference to which plat of survey is hereby made for a more particular description of such lot.

EXHIBIT B

**ARTICLES OF INCORPORATION
OF
PLEASANT GREEN FARMS HOMEOWNERS ASSOCIATION, INC.,**

a North Carolina Nonprofit Corporation

The undersigned does hereby make and acknowledge these Articles of Incorporation for the purpose of forming a nonprofit corporation under and by virtue of the North Carolina Nonprofit Corporation Act, N.C.G.S. §55A-1-01 et seq.

**ARTICLE I
NAME**

The name of the corporation is Pleasant Green Farms Homeowners Association, Inc.

**ARTICLE II
INITIAL REGISTERED OFFICE AND AGENT**

The street and mailing address and county of the initial registered office of the corporation are 1000 Corporate Drive, Suite 109, Hillsborough, Orange County, North Carolina 27278. The name of the initial registered agent of the corporation at that address is George A. Horton, III.

**ARTICLE III
INCORPORATOR**

The name and address of the incorporator are George A. Horton, III, 1000 Corporate Drive, Suite 109, Hillsborough, North Carolina 27278.

**ARTICLE IV
MEMBERSHIP**

Any person or entity who holds record title to any Lot in Pleasant Green Farms, a residential planned community located in Little River Township, Orange County, North Carolina, as provided in that certain Declaration of Covenants, Conditions, Restrictions and Easements for Pleasant Green Farms recorded or to be recorded in the Office of the Register of Deeds of Orange County, North Carolina, and the recorded plat(s) of survey referenced therein, as same may be amended, supplemented and/or modified from time to time (the "Declaration"), shall be and remain a member ("Member") of the corporation for so long as such person or entity shall hold record title to such Lot. No lienholder, judgment creditor, trustee or other person or entity holding legal or beneficial title to, or any other interest in, any Lot merely as security for an obligation shall be qualified for or entitled to membership in the corporation. All defined terms in the Declaration shall have the same meanings in these Articles of Incorporation unless otherwise defined herein.

ARTICLE V
DISTRIBUTION OF ASSETS ON DISSOLUTION

Any assets of the corporation shall, upon dissolution of the corporation, be distributed in accordance with the applicable provisions of the North Carolina Planned Community Act and/or North Carolina Nonprofit Corporation Act, as applicable.

ARTICLE VI
PRINCIPAL OFFICE

The initial street and mailing address of the principal office of the corporation is 1000 Corporate Drive, Suite 109, Hillsborough, North Carolina 27278. The principal office may, however, be located at such other place(s) as may be designated from time to time by the corporation's Board of Directors.

ARTICLE VII
PURPOSES

The corporation does not contemplate pecuniary gain or profit to its members and is formed solely for the purposes for which a nonprofit corporation may be formed pursuant to the North Carolina Planned Community Act and the North Carolina Nonprofit Corporation Act. The specific purposes for which the corporation is formed are as follows:

(a) to have all of the powers granted to the corporation by the North Carolina Planned Community Act and/or the North Carolina Nonprofit Corporation Act, as applicable, and the Declaration not inconsistent therewith;

(b) to enforce any valid restriction, condition and covenant set forth in the Declaration and to perform the functions and duties and exercise the powers set forth in the Declaration not inconsistent with the North Carolina Planned Community Act and/or the North Carolina Nonprofit Corporation Act, as applicable;

(c) to receive, acquire, hold, retain, encumber, sell, transfer and/or convey legal or beneficial title to the Common Elements, or any part thereof, and any tangible or intangible personal property, as provided in the Declaration;

(d) to exercise all powers deemed by the Board of Directors of the corporation to be necessary to the corporation's objectives and purposes or which reasonably may be implied therefrom, including, but not limited to, the power to solicit, collect, receive, administer and disburse funds and file liens in such manner as, in the sole discretion of the Board of Directors of the corporation, will operate most effectively to further the mutual benefit of the Members of the corporation consistent with the provisions of the Declaration, the North Carolina Planned Community Act and the North Carolina Nonprofit Corporation Act; and

(e) to have and exercise any and all other powers, rights and privileges which a corporation organized pursuant to the North Carolina Planned Community Act and the North Carolina Nonprofit Corporation Act may by law now or hereafter have or exercise.

ARTICLE VIII
INITIAL DIRECTORS

The corporation's initial Board of Directors shall consist of three (3) directors. The name and address of the corporation's initial directors are as follows:

Alice K. Horton
1000 Corporate Drive, Suite 109
Hillsborough, North Carolina 27278

George A. Horton, III
1000 Corporate Drive, Suite 109
Hillsborough, North Carolina 27278

James W. Parker, Jr.
1000 Corporate Drive, Suite 101
Hillsborough, North Carolina 27278

Laura H. Virkler
4500 Schley Road
Hillsborough, North Carolina 27278

ARTICLE IX
BYLAWS

The initial Bylaws of the corporation shall be adopted by the corporation's initial Board of Directors. The power to amend or repeal the initial Bylaws or to adopt new Bylaws shall be in the Members. The Bylaws may contain any provisions for the regulation and management of the corporation which are not inconsistent with these Articles of Incorporation, the Declaration, the North Carolina Planned Community Act and/or the North Carolina Nonprofit Corporation Act, as applicable.

ARTICLE X
AMENDMENT

These Articles of Incorporation may be amended (a) at any annual or special meeting of the Members duly held in accordance with the provisions of the Bylaws of the corporation with respect to which notice of such purpose has been given, and at which a quorum is present, by the affirmative vote of Members entitled and qualified to vote present at such meeting in person or by proxy who represent not less than a majority of the total number of votes allocated to the Lots and the Declarant Property represented by the Members present in person or by proxy at such meeting, or (b) by written consent of Members entitled and qualified to vote who represent not less than a majority of the total number of votes allocated to all Lots and the Declarant Property as provided in the Declaration. In the event there are no Members entitled and qualified to vote, these Articles of Incorporation may be amended as provided by the applicable provisions of the North Carolina Planned Community Act and/or the North Carolina Nonprofit Corporation Act.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 2 day of Feb., 2007.

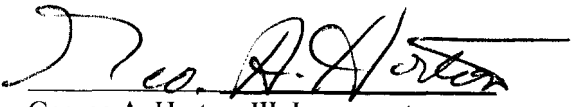

George A. Horton, III, Incorporator

EXHIBIT C

**INITIAL BYLAWS OF
PLEASANT GREEN FARMS HOMEOWNERS ASSOCIATION, INC.,**

a North Carolina Nonprofit Corporation

**ARTICLE I
NAME**

Section 1.01 Name. The name of the corporation is Pleasant Green Farms Homeowners Association, Inc. (the "Association").

**ARTICLE II
OFFICES**

Section 2.01 Principal Office. The principal office of the Association shall be located at the address provided in the Articles of Incorporation or at such other place in the State of North Carolina as may be designated from time to time by the Board of Directors.

Section 2.02 Registered Office. The registered office of the Association required by law to be maintained in the State of North Carolina may be, but not need be, identical with the principal office.

Section 2.03 Other Offices. The Association may have offices at such other places, either within or without the State of North Carolina as the Board of Directors may from time to time determine or as the affairs of the Association may require.

**ARTICLE III
MEMBERSHIP**

Section 3.01 Membership. Any person or entity who holds record title to any Lot located in Pleasant Green Farms, a residential planned community located in Little River Township, Orange County, North Carolina, as provided in the Declaration of Covenants, Conditions, Restrictions and Easements for Pleasant Green Farms recorded or to be recorded in the Office of the Register of Deeds of Orange County, North Carolina, and the recorded plat(s) of survey referenced therein, as same may be amended, supplemented and/or modified from time to time (the "Declaration"), shall be and remain a member ("Member") of the Association for so long as such person or entity shall hold record title to such Lot. No lienholder, judgment creditor, trustee or other person or entity holding legal or beneficial title to, or any other interest in, any Lot merely as security for an obligation shall be qualified for or entitled to membership in the Association. All defined terms in the Declaration shall have the same meanings in these Bylaws unless otherwise defined herein.

ARTICLE IV
MEETINGS OF MEMBERS

Section 4.01 Annual Meeting. A meeting of the Members shall be held at least once each calendar year on such date as may be designated by the Board of Directors for the purpose of transacting any business authorized to be transacted by the Members.

Section 4.02 Substitute Annual Meeting. If the annual meeting of the Members is not held as provided in **Section 4.01**, any business, including the election of Directors, which might properly have been acted upon at the annual meeting may be acted upon at any subsequent meeting of the Members held pursuant to these Bylaws or pursuant to a court order requiring a substitute annual meeting.

Section 4.03 Special Meetings. In addition to the annual meeting as provided in **Section 4.01**, a special meeting of the Members may be called at any time by the President, a majority of the Board of Directors, or upon written request of Members having not less than ten percent (10%) of all the votes in the Association as provided in the Declaration.

Section 4.04 Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or other person authorized to call the meeting by mailing a copy of such notice, postage prepaid, not less than ten (10) days nor more than sixty (60) days in advance of any annual or special meeting to each Member entitled and qualified to vote thereat, addressed to each such Member's address last appearing on the books of the Association or supplied by such Member to the Association for the purpose of the notice. Such notice shall specify the place, day and hour of the meeting and, in the case of a special meeting, the purpose of the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed as provided above, with postage thereon prepaid.

Section 4.05 Qualification to Vote. Any Person who does not hold record title, individually or with others, to any Lot or the Declarant Property shall not be entitled or qualified to vote on any action taken by the Members unless such person is given the authority to vote for and on behalf of a Member by written proxy complying with the provisions of **Section 4.08**. No Member who is delinquent in the payment of any Annual Assessment, Special Assessment, Charge or other assessment, fee, cost, charge or other expense, or any part thereof, levied by the Board of Directors shall be entitled or qualified to vote on any action taken by the Members at any time during which any such Annual Assessment, Special Assessment, Charge or other fee, cost, charge or other expense, or any part thereof, is delinquent.

Section 4.06 Voting List. At least five (5) days before each meeting of the Members the Secretary shall prepare an alphabetical list of the Members entitled and qualified to vote at such meeting, which list shall be kept on file at the principal office of the Association for a period of five (5) days prior to such meeting, and shall be subject to inspection by any Member at any time during usual business hours. This list shall also be subject to inspection by any Member during the whole of the meeting. Any Member otherwise entitled and qualified to vote at any meeting shall be entitled to vote; provided, however, that the owner(s) of each Lot and the Declarant Property shall not cast more than the number of votes allocated to such Lot and the Declarant Property by the Declaration on any action taken by the Members, regardless of the number of record owners of such Lot or the Declarant Property.

Section 4.07 Quorum. The presence at any meeting in person or by proxy of Members entitled and qualified to vote who represent not less than ten percent (10%) of the votes allocated to all Lots and the Declarant Property as provided in the Declaration shall constitute a quorum for any action; provided, however, that no Lot or the Declarant Property may be represented by more than one (1) Member for the purpose of determining whether a quorum is present, regardless of the number of record owners of such Lot or the Declarant Property. If a quorum shall not be present or represented at any meeting, the Members entitled and qualified to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented. The presence of a Member at the beginning of a meeting, in person or by proxy, shall constitute the presence of that Member for the duration of such meeting for the purpose of determining whether a quorum is present for any action.

Section 4.08 Proxies. At all meetings of the Members, each Member may vote in person or by proxy; provided, however, that the record owner(s) of each Lot and the Declarant Property, whether one (1) or more, shall not be entitled to cast more than the number of votes allocated to such Lot or the Declarant Property as provided in the Declaration, regardless of the number of record owners of such Lot or the Declarant Property. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon expiration or termination of the Member's membership in the Association or suspension of his eligibility to vote.

Section 4.09 Order. The order of business at annual meetings of the Members, and, as far as practical, at all other meetings of the Members, shall be:

- a. Calling of the roll and certifying of proxies.
- b. Proof of notice of meeting or waiver of notice.
- c. Reading and disposal of any unapproved minutes.
- d. Unfinished business.
- e. Committee reports.
- f. New business.
- g. Adjournment.

Section 4.10 Conduct of Meetings. The President shall preside over all meetings of the Members. The Secretary shall keep a minute book with all resolutions adopted by the Members, minutes of all meetings, and all written consents to actions taken without a meeting. Robert's Rules of Order (latest edition) shall govern the conduct of each meeting.

Section 4.11 Adjournments. Any meeting of the Members at which a quorum is present may be adjourned by a majority of the Members present at such meeting, in person or by proxy, to reconvene at a specific time and place. It shall not be necessary to give any notice of the reconvened meeting or of the business to be transacted if the time and place of the reconvened meeting are announced at the meeting which was adjourned. Any business may be transacted which could have been transacted at the meeting which was adjourned if a quorum is present at the reconvened meeting. The presence of a Member at the beginning of a meeting, in person or by proxy, shall constitute the presence of that Member for the duration of such meeting for the purpose of determining whether a quorum is present for any action.

Section 4.12 Action of Members Without a Meeting. Any action which may be taken at a meeting of the Members may be taken without a meeting if a written consent setting forth with reasonable detail the action authorized is signed by Members then entitled and qualified to vote

who represent not less than the minimum number of votes necessary to approve such action at a special meeting of the Members. Facsimile signatures shall be permitted and shall have the same validity and effect as original signatures. The consent shall be filed in the minute book or other appropriate records of the Association by the Secretary. It shall then have the same effect as a vote of such Members at a special meeting called for the purpose of considering the action authorized.

Section 4.13 Vote Required for Action. The total number of votes that may be cast by the membership on any action which may be taken by the Members, whether at an annual or special meeting or by written consent without a meeting, shall not exceed the total number of votes allocated to all Lots and the Declarant Property as provided in the Declaration. The record owner(s) of each Lot and the Declarant Property, whether one (1) or more, shall cast not more than the number of votes allocated to such Lot or the Declarant Property as provided in the Declaration on any action taken by the Members. Any votes cast or a written consent signed by a record owner of any Lot or the Declarant Property having more than one (1) record owner shall be deemed to be votes cast or a written consent signed by all record owners of such Lot or the Declarant Property and shall be binding upon each of them as fully and to the same extent as if each of them had voted on such action or signed such written consent. Except as otherwise provided by law, the Articles of Incorporation, these Bylaws or the Declaration, and subject to the above-stated voting provisions, the act of Members entitled and qualified to vote who represent not less a majority of the total number of votes present in person or by proxy at any meeting of the Members at which a quorum is present, shall be the act of all of the Members.

ARTICLE V **BOARD OF DIRECTORS**

Section 5.01 General Powers. The business and affairs of the Association shall be managed by the Board of Directors. The Board of Directors shall have all powers of the Association that are not required by law, the Articles of Incorporation, these Bylaws or the Declaration to be exercised by the Members. The powers of the Association include those set forth in Article 3 of the North Carolina Planned Community Act, in Article 3 of the North Carolina Nonprofit Corporation Act and in the Declaration not inconsistent therewith.

Section 5.02 Number, Term and Qualifications. The number of Directors shall be not less than one (1) nor more than nine (9). Except to the extent otherwise provided in the Declaration, each Director shall serve a term of two (2) years and, subject to removal, disqualification or resignation, until his successor has been elected and qualified. Any natural person shall be eligible for election or appointment as a Director.

Section 5.03 Nomination. Nominations for election of Directors by the Members shall be accepted by the Secretary, in writing, not more than thirty (30) days prior to the annual meeting of the Members. Nominations may also be made orally by any Member at the annual meeting of the Members. Nominations for election of Directors shall be made and accepted according to procedures adopted by the Board of Directors.

Section 5.04 Election. Directors shall be elected as provided in **Section 5.02**. Those persons who receive the highest number of votes shall be deemed to be elected. If any Member so demands, the election of Directors by the Members shall be by written ballot.

Section 5.05 Removal. Any Director may be removed from office, with or without cause, by a vote of the Members at any annual or special meeting of the Members duly held in accordance with the provisions of these Bylaws with respect to which notice of such purpose has been given and at which a quorum is present by the affirmative vote of Members present in person or by proxy who are entitled and qualified to vote and who represent not less than a majority of all votes allocated to the Lots and the Declarant Property as provided in the Declaration.

Section 5.06 Vacancies. Any vacancy occurring on the Board of Directors may be filled by a majority of the Directors remaining in office though less than a quorum of the Board of Directors. Any Director so elected by the remaining Directors to fill the vacancy of a removed Director shall, subject to removal, disqualification or resignation, serve the remaining term of such removed Director and until his successor has been elected and qualified.

Section 5.07 Compensation. Directors shall not receive compensation for their services on the Board of Directors. A Director may serve the Association in another capacity and receive compensation, if disclosed to the Board of Directors in advance in writing.

Section 5.08 Committees. The Board of Directors may, by resolution adopted by a majority of the Directors, establish such committees and the terms, purposes and authorities thereof, as it may, in the exercise of its sole discretion, deem appropriate. Each such committee shall consist of at least one (1) Member, but need not consist of a Director unless so provided by the Board of Directors. Non-Members may serve on any committee unless expressly prohibited by the Board of Directors. No committee may exercise the authority of the Board of Directors in the conduct of the business or affairs of the Association.

ARTICLE VI

MEETINGS OF THE BOARD OF DIRECTORS

Section 6.01 Place of Meetings. The Board of Directors may hold its meetings at any place as the Board of Directors by resolution may establish.

Section 6.02 Regular Meetings. A regular meeting of the Board of Directors shall be held at least once each year at such time(s) as the Board of Directors by resolution may provide.

Section 6.03 Special Meetings. Special meetings of the Board of Directors may be called by the President, the Secretary or any Director.

Section 6.04 Notice of Meetings. No notice shall be required for regularly scheduled meetings. Notice of each special meeting shall be given to each Director stating the time, place and purpose of the meeting. The notice of any special meeting shall be given by mail deposited at least five (5) days before the meeting or by telephone, telegram, cablegram, or personal delivery at least three (3) days before the meeting. Notice by telegram or cablegram shall be deemed delivered at the time the notice is filed with the transmitting agency. Notice by telephone or personal delivery shall be deemed effective only when actually communicated to the Director.

Section 6.05 Quorum. A quorum shall be deemed present throughout any meeting of the Board of Directors when a majority of all Directors then holding office are present in person or by proxy at the beginning of the meeting.

Section 6.06 Voting. Except as otherwise provided by law or these Bylaws, the act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. Each Director shall have one (1) equal vote on all matters considered and/or voted upon by the Board of Directors.

Section 6.07 Adjournments. Any meeting of the Board of Directors, whether or not a quorum is present, may be adjourned by a majority of the Directors present to reconvene at a specific time and place. It shall not be necessary to give notice of the reconvened meeting or of the business to be transacted, other than by announcement at the meeting which was adjourned. Any business may be transacted which could have been transacted at the meeting which was adjourned, if a quorum is present at the reconvened meeting.

Section 6.08 Action by Board of Directors Without a Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if a written consent is signed by all Directors and is filed with the minutes of the Board of Directors. Facsimile signatures shall be permitted and shall have the same validity and effect as original signatures. The consent shall have the same force and effect as a unanimous vote of the Board of Directors.

Section 6.09 Conduct of Meetings. The President shall preside over all meetings of the Board of Directors. The Secretary shall keep a minute book with all resolutions adopted by the Board of Directors, minutes of all meetings, all written consents to actions taken without a meeting, all memoranda of emergency actions taken without a meeting, and proceedings occurring at all such meetings. Robert's Rules of Order (latest edition) shall govern the conduct of the meetings.

ARTICLE VII **POWERS AND DUTIES OF THE BOARD OF DIRECTORS**

Section 7.01 Powers. The Board of Directors shall have power to:

(a) levy, assess or charge Annual Assessments, Special Assessments and other Charges against or to the Lots in accordance with the provisions of the Declaration;

(b) suspend the voting rights of any Member during any period in which such Member shall be delinquent in the payment an Annual Assessment, Special Assessment or other Charge levied, assessed or charged by the Association to or against any Lot owned by such Member;

(c) suspend the privileges of any Member to use the Common Elements and Trails during any period in which such Member shall be (i) delinquent in the payment an Annual Assessment, Special Assessment or other Charge levied, assessed or charged by the Association to or against any Lot owned by such Member, or (ii) in material violation of any provision of the Declaration or the Rules and Regulations.

(d) file a lien on behalf of the Association against any Lot in the event the payment of any Annual Assessment, Special Assessment or other Charge levied, assessed or charged by the Association to or against such Lot shall become delinquent, and/or commence appropriate legal action to enforce such lien and/or effect collection of any such Annual Assessment, Special Assessment or other Charge;

- (e) declare the office of a Director to be vacant in the event such Director shall be absent from three (3) consecutive meetings of the Board of Directors;
- (f) elect and employ a President, who shall be the chief executive officer of the Association, and such other employees as they deem necessary, and to prescribe their duties;
- (g) elect such other Officers of the Association as it may deem necessary;
- (h) elect a successor Director to fill the vacancy of any Director removed by the Members or declared vacant by the Board of Directors;
- (i) establish such committees as it may deem appropriate; and
- (j) exercise for the Association any and all other powers, duties and authority vested in, conferred upon or delegated to the Association pursuant to these Bylaws, the Articles of Incorporation, the Declaration, the North Carolina Planned Community Act and/or the North Carolina Nonprofit Corporation Act, as applicable, and not expressly reserved to the Members by these Bylaws, the Articles of Incorporation, the Declaration, the North Carolina Planned Community Act and/or the North Carolina Corporation Act, as applicable.

Section 7.02 Duties. It shall be the duty of the Board of Directors to:

- (a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting which such statement is requested in writing any Member;
- (b) supervise all Officers, agents and employees of the Corporation, and to see that their duties are properly performed;
- (c) issue, or to cause an appropriate Officer to issue, upon demand by any Member, a certificate setting forth whether any Annual Assessment, Special Assessment or other Charge required to be paid by any Member has been paid. Such certificate shall be conclusive evidence of such payment;
- (d) cause all Officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;
- (e) cause any property of the Association to be properly maintained and insured;
- (f) cause any and all necessary registrations, licenses and permits to be obtained and maintained by the Association;
- (g) submit a proposed annual budget, including any proposed Common Expenses, to the Members for their consideration and approval at the annual meeting of the Members;

(h) submit a proposed special assessment or other charge and justification therefore to the Members for their consideration and approval when and as the Board of Directors may deem necessary;

(i) pay any license fees or governmental charges levied or imposed against any property of the Association; and

(j) perform such other duties as are imposed by these Bylaws, the Articles of Incorporation, the Declaration, the North Carolina Planned Community Act and/or the North Carolina Nonprofit Corporation Act, as applicable.

ARTICLE VIII **OFFICERS**

Section 8.01 Number. The Officers of the Association shall consist of a President, one or more Vice Presidents as designated by the Board of Directors, a Secretary, a Treasurer and one or more Assistant Secretaries and Treasurers as designated by the Board of Directors. The Association shall not be required to have at any time any Officers other than a President, Secretary and Treasurer. Any two (2) or more offices may be held by the same person, except the offices of President and Secretary. Any natural person shall be eligible for election or appointment as an Officer.

Section 8.02 Election and Term. All Officers shall be elected by the Board of Directors and shall serve at the pleasure of the Board of Directors.

Section 8.03 Compensation. Any compensation of Officers shall be fixed by the Board of Directors.

Section 8.04 Removal. Any Officer or agent elected by the Board of Directors may be removed by the Board of Directors, with or without cause, at any meeting with respect to which notice of such purpose has been given to the Directors.

Section 8.05 President. The President shall be a Director and the chief executive officer of the Association and shall have responsibility for the general supervision of the business of the Association. The President shall see that all orders and resolutions of the Board of Directors are carried into effect. The President shall perform such other duties as may from time to time be assigned or delegated to him/her by the Board of Directors. The President shall have all the general powers and duties which are incident to the office of the president of a corporation organized under the North Carolina Planned Community Act and/or the North Carolina Nonprofit Corporation Act, as applicable.

Section 8.06 Vice Presidents. The Vice President shall be a Director and, in the absence or disability of the President, or at the direction of the President, shall have the duties and powers of the President. If the Association has more than one Vice President, the Board of Directors shall designate one of them to act for the President. Each Vice President shall have whatever additional duties and powers as may from time to time be assigned or delegated to him/her by the Board of Directors or which are incident to the office of the vice president of a corporation organized under the North Carolina Planned Community Act and/or the North Carolina Nonprofit Corporation Act, as applicable.

Section 8.07 Secretary. The Secretary shall keep accurate and complete records of all meetings of Members and Directors, including minutes of the meetings, all resolutions adopted and all consents to actions without a meeting. The Secretary shall have authority to give all notices required by law or these Bylaws. The Secretary shall be custodian of the corporate books, records, contracts and other documents. The Secretary may affix the corporate seal to any lawfully executed documents requiring it and shall sign such instruments as may require his signature. The Secretary shall have whatever addition duties and powers as may from time to time be assigned or delegated to him/her by the Board of Directors or which are incident to the office of the secretary of a corporation organized under the North Carolina Planned Community Act and/or the North Carolina Nonprofit Corporation Act, as applicable.

Section 8.08 Treasurer. The Treasurer shall have custody of all funds and securities belonging to the Association and shall receive, deposit or disburse them under the direction of the Board of Directors. The Treasurer shall keep full and true accounts of all receipts and disbursements and shall make reports to the Board of Directors and President upon request. The Treasurer shall perform all duties as may be assigned to him from time to time by the Board of Directors. The Treasurer shall prepare or cause to be prepared all required financial statements, tax returns and budgets. If the Corporation employs an accountant, attorney or other agent, the duties may be delegated to the agent. However, the Treasurer shall remain responsible for supervising the agent. The Treasurer shall have whatever addition duties and powers as may from time to time be assigned or delegated to him/her by the Board of Directors or which are incident to the office of the treasurer of a corporation organized under the North Carolina Planned Community Act and/or the North Carolina Nonprofit Corporation Act, as applicable.

Section 8.09 Assistant Secretary and Assistant Treasurer. The Assistant Secretary and Assistant Treasurer shall, in the absence or disability of the Secretary of the Treasurer, respectively, have the duties and powers of those offices. They shall, in general, perform any other duties assigned to them by the Board of Directors. Specifically, the Assistant Secretary may affix the corporate seal to all necessary documents and attest the signature of any Officer.

Section 8.10 Bonds. The Board of Directors may require any or all of the Officers, agents or employees of the Association to give bonds to the Association, with sufficient surety, conditioned on the faithful performance of the duties of their respective offices or positions.

ARTICLE IX

PROHIBITION AGAINST SHARING IN CORPORATE EARNINGS

Section 9.01 Prohibition. No Director, Officer, Member, employee, agent, committee member, Person connected with the Association or other Person shall receive at any time any of the net earnings or pecuniary profit from the operations of, or any other distribution from, the Association; provided, however, that any such Person may receive payment of reasonable compensation for services rendered to or for the Association in effecting any of its purposes as shall be fixed by the Board of Directors, or a distribution of the assets of the Association upon the dissolution or winding up of the affairs of the Association, whether voluntary or involuntary, to the extent such distribution is mandated or permitted by the North Carolina Planned Community Act and/or the North Carolina Nonprofit Corporation Act, as applicable.

ARTICLE X

PROHIBITED ACTIVITIES

Section 10.01 Prohibition. Notwithstanding any other provision of these Bylaws to the contrary, no Director, Officer, Member, employee, agent, committee member or other representative of the Association shall take any action or carry on any activity by or on behalf of the Association not permitted to be taken or carried on by the Association pursuant to the North Carolina Planned Community Act and/or the North Carolina Nonprofit Corporation Act, as applicable.

ARTICLE XI MISCELLANEOUS

Section 11.01 Fiscal Year. The fiscal year of the Association shall begin on or the first (1st) day of January and end on the thirty-first (31st) day of December of each calendar year.

Section 11.02 Seal. The corporate seal of the Association shall be in circular form having within its circumference the words: Pleasant Green Farms Homeowners Association, Inc. Corporate Seal.

Section 11.03 Inspection of Books and Records. All accounts, books and records of the Association shall be open to inspection by the Members during normal business hours subject to such reasonable rules as the Board of Directors may establish.

Section 11.04 Indemnification. Each Director and Officer shall be indemnified by the Association against those expenses which are allowed by the laws of North Carolina and which are reasonably incurred in connection with any action, suit or proceeding, whether completed, pending or threatened, in which such person may be involved by reason of his being or having been a Director and/or Officer. Indemnification shall be made only in accordance with the laws of the State of North Carolina. The Association may purchase and maintain insurance on behalf of any such Directors and/or Officers against any liabilities asserted against them whether or not the Association would have the power to indemnify the Directors and/or Officers against the liability under the laws of the State of North Carolina. If any expense or other amounts are paid by way of indemnification, other than by court order, by action of the Members or by an insurance carrier, the Association shall provide notice of such payment to the Members in accordance with the laws of the State of North Carolina.

Section 11.05 Waiver of Notice. Whenever any notice is required to be given to any Member or Director, a waiver signed by the Member or Director entitled to such notice, whether before or after the meeting to which the waiver pertains, shall be deemed equivalent to proper notice. Attendance at a meeting, whether in person or by proxy, shall be a waiver of notice of the time and place unless specific objection to improper notice is made when the meeting is called to order. Attendance shall also be a waiver as to all business transacted unless specific objection is made before the objectionable business is put to vote.

Section 11.06 Amendment. These Bylaws may be amended (a) at any annual or special meeting of the Members duly held in accordance with the provisions of these Bylaws with respect to which notice of such purpose has been given, and at which a quorum is present, by the affirmative vote of Members entitled and qualified to vote present at such meeting in person or by proxy who represent not less than a majority of the total number of votes allocated to the Lots and

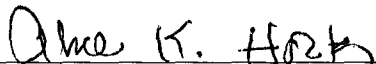
the Declarant Property as provided in the Declaration represented by the Members present in person or by proxy at such meeting, or (b) by written consent of Members entitled and qualified to vote who represent not less than a majority of the total number of votes allocated to all Lots and the Declarant Property as provided in the Declaration. In the event there are no Members entitled and qualified to vote, these Bylaws may be amended as provided by the applicable provisions of the North Carolina Planned Community Act and/or the North Carolina Nonprofit Corporation Act.

Section 11.07 Self-Dealing. Each Director, Officer and agent of the Association shall disclose in the written minutes of the Board of Directors any contract or agreement of any kind between the Corporation and any person or entity to which he is related by blood or marriage or in which he has an interest, whether direct or indirect.

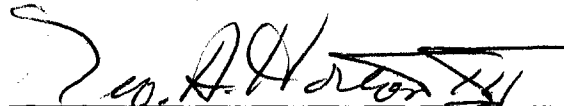
Section 11.08 Conflicts. In the event of any conflict between the Articles of Incorporation and these Bylaws, the Articles of Incorporation shall control. In the event of any conflict between the Declaration and these Bylaws, the Declaration shall control. In the event of any conflict between any mandatory provision of the North Carolina Planned Community Act and/or the North Carolina Nonprofit Corporation Act, as applicable, and these Bylaws, the mandatory provision of the North Carolina Planned Community Act and/or the North Carolina Nonprofit Corporation Act, as applicable, shall control.

Section 11.09 Effective Date. The effective date of these Bylaws shall be the date of approval and adoption set forth below.


APPROVED AND ADOPTED BY THE UNDERSIGNED INITIAL DIRECTORS OF THE ASSOCIATION THIS 2 DAY OF Feb., 2007.



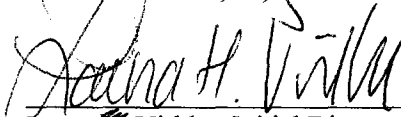
Alice K. Horton, Initial Director



George A. Horton, III, Initial Director



James W. Parker, Jr., Initial Director



Laura H. Virkler, Initial Director

H.