

EXHIBIT B

**PINE MOUNTAIN LAKES
DECLARATION
OF
COVENANTS AND RESTRICTIONS
AS AMENDED
AND SUPPLEMENTED**

**Dated and Recorded April 26, 1973
Book 430, page 278
Burke County, North Carolina
Register of Deeds**

**Amended and Recorded June 21, 1973
Book 438, page 144
Burke County, North Carolina
Register of Deeds**

**Supplemented and Recorded, January 28, 1974
Book 452, page 354
Burke County, North Carolina
Register of Deeds**

**PINE MOUNTAIN LAKES
DECLARATION OF
COVENANTS AND RESTRICTIONS**

DECLARANTS:

- (1) South Mountain Properties, Inc.
- (2) Pine Mountain Lakes Property Owners Association, Inc.
- (3) Village Commons Association, Inc.

BENEFICIARIES:

Owners of Real Estate Located In an Area To Be Developed and Known as Pine Mountain Lakes.

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**PINE MOUNTAIN LAKES
DECLARATION OF
COVENANTS AND RESTRICTIONS
AS AMENDED**

DECLARANTS:

- (1) SOUTH MOUNTAIN PROPERTIES, INC.
- (2) PINE MOUNTAIN LAKES PROPERTY OWNERS ASSOCIATION, INC.
- (3) VILLAGE COMMONS ASSOCIATION, INC.

BENEFICIARIES:

Owners of Real Estate Located In An Area To Be Developed and Known as PINE MOUNTAIN LAKES

This Declaration of Covenants and Restrictions made this 26th day of April, 1973, and amended June 1, 1973, by South Mountain Properties, Inc., a corporation organized and existing under the laws of the State of North Carolina (hereinafter called Developer); Pine Mountain Lakes Property Owners Association, Inc., a non-profit corporation organized and existing under the laws of the State of North Carolina (hereinafter called Association); and Village Commons Association, Inc., a non-profit corporation organized and existent under the laws of the State of North Carolina (hereinafter called "Commons");

WITNESSETH:

DEVELOPER is the owner of that certain subdivided real estate known and to be known as Pine Mountain Lakes as described by maps and plats thereof recorded and to be recorded in the office of the Register of Deeds of Burke County, North Carolina.

This Declaration of Covenants and Restrictions shall apply to that certain real estate owned by Developer and lying within the bounds described by the following Maps recorded at the Book of Maps Number and Page given and recorded on the date indicated in the office of the Register of Deeds of Burke County, North Carolina:

<u>Book of Maps</u>	<u>Page</u>	<u>Date Recorded</u>
6	31	April 26, 1973
6	32	"
6	33	"
6	34	"
6	35	"
6	36	"
6	37	"
6	38	"
6	39	"
6	40	"
6	41	"
6	42	"

6	43	April 26, 1973
6	44	"
6	45	"
6	46	"
6	47	"
6	48	"
6	49	"
6	50	"
6	51	"
6	52	"
6	53	"
6	54	"
6	55	"
6	56	"
6	57	"
6	58	"
6	59	"
6	65	June 1, 1973
6	66	"
6	67	"
6	68	"

The property descriptions reflected by the foregoing maps and the said maps are incorporated herein as if fully set forth, and this Declaration is incorporated into and attached to said maps as if fully appearing thereon.

The real estate which is described by the foregoing recorded maps is located within the bounds of one or more of the properties heretofore acquired by South Mountain Properties, Inc., by deeds of record in the office of the Register of Deeds of Burke County, North Carolina in Book 419, page 271; Book 419, page 275; Book 419, page 269; Book 419, page 260; Book 419, page 278; Book 419, page 251; Book 419, page 255; Book 419, page 274; Book 419, page 259; Book 419, page 250; Book 419, page 262; Book 419, page 258; and Book 424, page 1. All properties conveyed by the foregoing deeds of record are further described by maps of record in the office of the Register of Deeds of Burke County, North Carolina, appearing as follows:

<u>Map Book No.</u>	<u>Page</u>
6	1
6	2
6	3
6	4

Schedules of distances and bearings relating to said maps appear of record in the office of the above said Register of Deeds as follows:

<u>Map Book No.</u>	<u>Page</u>
6	5
6	6
6	7
6	8

Excepting therefrom the tracts identified thereon as the Quinton and Essie Mae Chapman Exception and the James Wilson White, Jr., Exception.

Provided, further, that the southernmost perimeter boundary of the above said composite properties has been further changed by Boundary Line Agreement between South Mountain Properties, Inc., and The Joe Rollins Company duly filed of record in the Office of the Register of Deeds of Burke County, North Carolina, in Book 430, page 231, and reflected by maps recorded in the same office in Book of Maps No. 6, pages 22, 23 and 24. Said Boundary Line Agreement is also of record in Book 14-N, page 47, office of the Register of Deeds of Cleveland County, North Carolina. And there reflected by maps recorded in Map Book No. 13, page 2; Map Book 12, page 100; and Map Book 13, page 1.

The perimeter description of properties acquired by South Mountain Properties, Inc., under the above deeds, as modified by the Boundary Line Agreement, appears of record in Book of Maps No. 6, pages 26, 27, 28, 29, and 30, Burke County Register of Deeds.

This Declaration of Covenants and Restrictions shall further apply to those areas of real estate embraced and lying within the bounds of such other and further maps which Declarants or the Developer shall hereafter cause to be recorded and made subject hereto by duly recorded Supplemental Declarations according with PART ONE, Article III, subject, however, to the reservations set forth in PART SEVEN, Article I.

Now, therefore, subject to the above reservations and to the end that those real properties which shall now or hereafter be and become subject to this Declaration of Covenants and Restrictions shall be developed, sold, conveyed, administered, used, occupied, improved and preserved in accordance with a uniform plan and design and for the purpose of enhancing and providing for protection of the value, desirability, and appearance of said properties and all subdivided parcels thereof, by whatever name called or designated, it is hereby declared that said real properties shall be held, sold, developed, conveyed, administered, used, occupied, preserved, improved and transferred only subject to the following:

PART ONE

ARTICLE I

GENERAL DECLARATIONS

Developer, in conjunction with Pine Mountain Lakes Property Owners Association, Inc., and Village Commons Association, Inc., shall create and develop upon the properties known and to be known as Pine Mountain Lakes a residential community with supportive and complementary commercial areas; utility services and areas; private roads, paths, trails, and streets; common properties and facilities; preserved natural areas (to be known as "greenways"); and other amenities which may enhance the private and common use and enjoyment of Pine Mountain Lakes by those parties who shall own any part, parcel or portion thereof;

Developer, in specific conjunction with Pine Mountain Lakes Property Owners Association, Inc., desires to provide for the construction of future additions to, and maintenance of various of the common facilities to be situated in and upon Pine Mountain Lakes, including, but not being limited to: private roads, streets, paths, and trails; water system; sewer system; lakes and pools, one or more golf courses, greenways; park areas; recreational areas; and such other common facilities and areas as shall be so designated upon maps of properties made subject to this Declaration of Covenants and Restrictions;

Developer has caused Pine Mountain Lakes Property Owners Association, Inc., and Village Commons Association, Inc., to be organized and chartered as non-profit corporations under the laws of the State of North Carolina to the end that said corporations shall, respectively be delegated and assigned the functions and powers set forth herein, including, but not being limited to, the following:

(1) Pine Mountain Lakes Property Owners Association, Inc. shall be, and it hereby is, delegated the functions and powers of (a) maintaining the water and sewer systems constructed by Developer and constructing additions to the water and sewer systems; (b) maintaining, administering and expanding other common properties and facilities; (c) administering and enforcing covenants and restrictions; (d) collecting, managing, and disbursing the Association fees, dues, assessments and charges hereinafter established; (e) acting as rental or leasing agent of Class A members if authorized by majority vote of Class A Members only at a meeting conducted in accordance with a resolution of the Board of Directors of the Association authorizing the same; provided, however, it shall not have authority and jurisdiction over those functions delegated to the Village Commons Association, Inc.; (f) assuming fee title to Village Commons properties subject to the further reservations and limitations of the Declaration;

(2) Village Commons Association, Inc., shall be, and it hereby is, delegated the functions and powers of (a) establishing and providing for the organization of unincorporated divisions of itself (to be known as "Village Divisions") relating to the administration of the common affairs of each Village, separately and collectively, coming under its jurisdiction, control, and maintenance of the various Village Commons areas; (b) providing for the uniform exterior maintenance appearance

of the various adjacent and contiguous Country Houses constructed in the Villages; and, (c) collecting, managing, and disbursing the Commons fees, dues, assessments, and charges hereinafter established; (d) acting as rental or leasing agent of Class A Members if authorized by majority vote of Class A Members only at a meeting conducted in accordance with a resolution of the Board of Directors of the Commons authorizing the same; (e) assuming fee title to Village Commons properties subject to the further reservations and limitations of the Declaration; provided, however, that neither it nor any Village Division thereof shall have authority or jurisdiction over those functions delegated to Pine Mountain Lakes Property Owners Association, Inc..

ARTICLE II

DEFINITIONS

When used herein and in any supplement hereto, the following words shall have these respective meanings:

(1) Declarants: South Mountain Properties, Inc.; Pine Mountain Lakes Property Owners Association, Inc.; and

(2) Developer: South Mountain Properties, Inc., a corporation organized and existent under the laws of the State of North Carolina.

(3) Association: Pine Mountain Lakes Property Owners Association, Inc., a non-profit corporation organized and existent under the laws of the State of North Carolina.

(4) Commons: Village Commons Association, Inc., a non-profit corporation organized and existent under the laws of the State of North Carolina.

(4-A) Village Division: Unincorporated administrative division of the Commons having jurisdiction only in the singular Village for which it is established;

(5) PML Properties: All Pine Mountain Lakes Properties, howsoever identified or designated, as shall now or hereafter be or become subject to this Declaration or any supplement thereto;

(6) Declaration: The Pine Mountain Lakes Declaration of Covenants and Restrictions and the Amendments to Pine Mountain Lakes Declaration of Covenants and Restrictions;

(7) Lot: A numbered, lettered, or combination of numbered and lettered parcel of land lying within the boundary of a subdivided area of PML Properties as shown on any recorded subdivision Map of PML Properties identified as a numbered or named PML Properties "Section"; provided, however, that this definition shall not, in any event, apply to a "Country

House Unit Site" or any area within a "Village" as hereinafter defined, or to a parcel subject to a supplemental Declaration;

(8) Common Area; Common Properties; Greenways: Those areas so designated upon any recorded subdivision Map or Plat of the PML Properties, the same to be devoted to the common use and enjoyment of Owners of the PML Properties together with any improvement designated by the Developer as Common Properties and intended to be devoted to the common use and enjoyment of Owners of the PML Properties, all of which Developer may hereafter transfer and convey to the Association, specifically including, but not to the exclusion of other improvements which may hereinafter be designated as Common Properties by the Developer, the following:

- (a) Community Lodge,
- (b) Swimming Pool
- (c) Tennis Courts and Paddle Tennis Courts,
- (d) Roads, Streets, Trails, and Pathways,
- (e) Golf Course,
- (f) Greenways,
- (g) Water System serving Tree Top Village and Section 11,
- (h) Sewer System serving Tree Top Village.

Common Properties shall include properties owned by the Association.

(9) Private Ways, Private Roads, Private Streets, Private Lanes: Every way of access for vehicles. The fact that the same shall be known by the name of street, road, avenue, place or other name shall in no wise cause the particular way, road or lane to be public in nature, despite the fact that streets under general definitions are not private in nature.

(10) Private Pathways and Private Trails: Those ways of access not available to vehicular traffic. These terms shall include equestrian ways.

(11) Utility Easement; Service Easement: Those areas of land designated on any recorded subdivision or Village Plat of the PML Properties as "Utility Easements", or as "Service Easements" or as may be provided by this Declaration or any supplement hereto;

(12) Reserved Properties: Those areas of land designated on any recorded subdivision Plat of the PML Properties as "Reserved Properties."

(13) Commercial Lot: Any lot so designated by this Declaration or any Supplement thereto or by a recorded subdivision plat of the PML Properties, the same to have those rights and privileges as to the common properties including, but not being limited to, those set forth in PART SEVEN of this Declaration;

(14) Single Family Residential Lot: Any Lot (as defined by (7)) above designated upon any recorded subdivision Plat of the PML Properties (or as may be so designated by this Declaration or any supplement

hereto) unless identified to the contrary upon the Plat or by supplement hereto;

(15) Single Family Detached Dwelling: a residential dwelling, not attached to any other building, for use and occupancy by one or more persons each related to the other by blood, marriage, or legal adoption or by not more than three (3) persons not so related, together with domestic employees, and such persons maintain a common and singular household in such dwelling;

(16) Member: Those persons or entities who are members of the Association as provided in PART ONE, Article IV;

(17) Associate Member: those persons or entities who are Associate Members of the Association as provided in PART ONE, Article IV;

(18) Commons Member: those persons or entities who are members of the Commons as provided in PART ONE, Article V;

(19) Associate Commons Member: those persons or entities who are associate members of the Commons as provided in PART ONE, Article V;

(20) Village: A tract lying within the boundaries of the PML Properties and denominated upon a descriptive recorded Map as a named Village within the boundaries of which Country House Unit Sites shall be platted and described;

(21) Country House Unit Site: a numbered parcel of land consisting of not less than 2,000 nor more than 2,500 square feet, more or less, of horizontally measured ground space within a closed boundary and lying within the boundaries of a Village, said parcels to be grouped in Clusters of not less than three (3) nor more than six (6) parcels, and upon which no structure other than one Country House shall be constructed;

(21-A) Country House: A Single Family Attached Dwelling located upon a Country House Unit Site and attached to one or more like structures.

(22) Cluster: a group of not less than three (3) nor more than six (6) adjoining or connected Country House Unit Sites;

(23) Village Commons: all of the real property located within the boundaries of the Village and not encompassed within the boundaries of Country House Unit Sites situate therein, the same being dedicated to Village Commons Association, Inc. for the use, benefit, and enjoyment of owners of Country House Unit Sites within the Village and being inclusive of any Country House Unit Sites within the Village which Developer might dedicate as a part of the Village Commons;

(24) Village Interest: a Country House Unit Site together with a right of use and enjoyment in the Village Commons;

(25) Inside Country House Unit Site: unless otherwise designated by the Developer, a Country House Unit Site having more than one bound-

ary, wholly or partly adjacent to or contiguous with the boundary of one or more other Country House Unit Sites, and having less than two connected boundary lines that are not wholly or partly adjacent to or contiguous with another Country House Unit Site;

(26) Outside Country House Unit Site: unless otherwise so designated by the Developer, a Country House Unit Site either having not more than one boundary wholly or partly adjacent to or contiguous with a boundary of another Country House Unit Site or having at least two (2) connected boundaries that are not wholly or partly adjacent to or contiguous with a boundary of another Country House Unit Site;

(27) Common Unit Wall: that part of the wall of a Country House constructed on a Country House Unit Site adjacent to, contiguous with, or forming a common wall of a Country House constructed on an adjacent Country House Unit Site, the same being further defined and subject to the conditions and requirements specified in PART FIVE, Article III, Section 3(D) hereof;

(28) Improvements: anything of any kind or nature whatsoever built, constructed or placed upon the PML Properties and subject to this Declaration, including, but not being limited to, Single-Family Detached Dwellings, Country Houses, fences, walls, driveways, parking areas, retaining walls, permitted out-buildings, and every and singular structure, material, or device of every kind and nature, whether or not herein defined and specified;

(29) Owner: any person or entity, including the Developer, owning fee simple title to any Unit of PML Property, whether under and by virtue of a Deed of Conveyance or a Certificate of Ownership; this term shall also include any person or entity who has contracted to purchase the fee title of such a Unit of PML Property under and pursuant to a lawful written agreement with Developer;

(30) Committee: the Association Environmental Control Committee;

(31) Commons Committee: the Commons Environmental Control Committee;

(32) Certificate of Ownership: a written document in recordable form, running from the Developer, as Grantor, to a purchaser, as Grantee, wherein it is duly evidenced and recited that the purchaser is the lawful owner of the fee title in and to a Country House Unit Site not yet partitioned to him, which document shall be delivered to the purchaser of a Country House Unit Site after he satisfies payment of the purchase price thereof and prior to delivery of a deed conveying a designated Country House Unit Site to him.

(33) Map or Plat: A duly recorded map descriptive of any of the PML Properties, portions thereof, or additions thereto;

(34) Development Period: the period of time extending (1) for ten (10) years from the date of the sale of the first Unit of PML Property, or, (2) to the date of completion of construction of all Common Properties which shall serve the PML Properties and all properties added thereto pursuant to Article III of this PART ONE, or, (3) until Developer is paid in full for all PML Properties which it shall sett, whichever shall later occur; provided, however, that the developer may, in its sole discretion shorten the Development Period;

(35) Unit of PML Property: One Lot, one Village Interest, or one of any other category of subdivided PML property restricted to residential use.

(36) Single Family Attached Dwelling: a residential dwelling attached to one or more other buildings, of a like nature, for use and occupancy by one or more persons each related to the other by blood, marriage or legal adoption or by not more than three (3) persons not so related, together with domestic employees, and such persons maintain a common and singular household in such dwelling.

ARTICLE III

ADDITIONS TO EXISTING PML PROPERTIES

Section 1. Additional lands of the Developer, whether now owned or hereafter acquired by it, located in Burke County, North Carolina, or in one or more adjoining counties, may become subject to this Declaration or any portion thereof by the following procedure:

- (1) A Supplemental Declaration of Covenants and Restrictions (hereinafter called Supplemental Declaration) duly executed by the Declarants, or such of them as shall have an interest therein, shall be filed of record in the office of the Register of Deeds in the county in which the property is located and the property to be added shall be therein described by metes and bounds or by reference to a descriptive map recorded in the same county;
- (2) By specific reference, the Supplemental Declaration of Covenants and Restrictions shall incorporate therein the portion or portions of this Declaration which shall apply to the added properties;
- (3) Such Supplementary Declaration may contain such complementary additions to or modifications of the provisions set forth in this Declaration as may be necessary or proper to reflect the different character or category, if any, of the added properties;

In no event shall any Supplementary Declaration revoke, or detract from the covenants of this Declaration as the same shall relate to those

PML Properties to which this Declaration is hereinabove made expressly applicable at the original filing.

Section 2. No party or parties other than the Developer, its successors or assigns, (either singularly or in conjunction with either or both of the Association and the Commons) shall have the right to subject additional lands to this Declaration, except as Developer, its successors or assigns, shall, in writing, extend such authority to either or both of the Association and the Commons.

ARTICLE IV

MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

Section 1. Members: (a) Every person or entity who is the record owner of a fee interest in any Unit of PML Property which is subject, by Declaration of record, to being assessed by the Association, and who shall have paid the Developer in full for the purchase price of the Unit of PML Property shall be a Member of the Association; provided, that any such person or entity (except the Developer) who holds such interest only as security for the performance of an obligation shall not be a member; (b) the Developer, its successors and assigns, shall be a member during the Development Period and shall be the only voting member during the Development Period, except as may be provided to the contrary by resolution of the Board of Directors authorizing the vote of Class A Members to empower the Association to act as rental or leasing agent for Class A Members only.

Section 2. Associate Members: Every person or entity who has entered into a contract of purchase with the Developer covering a Unit of PML Property which is subject by Declaration of record to being assessed by the Association and who has not paid the Developer in full for the purchase price of the Unit of PML Property shall be an associate member of the Association. An associate member shall be entitled to all the privileges of a member except the right to vote. Rescission of a contract of purchase by the Developer shall terminate the associate membership.

Section 3. Voting Rights: There shall be two classes of memberships:

(1) Class A: Class A members shall have no voting rights during the Development Period, except as may be provided to the contrary by resolution of the Board of Directors of the Association, and shall be all those persons or entities as defined in Article IV, with the exception of the Developer, who have paid the Developer in full for the purchase price of a Unit of PML

Property. When more than one person holds such interest or interests in any Unit of PML Property, the vote for such Unit of PML Property shall be exercised as they shall determine; provided, however, that in no event shall more than one vote be cast with respect to any such Unit of PML Property.

(2) Class B: The Class B Member shall be Developer, and the only voting member during the Development Period, except as may be provided to the contrary by resolution of the Board of Directors of the Association. The Class B member shall be entitled to one vote for each Unit of PML Property which is offered for sale by Developer until such time as it shall cease to be a record owner thereof, and shall have been paid in full for such Unit of PML Property. The Developer shall continue to have the right to cast votes as aforesaid even though it may have contracted to sell the Unit of PML Property or may have same under a mortgage or deed of trust.

Section 4. Limitations: As provided by PART TWO, Article IV, Section 3, members and associate members are limited as to the easement of enjoyment of the Common Properties.

ARTICLE V

MEMBERSHIP AND VOTING RIGHTS IN THE COMMONS

Section 1. Members: (a) Every person or entity who is the record owner of a fee interest in a Village Interest (whether by Deed or Certificate of Ownership) which is subject to assessment by either or both of the Commons and the Association and who shall have paid the Developer in full for the purchase price of the Village Interest shall be a Class A member of the Commons; provided, however, that any party who holds title to such interest or interests (except the Developer) only as security for the performance of an obligation shall not be a member in any category

(b) The Developer, its successors and assigns, shall be a Class B member of the Commons so long as it shall be the record owner of the fee interest in any Village Interest offered for sale by Developer.

Section 2. Associate Members: Every person or entity who has (a) entered into a contract with Developer for the purchase of a Village Interest which shall be subject to assessment by either or both of the Commons and the Association, and

(b) has not paid the Developer in full for the purchase price of said property, shall be an associate member of the Commons.

An associate member shall have all of the privileges of a member except the right to vote. The associate membership shall be terminated in the event of rescission of the above said contract to purchase.

Section 3. Voting Rights: (a) Class A members, as defined above, shall be entitled to one (1) vote for each Village Interest which said member owns of record and which is subject to the assessments mentioned herein; provided, however, that in the event more than one party owns said singular interest the vote relating to the same shall be exercised as they shall determine among themselves, but in no event shall more than one (1) vote be cast with respect to each Village Interest;

(b) The Class B member, as defined above, shall be entitled to ten (10) votes for each Village Interest which it owns of record and which is offered for sale by Developer until such time as it shall cease to be record owner thereof, except as may be provided to the contrary by resolution of the Board of Directors of the Commons authorizing a vote of the Class A members only to empower the Commons to act as rental or leasing agent for Class A members only.

The Class B member shall continue to have said voting rights even in the event it shall:

- (a) contract to sell the Village Interest to which the voting rights attach, or,
- (b) shall cause the same to be subject to a mortgage or deed of trust.

Section 4. Limitations: Associate members are limited as to entry upon and enjoyment of the Village Commons in the Village wherein they have contracted for purchase of a Village Interest with the exception of private ways of access for vehicles.

ARTICLE VI

UTILITY AND SERVICE EASEMENT

Section 1. Reservations of Utility and Service Easements: For the erection, installation, construction, maintenance, and use of (a) overhead and underground electrical wiring, community television transmission cables, telephone wires and cables, and supporting poles and towers for such wires and cables;

- (b) drainage lines, ditches, swales, and structures;
- (c) sewer system, mains and lines;
- (d) water system, mains and lines;

(e) other utilities and services accruing to the benefit of the PML Property or any portion thereof, the Developer, for itself and for its successors or assigns, hereby reserves a general, perpetual, alienable, assignable, and releasable easement, right-of-way, and privilege of entry in, over, under, and upon:

- (1) all Village Commons Property, common properties, common areas, and greenways; and,
- (2) a ten (10) foot strip along the interior of all lines of each Lot within the PML Property, the ten (10) foot strip to lie parallel to the interior lines of each Lot; and,
- (3) a twenty (20) foot strip of land immediately adjacent to

the high water lines or embankments of all lakes and open water courses and streams, whether or not within Lot lines, together with the right and easement to enter upon the same for purposes of dredging or removing accretion from such lakes, water courses or streams.

Section 2. Right of Release and Alienation: The Developer shall have the unrestricted and sole right and power of alienation and releasing the privileges, easements, and rights referred to in Section 1 with the understanding, however, that the Developer will make such utility easements available to the Association for the purpose of installation of water lines and other water installations and sewer lines and other sewer installations and/or in addition, will also make such utility easements available to the Association for any other utilities which the Developer and/or Association shall agree upon, and for which the Association shall have assumed the responsibility for obtaining additional easements in order that utilities other than sewer and water may be installed.

Such utility easements shall be made available to the Association without cost to it.

The Association and the owners of Units of PML Property, other than the Developer, subject to the privilege, rights, and easements referred to in this Section 1, shall acquire no right, title or interest in or to any poles, wires, cables, conduits, pipes, mains, lines or other equipment or facilities placed on, in, over or under the property which is subject to said privileges, rights and easements except that the Association shall own all pipes, mains, lines and other equipment or facilities which pertain to the water system and the sewer system. All such easements, including those designated on any Plat of the PML Properties, not made available to the Association are and shall remain private easements and the sole and exclusive property of the Developer and its successors and assigns.

The Developer or the Association shall have the right and authority to waive any easement reserve in Section 1 of this PART SIX lying along and parallel to adjoining interior Lot lines.

ARTICLE VII

RESERVED PROPERTIES

Section 1. Real Properties Designated as "Reserved Properties"
are Reserved from Declaration and Plats: Any area upon a Plat covered by this Declaration or any Supplemental Declaration designated as "Reserved Properties", shall remain the privately owned and the sole and exclusive property of the Developer, its successors and grantees. Neither this Declaration nor any Supplemental Declaration nor Plans in connection with the same shall in anywise apply to such "Reserved Properties" unless at a later time the same shall be included under the provisions of the Declaration or a Supplemental Declaration as provided in PART ONE, Article III hereof.

Section 2. Utilities Reserved from Declaration: Utilities, with the exception of the water system and sewer system, are specifically reserved unto the Developer. It is contemplated that utilities for the PML Properties, with the exception of the water system and sewer system, shall be furnished by companies so engaged in the vicinity of the PML Properties and the Developer retains and has the exclusive right to negotiate contracts and agreements with such companies, under such conditions and for such consideration, which consideration shall belong to the Developer, as it shall deem proper under the circumstances. The utilities referred to may include, but not be limited to:

- (a) Natural, Liquified or Manufactured Gas System,
- (b) Electrical System,
- (c) Telephone System,
- (d) Antenna Television Transmission and Distribution Facilities and System.

In the event the Developer cannot negotiate contracts and agreements with the local companies to furnish the utility services aforesaid, it may, but shall not be obligated to, organize a company, or companies, to furnish such utility services, in which event it shall have the right to enter into agreements with such company or companies to furnish the utility services reserved, or any of them, even though such company or companies so organized shall be wholly or partially owned by the Developer. Nothing herein contained shall be construed or interpreted as an obligation on the part of the Developer to provide the utilities reserved. The Developer, if it so desires, may delegate to the Association the right to enter into contracts with utility companies to furnish certain of or all of the utility services aforesaid.

PART TWO

GENERAL PLAN FOR CONSTRUCTION AND MAINTENANCE OF COMMON PROPERTIES; RIGHTS, PRIVILEGES AND OBLIGATIONS RELATING TO SAME.

ARTICLE I

WATER SYSTEM AND SEWER SYSTEM

It shall be the obligation of the Association to construct the water system and sewer system beyond that initially constructed by Developer and the entire water system and sewer system will be a part of the Common Properties. The Association shall be the sole judge, as to the time when the water system and sewer system shall be extended from time to time. The Association will construct and extend water and sewer to Village Clusters sold by Developer and will extend water to other Units of PML Property sold by Developer at the earliest practicable time after such sales. It is contemplated that Lots restricted to residential use will not require service by a central sewer system but shall be served by

individual septic tanks to be installed by Owners. The Association shall not be obligated to extend the central sewer system to Lots restricted to residential use. As other categories of subdivided properties are added to PML Properties, the Association shall determine, based upon feasibility of extension of services, which Properties shall have water service only and which shall have both water and sewer service; provided, however, that this may be subject to change or modification in the event of contrary requirements by a local State or Federal agency having jurisdiction of the same. The cost of the construction of extensions, maintenance, capital improvements, operation, taxes, and other expenses incident to the water system and sewer system, and operation of each, shall be paid from assessments against each Unit of PML Property as herein provided, and from charges made for furnishing such service. It is specifically provided that neither the water service nor the sewer service will be furnished to the general public. Such water service and sewer service will be limited to Owners, as herein defined, the Developer, and other properties within the PML Properties.

In the event the water system or the sewer system are extended to property not constituting a Unit of PML Property, the owner of the property to which the system or systems are extended shall pay the Association the actual cost of extending the same.

ARTICLE II

WAYS OF ACCESS FOR VEHICLES

The ways of access for vehicles shall be constructed by the Developer and the same will be a part of the Common Properties. The cost of maintenance, improvements, operation, taxes and other expenses incident to the ways of access for vehicles shall be paid from assessments against each Unit of PML Property as herein provided.

ARTICLE III

LAKES, GOLF COURSE, AND RECREATIONAL FACILITIES OR AMENITIES

The Developer may construct one or more Lakes, Golf Courses, Community Lodges, Swimming Pools, and Tennis Courts and may, in its discretion construct other Recreational Facilities and Amenities, all of which shall be Common Properties. The cost of maintenance, subsequent capital improvements, operation, taxes, and other expenses incident to these Common Properties shall be the obligation of the Association and shall be paid from assessments against each Unit of PML Property as herein provided and from fees for the use of the Common Properties.

ARTICLE IV

PROPERTY RIGHTS IN THE COMMON PROPERTIES

Section 1. Members' and Associate Members' Easement of Enjoyment.

Subject to the provisions of Section 3 of this ARTICLE IV, every member and associate member of the Association shall have a right and easement of enjoyment in and to the Common Properties and such easement shall be appurtenant to and shall pass with the title to every Unit of PML Property. This right of easement and enjoyment in and to the Common Properties shall further accrue and extend to:

(a) the spouse and children of a member or associate member who reside with and have the same principal address as said member or associate member;

(b) guests or invitees of members and associate members as provided by rules and regulations of the Association;

(c) other persons who are regular occupants of residential property within the PML Properties;

(d) Persons who, by virtue of contract with the Developer are entitled to membership in the Association.

Section 2. Title to Common Properties. To the extent not previously conveyed to the Association, Developer shall convey the Common Properties to the Association at the end of the Development Period.

Section 3. Extent of Members' and Associate Members' Easements.

The rights and easements of enjoyment created hereby, with the exception of the rights and easements created in Section 5 of this ARTICLE IV, shall be subject to the following:

(a) The right of the Developer and/or the Association to borrow money for the purpose of constructing, improving and maintaining the Commons Properties and in aid thereof to mortgage said properties or execute a deed of trust or other security instrument covering said properties; and,

(b) The right of the Association and/or Developer to take such steps as are reasonably necessary to protect the above described properties against foreclosure; and,

(c) The right of the Association to suspend the enjoyment rights of any Member or Associate Member for any period during which any assessment, service, or use charge remains unpaid, and for any period not to exceed thirty (30) days for any infraction of its published rules and regulations; and,

(d) The right of the Association to charge reasonable service or use charges, admission and other fees for the use, service and enjoyment of the Common Properties; and,

(e) Except as to the Developer, only one household shall be entitled to the benefit of the easement of enjoyment as to the Commons Properties by reason of ownership or contract for purchase of a Unit of PML Property; the Association may enlarge the limitation aforesaid by a vote of majority of its Board of Directors; this limitation shall not apply to private ways of access for vehicles; and,

(f) The right of the Developer, until all Units of PML Property located within the PML Properties shall have been sold, to make use of the Common Properties to encourage sales; and,

(g) The right of the Association to dedicate or transfer all or any part of the Commons Properties to any public or private agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members; provided that no such dedication, transfer, or determination as to the purposes or as to the conditions thereof, shall be effective unless such action shall be approved by a vote of 51% of the votes of each class of membership, and associate membership, and unless written notice of the proposed agreement and action thereunder is sent to every member at least thirty (30) days in advance of any action taken, notwithstanding provisions herein to the contrary concerning voting rights of Association members.

Section 4. Delegation. Any member or associate member may delegate his right of enjoyment to the Common Properties and facilities; however, that right shall be subject to Section 3 of this ARTICLE IV and to published rules and regulations of the Association.

Section 5. Private Ways of Access for Vehicles. Each Owner shall have a right of ingress, egress and passage over all private ways of access for vehicles for himself, members of his household, and his guests and invitees, subject to such limitations (except such limitations shall not apply to Developer) as the Association may impose from time to time as to guests and invitees. Such right in the private ways of access for vehicles which are a part of the Common Properties shall be appurtenant to and shall pass with the title and equity to every Unit of PML Property. All private ways of access for vehicles shall also be subject to a right-of-way for the agents, employees, and officers of Burke County (and adjoining counties when applicable), State of North Carolina, and any other governmental or quasi-governmental agency having jurisdiction in Pine Mountain Lakes to permit the performance of their duties, including, but not limited to, school buses, mail vehicles, emergency vehicles and law enforcement vehicles. Section 3 of the ARTICLE III shall in no wise apply to the rights conferred by this Section.

PART THREE

COVENANTS FOR MAINTENANCE ASSESSMENTS

ARTICLE I

GENERAL COVENANTS FOR MAINTENANCE ASSESSMENTS APPLICABLE TO ALL MEMBERS OF THE ASSOCIATION

Section 1. Creation of Lien and Personal Obligation. Each Owner of a Unit of PML Property (with the exception of Developer), by acceptance of a deed or Certificate of Ownership therefor, or by entering into a contract of purchase with the Developer, whether or not it shall be so expressed in any such deed, Certificate of Ownership, contract of purchase,

or other conveyance, shall be deemed to covenant and agree to pay to the Association: (a) annual assessments or charges; (b) special assessments for capital improvements. Such annual and special assessments are to be fixed, established and collected from time to time as hereinafter provided. The annual and special assessments, together with such interest thereon and costs of collection thereof, including reasonable attorney's fees, as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the Unit of PML Property against which each such assessment is made. Each such assessment, together with such interest, costs and reasonable attorney's fees shall further be the personal obligation of the party who was the Owner of such Unit of PML Property at the time the assessment became due. The personal obligation for delinquent assessments shall not pass to the Owner's successors in title unless expressly assumed by them.

Section 2. Purpose of Annual Assessments. The annual assessments levied hereunder by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety, and welfare of such owners in the PML Properties and, in particular, for the construction, improvement and maintenance of properties, services, and facilities devoted to this purpose and related to the use and enjoyment of the Common Properties and the improvements situated upon the PML Properties, including, but not limited to, construction of extensions to the water system and sewer system; the payment of taxes and insurance on the Common Properties, and repair, replacement, operation and additions thereto, and for the cost of labor, equipment, materials, management and supervision thereof. The limitations aforesaid shall not preclude the use of assessments levied hereunder for maintenance of ways of access for vehicles and roads and streets within the PML Properties, even if subsequently dedicated to the public.

Section 3. Annual Assessments. The annual assessments shall be fixed by the Board of Directors of the Association and may, on a respective uniform basis, vary as to different categories of Units of PML Property, depending upon the nature and extent of services available thereto.

The Board of Directors of the Association may, after consideration of current maintenance costs and future needs of the Association, fix the assessment for any year at a greater or lesser amount. In like manner, the Board of Directors of the Association may, after consideration of the lack of improvements as to Units of PML Property in a certain area, fix the assessment for any year as to these particular Units of PML Property at a lesser amount.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized by Section 3 above, the Association may levy in any assessment year a special assessment, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of the water system, the sewer system, and the ways of

access for vehicles and roads and streets within the PML Properties, even though the roads and streets may have been dedicated to the public; and also other capital improvements upon the Common Properties, including the necessary fixtures and personal property related thereto, provided that any such assessment shall have the assent of 51% of the votes of each class of members entitled to vote and who are voting in person or by proxy at a meeting duly called for that purpose. Written notice of such a meeting shall be sent to all voting members at least 30 days in advance and shall set forth the purpose of the meeting. The Board of Directors of the Association may, after consideration of lack of improvements as to Units of PML Property in a certain area, fix the actual assessment for any year as to these particular Units of PML Property at a lesser amount.

Section 5. Quorum for Any Action Authorized Under Section 4. A quorum for any action authorized by Section 4 hereof shall be as follows:

At the first meeting called as provided in Section 4 hereof, the presence at the meeting of members, or of proxies, entitled to cast 50% of all votes shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirement set forth in Section 4, and the required quorum at any such subsequent meeting shall be one-half of the required quorum at the preceding meeting, provided that no such subsequent meeting shall be held more than 90 days following the preceding meeting.

Section 6. Date of Commencement of Annual Assessments: Due Date.

The annual assessments provided for herein shall commence on the date fixed by the Board of Directors of the Association as the date of commencement. In no event shall the assessment commence as to any particular Unit of PML Property until a contract of sale covering such Unit of PML Property has been entered into by the Developer. When the assessment so commences as to a Unit of PML Property, it shall remain in effect during the life of the contract of sale and after delivery of a deed or certificate of ownership from the Developer to the Purchaser.

The first annual assessment shall be for the balance of the year in which commenced and shall be apportioned over the remaining months of said calendar year, in an amount which bears the same relationship to the annual assessment as the remaining number of months in said year bears to twelve. The assessments for any year, after the first year, shall become due and payable on the first day (or such other day as fixed by the Board of Directors of the Association) of January of said year, and shall be payable either in full or in such periodic increments as the Board shall determine.

The amount of the annual assessment which may be levied as to any Unit of PML Property against which the assessment commences subsequent to the beginning of the annual assessment period shall be an amount which bears the same relationship to the annual assessment as the remaining number of months in that assessment year bears to twelve.

The due date of any special assessment under Section 4 hereof shall be fixed in the resolution authorizing such assessment, and it shall be payable in full or in such periodic increments as the Board of Directors of the Association shall determine.

Section 7. Duties of the Board of Directors. The Board of Directors of the Association shall fix the date of commencement and the amount of the assessment against each Unit of PML Property for each assessment period at least 30 days in advance of the commencement of the assessment period and shall, at that time, prepare a roster of the Units of PML Property and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any Owner. Written notice of the assessment shall thereupon be sent to every Owner subject thereto.

The Association shall, upon demand at any time, furnish to any Owner liable for the assessment a certificate in writing signed by an officer of the Association, setting forth whether said assessments have been paid. A certificate showing payment shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 8. Delegation of Collection of Assessment. The Association may delegate the collection of the assessments herein provided to the Developer, its successors and assigns. Due to the common interest of the Developer and the Association, the Association, in the delegation of the collection of the assessments, may agree that the failure on the part of an Owner to pay an assessment as herein provided shall be considered a default in performance of a contract of sale as to a Unit of PML Property.

Section 9. Effect of Non-Payment of Assessment; The Lien; The Personal Obligation; Remedies of Association. If the assessments are not paid on the date when due, as specified in Section 6 hereof, then such assessment shall become delinquent and shall thereupon become a continuing lien on the Unit of PML Property which shall bind such property in the hands of the then owner, his heirs, devisees, personal representatives and assigns. The personal obligation of the Owner to pay such assessment shall remain his personal obligation and shall not pass to his successors in title unless expressly assumed by them.

If the assessment is not paid as provided in Section 6, the assessment shall bear interest from date of delinquency at the rate of 6% per annum, and the Association may foreclose the lien against said property, or may bring an action at law against the individual(s) or entity personally obligated to pay the same. Both actions shall be cumulative and neither shall preclude the other. There shall be added to the amount of such assessment legal fees and costs incurred in such action, and in the event a judgment is obtained, such judgment shall include interest on the assessment as above provided.

Section 10. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage or first deed of trust now or hereafter placed upon the Unit of PML Property subject to assessment. The ordinary sale or transfer of the Unit of PML Property subject to assessment shall not affect the assessment lien. However, the sale or transfer of any Unit of PML Properties which is subject to any first mortgage or deed of trust

pursuant to a decree of foreclosure under such mortgage or deed of trust or any proceeding in lieu of foreclosure thereof shall extinguish the lien of such assessments as to payments thereof which became due prior to such sale or transfer. Such sale or transfer shall not relieve such property from liability for any assessments thereafter becoming due, nor from the lien of any such subsequent assessment, nor shall the prior Owner be relieved from his personal liability for prior assessments.

Section 11. Exempt Property. The following property subject to this Declaration shall be exempted from the assessments, charge and lien created herein:

- (a) Common Properties, Common Areas, Greenways,
- (b) Utility Easements and all other Easements,
- (c) Reserved Properties,
- (d) Utilities,
- (e) Properties owned by Declarants or any of them.

ARTICLE II

COVENANTS FOR MAINTENANCE ASSESSMENTS APPLICABLE ONLY TO MEMBERS OF THE COMMONS

Section 1. Creation of Lien and Personal Obligation. Each Owner (with the exception of Developer) of any Village Interest, by acceptance of a deed or Certificate of Ownership therefor, or by entering into a contract of purchase with the Developer, whether or not it shall be so expressed in any such deed, Certificate of Ownership, contract of purchase, or other conveyance, shall be deemed to covenant and agree to pay to the Commons annual assessments or charges. Such annual assessments shall be fixed, established and collected from time to time as hereinafter provided. The annual assessments, together with such interest thereon and costs of collection thereof, including reasonable attorney's fees, as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with such interest, costs and reasonable attorney's fees shall be the personal obligation of the person who was the Owner of such property at the time when the assessment became due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purposes and Utilization of Annual Assessments. The annual assessments levied hereunder shall be used exclusively for the purposes of promoting the health, safety, and welfare of Owners of Village Interests in the PML Properties, for the further purposes of maintaining, protecting, improving and beautifying the various Village Commons areas, and for the further purposes of providing for or helping Village Interest Owners defray the periodic expenses of painting or applying other exterior finish replenishment to Owners' Country Houses situate within the various Villages to the extent necessary or desirable for the protection

of said improvements and for maintaining a consistent and pleasing exterior appearance thereon. The annual assessments levied and collected hereunder shall be held and maintained by the Commons or its duly designated agent for the uses and benefits above stated and shall be utilized for no other purposes whatsoever.

The regularity with which Country Houses shall be painted or the exterior finish thereof otherwise replenished and the determination of the amount of the assessment funds that shall be expended per Country House Unit for that purpose shall be determined by the Commons and/or the applicable Village Division and the administration thereof delegated to the Commons Committee and/or the applicable Village Divisions executive committee.

In the event assessment funds available are not sufficient to wholly bear the expense of the assessment purposes above stated, the Commons shall levy a special assessment of the pro-rata cost thereof not defrayed by assessment funds against only the Village Interests to which the benefit of the expenditures accrued and said special assessment shall, upon ten (10) days prior written notice to Owners of such Village Interests have the same force, effect, due date, and consequence and, in all respects, be of identical import as a regular annual assessment, unless provided to the contrary by resolution of the Board of Directors of the Commons.

Section 3. Annual Assessments. The annual assessment shall, on a uniform basis, be less per Village Interest to which the Owner does not hold title under a deed of conveyance than for a Village Interest to which the Owner holds title under a deed of conveyance.

The Board of Directors of the Commons may, after consideration of current costs and expenses and future needs of the Commons, fix the actual assessment for any year at a greater or lesser amount. In like manner, the Board of Directors of the Commons may, after consideration of the lack of expenses incurred as to certain Village Interests, fix the actual assessment for any year as to those Village Interests at a lesser amount.

Section 4. Supplemental Assessments. Any Village Division (established by the Commons in accordance with PART ONE, ARTICLE I (2)) of the Commons may provide for and levy an annual assessment (to be called a Supplemental Assessment) against each Village Interest within the singular Village in which said Village Division has jurisdiction, it being contemplated that the Directors of the Commons will establish an organized Village Division of each separate and singular Village within the PML Properties. Such Supplemental Assessment shall be levied only as against those Village Interest to which an Owner, other than the Developer, holds record fee title by deed of conveyance.

Such a Supplemental Assessment may be levied by a Village Division only with the assent of 51% of the votes of the above said class of Owners whose Village Interest is subject to such assessment who vote in person or by proxy at a meeting called for that purpose upon not less

than 30 days prior written notice of the meeting and the purpose of the same.

A Supplemental Assessment shall not exceed 50% of the then effective Commons annual assessment and shall be effective for not more than three (3) consecutive years unless renewed or extended by vote taken in like manner to that required for initiation of the assessment as aforesaid; provided, however, that in the event no Commons annual assessment is in effect, the Supplemental Assessment may be fixed and levied in an amount which shall not exceed the last effective Commons annual assessment.

Supplemental Assessment funds so derived shall be managed and administered by the Executive Committee of the Village Division which shall levy the same and shall be utilized only within that singular Village within the jurisdiction of the assessing Village Division and only for purposes substantially identical to those for which Commons assessment funds may be expended or for such other purposes as shall be mutually beneficial to the assessed Village Interests and the Owners thereof.

The same procedure for administering the Supplemental Assessment shall apply as is set forth in Section 6, of this Article II with the exception that the assessing Village Division and its Executive Committee shall have charge of the same.

Section 5. Date of Commencement of Annual Assessments: Due Date.

The annual assessments provided for herein shall commence on the date fixed by the Board of Directors of the Commons as the date of commencement. In no event shall the assessment commence as to any particular Village Interest until a contract of sale covering such Village Interest has been entered into by the Developer. When the assessment so commences as to a Unit of PML Property, it shall remain in effect during the life of the contract of sale and after delivery of a deed or certificate of ownership from the Developer to the Purchaser.

The first annual assessment shall be for the balance of the year in which commenced and shall be apportioned over the remaining months of said calendar year, in an amount which bears the same relationship to the annual assessment as the remaining number of months in said year bears to twelve. The assessments for any year, after the first year, shall become due and payable on the first day (or such other day as fixed by the Board of Directors of the Commons) of January of said year, and shall be payable either in full or in such periodic increments as the Commons shall determine.

The amount of the annual assessment which may be levied as to any Village Interest against which the assessment commences subsequent to the beginning of the annual assessment period shall be an amount which bears the same relationship to the annual assessment as the remaining number of months in that assessment year bears to twelve.

Section 6. Duties of the Board of Directors. The Board of Directors of the Commons shall fix the date of commencement and the amount of the assessment against each Village Interest for each assessment period at least 30 days in advance of the commencement of the assessment period

and shall, at that time, prepare a roster of the Village Interests and assessments applicable thereto which shall be kept in the office of the Commons and shall be open to inspection by any Owner. Written notice of the assessment shall thereupon be sent to every Owner subject thereto.

The Commons shall, upon demand at any time, furnish to any Owner liable for the assessment a certificate in writing signed by an officer of the Commons, setting forth whether said assessments have been paid. Such a certificate of satisfaction shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 7. Delegation of Collection of Assessment. The Commons may delegate the collection of the assessments herein provided to the Developer, its successors and assigns. Due to the common interest of the Developer and the Commons, the Commons, in the delegation of the collection of the assessments, may agree that the failure on the part of an Owner to pay an assessment as herein provided shall be considered a default in performance of a contract of sale as to a Village Interest.

Section 8. Effect of Non-Payment of Assessment; The Lien; The Personal Obligation; Remedies of Association. If the assessments are not paid on the date when due, as specified in Section 5 hereof, then such assessment shall become delinquent and shall thereupon become a continuing lien on the Village Interest which shall bind such property in the hands of the then owner, his heirs, devisees, personal representatives and assigns. The personal obligation of the Owner to pay such assessment shall remain his personal obligation and shall not pass to his successors in title unless expressly assumed by them.

If the assessment is not paid as provided in Section 5, the assessment shall bear interest from date of delinquency at the rate of 6% per annum, and the Commons may foreclose the lien against said property, or may bring an action at law against the individual(s) or entity personally obligated to pay the same. Both actions shall be cumulative and neither shall preclude the other. There shall be added to the amount of such assessment the legal fees and costs incurred in such action, and in the event a judgment is obtained, such judgment shall include interest on the assessment as above provided.

Section 9. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinated to the lien of any first mortgage or first deed of trust now or hereafter placed upon the Village Interest subject to assessment. The ordinary sale or transfer of the Village Interest subject to assessment shall not affect the assessment lien. However, the sale or transfer of any Village Interest which is subject to any first mortgage or deed of trust pursuant to a decree of foreclosure under such mortgage or deed of trust or any proceeding in lieu of foreclosure thereof shall extinguish the lien of such assessments as to payments thereof which became due prior to such sale or transfer. Such sale or transfer shall not relieve such property from liability for any assessments thereafter becoming due, nor from the lien

of any such subsequent assessment, nor shall the prior Owner be relieved from his personal liability for prior assessments.

Section 10. Exempt Property. The following property subject to this Declaration shall be exempted from the assessments, charges and lien created herein:

- (a) Common Properties, Common Areas, Greenways,
- (b) Utility Easements and all other Easements,
- (c) Reserved Properties,
- (d) Utilities,
- (e) Properties owned by Declarants or any of them.

Section 11. Commons as Agent of Owners. Pursuant to the Declaration, the Commons, shall be deemed to be the lawful agent and attorney-in-fact of and for those persons or entities who shall be Owners of any Village Interest for the following purposes:

- (1) To grant and dedicate such easement, rights-of-way, or rights of encroachment in, over, across or under the Village Commons areas as the Commons shall, by action of its Board of Directors, determine to be necessary or appropriate for the development, protection, or extension of beneficial services to the Villages or to other areas of the PML Properties.
- (2) To contract for or otherwise procure and obtain such services or materials as the Commons shall, by action of its Board of Directors, determine to be necessary or appropriate for application to any one or more Country Houses which an Owner shall have in any one or more Villages to ensure the uniform exterior maintenance and repair of the same, in which event the Owner shall be liable for payment of the price thereof to the extent not defrayed by the funds of the Commons, or a Village Division thereof, allotted for that purpose.

Execution of any document by the Commons or any commitment made by the Commons for the purposes set forth in this Section 11 shall constitute, for the purposes of Section 11(1) the act of all parties having an interest in the affected Village Commons area; and, for the purposes of Section 11(2), the act of the Owner or Owners whose specific property is affected.

PART FOUR

ENVIRONMENTAL CONTROL

ARTICLE I

ENVIRONMENTAL CONTROL COMMITTEES

Review by Committee. No improvement (as defined in PART ONE, Article II(28)) shall be commenced, erected, placed or maintained upon the PML Properties, nor shall any exterior addition to or change or alterations therein be made, 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, location in relation to surrounding structures and topography and conformity with such dimensional or exterior appearance limitations as shall be established by Developer or the Committee, which approval shall not be arbitrarily or capriciously withheld. Owner shall pay a reasonable fee for the examination of said plans and specifications. In the event said Developer or the Committee, fails to approve or disapprove such design and location within 45 days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with. The functions herein specified may be delegated to the Association Committee or to a joint Committee consisting of representative of the Association Committee and the Commons Committee or, to the extent applicable to Villages only, to the Commons Committee.

ARTICLE II

EXTERIOR MAINTENANCE

Section 1. In the event the Owner of any Unit of PML Property shall fail to properly provide for exterior maintenance as to buildings or grounds, the Developer or the Association may, but shall not be obligated to do so, provide exterior maintenance as follows: paint, repair, replace, and care for roofs, gutters, downspouts, exterior building surfaces, trees, shrubs, grass, walks and other exterior improvements.

Section 2. Assessment of Cost. The cost of such exterior maintenance shall be assessed against the Unit of PML Property upon which such maintenance is done and shall be added to and become a part of the annual assessment or charge to which such Unit of PML Property is subject under this Declaration. As part of such annual assessment or charge, it shall be a lien, subject, however, to lien by reason of a first mortgage or first deed of trust, and shall become due and payable in all respects as provided for payment of assessments in this Declaration. Upon collection by the Association, the cost shall be paid to Developer, if the Developer has performed the work.

Section 3. Access at Reasonable Hours. For the purpose solely of performing the exterior maintenance authorized by this ARTICLE II, the Developer or the Association through its respective duly authorized agents or employees shall have the right, after reasonable notice to the Owners, to enter upon any Unit of PML Property or exterior of any structure at reasonable hours on any day except Sunday.

ARTICLE III

ENFORCEMENT OF COVENANTS AND RESTRICTIONS

It shall be the duty and responsibility of the Association Committee to inquire into and report to the Association Board of Directors all infractions of this Declaration as the same may relate to the health, welfare, protection of property values and integrities, and enjoyment of Common Properties by Owners of any Unit of PML Property, and to further oversee the protection and preservation of the Common Properties, Common Areas, and Greenways. If it shall be determined by said Board, upon due inquiry made and facts ascertained, that any Owner, member, or associate member (exclusive of Developer) has substantially violated the Declaration to the detriment of the PML Properties and Owners thereof, the Board shall have authority to (a) suspend the violator from all Association rights and privileges; or (b) enjoin the violator, on behalf of all PML Property Owners, from further violations and seek to force compliance with said Declaration; (c) or pursue both of said remedies.

PART FIVE

PROTECTIVE AND RESTRICTIVE COVENANTS AND CONDITIONS

ARTICLE I

GENERAL

Section 1. Application. The Protective and Restrictive Covenants and Conditions set forth in this Article I shall apply to all of the PML Properties which are subject to this Declaration. They shall further apply to all future additions to the PML Properties made subject to this Declaration as provided by PART ONE, ARTICLE III, hereof, unless the Developer shall specifically except from the application of these Protective and Restrictive Covenants and Conditions said additions or any portion thereof under the express terms of the Supplemental Declaration by which said additions are subjected to this Declaration or by exception noted on the face of a recorded map of such additions.

Application of these Protective and Restrictive Covenants and Conditions to various parts, portions, sections, subdivided areas and to any and all of the PML Properties and Units subjected thereto shall accord with the uses and dedications indicated upon the recorded map thereof and the Supplemental Declaration pertaining thereto, and shall be so construed as to conform with the general plan, design, use, ownership, and occupancy of the PML Properties in context with this entire Declaration.

Section 2. The General Protective and Restrictive Covenants and Conditions. The General Protective and Restrictive Covenants and Conditions (hereinafter called "General Covenants and Conditions") which shall

be applied to all PML Properties in the manner and form stated in Section 1 above are as follows:

(A) Environmental Control Committee: All references herein made to the Environmental Control Committee (hereinafter called Committee) shall mean and refer to the Developer or to the Environmental Control Committee established pursuant to PART FOUR, Article I, of this Declaration.

In all respects, the provisions of said PART FOUR, Article I shall prevail in relation to these General Covenants and Conditions; in the event of conflict between these General Covenants and Conditions, PART FOUR, Article I, shall control.

In no event shall any improvement (as defined in PART ONE, Article II (28)) be commenced, erected, placed or maintained upon the PML Properties without prior compliance with the provisions of PART FOUR, Article 1.

(B) Construction of Buildings: The contractor, builder, person or entity constructing a building of any kind whatsoever upon the PML Properties shall, prior to beginning the construction of any such building, furnish to the Committee satisfactory proof that builder's risk insurance and workmen's compensation insurance, if applicable, will be in effect for the construction period. If the Owner is his own builder, he shall furnish to the Committee such credit information and proof of financial ability to complete the building within the time requirements of these General Covenants and Conditions as shall be required by the Committee. In such case, the Owner shall also furnish to the Committee proof of builders' risk insurance and, if applicable, workmen's compensation insurance to be in effect for the construction period.

(C) Time for Completion of Buildings: Commercial structures, Single Family Detached structures, and Village Country House structures shall be completed according to plans and specification, both as to exterior and interior, within such time as shall be fixed by the Committee when the plans and specifications for the particular structure are approved by the Committee.

The following shall apply to the construction of a Single Family Detached structure as well as garage and outbuildings permitted:

(1) The exterior of any Single Family Detached structure, garage, or outbuildings permitted which shall be erected upon any Lot of the PML Properties covered by these Protective and Restrictive Covenants and Conditions shall be completely finished within six months of the date of the start of construction.

(2) The interior of any Single Family Detached structure, garage or outbuildings permitted, which shall be erected upon a Lot of the PML Properties covered by these Protective and Restrictive Covenants and Conditions shall be completely finished within twelve months following the start of construction.

The contractor, builder or Owner will submit all structures to inspection by the Committee as shall be required to determine compliance with completion dates as herein provided or as may be provided by the Committee. In the event of non-compliance with completion dates as herein provided, the Developer and/or the Association shall have the right, but not the obligation, to hire a contractor and/or contractors to perform the work and furnish the materials necessary for compliance therewith, and the particular party acting shall bill the Owner for the amount expended plus 10% for administration. In the event the Owner does not pay same, the Developer and/or the Association, as the case may be, shall have the legal right to file a statutory lien against the property involved and proceed in law or equity to sell the property to obtain said charges. All money received over and above said charges, legal fees, and court costs shall be paid over to Owner.

The following shall apply to the construction of Country Houses upon Country House Unit Sites in Villages:

(a) The minimum number of adjacent and contiguous Country Houses which may be constructed at one and the same time in a single Cluster (defined in PART ONE, Article II(22)) shall be determined in accordance with the provisions of Article III of this PART FIVE.

(b) The exterior of any combination of adjacent Country House Units under construction at one and the same time upon Country House Unit Sites shall be completely finished within eight months of the date of commencement of construction;

(c) The interior of such Country House Units shall be completely finished within fourteen months of the date of commencement of construction.

The contractor, builder or Owner will submit all structures to inspection by the Committee as shall be required to determine compliance with completion dates as herein provided or as may be provided by the Committee. In the event of non-compliance with completion dates as herein provided, the Developer and/or the Association shall have the right, but not the obligation, to hire a contractor and/or contractors to perform the work and furnish the materials necessary for compliance therewith, and the particular party acting shall bill the Owner for the amount expended plus 10% for administration. In the event the Owner does not pay same, the Developer and/or the Association, as the case may be, shall have the legal right to file a statutory lien against the property involved and proceed in law or equity to sell the property to obtain said charges. All money received over and above said charges, legal fees, and court costs shall be paid over to the Owner.

(D) Temporary Structures: No structure of a temporary character, trailer, basement, tent, shack, garage, or other outbuilding shall be placed or used on any Lot at any time as a residence, either temporarily or permanently.

(E) Land Near Lakes, Water Courses, Golf Courses, Recreational Plots: No building shall be placed nor shall any material or refuse be placed or stored upon any Lot or Village Interest within 50 feet of the property line of any Lake or within 20 feet of the edge of any open Water Course or stream, or within 20 feet of the property line of any Golf Course or Recreational Plot. Clean fill may be placed nearer to the property line of a Lake or the edge of an open Water Course in the event the written permission of the Committee is first obtained. Likewise, by written permission of the Committee a boat dock may be placed closer than 20 feet to the property line of a Lake or the edge of an open Water Course. The decision of the Committee as to the permission aforesaid and the limitations thereof shall be final and conclusive.

(F) Electric Wiring and Plumbing: Electric wiring and plumbing installed in any structure erected upon the PML Properties shall be in accordance with standards prescribed by the Committee, and, in no event shall such standards be less restrictive than those provided by the Federal Housing Administration.

(G) Sewage Disposal: No privately owned sewage disposal system shall be permitted upon any Unit of PML Property covered by these Protective and Restrictive Covenants and Conditions unless the Association has indicated it will not make its sewer system available, and then not unless such system is designed, located and constructed in accordance with requirements, standards and recommendations of the North Carolina Health Department and approved by the Committee.

(H) Water Supply: No privately owned water system shall be permitted upon any Unit of PML Property covered by these Protective and Restrictive Covenants and Conditions unless the Association has indicated it will not make its water system available, and then not unless such system is designed, located and constructed in accordance with requirements, standards and recommendations of the North Carolina State Health Department and approved by the Committee.

(I) Outbuildings: Outbuildings or accessory buildings, such as a garage, servants quarters or guest house, may be permitted on lots upon which a Single Family Detached Dwelling has been constructed or is under construction, provided the building and/or buildings are occupied by servants employed on the premises or by guests, and are not occupied otherwise as rental units by non-servant or nonguest occupants, and provided the Committee has approved the design, plans, specifications, and other details of such buildings.

Outbuildings or accessory buildings permitted upon lots upon which there is constructed a commercial building shall be entirely within the discretion of the Committee.

(J) Parking: No vehicles shall be parked on or alongside any road or street or any other way of access or within the right-of-way limits of the same.

(K) Signs: All signs are prohibited upon PML Properties unless approved by the Committee.

(L) Model Houses and Country House Units: No provision of these Protective and Restrictive Covenants and Conditions shall preclude the Developer, in furtherance of its sales program, from erecting and maintaining Model Houses upon Lots and Country House Units upon Country House Unit Sites and appropriate other Model Structures upon other Units of PML Property.

(M) Businesses Prohibited in Residential Areas: Except for the business of the Developer in furtherance of its sales program, the practice of any profession or the carrying on of any business is prohibited upon any Unit of PML Property. This shall not apply to areas designated upon a recorded map as Commercial or Commercial Lots.

(N) Easements: Easements for installation and maintenance of utilities, service, and drainage facilities are reserved in the Declaration and will be reserved in any Supplemental Declaration, either by definition and declaration or by indication upon any recorded subdivision plat of the PML Properties. Within these easements, no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, services, or which may change the direction of flow of drainage channels within the easements, or which may obstruct or retard the flow of water through drainage channels within the easements. The easement area of each Unit of PML Property and all improvements in it shall be maintained continuously by the Owner of the Unit of PML Property except for those improvements for which the Developer, the Association, a public authority, or utility company is responsible. Easements along or parallel to adjoining interior Lot lines may be waived by the Developer or the Association.

(O) Nuisances: No obnoxious or offensive activity shall be carried on upon any Unit of PML Property or other area by whatsoever name or designation called within the PML Properties.

(P) Livestock and Poultry: No animals, livestock, or poultry of any kind shall be raised, bred, or kept on any portion or part of the PML Properties, except that dogs, cats, or other household pets may be kept, provided that they are not kept, bred, or maintained for any commercial purpose.

(Q) Garbage and Refuse Disposal: No part or portion of the PML Properties shall be used or maintained as a dumping ground for rubbish. Trash, garbage or other waste shall be kept in a clean and sanitary container and shall not be burned. Disposition of same shall be prompt. Said containers shall be screened, concealed and maintained out of general view in such manner as the Committee shall direct.

(R) Oil and Mining Operations: No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon or in any part or portion of the PML Properties nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted thereupon. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained, or permitted upon any of said PML Properties.

(S) Fences: All property lines shall be kept free and open, and no fences, hedges, or walls shall be constructed except as permitted by the Committee.

(T) Prohibitions Against Used Structures: No structure which has theretofore been in use elsewhere or is constructed of used materials shall be placed upon any Unit of PML Property.

(U) Sewer System and Charges: When the Association makes its sewer system available to any Unit of PML Property, Owner shall connect to the same for sewer disposal purposes and shall utilize no alternative sewer disposal system. In such event, Owner shall, as a condition of the approval of his plans and specifications for construction, pay to the Association the sewer connection fee then in effect as established by the North Carolina Utilities Commission. Sewer use rates shall be established by the North Carolina Utilities Commission under and pursuant to the North Carolina Public Utilities Law.

(V) Water System and Charges: When the Association makes its water system available to any Unit of PML Property, Owner shall connect to the same for water supply purposes and shall utilize no alternative water system. In such event, Owner shall, as a condition of the approval of his plans and specifications for construction, pay to the Association the water connection fee then in effect as established by the North Carolina Utilities Commission. Water use rates shall be established by the North Carolina Utilities Commission under and pursuant to the North Carolina Public Utilities Law.

(W) Removal of Trees: No tree over three (3) inches in diameter may be cut down without the prior written consent of the Committee.

(X) Limited Access: There shall be no access to any Unit of PML Property on the perimeter of the PML Properties except from designated roads within the PML Properties or from a road over which Declarants, or either of them, partially or wholly control access, or from a public road directly abutting a boundary of the Unit of PML Property.

(Y) Native Growth: The native growth on any Unit of PML Property shall not be permitted to be destroyed or removed except as approved in writing by the Committee. In the event such is removed, except as stated above, the Committee may require the replanting or replacement of same, the cost thereof to be borne by the Owner of the Unit of PML Property.

(Z) Letter and Delivery Boxes: The Committee shall determine the location, color, size, design, lettering, and all other particulars of all mail or paper delivery boxes, and standards and brackets and name signs for such boxes in order that the area be strictly uniform in appearance with respect thereto.

(AA) Clothes Lines: Clothes lines or drying yards shall be so located as not to be visible from the street serving any Unit of PML Property.

(BB) Changes in Elevations: No substantial changes in the elevation of the land shall be made on any Unit of PML Property without the approval of the Committee.

(CC) Private Swimming Pools: No private swimming pools are allowed to be constructed on any Unit of PML Property except as approved by the Committee.

(DD) Limitations on Water Rights: No Owner of a Unit of PML Property which is shown on a map as contiguous to a lake shall have any right with respect to any stream that is a tributary of any such lake or with respect to such lake, the land thereunder, the water therein, or its or their elevation, use or condition, nor shall such owner have any riparian rights or incidents appurtenant. No person shall acquire title to any land in the PML Properties by accretion, submergence or changing water levels.

(EE) Open Fires: No open fires or burning shall be permitted upon any Unit of PML Property.

(FF) Fuel Tanks: Outside fuel storage tanks shall be buried below grade level or shall be concealed and maintained out of general view in such manner as the Committee shall direct.

(GG) Right to Remove Accretions: Declarants, or either of them, shall have the right at any time to dredge or otherwise remove any accretion or deposit from any lake.

(HH) Notices: Any notice given or required to be sent to any member or Owner under the provisions of this Declaration shall be deemed to have been properly sent when mailed, postpaid, to the last known address of the person who appears as Member, Associate Member or Owner on the records of the Association or the Commons at the time of such mailing.

(II) Enforcement: Enforcement of these covenants and restrictions shall be by any proceeding at law or in equity against any persons violating or attempting to violate any covenant or restriction, either to restrain violation or to recover damages, and against the land to enforce any lien created by these covenants; and failure by the Association or any Owner to enforce any covenant or restriction herein contained

shall in no event be deemed a waiver of the right to do so thereafter or of the right of any Owner to enforce the same.

(JJ) Assignment, Transfer or Conveyance by Developer: The Developer reserves and shall have the right to assign, transfer or convey any reservations, rights or obligations of the Developer hereunder, and upon such assignment, transfer or conveyance the Developer shall immediately be released and discharged as to any and all liability incident to such reservations, right or obligation.

(KK) Severability: Invalidation of any one of these Protective and Restrictive Covenants and Conditions or of any portion of this Declaration by Judgment or court order shall in nowise affect any other provision, which shall remain in full force and effect.

ARTICLE II

PROTECTIVE AND RESTRICTIVE COVENANTS AND CONDITIONS APPLICABLE ONLY TO SINGLE FAMILY RESIDENTIAL LOTS

Section 1. Application: The Protective and Restrictive Covenants and Conditions set forth in this Article II shall apply only to Single Family Residential Lots and shall be hereafter referred to as Lot Restrictions. These Lot Restrictions are complementary and in conjunction with the General Covenants and Restrictions set forth in Article I, of this PART FIVE.

Section 2. Single Family Residential Lot; Definitions and Application of Lot Restrictions: Unless indicated to the contrary upon the face of any recorded subdivision Map of PML Properties identified as a "Section" of the PML Property, or unless a Supplemental Declaration shall provide otherwise as to such Map or Maps, any Lot (as defined in PART ONE, Article II(7)) described upon such Map or Maps and made subject to this Declaration shall be restricted to use and occupancy as a Single Family Residential Lot and no structure shall be constructed or placed thereupon except one (1) Single Family Detached Dwelling (as defined in PART ONE, Article II(15)) and such accessory or outbuilding as the Committee may permit under the terms of Article I, Section 2(1) of this PART FIVE.

Section 3. Lot Restrictions:

(A) Re-Subdivision: No Lot shall be re-subdivided or partitioned.

(B) Maintenance of Lots: Each Lot, whether occupied or unoccupied, and all Improvements shall at all times be maintained in good and clean condition. If any Lot or any Improvement thereon is not so maintained Declarants, or either of them, may maintain, restore and repair the same, the cost of which shall be added to and become a part of the annual charge to which such Lot is subject. Neither Declarants nor any of their

agents or employees or contractors shall be liable for any damage which may result from any maintenance, restoration or repair work performed hereunder.

(C) Set Back Requirements:

(1) Definitions:

(a) "Side Line": a Lot boundary line extending from the road or street on which the same abuts to the rear line of said Lot;

(b) "Rear Line": The Lot boundary line farthest from and most nearly parallel to the road or street which the Lot abuts; on corner Lots said rear line may be determined from either abutting road or street;

(c) "Front Line": the Lot boundary line abutting a road or street right-of-way or easement and opposite to and generally parallel with the Rear Line.

(2) Requirements: Except as the Committee shall approve in writing, in order to accommodate placement of a building on substantially irregular terrain, a Single Family Detached Dwelling or any other structure or Improvement built or placed upon a Lot shall be at least the following distances from the indicated lines of said Lot:

(a) Fifteen (15) feet from each Side Line;

(b) Twenty-five (25) feet from the Rear Line;

(c) Twenty-five (25) feet from the Front Line; provided, however, that where the Lot abuts a curved cul-de-sac, the front set back line shall be on an arc the radius of which is equal to the radius of the right-of-way or easement limit of the cul-de-sac plus twenty-five (25) feet;

Provided, that in the event a set-back line is shown upon any PML Property Subdivision Map of Lots, then the set-back line or lines shown upon the Map shall control, the above provisions to the contrary notwithstanding.

Section 4. Reservation of Easements: In addition to those certain easements reserved to the Developer or its assigns under the provisions of PART ONE, Article VI of this Declaration, Developer does further reserve unto itself and its assigns the following rights and easements on and across a ten (10) foot strip along the interior of all Lot lines:

(A) A general slope easement for the purpose of excavating such area of a Lot to accomplish the construction of an abutting road, street, or drive;

(B) A general encroachment right for placement of fill accruing from the side slope construction of an abutting road, street, or drive;

(C) An easement within said area of a Lot for use as a way of access to any other Lot to which the Committee may determine that a way of access from an abutting road or street is impractical due to slope, cut, or fill. In such event, the owner of the Lot across which such easement is exercised shall have the non-exclusive joint right of use of said way of access;

(D) Any easement for any purpose that shall be reflected upon a recorded map or a subdivision of the PML Properties as affecting a Lot or a portion thereof.

Section 5. Further Restrictions: In addition to those various restrictive covenants and conditions set forth in any portion of this Declaration, those restrictions stated upon the face of a recorded subdivision Map of the PML Properties shall attach and apply to the Lots described upon that Map and the same are herein incorporated fully by reference, whether now or hereafter existent.

ARTICLE III

DEDICATION OF VILLAGE COMMONS: PROTECTIVE AND RESTRICTIVE COVENANTS APPLICABLE ONLY TO VILLAGES:

The Dedication of Village Commons and the Protective and Restrictive Covenants and Conditions set forth in this Article III (hereinafter called "Village Restrictions"), shall apply only to Villages (as defined in PART ONE, Article II (20)) and to Country Houses (as defined in PART ONE, Article II (21-A)), and to the Village Commons (as defined in PART ONE, Article II (23)). These Village Restrictions shall be construed and applied as complementary and in conjunction with the General Covenants and Restrictions set forth in Article I of this PART FIVE;

Section 1. Dedication of Village Commons: As to each Village described by recorded Map, all of that certain real estate, exclusive of road and street rights-of-way, located within the boundary of the Village and not encompassed within the boundaries of the collective Country House Unit Sites located therein shall be known as the Village Commons of that Village. The Village Commons of a Village shall further include any one or more Country House Unit Sites that Developer might subsequently convey or dedicate to the Commons for that purpose; in such event, such one or more Country House Unit Sites shall be free and clear of the covenants, restrictions, limitations, reservations, and terms of the Declaration relating to Country House Unit Sites.

Developer does hereby dedicate to the Commons and the Commons does hereby accept the ownership of the fee interest in and to all PML Properties which is or shall be or become the Village Commons of any and all named Villages subject to the Declaration or any Supplemental Declaration. This dedication and acceptance is subject to (a) the reservations of easements in, over, under and upon the Village Commons properties as set forth in PART ONE, Article VI, and as might appear elsewhere in the Declaration, and, (b) the limitation and restriction that the Village Commons of each Village shall be devoted to and utilized for the common and non-exclusive right of enjoyment by the holders of a fee title to the Country House Unit Sites located in that Village; provided, however, that the Commons shall have the right to designate portions of the respective Village Commons properties for use as drive-ways, pathways, parking areas, and other purposes serving Country House Unit Sites in that Village and to construct or install upon the respective Village Commons Properties such improvements or amenities as it might deem suitable or appropriate for the common use and enjoyment of the holders of fee title to Country House Unit Sites in that Village.

Section 2. Single Family Country House; Definitions and Application of Village Restrictions: Unless indicated to the contrary upon the face of any recorded subdivision Map of PML Properties identified as a Village, a Country House which shall be constructed upon any one Country House Unit Site shall be a Single Family Attached Dwelling as defined in PART ONE, Article II (36) and these Village Restrictions shall apply thereto.

Section 3. Village Restrictions:

(A) Severance or Partition of Village Interest: No Country House Unit Site may be resubdivided nor may the fee interest in a Village Commons be partitioned and divided;

(B) Exclusive Enjoyment: (Amending Section 3(B)): Each owner of a Village Interest shall, subject to the limitations specified in PART ONE, Article V, Section 4, in Section 1 of this Article III, and in paragraph (J) of this Section 3, have a mutual and non-exclusive right of use and enjoyment of the Village Commons within the Village in which such owner owns a Country House Unit Site; the right of use and enjoyment thereof shall extend only to such owners and their invited guests, households, and to their delegates properly qualified pursuant to PART TWO, Article IV, Section 4, when construed as if applicable only to a Village Interest, and shall be to the exclusion of owners of any other PML Properties, excepting the Developer;

(C) Reservation of Easements: A Village Commons shall be subject to all rights, easements, and reservations set forth in any preceding PART of this Declaration;

(D) Common Unit Walls: The side walls of a Country House shall extend to and be situate at or upon the side lines of the Country House

Unit Site upon which the same shall be constructed and, to the extent that any such side wall shall be adjacent to or contiguous with one or more other Country Houses, or shall form a common structural wall with one or more other adjacent and contiguous Country Houses, said side wall or side walls, whichever shall be applicable, shall constitute a Common Unit Wall, (the same being generally defined in PART ONE, Article II (27));

Each owner of a Country House having one or more Common Unit Walls shall own to the center of said wall, whether or not said wall shall lie equally upon either side of the sideline upon or at which the same is situate; and each said Owner shall have and own an easement of support in and to that part of the Common Unit Wall most remote from the interior of that portion of his Country House side wall which forms a part of said Common Unit Wall. In the event a Common Unit Wall does not lie equally upon either side of the side line upon or at which the same is situate, the Owner of the Country House Unit Site upon which the lesser portion of the width of said Common Unit Wall is situate shall have an easement of support in, to and over that portion of the adjacent Country House Unit Site extending from the common sidelines to the center of said Common Unit Wall:

(E) Construction Limitations: No Country House shall be built and constructed upon any Country House Unit Site except in accordance with plans and specifications provided by Developer and/or the Association Committee, with such changes or modifications as may be approved by the Committee.

(F) Ownership of Village Interests; How Determined: Each holder of the fee title to a Country House Unit Site shall, subject to the limitations and reservations recited in paragraph (B) of this Section 3, have a right of use and enjoyment in and to the Village Commons of the Village in which his Country House Unit Site is situate. The total property interest of such owner, consisting of fee title to a Country House Unit Site and the right of use and enjoyment of the Village Commons, shall constitute a singular Village Interest.

(G) Rules and Regulations: The use and enjoyment of the Village Commons shall be subject to such rules and regulations as shall be from time to time adopted by the Commons and by the Village Division having jurisdiction over the singular Village to which its rules and regulations might apply.

(H) Improvements: Except as shall be approved by the Commons Committee, no improvements other than Country Houses meeting the requirements of (E) above, installations by the Commons pursuant to Section 1 of this Article III, and pathways, and ways of access and parking areas serving Country Houses shall be constructed or placed upon any part or portion of a Village.

(I) Alteration of Appearance: The exterior appearance of a Country House shall not be altered or changed in any manner without written

approval of such alteration or change given by the Commons Committee.

(J) Driveway, Parking Areas; Pathways: Each owner of a Country House Unit Site shall have a perpetual right-of-way and easement in, over, and across the Village Commons comprising a part of the Village in which his Country House Unit Site is located with respect to the pathways and motor vehicle driveway and parking area providing access and service to his Country House Unit Site. The location and area to be utilized by the same shall be designated, approved, and constructed by the Commons and a pro-rata share of the cost of construction of the same may be charged against the Village Interest of the Owner as a Commons special assessment.

PART SIX

GENERAL RESERVATIONS

ARTICLE I

DEVELOPER'S FURTHER AND ADDITIONAL PROPERTIES

Section 1. Reservations as to Dedications of Further Properties; Application of Restrictive Covenants and Conditions; Right and Easement of Enjoyment In Common Properties: Notwithstanding any provisions to the contrary that may appear in this Declaration or in any PART thereof, the Developer, for itself and its successors and assigns, does specifically reserve the right to dedicate further and additional properties which it now owns or which it may hereinafter acquire to uses and purposes different from those set forth in this Declaration or any PART thereof, including, but not being limited, to areas for Multi-Family Residential Dwellings, various types of Recreational Areas, Subdivided Mobile or Modular Home Parcels, Garden Apartments, Condominiums, Apartment Buildings, Destination Unit Sites, Commercial Sites, Camp Site Areas, Church Sites, Educational Areas, Common Areas or Common Properties other than those specified or defined herein, and such other, further, and additional subdivided or Tract developments and improvements as the Developer shall deem to be an appropriate use of its properties.

In the event of such other, further, and additional dedication and development of properties owned or to be owned by the Developer lying in proximity to the PML Properties embraced by this Declaration and developed by a common plan or design, the Developer does specifically reserve, for itself and for its grantees, assigns, lessees, or successors in interest, the rights and privileges to make use of the ways of access upon the PML Properties and to increase the servitudes upon the easements reserved herein and upon the common properties which shall exist as a consequence of this Declaration or any acts performed thereunder.

The Developer, for itself and its successors in interest, assigns, grantees, and lessees, as to such further and additional properties, shall have the same rights and privileges as to the common properties and common areas, including, but not being limited to the water and sewer systems, as those properties which shall be and become subject only to this Declaration; provided, however, that those further and additional properties which may hereinafter be dedicated or developed pursuant to this Section 1 shall be subject to such assessments, fees,

and charges as the Association shall deem appropriate to assure that such further and additional properties, together with the holders of title thereto, shall bear a proportionate part of the cost and expenses relating to common properties in like manner as the properties and owners of properties subject to this Declaration.

The Developer shall be under no obligation to subject such further or additional properties to this Declaration or to any PART thereof in order to make the uses and purposes of said properties consistent with this Declaration.

ARTICLE II

GENERAL RESERVATIONS AND CONDITIONS

Section 1. First Refusal Purchase Option: In the event an Owner, other than the Developer, of any Unit of PML Property shall offer the same for sale and shall receive a bona fide offer of purchase for the same, said Owner shall first offer the Unit of PML Property for sale to the following parties in the preferential numerical order stated:

(1) The Developer; then to,

(2) Any other party owning a Unit of PML Property adjacent to the Unit of PML Property offered for sale.

In the event neither of the above parties shall exercise the right to purchase the Unit of PML Property offered for sale within twenty (20) days after the right to purchase is granted, the Owner shall have the right to sell said Unit of PML Property to the person or entity by whom the original offer of purchase was made upon the same terms offered the above designated parties by the Owner.

Section 2. Survival of Declaration: This Declaration and all PARTS thereof shall be fully binding upon and enforceable as against any Owner of any Unit of PML Property subject thereto whether said Owner acquires title to the same from the Developer or from some other party.

Section 3. Duration and Effect of Declaration: This Declaration and all of the terms, provisions, conditions, covenants, warranties, limitations, and applications of each and every PART thereof shall constitute a covenant running with the land subject thereto, whether by this original Declaration or a Supplemental Declaration incorporating the same by reference. This Declaration shall exist and shall be fully binding upon said lands and all parties claiming an interest therein during the Development Period and shall continue in effect thereafter unless and until two-thirds in number of the then record Owners of Units of PML Properties or other designated parcels of PML Property subject to this Declaration or any Supplemental Declaration shall execute an appropriate written document agreeing to a change, modification, or termination of all or any portion of the Declaration and said written

document shall be duly probated and recorded in the office of the Register of Deeds of Burke County, North Carolina, and in the office of the Register of Deeds of any adjoining County in which a portion of the properties thereby affected might be located.

Section 4. Grantee's Acceptance Subject to Declaration: Each grantee or purchaser of a Unit of PML Property or other designated parcel of PML Property subject to this Declaration, by acceptance of a deed conveying title thereto, a Certificate of Ownership, or the execution of a contract for the purchase thereof, whether from Developer or a subsequent owner of the same, shall accept such deed, Certificate or Ownership, or contract upon and subject to all provisions of this Declaration and subject to the jurisdiction, rights, powers, privileges, and immunities of Developer, the Committee, the Commons Committee, the Commons, and the Association and shall agree to pay the charges levied against his property by the Association and/or the Commons. By such acceptance such grantee or purchaser shall be deemed to (for himself, his heirs, personal representatives, successors and assigns) covenant, consent, and agree with Declarants and the grantee or purchaser of every other property subject to this Declaration to keep, observe, comply with and perform the covenants, conditions, reservations, and other provisions contained in this Declaration.

ARTICLE III

WAYS OF ACCESS; RESERVATIONS AND LIMITATIONS

Pine Ridge Drive is subject to the right of use and passage by other parties holding title to properties abutting, underlying, or extending into or across the same under and by virtue of ROAD USE AGREEMENTS heretofore entered into between Developer and various parties owning interests in land abutting, extending into, underlying, or extending across Pine Ridge Drive, all of which ROAD USE AGREEMENTS are duly recorded in the office of the Register of Deeds of Burke County, North Carolina. Under and pursuant to the terms, provisions, and conditions of said ROAD USE AGREEMENTS, the Developer has the lawful right to supervise access to and passage upon Pine Ridge Drive as it affects PML Properties subject to this Declaration and has assumed the obligation of improving and maintaining all of Pine Ridge Drive, whether it lies within the boundaries of PML Properties or within boundaries of properties owned by other parties. The ROAD USE AGREEMENTS to which reference is herein made are recorded in the office of the Register of Deeds of Burke County, North Carolina, and the attention of purchaser and prospective purchasers of any property or interest therein covered by this Declaration is specifically called to the same; Book 430, page 385; Book 426, page 275; Book 426, page 269; Book 426, page 257; Book 430, page 467; Book 426, page 263; Book 426, page 281; Book 426, page 293.

As of the date of this Declaration, holders of title to one certain tract of property lying within the PML Properties and the holder of title to a tract of property lying to the east of the PML Properties have a right of access in and over ways of access by the most direct route to their respective properties.

IN WITNESS WHEREOF, this PINE MOUNTAIN LAKES DECLARATION OF COVENANTS AND RESTRICTIONS has been duly executed by the undersigned authorized officers of the Declarants.

This 26th day of April, 1973.

SOUTH MOUNTAIN PROPERTIES, INC.

BY: /s/ Roger P. Hussey
Vice President

(Corporate Seal)

Attest:

/s/ Carol H. Cassidy
Secretary

PINE MOUNTAIN LAKES PROPERTY OWNERS ASSOCIATION, INC.

BY: /s/ Roger P. Hussey
President

(Corporate Seal)

Attest:

/s/ Carol M. Cassidy
Secretary

VILLAGE COMMONS ASSOCIATION, INC.

BY: /s/ Roger P. Hussey
President

(Corporate Seal)

Attest:

/s/ Carol M. Cassidy
Secretary

To the extent not changed, modified, or amended by the Amendments to Pine Mountain Lakes Declaration of Covenants and Restrictions, the Pine Mountain Lakes Declaration of Covenants and Restrictions heretofore recorded in Book 430, page 278, office of the Register of Deeds of Burke County, North Carolina, are fully ratified, confirmed, and incorporated herein by reference.

IN WITNESS WHEREOF, these Second Amendments to Pine Mountain Lakes Declaration of Covenants and Restrictions have been duly executed by the undersigned officers of the Declarants, this 21st day of June, 1973.

(Corporate Seal)

SOUTH MOUNTAIN PROPERTIES, INC.

Attest:

/s/ Thomas M. Starnes
Assistant Secretary

By: /s/ Roger P. Hussey
Vice President

(Corporate Seal)

PINE MOUNTAIN LAKES PROPERTY
OWNERS ASSOCIATION, INC.

Attest:

/s/ Thomas M. Starnes
Assistant Secretary

By: /s/ Roger P. Hussey
President

(Corporate Seal)

VILLAGE COMMONS ASSOCIATION, INC.

Attest:

/s/ Thomas M. Starnes
Assistant Secretary

By: /s/ Roger P. Hussey
President

This Document Prepared By:

Thomas M. Starnes, Attorney
Patton, Starnes & Thompson
Morganton, North Carolina

PINE MOUNTAIN LAKES

SUPPLEMENTAL DECLARATION OF

COVENANTS AND RESTRICTIONS

(Embracing Residential Lots Located in
Sections 13, 14, 15, 18 and 20)

DECLARANTS:

- (1) SOUTH MOUNTAIN PROPERTIES, INC.
- (2) PINE MOUNTAIN LAKES PROPERTY OWNERS ASSOCIATION, INC.
- (3) VILLAGE COMMONS ASSOCIATION, INC.

BENEFICIARIES:

Owners of Real Estate Located In An
Area To Be Developed and Known as
PINE MOUNTAIN LAKES.

This Supplemental Declaration of Covenants and Restrictions made this 25th day of January, 1974, by South Mountain Properties, Inc., a corporation organized and existing under the laws of the State of North Carolina (hereinafter called Developer); Pine Mountain lakes Property Owners Association, Inc., a non-profit corporation organized and existent under the laws of the State of North Carolina (hereinafter called Association); and Village Commons Association, Inc., a non-profit corporation organized and existent under the laws of the State of North Carolina (hereinafter called Commons);

WITNESSETH:

DECLARANTS have heretofore caused the PINE MOUNTAIN LAKES DECLARATION OF COVENANTS AND RESTRICTIONS, dated April 26, 1973, to be recorded in Book 430, Page 278, and Amendments thereto to be

recorded in Book 433, Page 421, and Book 438, Page 144, Office of the Register of Deeds of Burke County, North Carolina;

PART ONE, Article III, of the Declaration provides for subjecting other and further properties of the Developer to the Declaration or any portion thereof;

Developer is the owner of those certain subdivided properties encompassed within the boundaries of Pine Mountain Lakes Sections 13, 14, 15, 18 and 20 as the same appear of record in Book Of Maps No. 6, Page 86 through 109, inclusive, Office of the Register of Deeds of Burke County, North Carolina;

DECLARANTS desire to subject the above referenced subdivided properties to the Declaration as hereinafter stated;

NOW, THEREFORE:

(1) The subdivided properties which are subject to this Supplemental Declaration are fully described by the following maps or plats of record in the Office of the Register of Deeds of Burke County, North Carolina, which maps and descriptions are incorporated herein by reference:

<u>Pine Mountain Lakes Section</u>	<u>Map or Plat Recordation</u>
13	Map Book 6, Pages 86,87,88
14	" " 6, " 89,90,91 92,93,94
15	" " 6, " 95,96,97,98 99,100,101
18	" " 6, " 102,103,104, 105
20	" " 6, " 106,107,108, 109

(2) The subdivided properties described by the recorded maps or plats above said shall be developed, sold, conveyed, administered, used, occupied, improved and preserved only in accordance with and subject to the terms, provisions, conditions, reservations, covenants, restrictions, and applications of all of PARTS ONE, TWO, THREE, FOUR, and SEVEN, and of Articles I and II of PART FIVE, Pine Mountain Lakes Declaration of Covenants and Restrictions, as recorded in Book 430, Page 278, and modified by Amendments recorded in Book 433, Page 421, and Book 438, Page 144, Office of the Register of Deeds of Burke County, North Carolina, the documentation as above limited being fully incorporated herein by reference;

(3) The numbered lots appearing by description within the recorded maps or plats of Pine Mountain Lakes Sections 13, 14, 15, 18 and 20 are hereby declared to be Single Family Residential Lots as defined within the Pine Mountain Lakes Declaration of Covenants and Restrictions and Amendments thereto.

IN WITNESS WHEREOF, the DECLARANTS have caused this Pine Mountain Lakes Supplemental Declaration of Covenants and Restrictions to be executed by their undersigned authorized officers the day and year first above written.

SOUTH MOUNTAIN PROPERTIES, INC.

By: /s/ G. Robert Livsey

Attest:

/s/ John H. Cantrell
Assistant Secretary

PINE MOUNTAIN LAKES PROPERTY
OWNERS ASSOCIATION, INC.

By: /s/ G. Robert Livsey

Attest:

/s/ Carol M. Cassidy
Assistant Secretary

VILLAGE COMMONS ASSOCIATION, INC.

By: /s/ G. Robert Livsey

Attest:

/s/ Carol M. Cassidy
Assistant Secretary

This Document Prepared By:
Thomas M. Starnes, Attorney
Patton, Starnes & Thomson
Morganton, North Carolina