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KATHERINE LEE PAYNE
REGISTER OF DEEDS
GUILFORD COUNTY, NC
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DECLARATION

OF

COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

PLEASANT RIDGE FARMS WEST

THIS DECLARATION is made on the date hereinafter set forth by **PIERCE HOMES OF CAROLINA, INC.** (formerly PIERCE ROIF CORP.), a North Carolina corporation, hereinafter referred to as "Declarant."

WITNESSETH:

WHEREAS, Declarant is the owner of certain property in the County of Guilford, State of North Carolina, which is more particularly described as follows:

ALL of that certain parcel of land shown on the plat entitled "PHASE 1, SECTION 1, PLEASANT RIDGE FARMS WEST" which appears of record in the Office of the Register of Deeds of Guilford County, North Carolina, in Plat Book 140, Pages 105-106.

WHEREAS, it is the intent of the Declarant hereby to cause the above-described property to be subjected to this Declaration of Covenants, Conditions and Restrictions.

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

02/08/2001	GUILFORD CO. NC	
1 MISC DOCUMENTS	427581	\$6.00
24 MISC DOC ADDN PGS		\$48.00
1 PROBATE FEE		\$2.00

ARTICLE I

DEFINITIONS

SECTION 1. "Association" shall mean and refer to Pleasant Ridge Farms West Homeowners Association, Inc., its successors and assigns.

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SECTION 2. "Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, as hereinafter defined, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

SECTION 3. "Properties" shall mean and refer to that certain real property hereinabove described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

SECTION 4. "Common Area" or "Common Elements" shall mean all real property owned by the Association. The Common Area to be owned by the Association at the time of the conveyance of the first Lot is described as follows:

All of that land designated "Common Area," "Open Space" or "Common Elements," as shown on the plat entitled "PHASE 1, SECTION 1, PLEASANT RIDGE FARMS WEST" which appears of record in the Office of the Register of Deeds of Guilford County, North Carolina, in Plat Book 140, Pages 105-106; provided, however, that any land designated as "Open Space" which is dedicated to public use on such plat and which is accepted for maintenance purposes by a public authority shall not be part of the Common Area.

Declarant reserves the right, in its sole discretion, to convey from time to time and without the consent of the Association or its Members additional property to the Association, which property may include all or any portion of the Properties, including any additional land annexed by Declarant pursuant to Article X, Section 4 hereof and the Association shall accept any such conveyance of additional property and thereafter such additional property shall be held and maintained by the Association as Common Area.

Improvements, which may include, but shall not be limited to, roadways, retention or detention ponds or erosion control devices, may be located on such additional Common Area. The Association shall maintain any retention or detention ponds and any erosion control devices located on the Common Area described above or on any other Common Area hereafter conveyed to the Association by Declarant that are required to be maintained by the governmental office(s) having jurisdiction for watershed protection as directed by such governmental office(s). Except as otherwise provided in Section 47E-3-113 of the Planned Community Act, the Association shall be required to promptly repair and replace any portion of the Common Area for which the Association is required to maintain casualty insurance pursuant to the Bylaws of the Association which is damaged or destroyed. In the event the Association is dissolved or otherwise defaults on its obligation to maintain any such pond or erosion control device, Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner for any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay a pro rata share of the cost of the maintenance of such pond or erosion control device.

Declarant does not contemplate the construction of any recreational improvements or amenities within the Common Area (e.g. swimming pool, tennis courts, clubhouse, etc.).

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SECTION 5. "Member" shall mean and refer to every person or entity who holds membership with voting rights in the Association.

SECTION 6. "Declarant" shall mean and refer to Pierce Homes of Carolina, Inc., as well as its successors and assigns, pursuant to an express assignment or conveyance of any special declarant rights hereunder to such successor or assign, all of which rights, including Declarant's voting rights, are assignable and may be apportioned on a lot-by-lot basis.

SECTION 7. "Lot" shall mean and refer to any separately numbered plot of land shown upon any now or subsequently recorded subdivision map of the Properties with the exception of Common Area and dedicated streets and shall include any dwelling and other improvements constructed thereon. Declarant hereby reserves the right to reconfigure, from time to time and without the consent of the Owners or the Members of the Association, the boundaries of any Lot or Lots owned by Declarant and to thereby create additional Lots, eliminate existing Lots or create additional Common Area; provided, however, in no event shall the Properties contain a greater number of Lots than the number from time to time permitted by, nor shall any Lot within the Properties contain fewer square feet than the minimum number of square feet from time to time required by Guilford County or other appropriate local governmental authority. If Declarant elects to exercise its right to revise the boundaries of one or more Lots owned by Declarant, Declarant shall record a revised plat of the affected Lot or Lots. Upon the recording by Declarant of such a revised plat, each lot shown on the previously recorded plat or plats, the boundaries of which are revised by the revised plat, shall cease to be a "Lot" as defined in this Declaration and each newly configured lot shown on the revised plat shall be a "Lot" as defined in this Declaration.

SECTION 8. "FHA" shall mean and refer to the Federal Housing Administration of the Department of Housing and Urban Development and "VA" shall mean and refer to the Department of Veterans Affairs.

SECTION 9. "Planned Community Act" shall mean and refer to the provisions of Chapter 47E of the North Carolina General Statutes.

SECTION 10. "Period of Declarant Control" shall mean and refer to the period of time commencing on the date this Declaration is recorded in the Office of the Register of Deeds, Guilford County, North Carolina, and continuing until the earlier of: (i) ten years from the date this Declaration is recorded in the Office of the Register of Deeds, Guilford County, North Carolina; or (ii) such time as Declarant, together with all affiliated entities, shall cease to own at least twenty-five percent (25%) of the lots shown on the Master Plan; provided, however, if after the expiration of such period of time, the Master Plan is amended to add additional lots and Declarant, together with all affiliated entities, shall own more than twenty-five percent (25%) of the lots shown on the Master Plan as amended, such period of time shall be reinstated and shall continue until the earlier of: (i) ten years from the date this Declaration is recorded in the Office of the Register of Deeds, Guilford County, North Carolina; or (ii) such time as Declarant, together with all affiliated entities, shall cease to own at least twenty-five percent (25%) of the lots shown on the Master Plan.

SECTION 11. "Master Plan" shall mean and refer to the plan(s) for the Properties and the Additional Property now or hereafter approved by the County of Guilford or other appropriate governmental authority, as such plan(s) may be from time to time amended and approved.

ARTICLE II

PROPERTY RIGHTS

SECTION 1. OWNERS EASEMENTS OF ENJOYMENT. Every Owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

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

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

(c) the right of the Association, pursuant to Section 47E-3-112 of the Planned Community Act and with the consent of the Members entitled to cast at least eighty percent (80%) of the votes in the Association, to dedicate or transfer non-exclusive easements on, over and upon all or any part of the Common Area for such purposes and subject to such conditions as may be agreed to by the Association's Executive Board; provided, however, (i) no such dedication or transfer shall be effective unless an instrument executed on behalf of the Association by its duly authorized officers, agreeing to such dedication or transfer, has been recorded, (ii) for so long as Declarant shall own any portion of the Properties or shall have the right to annex additional properties pursuant to Article X, Section 4 hereof, Declarant must also consent to such action, (iii) no such dedication or transfer shall interfere with or obstruct utility service to, or ingress, egress and regress to or from, the Lots or any remaining Common Area or cause any Lot or any remaining Common Area to fail to comply with applicable laws, regulations or ordinances, and (iv) no such dedication or transfer of any portion of the Common Area on which is located a permanent (wet detention/retention) pond shall be effective unless approved by the governmental office(s) having jurisdiction for watershed protection;

(d) the right of the Association, pursuant to Section 47E-3-112 of the Planned Community Act and with the consent of the Members entitled to cast at least eighty percent (80%) of the votes in the Association, to dedicate to any public agency, authority or utility, or to transfer to any other party, fee title to all or any part of the Common Area for such purposes and subject to such conditions as may be agreed to by the Members consenting to such dedication or transfer; provided, however no such dedication or transfer shall interfere with or obstruct utility service to, or ingress, egress and regress to or from, the Lots or any remaining Common Area or cause any Lot or any remaining Common Area to fail to comply with applicable laws, regulations or ordinances; and further provided for so long as the Declarant shall own any

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portion of the Properties or shall have the right to annex additional properties pursuant to Article X, Section 4 hereof, Declarant must also consent to such action.

(e) the right of the Association to impose rules and regulations for the use and enjoyment of the Common Area and improvements thereon, which regulations may further restrict the use of the Common Area;

~~(f) the right of the Association to borrow money for the purpose of improving the Common Area and facilities thereon and, with the assent of the Members entitled to cast at least eighty percent (80%) of the votes of the Association, mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred (any such mortgage shall be effective if it is executed on behalf of the Association by its duly authorized officers and recites that the requisite consent of Members has been obtained and documented in the Minute Book of the Association) provided, however, no mortgage, encumbrance or hypothecation or foreclosure of the lien thereby created, shall interfere with or obstruct utility service to, or ingress, egress and regress to or from, the Lots or any remaining Common Area or cause any Lot or any remaining Common Area to fail to comply with applicable laws, regulations or ordinances; provided further that for so long as Declarant shall own any portion of the Properties or shall have the right to annex additional properties pursuant to Article VIII, Section 4 hereof, Declarant must also consent to such action; and~~

(g) subject to the prior written consent of FHA or VA, in the event FHA or VA insured loans have been obtained secured by Lots, the right of the Association to exchange portions of Common Area with the Declarant for substantially equal areas of the Properties for the purpose of eliminating unintentional conveyances of Common Areas or unintentional encroachments of improvements onto portions of the Common Areas or for the purpose of enhancing the utility of the Common Areas to be retained by the Association.

SECTION 2. DELEGATION OF USE. Any Owner may delegate, in accordance with the By-Laws, his rights of enjoyment of the Common Area and facilities to the members of his family, his tenants or contract purchasers who reside on the Lot of such Owner.

SECTION 3. LEASES OF LOTS. Any Lease Agreement between an Owner and a lessee for the lease of such Owner's Lot shall provide that the terms of the Lease shall be subject in all respects to the provisions of this Declaration of Covenants, Conditions and Restrictions, the Articles of Incorporation and By-Laws of the Association and that any failure by the lessee to comply with the terms of such document shall be a default under the terms of the lease. All leases of Lots shall be in writing. Other than the foregoing there is no restriction on the right of any Owner to lease his Lot.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

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SECTION 1. MEMBERSHIP. Every person or entity who or which is a record owner of a fee or undivided fee interest in any Lot which is subject by covenants of record to assessment by the Association, including Declarant and any affiliated entity, shall be a voting Member of the Association. The foregoing is not intended to include persons or entities who hold an interest in a Lot merely as security for the performance of an obligation. Such Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association. On all matters which the Membership shall be entitled to vote, the Member(s) owning each Lot shall be entitled to one (1) vote. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

SECTION 2. DECLARANT RIGHT TO REPRESENTATION ON THE EXECUTIVE BOARD OF THE ASSOCIATION. During any Period of Declarant Control, Declarant shall have the right to designate and select all of the persons who shall serve as members of each Executive Board of the Association. Except as otherwise provided in the Bylaws with respect to the filling of vacancies, any members of the Executive Board which Declarant is not entitled to designate or select shall be elected by the Members of the Association.

Whenever Declarant shall be entitled to designate and select any person or persons to serve on any Executive Board of the Association, the manner in which such person or persons shall be designated shall be as provided in the Articles of Incorporation and/or Bylaws of the Association, and Declarant shall have the right to remove any person or persons selected by it to act and serve on said Executive Board and to replace such person or persons with another person or other persons to act and serve in the place of any member or members of the Executive Board so removed for the remainder of the unexpired term of any member or members of the Executive Board so removed.

ARTICLE IV

COVENANT FOR MAINTENANCE AND ASSESSMENTS

SECTION 1. CREATION OF THE LIEN AND PERSONAL OBLIGATION OF ASSESSMENTS. The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner for any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay: (a) to the Association: (i) annual and other assessments; (ii) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided; and (b) to the appropriate governmental taxing authority: (i) a pro rata share of ad valorem taxes levied against the Common Area; and (ii) a pro rata share of assessments for public improvements to or for the benefit of the Common Area if the Association shall default in the payment of either or both for a

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period of six (6) months. All assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall constitute a continuing lien upon the property against which each such assessment is made when a claim of lien is filed of record in the Office of the Clerk of Superior Court, Guilford County, North Carolina. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the Owner of such property at the time when the assessment fell due. The personal obligation for the delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

SECTION 2. PURPOSE OF ASSESSMENTS.

(a) The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Properties and in particular for the acquisition, improvement and maintenance of properties, services and facilities devoted to this purpose and related to the use and enjoyment of the Common Area, including but not limited to, the costs of repairs, replacements and additions, the cost of labor, equipment, materials, management and supervision, the payment of taxes assessed against the Common Area; the maintenance of water and sewer mains in and upon the Common Area; the maintenance of open spaces and streets which have not been accepted for dedication by a public authority, roadway medians and islands (including medians and islands located in dedicated rights-of-way within the Properties), drives and parking areas within the Common Area; the procurement and maintenance of insurance in accordance with the By-Laws; the maintenance of dams and ponds, including retention or detention ponds, or other bodies of water, if any, located within the Common Area; the maintenance of entrance ways, landscaping and lighting of Common Area, road medians and islands and entrance ways; the cost of operating, maintaining and repairing any street lights erected by the Association or the Declarant in the rights-of-way of streets (whether public or private) or in any other easement provided therefor within the Properties; the payment of charges for garbage collection and municipal water and sewer services furnished to the Common Area; the employment of attorneys and other agents to represent the Association when necessary; the provision of adequate reserves for the replacement of capital improvements including, without limiting the generality of the foregoing, paving, and any other major expense for which the Association is responsible; and such other needs as may arise.

(b) The Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of improvements to the Common Area and those other portions of the Properties which the Association may be obligated to maintain. Such reserve fund is to be established out of regular assessments for common expense.

(c) All monies collected by the Association shall be treated as the separate property of the Association, and such monies may be applied by the Association to the payment of any expense of operating and managing the Properties, or to the proper undertaking of all acts and duties imposed upon it by virtue of this Declaration, the Articles of Incorporation and the By-Laws of the Association. As monies for any assessment are paid to the Association by any Owner, the same may be commingled with monies paid to the Association by the other Owners. Although all funds and common surplus, including other assets of the Association, and any increments thereto or profits derived therefrom shall be held for the benefit of the Members of the Association, no Member of the Association shall have the right to assign, hypothecate, pledge

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or in any manner transfer his membership interest therein, except as an appurtenance to his Lot. When any Owner shall cease to be a Member of the Association by reason of his divestment of ownership of his Lot, by whatever means, the Association shall not be required to account to such Owner for any share of the fund or assets of the Association, or which may have been paid to the Association by such Owner, as all monies which any Owner has paid to the Association shall be and constitute an asset of the Association which may be used in the operation and management of the properties.

SECTION 3. ADOPTION OF BUDGET AND FIXING OF ANNUAL ASSESSMENTS; MAXIMUM ANNUAL ASSESSMENT.

(a) At least thirty (30) days in advance of each annual assessment period, the Executive Board shall establish an annual budget and fix the amount of the annual assessments in advance for the following year. Within thirty (30) days of the adoption of any proposed budget, the Executive Board shall provide to all of the Owners a summary of the budget and a notice of the meeting to consider ratification of the budget, including a statement that the budget may be ratified without a quorum. The Executive Board shall set a date for a meeting of the Owners to consider ratification of the budget, such meeting to be held not less than 10 nor more than 60 days after mailing of the summary and notice. There shall be no requirement that a quorum be present at the meeting. The budget is ratified unless at that meeting the Owners of a majority of the Lots reject the budget. In the event the proposed budget is rejected, the periodic budget last ratified by the Owners shall be continued until such time as the Owners ratify a subsequent budget proposed by the Executive Board.

(b) Until December 31 of the year of the conveyance of the first Lot to an Owner, the maximum annual assessment shall be ONE HUNDRED EIGHTY and NO/100 Dollars (\$180.00) per Lot, and may be collected in monthly installments of FIFTEEN and NO/100 Dollars (\$15.00). The maximum annual assessment for the calendar year immediately following the year in which conveyance of the first Lot to an Owner is made and for each calendar year thereafter shall be established by the Executive Board and may be increased by the Executive Board without approval by the membership by an amount not to exceed ten percent (10%) of the maximum annual assessment of the previous year. The maximum annual assessment for the calendar year immediately following the year in which conveyance of the first Lot to an Owner is made and for each calendar year thereafter may be increased without limit by a vote of the Members entitled to cast at least two-thirds (2/3) of the votes of the Association who are voting, in person or by proxy, at a meeting duly called for this purpose.

(c) The Executive Board may fix the annual assessment at an amount not in excess of the maximum, subject to the provisions of Section 6 of this Article.

SECTION 4. SPECIAL ASSESSMENTS FOR CAPITAL IMPROVEMENTS. In addition to the annual assessments authorized above, the Association may levy, in any calendar year, a special assessment for the purpose of defraying in whole or in part the costs of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment

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shall have the assent of the Members entitled to cast at least two-thirds (2/3) of the votes of the Association who are voting, in person or by proxy, at a meeting duly called for this purpose; provided, however, during the Period of Declarant Control, Declarant must also consent to such action. All special assessments shall be fixed at a uniform rate for all Lots and may be collected on a monthly, quarterly or semi-annual basis, as determined by the Members approving such assessments.

SECTION 5. NOTICE AND QUORUM FOR ANY ACTION AUTHORIZED UNDER SECTIONS 3 AND 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 of this Article shall be sent to all Members not less than fifteen (15) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast twenty percent (20%) of all the votes of the Association shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

SECTION 6. RATE OF ANNUAL ASSESSMENT. Both annual and special assessments must be fixed at a uniform rate for all Lots; provided, however, that so long as the dwelling on any Lot owned by Declarant is unoccupied as a residence, the amount of the assessment for each such Lot shall be an amount equal to twenty-five percent (25%) of the regular assessments fixed for each Lot.

SECTION 7. DATE AND COMMENCEMENT OF ANNUAL ASSESSMENTS; DUE DATES. The annual assessments provided for herein shall commence as to a Lot on the first day of the month following the date such Lot is made subject to this Declaration. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The due dates shall be established by the Executive Board. Annual assessments may be collected on a monthly, quarterly or semi-annual basis, as determined by the Association's Executive Board. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid.

SECTION 8. WORKING CAPITAL ASSESSMENTS. In addition to the annual assessments authorized above, at the time of the closing of the first sale of each Lot, the purchaser(s) thereof shall pay to the Association an amount equal to two-twelfths (2/12ths) of the then current annual assessment established by the Association. Such funds shall be used by the Association to establish a Working Capital Fund, the purpose of which is to insure that the Association will have sufficient monies available to meet its initial operational needs. No such payments made into the Working Capital Fund shall be considered advance or current payment of regular assessments. All monies paid into the Working Capital Fund shall be held and administered by the Association in accordance with the terms of the Declaration and these Bylaws.

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SECTION 9. EFFECT OF NONPAYMENT OF ASSESSMENTS: REMEDIES OF THE ASSOCIATION. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at a rate from time to time established by Association not to exceed eighteen percent (18%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien created herein against the property in the same manner as prescribed by the laws of the State of North Carolina for the foreclosure of a mortgage or deed of trust on real estate under power of sale,, and interest, costs and reasonable attorney's fees for representation of the Association in such action or foreclosure shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessment provided for herein by nonuse of the Common Area or abandonment of his Lot nor shall damage to or destruction of any improvements on any Lot by fire or other casualty result in any abatement or diminution of the assessments provided for herein.

SECTION 10. EFFECT OF DEFAULT IN PAYMENT OF AD VALOREM TAXES OR ASSESSMENTS FOR PUBLIC IMPROVEMENTS BY ASSOCIATION. Upon default by the Association in the payment to the governmental authority entitled thereto of any ad valorem taxes levied against the Common Area or assessments for public improvements to the Common Area, which default shall continue for a period of six (6) months, each Owner of a Lot in the development shall become personally obligated to pay to the taxing or assessing governmental authority a portion of such unpaid taxes or assessments in an amount determined by dividing the total taxes and/or assessments due the governmental authority by the total number of Lots in the development. If such sum is not paid by the Owner within thirty (30) days following receipt of notice of the amount due, then such sum shall become a continuing lien on the Lot of the then Owner, his heirs, devisees, personal representatives and assigns, and the taxing or assessing governmental authority may either bring an action at law or may elect to foreclose the lien against the Lot of the Owner.

SECTION 11. FORECLOSURE OF FIRST MORTGAGES. When the holder of a first mortgage or first deed of trust of record, or other purchaser of a Lot, obtains title to the Lot as a result of foreclosure of a first mortgage or first deed of trust or deed in lieu of foreclosure, such purchaser and its heirs, successors and assigns, shall not be liable for the assessments against such Lot which become due prior to the acquisition of title to such Lot by such purchaser. Such unpaid assessments shall be deemed to be common expenses collectible from all Owners, including such purchaser, its heirs, successors and assigns. Such sale or transfer of any Lot which is subject to any such first mortgage or deed of trust, pursuant to a foreclosure thereof or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to the payment thereof which become due prior to such sale or transfer; provided, however, no such sale or transfer shall relieve such Lot or the Owner thereof from liability for any assessments thereafter becoming due or from the lien thereof.

SECTION 12. EXEMPT PROPERTY. All property dedicated to, and accepted by, a local public authority and all properties owned by a charitable or non-profit organization exempt from taxation by the laws of the State of North Carolina shall be exempt from the assessments created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

ARTICLE VI

ARCHITECTURAL CONTROL

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SECTION 1. IMPROVEMENTS. No improvements, alteration, repair, change in paint color, excavation, change in grade, planting, landscaping or other work which in any way alters the exterior of any Lot or the improvements located thereon from their natural or improved state existing on the date such Lot was first conveyed in fee by the Declarant to an Owner other than Declarant shall be commenced, erected or maintained upon any Lot and no building, fence, wall, residence or other structure shall be commenced, erected, maintained, improved, altered or removed, until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Executive Board of the Association or by an architectural committee composed of three (3) or more representatives appointed by the Executive Board (the "Architectural Control Committee"). Notwithstanding the foregoing, landscaping improvements consisting of plant materials native to the area and commonly used in residential landscaping which do not interfere with the sight lines of motorists at intersections of the streets and/or driveways located within the Properties shall not require approval by the Executive Board or the Architectural Control Committee. Further, nothing herein contained shall prevent or interfere with the right of Declarant to improve and develop the Properties, including the Lots, as Declarant chooses, so long as said development follows the general plan of development of the Properties previously approved by Guilford County or other appropriate local governmental authority. Accordingly, Declarant need not seek or obtain the approval of the Architectural Control Committee for improvements erected on the Properties by or at the direction of Declarant. In addition, for so long as Declarant owns any Lot or has the right to annex any Additional Property pursuant to Section 4, Article X hereof, Declarant may approve any plans and specifications rejected by the Executive Board or the Architectural Control Committee for the construction or alteration of improvements on any Lot provided the construction or alteration approved by Declarant comport with the general scheme of development approved by Guilford County or other appropriate local governmental authority. Such approval by Declarant shall operate and have the same effect as approval by the Executive Board or the Architectural Control Committee.

SECTION 2. PROCEDURES.

(a) Any person desiring to make any improvement, alteration or change described in Section 1 above shall submit the plans and specifications therefor, showing the nature, kind, shape, height, materials and location of the same, to the Executive Board of the Association or the Architectural Control Committee which shall evaluate such plans and specification in light of the purposes of this Article.

(b) Upon approval by the Architectural Control Committee of any plans and specifications submitted pursuant to this Declaration, a copy of such plans and specification, as approved, shall be deposited for permanent record with the Architectural Control Committee and a copy of such plans and specification bearing such approval, in writing, shall be returned to the applicant submitting the same. Approval for use in connection with any Lot of any plans and

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specification shall not be deemed a waiver of the Architectural Control Committee's right, in its discretion, to disapprove similar plans and specifications or any of the features or elements included therein if such plans, specifications, features or elements are subsequently submitted for use in connection with any other Lot. Approval of any such plans and specification relating to any Lot, however, shall be final as to that Lot and such approval may not be reviewed or rescinded thereafter, provided that there has been adherence to, and compliance with, such plans and specification, as approved, and any conditions attached to any such approval.

(c) Neither Declarant, nor any other member of the Association's Executive Board or Architectural Control Committee, shall be responsible or liable in any way for any defects in any plans or specification approved by them, nor for any structural defects in any work done according to such plans and specifications. Further, neither Declarant, nor any member of the Association's Executive Board or Architectural Control Committee, shall be liable in damages to anyone by reason of mistake in judgment, negligence, misfeasance, malfeasance or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve or disapprove any such plans or specification or the exercise of any other power or right provided for in this Declaration. Every Person who submits plans or specifications for approval agrees, by submission of such plans and specifications, and every owner of any Lot agrees, that he or she will not bring any action or suit against Declarant, or any member of the Association's Executive Board or Architectural Control Committee, to recover any such damage.

ARTICLE VI

EXTERIOR MAINTENANCE

The Association shall maintain the Common Area. Each Owner shall be responsible for the exterior maintenance of his or her dwelling and Lot, as follows: painting, replacement and care of roofs, gutters, down spouts, exterior building surfaces, lawn, trees, shrubs, driveways, walks and other exterior improvements. In the event that the Owner neglects or fails to maintain his or her improved Lot and/or the exterior of his or her dwelling in a manner consistent with other improved Lots and dwellings within the Properties or fails to maintain his or her improved Lot in a safe condition and free of debris, the Association may provide such exterior maintenance. Provided, however, that the Association shall first give written notice to the Owner of the specific items of exterior maintenance or repair the Association intends to perform and the Owner shall have twenty (20) days from the date of mailing of said notice within which to perform such exterior maintenance himself or herself. The determination as to whether an Owner has neglected or failed to maintain his or her Lot and/or dwelling in a manner consistent with other Lots and dwellings within the Properties shall be made by the Executive Board of the Association, in its sole discretion. In order to enable the Association to accomplish the foregoing, there is hereby reserved to the Association the right to unobstructed access over and upon each Lot at all reasonable times to perform maintenance as provided in the Article.

In the event the Association performs such exterior maintenance, repair or replacement, the cost of such maintenance, replacement or repairs shall be added to and become a part of the assessment to which such Lot is subject.

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ARTICLE VII

RESTRICTIONS

SECTION 1. LAND USE AND BUILDING TYPE. No Lot shall be used except for single-family residential, street or park purposes. No building or other structure shall be erected, altered, placed, or permitted to remain on any Lot other than one detached single family dwelling not to exceed two and one-half stories in height, a private garage for not more than three cars and one (1) accessory building erected on a permanent foundation which is incidental to the residential use of the Lot. Notwithstanding the foregoing, Declarant shall have the right to maintain one or more sales offices and one or more model homes in dwellings located on lots owned or leased by Declarant for the promotion and sales of Lots and dwellings within the Properties.

SECTION 2. DWELLING SPECIFICATIONS. No dwelling shall be erected or allowed to remain on a Lot if the heated area of the main structure, exclusive of open porches, decks and garages, shall be less than one thousand two hundred (1,200) square feet.

SECTION 3. BUILDING SETBACKS. No building shall be located on any Lot nearer to the front or rear Lot line, or to any side street or Lot line, than shall be permitted under applicable local ordinances in effect at the time such building is to be constructed or as permitted by the County of Guilford or other appropriate local governmental authority pursuant to a variance of such ordinances.

SECTION 4. NUISANCE. No noxious or offensive activity shall be conducted upon any Lot nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood including, without limitation, the storing or parking of inoperative motor vehicles or the maintenance of or repair to motor vehicles except within completely enclosed garages constructed in conformity with these covenants and applicable laws and ordinances.

SECTION 5. SIGNS. Except for signs erected by Declarant or the Association within any easement area which is a part of the Common Area and signs erected by Declarant on Lots owned or leased by Declarant advertising the sale and promotion of Lots within the Properties, no sign shall be placed or allowed to remain on any Lot except for ONE (1) "For Sale" sign, or one other temporary sign to advertise a yard sale or other temporary activity on the Lot and such other temporary sign shall not be permitted to remain on any Lot for more than SEVENTY TWO (72) consecutive hours. No sign deemed by Declarant or the Association to be a nuisance or a detriment to the Properties shall be permitted or allowed to remain on any lot within the Properties.

SECTION 6. OUTSIDE ANTENNAS. Except for "dish" antennas designed to receive direct broadcast satellite service, including direct-to-home satellite service, one meter (39") or less in diameter, antennas designed to receive video programming services via MMDS (wireless cable) and antennas designed to receive television broadcast signals, no outside antennas or

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satellite dishes and no free standing transmission or receiving towers shall be erected on any Lot within the Properties without the prior written permission of the Architectural Review Committee. Except as otherwise reasonably required in order to receive the intended signal, any antenna or satellite dish erected on any Lot within the Properties shall be affixed to the dwelling, shall be a color which blends with its surrounds, shall have a mast only as high as reasonably necessary to receive the intended signal and shall not be visible from any street.

~~SECTION 7. RESUBDIVISION OF LOT, STREETS, FENCES AND WALLS.~~ Except with the express written consent of Declarant for so long as Declarant shall own any Lot within the Properties or shall have the right to annex any Additional Property pursuant to the provisions of Section 4, Article X hereof, and thereafter except with the express written consent of the Architectural Control Committee of the Association, no Lot shall be resubdivided into a lot smaller than or different from the Lot shown on the recorded plat and no street shall be laid out or opened across or through any Lot. Except for fences erected by Declarant or the Association, no fence, wall or other enclosure shall be erected or allowed to remain on any Lot unless the height, materials and location of the same have been approved by Architectural Control Committee as provided in Article VI of this Declaration. No fence on any Lot shall be permitted to extend nearer to any front street than the front building line of the residence located on that Lot. Any metal fencing allowed by the Architectural Control Committee shall be suitably screened where visible from a street.

~~SECTION 8. METAL STORAGE BUILDINGS, MOBILE HOMES, MANUFACTURED HOMES, TEMPORARY STRUCTURES, ETC.~~ No metal storage building of a temporary or permanent character shall be permitted on any Lot. No mobile home, manufactured home, trailer, or other like structure shall be located on any Lot. No structure of a temporary character, recreational or other vehicle, trailer, tent, shack, garage, barn or other out building shall be used on any Lot at any time as a residence either temporarily or permanently. Notwithstanding anything herein to the contrary, Declarant, its agents, employees and contractors, may maintain trailers and other temporary structures to facilitate the construction of improvements within the Properties.

~~SECTION 9. ANIMALS.~~ No animals, livestock or poultry of any kind shall be raised or kept on any Lot, except that dogs, cats or other household pets may be kept on Lots provided that said animals are kept in compliance with applicable local ordinances and are not kept for commercial purposes and further provided that they are kept and maintained in compliance with (i) all laws and ordinances of the State of North Carolina and Guilford County relating thereto; and (ii) such rules and regulations pertaining thereto as the Executive Board may adopt from time to time.

~~SECTION 10. WAIVER OF MINOR VIOLATIONS.~~ Both the Declarant and the Executive Board of the Association shall have the right to waive minor violations of, and allow minor variances from, the restrictions contained in Section 2 of this Article, where the same resulted unintentionally or without gross carelessness on the part of any Owner (including, without limitation, Declarant) and/or is not materially harmful to the Properties. Any such waiver granted shall be in writing, and any matter so waived shall no longer be deemed a violation of these covenants.

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SECTION 11. LAKES AND PONDS. The use of any lake or pond which is a part of the Common Area is subject to rules and regulations from time to time promulgated by the Association, which rules and regulations, in the sole discretion of the Executive Board of the Association, may prohibit or limit the use of boats, fishing and swimming. In addition, such rules and regulations may provide for access to any such lake or pond only through designated portions of the Common Area.

SECTION 12. PARKING. Each Lot shall contain sufficient off-street paved parking space for at least two (2) automobiles. No automobiles, trucks, motorcycles, recreational vehicles or boats shall be parked on any street within Pleasant Ridge Farms West for a period in excess of 24 hours. No boat, trailers, vans (except for vehicle mini-vans), recreational vehicles, campers or other like vehicles or equipment shall be parked or stored in any area on a Lot except inside an enclosed building or behind screening erected in accordance with the terms and provisions of this Declaration.

ARTICLE VIII

EASEMENTS

SECTION 1. UTILITY AND DRAINAGE EASEMENTS. Easements for installation and maintenance of utilities (including cable television service) and drainage facilities are reserved as indicated on recorded plats. In addition, Declarant reserves, for itself and on behalf of the Association, additional easements and rights-of-way for the installation and maintenance of utilities (including cable television service) and drainage facilities over the rear TEN (10) feet of any Lot and over each side FIVE (5) feet of any Lot. Within these easements no structures, planting or other material shall be placed or permitted to remain which may interfere with the installation and maintenance of utilities, or which may change the direction of flow of drainage channels in the drainage easements, or which may obstruct or retard the flow of water through drainage channels in the easements. An easement is hereby established for the benefit of the appropriate governmental entity (and any other person or firm providing services to the Properties under agreement with or at the direction of the Association) over all Common Area as may be reasonably necessary for the setting, removal and reading of water meters, and the maintenance and replacement of water, sewer and drainage facilities and for the fighting of fires and collection of garbage. The Association shall have the power and the authority to grant and establish upon, over and across the Common Area such additional easements as are necessary or desirable for the providing of service or utilities to the Common Area or Lots.

SECTION 2. SIGN EASEMENTS. Declarant and the Association shall each have the right to erect within the Common Area subdivision signs and landscaping and lighting surrounding same. In addition, easements for the maintenance of subdivision signs and landscaping and lighting surrounding same are reserved as indicated on recorded plats. Declarant hereby reserves unto itself and grants, gives and conveys to the Association a perpetual, non-exclusive easement over the portions of Lots designated as "sign easements" on the plats of the Properties, now or hereafter recorded, to place, maintain, repair and replace subdivision signs and the lighting fixtures and landscaping surrounding same. The Association

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shall be responsible for maintaining, repairing and replacing any such signs, landscaping and lighting and the costs of such maintenance, repair and replacement shall be part of the common expenses of the Association, payable by the Owners as set out in Article IV hereof. In addition, Declarant, for so long as Declarant owns any lot shown on the subdivision plan for "Pleasant Ridge Farms West" approved by Guilford County, or other appropriate local governmental authority, as that plan is from time to time amended and approved, shall have the right to erect and maintain within the Common Area and on those portions of any Lot designated "sign easement" signs advertising and promoting the sale of lots and dwellings within the Properties. As to the easements reserved and granted above with respect to those portions of Lots designated "sign easement," Declarant hereby reserves unto itself and gives, grants and conveys to the Association the right of ingress, egress and regress over other portions of such Lots as shall be reasonably necessary to effectuate the purposes stated above. The easements hereby granted shall run with the land in perpetuity and be binding upon and inure to the benefit of all persons and entities now owning or subsequently acquiring all or a part of the Property.

SECTION 3. EASEMENT RESERVED BY DECLARANT. Declarant hereby reserves such easements on, across and over the Common Area as shall be reasonably necessary for (i) the exercise by Declarant of any right herein reserved, including, without limitation, Declarant's right, should Declarant elect, to annex the Additional Property, as hereinafter defined and (ii) the development by Declarant, its successors or assigns, of the Additional Property, should Declarant elect not to annex the Additional Property, including, without limitation, easements for ingress, egress and regress over private roads and streets now or hereafter erected on the Properties and easements for the use of utility lines, fixtures and/or their connections located within the Common Area for the purpose of providing water, light, power, telephone, sewage and sanitary service to the Additional Property.

SECTION 4. ADDITIONAL DRAINAGE EASEMENTS. In order to implement effective and adequate erosion control, the Association shall have the right to enter upon any portion of the Properties before and after improvements have been constructed thereon for the purpose of performing any grading or constructing and maintaining erosion prevention devices; provided, however, no such activities shall interfere with any permanent improvements constructed on the Properties.

ARTICLE IX

RIGHTS RESERVED UNTO INSTITUTIONAL LENDERS

SECTION 1. ENTITIES CONSTITUTING INSTITUTIONAL LENDERS.

"Institutional Lender" as the term is used herein shall mean and refer to banks, savings and loan associations, insurance companies or other firms or entities customarily affording loans secured by first liens on residences, and eligible insurers and governmental guarantors.

SECTION 2. OBLIGATION OF ASSOCIATION TO INSTITUTIONAL LENDERS.

So long as any Institutional Lender shall hold any first lien upon any Lot, or shall be the Owner of any Lot, such Institutional Lender shall have the following rights:

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(a) To inspect the books and records of the Association during normal business hours and to be furnished with at least one (1) copy of the annual financial statement and report of the Association prepared by a certified public accountant designated by the Executive Board of the Association, such financial statement or report to be furnished by April 15 of each calendar year.

(b) To be given notice by the Association of the call of any meeting of the membership to be held for the purpose of considering any proposed amendment to this Declaration of Covenants, Conditions and Restrictions or the Articles of Incorporation or By-Laws of the Association or of any proposed abandonment or termination of the Association or the effectuation of any decision to terminate professional management of the Association and assume self-management by the Association.

(c) To receive notice of any condemnation or casualty loss affecting the Common Areas or any portion thereof.

(d) To be notified of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.

(e) To have the right to approve of any alienation, release, transfer, hypothecation or other encumbrance of the Common Areas, other than those specific rights vested in the Association under Article II hereof.

(f) To be given notice of any delinquency in the payment of any assessment or charge (which delinquency remains uncured for a period of sixty (60) days) by any Owner owning a Lot encumbered by a mortgage held by the Institutional Lender, such notice to be given in writing and to be sent to the principal office of such Institutional Lender, or to the place which it may designate in writing.

SECTION 3. REQUIREMENTS OF INSTITUTIONAL LENDER. Whenever any Institutional Lender desires to avail itself of the provisions of this Article, it shall furnish written notice thereof to the Association by CERTIFIED MAIL at the address shown in the Articles of Incorporation identifying the Lot or Lots upon which any such Institutional Lender holds any first lien or identifying any Lot or Lots owned by such Institutional Lender and such notice shall designate the place to which notices, reports or information are to be given by the Association to such Institutional Lender.

ARTICLE X

GENERAL PROVISIONS

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SECTION 1. ENFORCEMENT. The Owner(s) of each Lot shall be governed by and shall comply with the provisions of this Declaration, the Bylaws of the Association and all rules and regulations of the Association adopted pursuant thereto, as any of the same are now constituted or as they may be amended from time to time. A default by any Owner shall entitle the Association or the Owner(s) of any of the other Lots to the following relief:

(a) The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration, the Bylaws of the Association and all rules and regulations of the Association adopted pursuant thereto. Failure to comply with any of the terms of this Declaration or other restrictions and regulations contained in the Bylaws of the Association, or which may be adopted pursuant thereto, shall be grounds for relief, including without limitation, an action to recover sums due for damages, injunctive relief, foreclosure of lien, or any combination thereof. The Association shall have the right to request that law enforcement, public safety and animal control officers come on the properties to facilitate the enforcement of the laws, codes and ordinances of any governmental authority.

(b) The Association, after notice to the Owner and a reasonable opportunity to be heard, shall have the right to suspend privileges or services provided by the Association (except rights of access to Lots) for reasonable periods for violations of this Declaration or the Bylaws, Articles or rules and regulations of the Association. If it is decided that a suspension of privileges or services provided by the Association should be imposed, the suspension may be continued without further hearing until the violation is cured.

(c) If an Owner is legally responsible for damage inflicted on any Common Area, the Association may direct such Owner to repair such damage, or the Association may itself cause the repairs to be made and recover damages from the responsible Owner. If damage is inflicted on any Lot by an agent of the Association in the scope of the agent's activities as such agent, the Association is liable to repair such damage or to reimburse the Owner for the cost of repairing such damages. The Association shall also be liable for any losses to the Owner. When any such claim for damages against an Owner or the Association is less than or equal to the jurisdictional amount established for small claims by North Carolina General Statutes 7A-210, any aggrieved party may request that a hearing be held before an adjudicatory panel appointed by the Executive Board of the Association to determine if an Owner is responsible for damages to any Common Area or the Association is responsible for damages to any Lot. If the Executive Board fails to appoint an adjudicatory panel to hear such matters, such hearings shall be held before the Executive Board. Such panel shall accord to the party charged with causing damages notice of the charge, opportunity to be heard and to present evidence, and notice of the decision. This panel may assess liability for each damage incident against each Owner charged or against the Association not in excess of the jurisdictional amount established for small claims by North Carolina General Statutes 7A-210. When such claim exceeds the jurisdictional amount established for small claims by North Carolina General Statutes 7A-210, liability of any Owner

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charged or the Association shall be determined as otherwise provided by law. Liabilities of Owners determined by adjudicatory hearing or as otherwise provided by law shall be assessments secured by lien under Section 47E-3-116 of the Planned Community Act. Liabilities of the Association determined by adjudicatory hearing or as otherwise provided by law may be offset by the Owner against sums owing to the Association and if so offset, shall reduce the amount of any lien of the Association against the Lot at issue.

(d) In any proceeding arising because of an alleged default by an Owner, the Association, if successful, shall be entitled to recover the costs of the proceeding and such reasonable attorneys' fees as may be determined by the Court.

(e) The failure of the Association or any Owner to enforce any right, provision, covenant or condition which may be granted by this Declaration or the other above mentioned documents shall not constitute a waiver of the right of the Association or of the Owner to enforce such right, provision, covenant or condition in the future.

(f) All rights, remedies and privileges granted to the Association or the Owners, pursuant to any terms, provisions, covenants or conditions of the Declaration or other above mentioned documents, shall be deemed to be cumulative, and the exercise of any one or more shall not be deemed to constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies or privileges as may be available to such party at law or in equity.

(g) The failure of Declarant to enforce any right, privilege, covenant or condition which may be granted to it by this Declaration or other above mentioned document shall not constitute a waiver of the right of Declarant to thereafter enforce such right, provision, covenant or condition in the future.

SECTION 2. SEVERABILITY. Invalidation of any one of the covenants or restrictions by judgment or court order shall in no wise affect any other provision which shall remain in full force and effect.

SECTION 3. AMENDMENT. The covenants and restrictions of this Declaration shall run and bind the land for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years unless terminated or amended as hereinafter provided. This Declaration may be amended with the consent of the Owners entitled to cast at least sixty-seven percent (67%) of the votes of the Association and may be terminated with the consent of the Owners entitled to cast at least eighty percent (80%) of the votes of the Association; provided, however, this Declaration may not be amended or terminated without Declarant's consent for so long as Declarant owns any Lot or may annex Additional Property pursuant to the provisions hereinafter set forth, no amendment purporting to revoke or curtail any right herein conferred to Declarant shall be effective unless executed by Declarant, and no amendment relating to the maintenance or ownership of any permanent detention or retention pond shall be effective unless reviewed and approved by the governmental office having jurisdiction for watershed protection. Any amendment must: (1) be executed on behalf of the Association by its duly authorized officers; (2) contain an attestation by

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the officers executing the amendment on behalf of the Association that the requisite Owner approval has been obtained and is evidenced by written acknowledgment(s) signed by the Owners approving the amendment and made a part of the Minute Book of the Association; and (3) be properly recorded in the Office of the Register of Deeds, Guilford County, North Carolina. For the purpose of this section, additions to existing property by Declarant pursuant to Section 4 of this Article shall not constitute an "amendment." In the event this Declaration is terminated in accordance with the provisions hereinabove provided, Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner for any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay a pro rata share of the cost of the maintenance of all permanent retention or detention ponds.

SECTION 4. ANNEXATION.

(a) Except as provided in Subsection (b) of this Section 4, additional residential property and Common Area may be annexed to the Properties only with the consent of the Members entitled to cast two-thirds (2/3) of the votes of the Association who are voting in person or by proxy at a meeting duly called for such purpose; provided, however, during the Period of Declarant Control, Declarant must also consent to such action.

(b) Additional land within the area described in the metes and bounds description attached hereto as Schedule "A" and incorporated herein by reference, together with any other property located adjacent to the Properties (collectively, the "Additional Property") may be annexed by the Declarant without the consent of Members within six (6) years of the date of this instrument, provided that, in the event FHA or VA insured loans have been obtained to purchase Lots, FHA and VA determine that the annexation is in accord with the general plan from time to time approved by them. For the purpose of determining whether property is adjacent to the Properties, the rights of way of public roads and utilities, as well as rivers and streams, shall be deemed not to separate otherwise adjacent property. Declarant shall have no obligation of any kind to annex any or all of the Additional Property and, should Declarant elect to annex all or any portion of the Additional Property, Declarant shall have no obligation of any kind to annex the Additional Property in any particular sequential order. Should Declarant elect to annex all or any portion of the Additional Property and accordingly to subject such property to the terms and conditions of this Declaration, Declarant reserves the right, with regard to all or any part of the Additional Property annexed by Declarant, to make such complementary additions and/or modifications of the covenants and restrictions contained in this Declaration (including, without limitation, those contained in Section 2 of Article VII hereof) as Declarant may deem necessary or convenient; provided, however, such additions and/or modifications shall not modify this Declaration with respect to the properties previously subjected thereto, and, in the event FHA or VA insured loans have been obtained to purchase Lots, FHA and VA determine that any such complimentary additions and/or modifications are in accord with the general plan from time to time approved by them. With regard to any portion of the Additional Property not annexed by Declarant, Declarant makes no representations with regard to the use of such property or the exterior appearance, design, size or intended purpose of any improvements now or hereafter erected on such property.

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SECTION 5. FHA/VA APPROVAL. During the Period of Declarant Control, the following actions will require the prior approval of the Federal Housing Administration or the Department of Veterans Affairs provided that FHA or VA loans have been obtained to purchase Lots: annexation of additional properties, dedication of Common Area and amendment of this Declaration of Covenants, Conditions and Restrictions or the Articles of Incorporation or the Bylaws of the Association.

SECTION 6. AMPLIFICATION. The Provisions of this Declaration are amplified by the Articles of Incorporation and Bylaws of the Association; but no such amplification shall alter or amend any of the rights or obligations of the Owners set forth in this Declaration. Declarant intends that the provisions of this Declaration on the one hand, and the Articles of Incorporation and Bylaws of the Association on the other be interpreted, construed, and applied to avoid inconsistencies or conflicting results. If such conflict necessarily results, however, Declarant intends that the provisions of this Declaration control anything contained in the Articles of Incorporation or Bylaws of the Association.

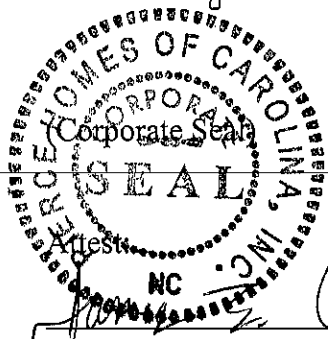
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IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has caused this instrument to be executed in its name and its corporate seal hereto affixed as of the 8th day of August, 2000.

PIERCE HOMES OF CAROLINA, INC.,
a North Carolina corporation

By: [Signature]
President

[Signature]
Secretary



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NORTH CAROLINA

GUILFORD COUNTY

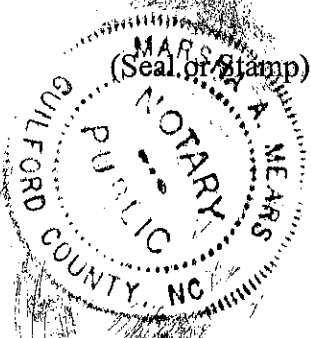
I, the undersigned Notary Public, do hereby certify that JAMES E. CREWS personally appeared before me this day and acknowledged that HE is the Secretary of PIERCE HOMES OF CAROLINA, INC., a North Carolina corporation, and that by authority duly given, and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal, and attested by HIM as its Secretary.

WITNESS my hand and official seal this 8th day of AUGUST, 2000.

My Commission Expires:

MARCH 11th, 2001

[Signature]
Notary Public



SCHEDULE "A"

TRACT ONE

BEGINNING at a NIP in the eastern margin of the right-of-way of Pleasant Ridge Road (SR #2155), a 60' right-of-way, said NIP being located 1434 feet, more or less, from Ridge Haven Road and said NIP being located in the northwest corner of property now or formerly owned by H. Wallace Baird as recorded in Book 3119 at Page 942 and the L. C. Huffine Estate as recorded in Plat Book 16 at Page 2, thence with the eastern margin of the right-of-way of Pleasant Ridge Road the following two bearing breaks: along a curve to the right having a radius of 733.02 feet and a chord bearing and distance of North 23° 38' 20" East 321.39 feet to a point and North 36° 18' 10" East 218.63 feet to a NIP located in the northwest corner of property now or formerly owned by Pleasant Ridge Christian Church and Max Durham & Marjorie M. Durham as recorded in Plat Book 104 at Page 117 (IP found 5.65 feet from NIP); thence with the line of Pleasant Ridge Christian Church and Durham North 88° 02' 24" East 431.46 feet to an EIP; North 72° 02' 20" East 466.30 feet to an EIP in the northeast corner of property now or formerly owned by Anthony C. Barrett as recorded in Book 3537 at Page 1523; thence with the western line of Barrett the following two bearing breaks: South 09° 22' 35" East 163.88 feet to an EIP and South 22° 15' 29" East 188.75 feet to an EIP; thence with the southern line of Barrett North 85° 23' 30" East 161.42 feet to an EIP in the southwest corner of the Charles S. Young Subdivision as recorded in Plat Book 73 at Page 159; thence with the southern line of the Charles S. Young Subdivision South 84° 15' 30" East 299.01 feet to an EIP in the western line of property now or formerly owned by Allen W. Bowman & Carolyn W. Bowman as recorded in Book 3607 at Page 569; thence with the line of Bowman the following two bearing breaks: South 15° 36' 59" East 345.00 feet to a NIP and South 71° 34' 52" East 113.27 feet to a NIP in the southwest corner of property now or formerly owned by John K. Powers & Barbara W. Powers as recorded in Book 3607 at Page 571; thence with the southern line of Powers North 79° 29' 15" East 250.70 feet to a NIP in Powers' southeast corner; thence South 19° 02' 07" East 36.87 feet to a point; thence South 64° 30' 28" East 241.57 feet to a point; thence South 24° 41' 51" West 117.40 feet to a point; thence along a curve to the left having a radius of 825.00 feet and a chord bearing and distance of North 66° 03' 04" West 21.56 feet to a point; thence South 23° 15' 50" West 150.00 feet to a point; thence South 83° 33' 58" West 130.53 feet to a point; thence South 23° 08' 58" West 370.56 feet to a point; thence South 20° 42' 49" East 36.41 feet to a point; thence South 24° 45' 43" West 304.81 feet to a point; thence South 58° 31' 33" East 184.38 feet to a point; thence South 04° 03' 39" West 99.42 feet to a point; thence South 47° 17' 15" West 204.72 feet to a point in the eastern line of Ridge Haven Subdivision as recorded in Plat Book 65 at Page 38; thence with the eastern line of Ridge Haven Subdivision the following two bearing breaks: North 40° 38' 00" West 128.67 feet to an EIP and North 74° 25' 27" West 29.82 feet to a NIP in the eastern margin of the right-of-way of Ridge Haven Court; thence with the margin of the right-of-way of Ridge Haven Court the following three bearing breaks: North 22° 14' 49" East 54.79 feet to a point, North 07° 35' 11" West 79.01 feet to a EIP, and North 12° 55' 16" West 36.84 feet to a NIP; thence North 21° 59' 59" East 55.23 feet to a NIP; thence North 56° 05' 41" West 228.86 to an EIP in the eastern line of property now or formerly owned by Doris Simpson as recorded in Plat Book 67 at Page 113; thence North 05° 31' 56" East 77.93 feet to an EIP; thence North 77° 29' 45" West 32.68 feet to an EIP; thence North 14° 50' 48" West 786.54 feet to an EIP in the northeast corner of the L. C. Huffine Estate as recorded in Plat Book 16 at Page 2; thence with the northern line of the Huffine Estate North 84° 22' 48" West 1311.07 feet to a NIP in the eastern margin of the right-of-way of Pleasant Ridge Road, the point and place of BEGINNING containing 34.669 acres according to a Boundary

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Survey prepared for Pleasant Ridge Farms West for Pierce-Roif Corp. (Owner/Developer) by Borum, Wade and Associates, P.A. dated 12-16-98.

TRACT TWO

BEGINNING at an EIP in the northeast corner of Oak Bend Subdivision as recorded in Plat Book 99 at Page 145; thence with the northern line of Oak Bend Subdivision South 85° 35' 23" West 25.97 feet to an EIP; thence North 04° 11' 55" East 417.07 feet to a point; thence North 89° 33' 14" East 530.10 feet to a point in the western line of Pleasant Ridge Farms Subdivision, Section 3, Map 1, as recorded in Plat Book 105 at Page 52; thence with the western line of Pleasant Ridge Farms Subdivision South 04° 26' 42" West 631.73 feet to a NIP in the northern line of River Hills Subdivision as recorded in Plat Book 100 at Page 33; thence with the northern line of River Hills Subdivision South 89° 31' 46" West 544.93 feet to an EIP in the northwest corner of River Hills Subdivision and the eastern line of Oak Bend Subdivision as recorded in Plat Book 99 at Page 145; thence with the eastern line of Oak Bend Subdivision North 15° 17' 58" East 224.17 feet to an EIP, the point and place of BEGINNING, containing 7.62 acres according to a Boundary Survey prepared for Pleasant Ridge Farms West for Pierce-Roif Corp. (Owner/Developer) by Borum, Wade and Associates, P.A. dated 12-16-98.

TRACT THREE

BEGINNING at a NIP in the northern margin of the right-of-way of Channing Road, said NIP being the southeast corner of property now or formerly owned by Henry Tucker & others as recorded in Plat Book 70 at Page 120, Guilford County Registry, and the southwest corner of Lot No. 118 of Pleasant Ridge Farms Subdivision, Section 1, as recorded in Plat Book 99 at Page 142, Guilford County Registry, thence South 03° 42' 14" West 185.00 feet to an EIP located in the southwest corner of Lot No. 117 of Pleasant Ridge Farms Subdivision, Section 2, Map 1, as recorded in Plat Book 102 at Page 28, Guilford County Registry; thence South 82° 33' 27" East 220.34 feet to an EIP, said EIP being in the southwest corner of Lot No. 111 and the northwest corner of Lot No. 110 of Pleasant Ridge Farms Subdivision, Section 2, Map 1, as recorded in Plat Book 102 at Page 28, Guilford County Registry; thence with the western line of a portion of Pleasant Ridge Farms Subdivision, Section 2, Map 1, as recorded in Plat Book 102 at Page 28, Guilford County Registry, and a portion of the western line of Pleasant Ridge Farms Subdivision, Section 3, Map 1, as recorded in Plat Book 105 at Page 52, Guilford County Registry, South 04° 26' 42" West 2279.63 feet to a point; thence South 89° 33' 14" West 530.10 feet to a point in the eastern line of Lot No. 9 of Ridge Haven Subdivision as recorded in Plat Book 65 at Page 38, Guilford County Registry; thence with the eastern line of Lot No. 9 North 04° 11' 55" East 185.00 feet to an EIP; thence continuing with the line of Lot No. 9 the following two bearing breaks: North 49° 41' 33" West 149.25 feet to an EIP and North 40° 38' 00" West 99.31 feet to a point; thence North 47° 17' 15" East 204.72 feet to a point; thence North 04° 03' 39" East 99.42 feet to a point; thence North 58° 31' 33" West 184.38 feet to a point; thence North 24° 45' 43" East 304.81 feet to a point; thence North 20° 42' 49" West 36.41 feet to a point; thence North 23° 08' 58" East 370.56 feet to a point; thence North 83° 33' 58" East 130.53 feet to a point; thence North 28° 15' 50" East 150.00 feet to a point; thence along a curve to the right having a radius of 825.00 feet and a chord bearing and distance of South 66° 03' 04" East 21.56 feet to a point; thence North 24° 41' 51" East 117.40 feet to a point; thence North 64° 30' 28" West 241.57 feet to a point; thence North 19° 02' 07" West 36.87 feet to a NIP in the southeast corner of property now or formerly owned by John K. Powers & Barbara W. Powers as recorded in Book 3607 at Page 571, Guilford County Registry; thence with the line of Powers North 04° 03' 00" East 191.89 feet to an EIP, said EIP being in the southeast

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corner of property now or formerly owned by Marcus C. Powers and wife, Tammie S. Powers as recorded in Plat Book 121 at Page 93, Guilford County Registry; thence with the line of Powers North 04° 03' 00" East 279.93 feet to an EIP; thence continuing with the line of Powers North 04° 03' 00" East 237.30 feet to a NIP; thence South 84° 20' 29" East 147.19 feet to an EIP; thence North 01° 47' 45" East 29.56 feet to an EIP in the western margin of the right-of-way of Ridge Fall Road; thence across the terminus of the southern portion of Ridge Fall Road South 87° 01' 41" East 60.07 feet to a NIP in the southeast corner of the margin of Ridge Fall Road; thence with the eastern margin of the right-of-way of Ridge Fall Road North 02° 59' 20" East 60.00 feet to a point; thence with the southern line of property now or formerly owned by Henry Tucker & others as recorded in Plat Book 70 at Page 120, Guilford County Registry South 79° 57' 38" East 118.07 feet to a NIP, the point and place of BEGINNING, being Phase I as shown on a boundary survey for Pleasant Ridge Farms West for Pierce-Roif Corp. prepared by Borum, Wade & Associates, P.A. dated 7-1-97, revised 7-23-97, and last revised 11-6-97, and denoted as C-802, and containing 30.95 acres, more or less, (consisting of 14.98 acres, more or less, of property now or formerly owned by Vickie O. Tucker as recorded in Plat Book 70 at Page 120, Guilford County Registry; 13.19 acres, more or less, now or formerly owned by James H. Tucker as recorded in Plat Book 70 at Page 120, Guilford County Registry; and 2.78 acres, more or less, now or formerly owned by John K. Powers & Barbara W. Powers as recorded in Book 3607 at Page 571, Guilford County Registry).

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KATHERINE LEE PAYNE, REGISTER OF DEEDS
GUILFORD COUNTY
201 SOUTH EUGENE STREET
GREENSBORO, NC 27402

* * * * *

State of North Carolina, County of Guilford

The foregoing certificate of Marsha A Meas

A Notary (Notaries) Public is (are) certified to be correct. This instrument and this certificate are duly registered at the date and time shown herein.

KATHERINE LEE PAYNE, REGISTER OF DEEDS

By: [Signature]
Deputy - Assistant Register of Deeds

* * * * *

THIS CERTIFICATION SHEET MUST REMAIN WITH THE DOCUMENT

03/29/00