



NOTICE REGARDING COVENANTS AND/OR RESTRICTIONS

The following Covenants and/or Restrictions are added as a courtesy only and are NOT WARRANTED by the property owner, their broker or agent as to completeness, accuracy, currency, or enforceability. Any interested buyer prospect is urged as part of their due diligence to contact the relevant Community Association or developer to determine for themselves what covenants and/or restrictions currently apply, how long they may remain in force, and if any changes or amendments may be currently under consideration. Additionally, or alternatively, one may wish to consider hiring an attorney to conduct this search for them and provide advice as needed.

Covenants

WHEREAS, the Association and/or the Lot owners are the owners of at least seventy-five percent (75%) of certain real property (the "Property") more particularly described as Phase I, Phase II, and Red Wolf, Piney Mountain Subdivision as shown on plats and surveys thereof on file in the office of the Register of Deeds of Orange County in Plat Book 49, Pages 85 and 86 and Plat Book 52, Page 183 (Piney Mountain Section) and Plat Book 58, Pages 129 and 130, and Plat Book 59, Page 118 (Red Wolf Section), and as described in the original Declaration hereinafter defined; and

WHEREAS, the Association and the Lot Owners desire to withdraw and revoke in their entirety: (i) the Declaration of Restrictions and Covenants for Piney Mountain recorded in Book 707, Page 242 Orange County Registry, as amended in Book 792, Page 149, Orange County Registry; and (ii) Declaration of Restrictions and Covenants for Red Wolf at Piney Mountain recorded in Book 1014, Page 158, Orange County Registry and Book 1014, Page 181, Orange County Registry (collectively the "Original Declaration").

NOW, THEREFORE, the Association and the Lot Owners hereby withdraw and revoke the original Declaration and declare that the Property shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, which are for the benefit of each owner of portions of the Property, and shall inure to and pass and run with each and every portion of the Property now or hereafter subject to this Declaration, and shall bind each owner and their successors or assigns. These covenants, conditions, reservations, and restrictions are imposed upon the Property, as well as any lands added hereto, all of which are to be construed as restrictive covenants running with the land.

The intent of the following covenants is to foster the development of a compatible neighborhood of people and homes and to protect all parties to this instrument against such improper use of lots within the development as would not depreciate the monetary worth of other lots within the development; promote the preservation of the open spaces and greenways and foster a development which maintains an atmosphere of natural beauty and a harmonious blend of nature and residential dwellings.

SECTION I

1. All lots in the Property (except open space and greenways) shall be known and described as residential lots, and shall be used for residential purposes only. No structures shall be erected, placed, or permitted to remain on any residential building lot other than one detached single-family dwelling and a private garage for not more than three cars (Piney Mountain Section) and not more than four cars (Red Wolf Section) and other out-buildings incidental to residential use, subject, however,

to other provisions set forth herein. Each lot owner shall be, as part of the consideration for the acceptance of the deed to such lot, a member of the Piney Mountain Homeowners Association, Inc., more particularly described in Section II of this Declaration.

2. No dwelling shall be constructed upon any lot: (i) in the Piney Mountain Section unless the lot has a minimum of one (1) acre, and each main structure constructed upon the lot or lots shall have a minimum heated and finished floor space of 2,000 square feet; and (ii) in the Red Wolf Section unless the lot has a minimum of three (3) acres and each main structure constructed upon the lot or lots shall have a minimum heated and finished floor space of 3,000 square feet. In determining the square footage of the primary dwelling, all carports, garages, storage houses, finished or unfinished basements, and unenclosed porches shall be excluded. Provided, however, on a case-by-case basis, basements may be included in the calculations of square footage if in the decision of the Architectural Standards Committee the basement is not substantially underground but rather a first floor that is partially underground due to the topography of the lot. The decision of the Architectural Standards Committee shall be made in good faith, but its decision shall be binding.

3. No dwelling or other structures shall be located on any lot nearer than 60 feet from the front property line, nor nearer to the side lot line than 25 feet, nor nearer the rear lot line than 50 feet (Piney Mountain Section) or nearer to the side lot line than 30 feet nor nearer to the rear lot line than 60 feet (Red Wolf Section), provided, however, with respect to the Piney Mountain Section only, the Architectural Standards Committee (see Paragraph 14), on a lot by lot basis, is hereby granted the right to amend said setbacks by up to 25% of the required setbacks by recording in the Office of the Register of Deeds of Orange County, a statement signed by three (3) members of the Architectural Standards Committee that is necessary to amend said setbacks for the purpose of the allowing an approved dwelling to be built on the lot, due to the topography and configuration of the said lot.

Note: Provided however, there shall be no adjustment of the setbacks as set forth above, if such adjustment would be in violation of the then-existing Orange County Zoning ordinance.

4. No dwelling, including the garage and carport, whether attached or detached from the main dwelling, shall be constructed, situated, or allowed to remain on any lot, unless the plans and specifications and location of the same shall have been first approved in writing by the Architectural Standards Committee. If the Architectural Standards Committee fails to approve or disapprove such specifications, plans, and locations within four (4) weeks of the receipt of same, the Architectural Standards Committee will be deemed to have waived its right to object to said specifications, plans, and location. The approval or disapproval of specifications, plans, and location to be made by the Architectural Standards Committee shall be reasonable and made in good faith. All

parties to these Covenants, whether lot owner or prospective purchaser, do acknowledge that such approval shall take into account the nature of the improvements and the harmony of the proposed improvements with the surroundings, other buildings within the subdivision and the topography of the lot. It is the intent of this Declaration of Restrictions and Covenants to promote and maximize maintenance of all trees and the natural setting and appearance of the lots.

Each lot owner shall, prior to the commencement of construction, submit five (5) copies of proposed plans and specifications, including a site plan and a landscaping plan, to the Architectural standards Committee. Approval of such plans, specifications, site plan and landscape plan shall be evidenced by written endorsement of the Architectural Standards Committee on such plans and maps, copies of which shall be delivered to the owner or owners of the lot upon which the prospective structure is contemplated prior to the beginning of construction. No external structural or landscaping changes or deviation in or from such plans and specifications as approved shall be made during or after construction without the prior written consent of the Architectural Standards Committee.

The Architectural Standards Committee shall be entitled to stop any construction in violation of these restrictions.

In addition, the Architectural Standards Committee has the absolute right to reject specifications and plans, regardless of design, if the improvement to be constructed is to be manufactured more than 20% off the lot upon which the improvement is to be built.

Each lot owner, as a part of the consideration for the delivery of a deed to said owner, does hereby covenant and agree with the Piney Mountain Homeowners Association, Inc., to provide to the Piney Mountain Homeowners Association, Inc., a cash bond of \$500.00 for the purpose of repairs to the roadways and common areas of Piney Mountain for damage caused by the construction of that lot owner's improvements. This bond shall be posted prior to the commencement of construction and the posting of said bond shall be a condition precedent to the approval of the proposed plans and specification as provided for herein. Upon the issuance of a Certificate of occupancy and completion of all landscaping such Bond shall be returned, so long as any damage done to any streets or common areas within the subdivision caused by such lot owner or his agents, have been satisfactorily repaired. The use of part or all of the Bond to effectuate repairs shall not be considered an exclusive remedy of the Association.

Each lot owner and the Piney Mountain Homeowners Association further covenant and agree that each curb cut or driveway entrance made in this subdivision shall comply with the standards and requirements of the North Carolina Department of the Transportation standards in effect at the time of the building of such curb cut or driveway.

5. Any and all out-buildings must be located to the rear of the main dwelling (Piney Mountain Section), shall not at any time be used as a residence and shall be subject to the approval procedures set forth in Paragraph 4, except as allowed by the Architectural Standards Committee (Piney Mountain and Red Wolf Sections).

Recreational camping vehicles, boats and boat trailers shall be allowed to be stored on the property, provided that they are stored to the rear of the main dwelling (Piney Mountain Section) and are suitably screened in a manner approved pursuant to the procedures set forth in Paragraph 4 (Piney Mountain and Red Wolf Sections).

All fuel tanks shall be either installed underground or screened in a manner approved by the Architectural Standards Committee or its successor or assigns. With respect to the Piney Mountain Section only, all above-ground tanks must be located to the rear of the main dwelling.

All clotheslines shall be located to the rear of the property (Piney Mountain Section) and shall be appropriately screened (Piney Mountain and Red Wolf Sections).

No trade materials or inventories may be stored upon the premises and no tractor-trailers may be parked at or on the premises.

No industrial business or commercial activity or trade of any kind whatsoever (which shall include but not be limited to the use of any residence as a doctor's office or professional office of any kind, a fraternity or sorority house, a boarding house, a beauty parlor or barbershop, an antique shop or gift shop) shall be carried on upon any lot or within any improvements constructed thereon. This rule is not intended to restrict a resident from engaging in work-related activities, provided the activity does not generate noise, or traffic, has no employee other than the resident engaged in the activity, and the activity does not violate any other covenant or restriction or violate any North Carolina law.

All rubbish, trash, organic clippings, garbage or other waste shall be kept in sanitary containers in an enclosed location and appropriately screened.

No outdoor burning of any material shall be permitted on any lot unless an adequate incinerator is used in compliance with all local, state or federal laws and all required permits are obtained.

Adequate off-street parking shall be provided by the owner of each residential lot subject to these restrictions. Such parking shall include spaces sufficient for the owner and by other persons residing regularly in the residence. Lot owners agree not to park their automobiles or other vehicles on streets located within the subdivision.

All radio and television antenna (including all forms of satellite dishes), shall not be constructed, installed or located upon any lot within the lands subject to this Declaration without the prior written approval of the Architectural Standards Committee, which approval shall only be given after review by the Architectural Standards Committee of a written submission, including site plan, describing the nature of such construction, installation or location, impact on existing vegetation, together with a specific description of all materials to be used, subject to the same approval requirements as set forth in Paragraph 4 of this Declaration for other improvements.

6. No dwelling shall be erected or permitted to remain on any lot wherein concrete blocks or cinder blocks are used as part or all of the outside exposed exterior of the dwelling. In addition, no mobile home shall be allowed on any lot within the development.

7. Easements for the installation and maintenance of all utilities and drainage facilities are hereby reserved by the Piney Mountain Home Owners Association, Inc. for itself, its successors, and or assigns, over the side 5 feet and the rear 10 feet of each and every lot. Within these easements, no structures, plantings, or other materials shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, or which may change direction of flow or drainage channels in the easements or which may obstruct or retard the flow of water through drainage channels in these easements. The easement area of each lot shall be maintained continuously by the owner of the lot, except for those improvements for which a public authority or utility company is responsible.

8. No obnoxious or offensive activity shall be permitted on any lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood.

"Firearms", including but not limited to pellet guns, rifles, handguns and air rifles shall not be discharged within the confines of the Property.

9. No trash, rubbish, stored materials, wrecked or inoperable vehicles or similar unsightly items shall be allowed to remain on any lot outside the approved enclosed structure. Provided, however, that the foregoing shall not be construed to prohibit temporary deposits of trash and other such debris for pickup by governmental and/or other similar garbage or trash removal services.

10. No signs or billboards of any description may be displayed on the property, with the exception of "FOR SALE" signs, which signs shall not exceed 2 feet by 3 feet in size and shall be limited to one sign to a lot.

All mailboxes and replacements shall be the same design and appearance as specified by the Piney Mountain Home Owners Association, Inc.

11. No animals, livestock or poultry of any kind shall be raised, bred, or maintained on any lot except household pets which may be kept thereon in reasonable numbers as pets for the sole pleasure and use of the occupants, but not maintained or bred for any commercial use or purpose.

12. Within the Piney Mountain Section, all fences between the home and road shall not be over four feet high, and shall be of the type that enhances the beauty of the neighborhood and shall, prior to construction, be approved by the Architectural Standards Committee pursuant to Paragraph 4. In no event shall a chain-link or metal type fences be approved in any area in front of the rear line of the residential improvements. Cyclone or other wire mesh fences shall not be erected any closer to the front property line than the rear of the residential dwelling, and such fences shall have a maximum height of five feet. A decorative or stockade privacy fence may be erected subject to the submission of such plan to the Architectural Standards Committee and granting of architectural approval as set forth in Paragraph 4 above.

13. The Piney Mountain Home Owners Association, Inc has conveyed certain lands to the Orange Water and Sewage Authority (OWASA) for the purpose of operating a sewer utility to serve the lots located within the Piney Mountain Section. The owner of each lot subject to this Declaration that is served by OWASA shall be obligated to pay, on a monthly basis, the cost of sewer service as established by OWASA or its successors. The obligation to pay such fee shall be based on the rates established by OWASA. Sewer lines shall be available in the streets and the cost of all sewer line improvements to service the individual lots shall be the exclusive cost of each lot owner and all work done shall be performed in accordance with the then-existing general service agreement between the Association and its vendor of choice and shall be in compliance with all requirements set forth by OWASA. This shall include all costs of installation of laterals to service the improvements, to be built in the manner required to connect to the OWASA system, including the cost of installation of holding tanks and grinder pumps. No individual septic systems shall be permitted within the Property except on Lots located in the Red Wolf Section and for the existing systems located within the Piney Mountain Section.

That Portion of the Property which was previously restricted to use as nitrification fields or repair areas for the then existing and subsequently abandoned community sewage system is currently restricted (the "Restriction") by agreement between Orange County (the "County") and Piney Mountain as Recreation/Open Space for the use and enjoyment of the residents of the Piney Mountain subdivision pursuant to Section IV-B-10 of the Orange County Subdivision Regulations (the "Subdivision Regulations"). Notwithstanding any change in the Subdivision Regulations, the Restriction shall remain

in full force and effect until modified or is removed by agreement of the Association and the County.

14. The Architectural Standards Committee shall be composed of five (5) members appointed by the Board of Directors of the Piney Mountain Homeowners Association, Inc., and who shall serve at the pleasure of the entity appointing such member.

15. The foregoing restrictions shall be construed to be covenants running with the land and shall be binding and effective to the year 2026, at which time they shall be automatically extended for successive periods of five(5)years unless it is agreed by the vote of seventy-five percent (75%) of the then owners of the above-described property to change, amend or terminate the restriction in whole or in part.

If any person, firm, or corporation shall violate or attempt to violate any of these restrictions, it shall be lawful for any other person, firm or corporation owning any property of any of the lots above-numbered to prosecute the violating party at law or in equity for any claim which these restrictions may create in such other owner or interested party either to prevent said person, firm or corporation from doing such acts and/or to recover damages for such violation or violations.

Invalidation of any one or more of these restrictions by judgment of court order shall in no way affect any of the other provisions not expressly held to be void, and all other such provisions shall remain in full force and effect.

16. This Declaration or the Bylaws of the Piney Mountain Homeowners Association, Inc., may be amended in full or in part at any time by an instrument signed by not less than seventy-five percent (75%) of the lot owners, provided that no amendment shall alter any obligation to pay assessments levied against lots or affect the lien for the payment of the same, including the maintenance of roads and appropriate open spaces, until these responsibilities are expressly assumed by some other entity. To be effective, any amendment of this Declaration must be recorded in the office of the Register of Deeds of Orange County, North Carolina; an amendment to the Bylaws must be contained within the official records of the Piney Mountain Homeowners Association, Inc.

SECTION II

PINEY MOUNTAIN HOMEOWNERS ASSOCIATION, INC.

A. A corporation named Piney Mountain Homeowners Association,' Inc., has been formed pursuant to the rules and requirements of the Nonprofit Corporation Act

(Chapter 55A) of the General Statutes of North Carolina as an association of owners of lots. Its purposes are to own, manage, maintain, and operate the community use areas (the common areas and greenways) and facilities located upon the community use areas; to maintain the subdivision roads and streets until such time that the State of North Carolina accepts the dedication of the roads and streets; to enforce the restrictions contained herein; and to make and enforce rules and regulations governing the owners use and occupation of lots.

B. Each owner of each lot within the subdivision shall be a member of the corporation. The owners of the individual lots, by their acceptance of individual deeds thereto, covenant and agree with respect to the corporation:

1. That for so long as each is an owner of a lot within the subdivision, each will perform all acts necessary to remain in good and current standing as a member of the corporation;

2. That each shall be subject to the rules and regulations of the corporation with regard to ownership of a lot; and

3. That any unpaid assessment, whether general or special, levied by the corporation in accordance with these restrictions, the articles of incorporation, or the bylaws shall be a lien upon the lot upon which such assessment was levied, and shall be the personal obligation of the owner of the lot at the time the assessment fell due.

C. Each membership in the corporation shall relate to and have a unity of interest with an individual lot that may not be separated from ownership of said lot.

D. The corporation shall have one class of members who shall be all owners. Each member shall be entitled to one vote for each lot owned; provided, however, when more than one person holds an interest in any lot, all such persons shall be members and the vote for such lot shall be exercised as they, among themselves, determine, but in no event shall more than one vote or any fraction of a vote be cast with respect to any lot.

MANAGEMENT AND ADMINISTRATION

The management and administration of the affairs of the community use areas of the subdivision shall be the sole right and responsibility of the corporation. The management shall be carried out in accordance with the terms and conditions of these restrictions, the articles of incorporation, and the bylaws of the corporation, but may be delegated or contracted to managers or management services.

COMMUNITY EXPENSES

The community expenses of the subdivision include:

A. All amounts expended by the corporation in operating, administering, managing, repairing, replacing, and improving the community use areas and roads or streets of the subdivision; all amounts expended by the corporation in ensuring the community use areas in the subdivision; all amounts expended by the corporation in legal, engineering or architectural fees; all similar fees which may be incurred by the corporation from time-to-time in performing the functions delegated to the corporation by these restrictions; and all amounts expended in any form by the corporation in enforcing these restrictions, the articles of incorporation or the bylaws.

B. All amounts expended by the corporation in carrying out any duty or discretion as may be required or allowed by these restrictions, the articles of incorporation, or the bylaws.

C. All amounts declared to be community expenses in the bylaws or in these restrictions.

D. All taxes and special assessments which may be levied from time to time by any governmental authority upon the community use areas in the subdivision.

ANNUAL GENERAL ASSESSMENT

A. Each owner of any lot by acceptance of a deed for same (whether or not it shall be so-expressed in such deed) is deemed to covenant and agrees to pay to the corporation annual general assessments or charges as hereinafter provided. The annual general assessments, together with interest, costs and reasonable attorney's fees, shall be a charge and lien on the land and, subject to the provisions of paragraph F of this article, shall be a continuing lien upon the property against which each such assessment is made. Furthermore, each such assessment, together with interest, costs, and reasonable attorneys, shall also be the personal obligation of the person who was the owner of the lot at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to a successor in title to a lot unless expressly assumed by them but, subject to the provisions of this declaration, delinquent assessments shall continue to be a lien upon such lot.

B. Until July 1st of the year immediately following the recording of this Agreement, the maximum annual general assessment shall be One Hundred Ninety and No/100 Dollar (\$190.00) per lot.

1. From and after July 1st of the year immediately following the recording of this Agreement, the maximum annual general assessment may be increased each year not more than ten percent (10%) above the assessment for the previous year without any vote of the membership.

2. From and after July 1st of the year immediately following the recording of this Agreement, the maximum annual general assessment may be increased by an amount greater than ten percent (10%) of the assessment for the previous year, provided the proposed increase is approved by a vote of two-thirds (2/3) of the members who are voting in person or by a proxy at a meeting duly called for this purpose.

3. The board of directors may fix the annual general assessment at an amount not in excess of the maximum.

4. Once the annual general assessment has been set, notice of the annual general assessment shall be given to all members. After the initial notice of the assessment, the assessment shall become due and payable as provided by the board of directors.

C. Written notice of any meeting called for the purpose of taking any action authorized under paragraph B(2) 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 or of proxies entitled to cast fifty one (51%) percent of all the votes of each class of membership shall constitute a quorum.

D. The annual general assessments levied by the corporation shall be used exclusively to improve, maintain and repair the community use areas, to pay the expenses of the corporation, to pay the cost of lighting the community use areas, if any, to pay the cost of any insurance for the benefit of the corporation and the safety and welfare of the members and to pay taxes levied upon the community use areas and pay the cost to maintain and repair the subdivision streets until taken over by the State of North Carolina for maintenance.

E. The corporation shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the corporation setting forth whether the assessments on a specified lot have been paid. A properly executed certificate of the corporation as to the status of assessments on a lot is binding upon the corporation as of the date of its issuance.

F. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. The sale or transfer of any lot shall not affect the assessment lien. However, the sale or transfer of any lot pursuant to foreclosure of a first mortgage or any proceeding in lieu thereof shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall

relieve such lot from liability for any assessments thereafter becoming due or from the lien thereof.

SPECIAL ASSESSMENTS

Special assessments may be levied against lots for such reasons as are provided in these restrictions, the articles of incorporation or the bylaws, and on such terms as provided by the board of directors or the members. Either the board of directors or the members may levy or impose special assessments upon a majority vote, the purpose for which special assessments may be levied including, but are not limited to, providing funds to pay community expenses which exceed the general assessment fund then on hand to pay same and providing a contingency fund for capital improvements and extraordinary expenses. Furthermore, special assessments may be assessed against specific lots. In the event the owner of a lot fails to comply with the provisions of this declaration, the articles of incorporation or the bylaws as stated herein, the corporation may perform such task or remedy such matter and levy the cost of such performance against the owner of such lot and such lot as a special assessment.

LIEN FOR ASSESSMENTS

Any general or special assessment, if not paid within thirty (30) days after the date such assessment is due, together with interest at the rate established in the Bylaws of the Corporation, costs of collection, court costs, and reasonable attorney's fees, shall constitute a lien against the lot upon which such assessment is levied. The corporation may record notice of the same in the office of the Clerk of Superior Court of Orange County or file a suit to collect such delinquent assessments and charges. The corporation may file Notice of Lis Pendens, bring an action at law against the owner personally obligated to pay the same and/or bring an action to foreclose the lien against the property, as such procedures are established within the Bylaws of the Piney Mountain Homeowners Association, Inc. No owner may waive or otherwise escape liability for the assessments provided for herein.

COMPLIANCE WITH THIS DECLARATION OF RESTRICTIONS AND COVENANTS THE ARTICLES OF INCORPORATION AND THE BYLAWS OF THE CORPORATION

In the case of failure of a lot owner to comply with the terms and provision contained in this Declaration, the articles of incorporation or the bylaws of the corporation, the following relief shall be available:

A. The corporation, an aggrieved lot owner or owners on behalf of all or a portion of Lot Owners within the Property, shall have the right to bring an action and recover sums due, damages, injunctive relief, and/or such other and further relief as may be just and appropriate.

B. The corporation shall have the right to remedy the violation and assess the costs of remedying same against the offending lot owner as a special assessment.

C. If the violation is the nonpayment of any general or special assessment, the corporation shall have the right to suspend the offending owner's voting rights for any period during which an assessment against the lot remains unpaid.

D. The remedies provided by this declaration are cumulative, and are in addition to any other remedies provided by law.>

E. The failure of the corporation or any person to enforce any restriction contained in these restrictions, the articles of incorporation or the bylaws shall not be deemed to waive the right to enforce such restrictions thereafter as to the same violation or subsequent violation or similar character.

Prior to availing itself of the relief specified herein, the corporation shall follow the hearing procedures as set forth in the bylaws.