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STATE OF NORTH CAROLINA
COUNTY OF GUILFORD

DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR REEDY FORK RANCH

THIS DECLARATION OF COVENANTS CONDITIONS AND RESTRICTIONS FOR REEDY FORK RANCH, is made as of the 31st day of July, 2002 by REEDY FORK EAST LLC, a North Carolina limited liability company (hereinafter referred to as "Declarant").

RECITALS:

A. Declarant is the owner of certain real property located in Greensboro, Guilford County, North Carolina, which property is described on EXHIBIT "A" attached hereto and incorporated herein by reference.

B. Declarant desires to subject such property to the provisions of this Declaration and to develop on such property a mixed use development that may include property and improvements for commercial, civic, hotel, industrial, institutional, office, research and development, residential, and other purposes to be known as Reedy Fork Ranch, and to provide a flexible and reasonable method for the architectural administration, assessment and maintenance of such property.

C. It is the intent of Declarant that the provisions of this Declaration in all respects conform to and comply with the requirements set forth in the North Carolina Planned Community Act. To the extent any provision contained herein does not conform or comply with the Planned Community Act, the provisions of the Planned Community Act shall control.

NOW, THEREFORE, Declarant hereby declares that all of the property described in EXHIBIT "A" shall be held, transferred, leased, occupied and used subject to the following easements, restrictions, covenants, charges, liens and conditions which are hereby imposed for the purpose of protecting the value and desirability of these lands and which restrictions, easements, charges, liens, conditions and covenants shall touch and concern and run with the title to the real property subjected to this Declaration and which shall be binding on all parties having any right, title or interest in these described properties or any portion of them. This instrument also binds the respective heirs, devisees, fiduciary representatives, successors, successors in title and/or assigns, and shall inure to the benefit, of anyone who purchases or takes any interest in real property within the lands subject to this instrument.

ARTICLE I

DEFINITIONS

Section 1. Definitions.

When used in this Declaration, unless the context shall prohibit or require otherwise, the following words shall have the following meanings, and all definitions shall be applicable to the singular and plural forms of any such term(s):

1.1 "Affiliated Entity" shall mean and refer to all Owners of Lots as to which General Assessments have not yet commenced under Article V, Section 10, of this Declaration.

1.2 "Architectural Review Committee" shall mean and refer to the Architectural Review Committee appointed by the Board of Directors in accordance with the provisions of Section 1 of Article VI of this Declaration for the purposes prescribed in Article VI of this Declaration.

1.3 "Articles of Incorporation" shall mean and refer to the Articles of Incorporation of Reedy Fork Ranch Owners Association, Inc., as they may be constituted or amended from time to time.

1.4 "Assessments" shall have the meaning set forth in Article V, Section 1 of this Declaration and shall include, without limitation, General Assessments, Special General Assessments, Drainage Assessments and Special Drainage Assessments.

1.5 "Association" shall mean and refer to Reedy Fork Ranch Owners Association, Inc., a North Carolina nonprofit corporation, which shall be perpetual in duration.

1.6 "Board of Directors" or "Board" shall mean and refer to the Board of Directors of the Association, which is the governing body of the Association.

1.7 "Built-Upon Area" shall mean and refer to the definition given to it in the Greensboro Code of Ordinances.

1.8 "Bylaws" shall mean and refer to those Bylaws of Reedy Fork Ranch Owners Association, Inc., which govern the administration and operation of the Association, as may be amended from time to time.

1.9 "Charges" shall have the meaning set forth in Article V, Section 1, of this Declaration.

1.10 "Common Elements" shall mean all real property and interests in real property (including easements and open spaces) owned by the Association, together with any easements and rights-of-way related thereto, for the common use and enjoyment of the Declarant and the Members. Declarant reserves the right, in its sole discretion, to convey, from time to time and without the consent of the Association or its Members, additional property to the Association, which property may include all or any portion of the properties, including any additional land annexed by Declarant, pursuant to Article X, Section 4, of this Declaration, and the Association shall accept any such conveyance of additional property and thereafter such additional property shall be held and maintained by the Association as Common Elements. Improvements, which may include, but shall not be limited to, recreational facilities, trails, landscaping, signage, roadways, retention or detention ponds and other water quality devices or erosion control devices, may be located on such Common Elements, whether before or after conveyance of the Common Elements to the Association. Except as otherwise provided in Section 47F-3-113 of the Act, the Association shall be required to promptly repair and replace any portion of the Common Elements for which the Association is required to maintain casualty insurance pursuant to the Bylaws of the Association that is damaged or destroyed.

1.11 "Declarant" shall mean and refer to Reedy Fork East LLC, a North Carolina limited liability company, as well as its successors or assigns, pursuant to an express assignment or conveyance of any special Declarant rights hereunder to such successor assigned, all of which rights, including Declarant's voting rights, are assignable and may be apportioned on a lot-by-lot basis.

1.12 "Declarant's Control Period" shall mean and refer to the period of time commencing on the date this Declaration is recorded in the Guilford County Registry and continuing until Declarant ceases to own a Development Tract or Lot that has not been placed In Use.

1.13 "Declarant's Development Period" shall mean and refer to the period of time commencing on the date this Declaration is recorded in the Guilford County Registry and continuing until such time as Declarant ceases to own a Development Tract or Lot that has not been placed In Use.

1.14 "Declaration" shall mean and refer to this Declaration of Covenants, Conditions and Restrictions for Reedy Fork Ranch and all supplements or amendments to it from time to time recorded in the Guilford County Registry.

1.15 "Development Tract" shall mean and refer to each separately labeled acreage tract, other than any tract labeled "Common Elements," "Drainageway," "Open Space," "Recreation," "100-Year Flood Plain," "Waterway," "Stream Buffer," or "Utility Easement," shown on the Master Plan.

1.16 "Drainage Assessments" shall have the meaning set forth in Article V, Section 2, of this Declaration.

1.17 "Drainage Expenses" shall have the meaning set forth in Article V, Section 3, of this Declaration.

1.18 "FHA" shall mean and refer to the Federal Housing Administration of the Department of Housing and Urban Development and "VA" shall mean and refer to the Department of Veteran Affairs.

1.19 "Foreclosure" shall mean and refer to, without limitation, the judicial or quasi-judicial (power of sale) foreclosure of a Mortgage or the conveyance of secured property by a deed in lieu of foreclosure.

1.20 "General Assessments" shall have the meaning set forth in Article V, Section 4, of this Declaration.

1.21 "General Expenses" shall have the meaning set forth in Article V, Section 5, of this Declaration.

1.22 "Guilford County Registry" shall mean and refer to the Office of the Register of Deeds, Guilford County, North Carolina.

1.23 "In Use" shall have the meaning set forth in Article V, Section 10, of this Declaration.

1.24 "Lot" shall mean and refer to any separately numbered plot of land shown upon any now or subsequently recorded subdivision map of the Properties and used for single-family, townhome or condominium occupancy, but not Common Elements or property dedicated to the public for street, park or trail purposes, and shall include any dwelling and other improvements constructed thereon. Declarant hereby reserves the right to reconfigure, from time to time and without the consent of the Owners or the Members of the Association, the boundaries of any Lot or Lots owned by Declarant and to thereby create additional Lots, eliminate existing Lots or create additional Common Elements; provided, however, in no event shall the Properties contain a greater number of Lots than the number from time to time permitted by, nor shall any Lot within the Properties contain fewer square feet than the minimum number of square feet from time to time required by, the appropriate local governmental authority. If Declarant elects to exercise its right to revise the boundaries of one or more Lots owned by Declarant, Declarant shall record or revise the plat(s) of the affected Lot or Lots. Upon the recording by Declarant of such a revised plat(s), each lot and lots shown on the previously recorded plat or plats, the boundaries of which are revised by

the revised plat, shall cease to be a "Lot," as defined in this Declaration, and each newly configured lot and lots shown on the revised plat shall be a "Lot," as defined in this Declaration.

1.25 "Master Plan" shall mean and refer to the plan(s) for the Properties now or hereafter submitted by Declarant for approval by the City of Greensboro or other appropriate governmental authority, as such plan(s) may be from time to time amended and approved.

1.26 "Member" shall mean and refer to all those Persons who are Members of the Association as defined in Section 1 of Article III of this Declaration.

1.27 "Mortgage," with an initial capital letter, shall mean and refer to any recorded mortgage, deed of trust, installment land sales contract and security agreement or other similar security instrument, made in good faith and for value, granting, creating or conveying a lien upon, a security interest in, or a security encumbered title to a Lot.

1.28 "Mortgagee," with an initial capital letter, shall mean and refer to the holder of a Mortgage.

1.29 "Occupant" shall mean and refer to any person lawfully occupying any portion of the Properties, including, without limitation, any Owner or any agent, contractor, employee, guest, invitee, licensee, lessee or tenant of any Owner.

1.30 "Owner" shall mean and refer to the owner(s) as shown on the real estate records of Guilford County, North Carolina, whether it be one or more Persons, of fee simple title to any portion of the Properties, except the Common Elements owned by the Association, but shall not mean any Mortgagee, his or its successors or assigns, unless and until such Mortgagee has acquired title pursuant to Foreclosure; the term "Owner" may include the Declarant and any Second Tier Association, but shall not mean or refer to any lessee or tenant of an Owner. In the event that there is of record a deed granting one or more Persons a life estate in any lot or parcel of land within the Properties, the Owner of such lot or parcel of land shall be the holder or holders of the life interest, regardless of who holds the remainder interest.

1.31 "Person" shall mean and refer to a natural person, corporation, partnership, limited liability company, association, proprietorship, trust or any other legal entity.

1.32 "Planned Community Act" shall mean and refer to the provisions of Chapter 47F of the North Carolina General Statutes.

1.33 "Property" and "Properties" shall mean and refer to the lands described on Exhibit "A," and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

1.34 "Residential Property" shall mean and refer to any portion of the Properties subdivided into more than one, but less than all, the Lots developed or used primarily for residential

and related streets, parks, open space and recreational purposes.

1.35 "Rules and Regulations" shall mean and refer to the rules and regulations for the use, enjoyment and maintenance of the Common Elements promulgated and prescribed by the Association in accordance with the provisions of Article IV, Section 1A(v), of this Declaration.

1.36 "Second Tier Association" shall mean and refer to any property owners association, including, without limitation, any condominium association, formed pursuant to a Second Tier Declaration for the purpose of providing for the administration of more than one, but less than all, the Lots and any related property conveyed to the Second Tier Association to be used and maintained for the benefit of the Owners of the Lots subject to the jurisdiction of such Second Tier Association.

1.37 "Second Tier Declaration" shall mean and refer to any covenants of record in the Guilford County Registry, other than this Declaration imposed upon and further restricting any portion of the Properties and/or which provide for the formation of an owner's association imposed subsequent to the imposition of this Declaration.

1.38 "Second Tier Properties," with respect to each Second Tier Association, shall mean and refer to all portions of the Properties subject to the Second Tier Declaration pursuant to which such association was formed, and all portions of the Properties owned in fee by such association for the common use and benefit of the members thereof.

1.39 "Special Drainage Assessments" and "Special General Assessments" shall have the meaning set forth in Article V, Section 6, of this Declaration.

1.40 "Subdivision" shall mean the division of a single Lot into one or more Lots, each intended for separate use.

1.41 "Water Quality Device" and "Water Quality System" shall mean a device or combination of devices designed to meet regulatory requirements for the management or treatment of stormwater.

ARTICLE II

SECOND TIER DECLARATIONS

Section 1. Review and Approval of Second Tier Declarations.

No Second Tier Declaration and no amendments or supplements thereto shall be recorded or otherwise imposed on any portion of the Properties except with the prior written consent and approval of Declarant, during Declarant's Development Period, and thereafter, the Association, which consent and approval, when given, shall be affixed to, made a part of and recorded with the, Second Tier Declaration, and which consent and approval shall not be unreasonably withheld, conditioned or delayed.

Section 2. Certain Property to be Subjected to a Second Tier Declaration.

Prior to the Subdivision of any of the Properties intended to be used in a manner as to have 30% or more Built Upon Area and that will rely on Water Quality Devices or Systems located or to be located on Common Elements of the Association, such Property must be subjected to a Second Tier Declaration approved by the Association and the City of Greensboro. Each such Second Tier Declaration shall specify the method of apportioning Drainage Assessments and Special Drainage Assessments (including Drainage and Special Drainage Assessments attributable to the common property owned by a Second Tier Association) among all Lots subjected to such declaration and shall create a lien against each Lot subjected to such declaration to secure the payment of such apportioned Drainage Assessments and Special Drainage Assessments. Should any Second Tier Declaration fail to so specify a method of apportionment, Drainage Assessments and Special Drainage Assessments shall be apportioned equally among all Lots subject to such declaration. Second Tier Associations shall remit directly to the Association all Assessments levied by the Association pursuant to this Declaration against the Lots and common elements in a Second Tier Property covered by such Second Tier Declaration.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

Section 1. Membership.

Declarant, every Owner of a Lot, every Second Tier Association required pursuant to Article II, Section 2, and every Owner of a Development Tract used or intended to be used in a manner as to have 30% or more Built Upon Area and that will rely on Water Quality Systems or Devices located or to be located on Common Elements of the Association shall be a Member of the Association. The foregoing is not intended to include persons or entities who hold an interest in a Lot merely as security for the performance of an obligation. Such Membership shall be appurtenant to and may not be separated from ownership of any Lot, tract or Second Tier Association which is subject to assessment by the Association.

Section 2. Voting Rights.

On all matters which the Membership shall be entitled to vote, the Member(s) shall be entitled to votes as provided herein for their Class of Members. When more than one person holds an ownership interest, all such persons shall be Members. Their vote shall be exercised as they among themselves determine, but in no event shall more than the permitted vote be cast with respect to any Member interest.

Section 3. Classes of Membership and Voting Rights. The Association shall have three classes of voting membership:

Class A: The Class A Members shall be every person or entity who or which is a record

Owner of a fee or undivided fee interest in any Lot as to which General Assessments have commenced under Article V, Section 10, of this Declaration. Class A Members shall be entitled to one (1) vote for each Lot owned as to all matters other than with respect to Drainage Expenses, Drainage Assessments and Special Drainage Assessments, which items shall be voted upon only by the Class C Members affected by such Drainage Expenses, Drainage Assessments and Special Drainage Assessments, as more fully provided below.

Class B ^{RF LLC}: Declarant shall be the Class B Member during Declarant's Control Period and Declarant shall be entitled to three (3) votes for each Lot shown on the Master Plan as developed or to be developed as a part of the Properties which has not been conveyed by Declarant or any Affiliated Entity to a Class A Member. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(i) when the total votes outstanding in the Class A membership equal or exceed the total votes outstanding in the Class B membership; however, the Class B membership shall be reinstated if thereafter, and before the time state in subparagraph (ii) below, the Master Plan is amended to add additional lots developed or to be developed as a part of the Properties sufficient to give the Class B membership a total number of votes (with the Class B membership entitled to three (3) votes for each lot shown on the Master Plan as developed or to be developed as a part of the Properties which has not been conveyed by Declarant or an affiliate of Declarant to a Class A Member) greater than those of the Class A membership; or,

(ii) twenty (20) years from the date this Declaration is recorded in the Guilford County Registry.

Class C: The Class C Members shall be Owners of a Development Tract and Second Tier Associations for Second Tier Properties which, in either case, have been used or are intended to be used in a manner as to have 30% or more Built Upon Area and which will rely on Water Quality Systems or Devices located or to be located on Common Elements of the Association. Class C Members voting rights are limited to matters involving Drainage Expenses which would result in assessment of Drainage Assessments or Special Drainage Assessments against their Development Tract or Second Tier Association. Each Class C Member's vote shall be determined in the same manner as are Drainage Assessments and Special Drainage Assessments -- that is, in proportion to the percentage of Built Upon Area of a Class C Member's Property to the Built Upon Area of all Class C Members Properties discharging water to the Water Quality Device or System serving their Properties. There may be multiple Water Quality Devices or Systems serving different Class C Members, and a Class C Member is eligible to vote only on matters involving the Water Quality Device or System that services its Property.

Section 4. Governance.

The Association shall be governed by a Board of Directors, which initially shall consist of five (5) members. In subsequent years the number of directors shall be determined as provided in the Bylaws of the Association.

Section 5. Designation and Election of the Board of Directors.

During the Declarant's Control Period, Declarant shall have the right to designate and select all of the persons who shall serve as members of each Board of Directors of the Association. Except as otherwise provided in the Bylaws with respect to the filling of vacancies, any members of the Board of Directors which Declarant is not entitled to designate or select shall be elected by the Members of the Association.

Whenever Declarant shall be entitled to designate and select any person or persons to serve on any Board of Directors of the Association, the manner in which such person or persons shall be designated shall be as provided in the Articles of Incorporation and/or Bylaws of the Association, and Declarant shall have the right to remove any person or persons selected by it to act and serve in the place of any member or members of the Board of Directors so removed for the remainder of the unexpired term of any member or members of the Board of Directors so removed. Any Board member designated and selected by Declarant need not be a resident of the Properties.

ARTICLE IV

PROPERTY RIGHTS

Section 1. Member's Easement of Enjoyment.

A. Class A and B Members. Every Class A and B Member shall have a right and easement of enjoyment in and to the Common Elements which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

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

(ii) the right of the Association to suspend the voting rights of a Member for any period during which any assessment against his Lot remains unpaid, and, for a period not to exceed sixty (60) days, for any infraction of its published Rules and Regulations;

(iii) the right of the Association, pursuant to Section 47F-3-112 of the Planned Community Act and with the consent of the Class A and Class B Members entitled to cast at least eighty percent (80%) of the votes of each such Class in the Association, to dedicate or transfer non-exclusive easements on, over and upon all or any part of the Common Elements for such purposes and subject to such conditions as may be agreed to by the Association's Board of Directors; provided, however, no such dedication or transfer shall be effective unless an instrument executed on behalf of the Association by its duly authorized officers, agreeing to such dedication or transfer, has been recorded; provided further during Declarant's Development Period, Declarant must also consent to such action and, further provided that no such dedication or transfer shall interfere with or obstruct utility service to, or ingress, egress and regress to or from, the Lots or any remaining

Common Elements or cause any Lot or any remaining Common Elements to fail to comply with applicable laws, regulations or ordinances;

(iv) the right of the Association, pursuant to Section 47F-3-112 of the Planned Community Act and with the consent of the Class A and Class B Members entitled to cast at least eighty percent (80%) of the votes of each such class in the Association, to dedicate to any public agency, authority or utility, or to transfer to any other party, fee title to all or any part of the Common Elements for such purposes and subject to such conditions as may be agreed to by the Members consenting to such dedication or transfer; provided, however no such dedication or transfer shall interfere with or obstruct utility service to, or ingress, egress and regress to or from, the Lots or any remaining Common Elements or cause any Lot or any remaining Common Elements to fail to comply with applicable laws, regulations or ordinances; and further provided during Declarant's Development Period, Declarant must also consent to such action;

(v) the right of the Association to impose rules and regulations for the use and enjoyment of the Common Elements and improvements thereon (the "Rules and Regulations"), which Rules and Regulations may further restrict the use of the Common Elements, and specifically including the right to establish Rules and Regulations concerning parking and vehicular traffic flow on and along the streets and roadways, whether public or private, within or abutting the Properties, which Rules and Regulations may restrict or prohibit on-street parking and may be enforced by towing at the expense of the vehicle's owner, by reasonable fine levied against the vehicle's owner and/or any Owner of a Lot to which such violation reasonably may be attributed, or by any other reasonable method of enforcement established by the Association's Board of Directors;

(vi) the right of the Association to borrow money for the purpose of improving the Common Elements and facilities thereon and, with the assent of the Class A and Class B Members entitled to cast at least eighty percent (80%) of the votes of each such class of the Association, mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred (any such mortgage shall be effective if it is executed on behalf of the Association by its duly authorized officers and recites that the requisite consent of Members has been obtained and documented in the Minute Book of the Association) provided, however, no mortgage, encumbrance or hypothecation or foreclosure of the lien thereby created, shall interfere with or obstruct utility service to, or ingress, egress and regress to or from, the Lots or any remaining Common Elements or cause any Lot or any remaining Common Elements to fail to comply with applicable laws, regulations or ordinances; provided further during Declarant's Development Period, Declarant must also consent to such action; and

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

B. Class C Members. Every Class C Member shall have a right and easement only for the flow of surface waters and the drainage of surface and storm waters from the respective Class C Members' or Systems Properties over the Common Elements and through Water Quality Devices located within the Common Elements of the Association. Notwithstanding this limitation of the use of Common Elements by Class C Members, the Class C Members shall otherwise be subject to the other provisions of this Declaration applicable to Class C Members or Owners generally.

Section 2. Delegation of Use.

Any Class A Member may delegate, in accordance with the Bylaws, his rights of enjoyment of the Common Elements and facilities to the members of his family, his tenants or contract purchasers who reside on the Lot of such Class A Member.

Section 3. Leases of Lots.

Any lease agreement between an Owner and a lessee for the lease of such Owner's Lot shall provide that the terms of the lease shall be subject in all respects to the provisions of this Declaration, the Articles of Incorporation and Bylaws of the Association and that any failure by the lessee to comply with the terms of such documents shall be a default under the terms of the lease. All leases of Lots shall be in writing. Other than the foregoing there is no restriction on the right of any Owner to lease his Lot.

ARTICLE V

COVENANTS FOR AND PURPOSES OF ASSESSMENTS

Section 1. Covenant for Assessments.

(a) Declarant hereby covenants, and each Second Tier Association, by recordation of the Second Tier Declaration pursuant to which any such association is hereafter formed, and each Owner of each Lot and of each Development Tract, by acceptance of a deed therefor, whether or not it shall be so expressed in any such declaration, deed or other instrument of conveyance, shall be deemed to covenant to pay to the Association: (a) in the case of Class A Members, General Assessments and Special General Assessments (as hereinafter defined), (b) in the case of Class C Members, Drainage Assessments and Special Drainage Assessments and (c) in the case of both Class A and Class C Members, all other charges levied by the Association pursuant to the terms of this Declaration, the Articles of Incorporation or Bylaws of the Association, all of such assessments and charges to be fixed, established, and collected from time to time as hereinafter provided and herein referred to as "Assessments". In addition, if the Association shall fail to pay to the appropriate governmental taxing or assessing authority any ad valorem taxes levied against the Common Elements or assessments for public improvements to and for the benefit of the Common Elements, and such failure continues for a period of six (6) months, each Owner of a Lot or Development Tract shall become personally obligated to pay to the taxing or assessing authority a portion of the taxes or assessments in an amount determined by dividing the total taxes and/or assessments due to the taxing

or assessing authority by the total number of Lots and Development Tracts subject to Assessments by the Association. All of such pro rata charges are referred to herein as "Charges". If the Charges are not paid by the Owner within thirty (30) days following receipt of notice of the amount due, the Charges shall become a continuing lien on the property of the Owner, his heirs, devisees, personal representatives, successors and assigns. The taxing or assessing authority may either bring an action at law against the Owner personally obligated to pay the same, or may elect to foreclose the lien against the property of the Owner constituting a Lot. In addition, each Owner of each Lot subjected to a Second Tier Declaration, by acceptance of a deed therefor, whether or not it shall be expressed in any such deed or other instrument of conveyance, shall be deemed to covenant to pay to the Second Tier Association formed pursuant to such Second Tier Declaration a prorata share of the Assessments and Charges levied against such Second Tier Association by the Association and to covenant to cause such Second Tier Association to pay to the Association all such Assessments and Charges whether or not actually collected by such Second Tier Association from any or all of the Owners of the Lots subject to such Declaration. The foregoing, covenant shall be both a continuing affirmative covenant, personal to each Owner, and a continuing covenant running with the land. When any part of the Properties is owned by two or more Persons the personal obligation for the payment of Assessments and other sums shall be the joint and several obligation of each Owner. Such personal obligation shall be binding upon each Owner's successors, assigns, heirs, devisees, and personal representatives, as the case may be.

(b) All monies collected by the Association shall be treated as the separate property of the Association. As monies for Assessments are paid to the Association, the same may be commingled with monies paid to the Association by other Members and Owners. Although all funds and common surplus, including other assets of the Association, and any increments thereto, or profits derived therefrom shall be held for the benefit of the Association, no member of the Association shall have the right to assign, hypothecate, pledge or in any manner transfer his ownership interest therein, except as an appurtenance to a Lot. The Association shall not be required to account to any Owner for any share of funds or assets of the Association when such Owner divests, by whatever means, such Owner's interest in a Lot.

(c) The Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair or replacement of improvements to the Common Elements and those other portions of the Properties which the Association may be obligated to maintain. Such reserve fund is to be established out of Assessments for General Expenses.

(d) The Association shall establish and maintain adequate reserve funds for the periodic maintenance and repair of Water Quality Devices and/or Systems which the Association may be obligated to maintain. Such reserve funds are to be established out of Assessments for Drainage Expenses.

Section 2. Purposes of Drainage Assessments.

"Drainage Assessments" levied by the Association shall be used for the purpose of repairing, maintaining, replacing and operating, including maintaining liability and casualty insurance with

respect to, any retention or wet detention ponds, rip rap, dams, storm water pipes and drains and other water quality control or erosion control devices required, installed or maintained as Water Quality Devices comprising a part of the Common Elements in accordance with the requirements of the governmental office(s) having jurisdiction over such facilities. The Association is responsible for maintaining the completed permanent retention or wet detention ponds as directed by the governmental office having jurisdiction for watershed protection. If the Association should be dissolved or cease to exist, then in that event all the owners of record at the time of required maintenance shall be jointly and severally liable for any and all costs attendant thereto.

Section 3. Fixing Drainage Assessments.

(a) Drainage Expenses shall consist of the actual cost of operating and maintaining the Water Quality System or Device including a management fee by the Association. Prior to the recordation of this Declaration, Declarant shall have established a pro forma budget of the Association for Drainage Expenses for each water quality system, if any, for the period from the recordation of this Declaration to December 31 of the year in which the Declaration is recorded. None of the expenses provided for in Article V, Section 5, shall be included in such pro forma budget nor shall they be considered Drainage Expenses, as defined below. At least thirty (30) days in advance of each annual assessment period, the Board of Directors of the Association shall establish an annual budget for Drainage Expenses for each water quality system and fix the amount of the preliminary annual Drainage Assessments in advance for the following year. Within thirty (30) days of the adoption of any proposed budget, the Board of Directors shall provide to the affected Class C Members a summary of the budget and a notice of the meeting to consider ratification of the budget(s), including a statement that the budget(s) may be ratified without a quorum. The Board of Directors shall set a date for a meeting of the applicable Class C Members to consider ratification of the budget, such meeting to be held not less than ten nor more than sixty days after mailing of the summary and notice. There shall be no requirement that a quorum be present at the meeting. The budget is ratified unless at the meeting a majority of votes rejects the budget. In the event the proposed budget is rejected, the periodic budget last ratified by the Owners shall be continued until such time as the Members ratify a subsequent budget proposed by the Board of Directors. "Drainage Expenses" shall consist of expenses and reserves associated with or attributable to the repair, maintenance, replacement and operation (including insurance and management fee not to exceed 20% of expenses) of any retention or wet detention ponds, rip rap, dams, storm water pipes and drains and other water quality or erosion control devices comprising a part of the Common Elements. Based on such budget, the Board of Directors shall fix Preliminary Drainage Assessments by assessing a pro rata share of Drainage Expenses determined by the following formula:

$$\text{Drainage Expenses} \quad X \quad \frac{\text{Built-Upon Area of Given Second Tier Property or Development Tract Not Included in a Second Tier Property}}{\text{Total Built-Upon Area of All Property Subject to Drainage Assessment For the Applicable Water Quality Devices(s)}}$$

For purposes of the foregoing formula, the Built-Upon Area of each Second Tier Property and Development Tract not included in a Second Tier Property shall be determined by reference to the Built-Upon Area calculation shown on the Plan of the Properties approved by the City of Greensboro, as the same shall be amended from time to time.

(b) Following the end of each calendar year, the Association shall calculate the actual expenses and contribution to reserves associated with or attributable to the repair, maintenance, replacement and operation (including insurance and management fee) of each retention or wet detention ponds, rip rap, dams, storm water pipes and drains and other water quality or erosion control devices, apportion such actual costs in the same manner as the Preliminary Drainage Assessments as the "Final Drainage Assessments" and collect from or rebate to the applicable Class C Members the amount by which the Final Drainage Assessments are greater or less than the Preliminary Drainage Assessments.

Section 4. Purposes of General Assessments.

"General Assessments" levied by the Association shall be used for the purpose of promoting the beneficial use and enjoyment of the Properties, which, in the discretion of the Association's Board of Directors, may include, but shall not be limited to, the acquisitions, improvement and maintenance of the Common Elements, services and facilities devoted to this purpose and related to the ownership, use and enjoyment of the Common Elements, including but not limited to, the costs of repairs, replacements and additions, the cost of labor, equipment, materials, management and supervision or a management fee in lieu thereof, the payment of taxes and assessments for public improvements assessed against the Common Elements; the maintenance of water and sewer mains in and upon the Common Elements which have not been offered for dedication to and accepted by a public authority, and maintenance of open spaces and streets which have not been offered for dedication to and accepted by a public authority; roadway medians and islands (including medians and islands located in dedicated rights of way in the Properties); maintenance, repair and replacement of signs; the procurement and maintenance of insurance in accordance with the provisions of this Declaration; the maintenance of entrances, landscaping, street furniture and lighting comprising a portion of the Common Elements, the cost of erecting, operating, maintaining and repairing any street lights erected in the rights of way of streets (whether public or private) or any other easement provided therefor within the Properties; the payment of charges for garbage collection and municipal water and sewer services furnished to the Common Elements; the employment of attorneys, managers or accountants, and other agents to represent the Association; principal, interest and other charges payable with respect to loans made to or assumed by the Association to perform authorized functions, including, without limitation, loans financing the construction of improvements in the Common Elements; the provision of adequate reserves for the replacement of capital improvements; maintenance, repair and replacement of those portions of the Common Elements and improvements thereon that are the responsibility of the Association, and to cover unforeseen operating contingencies or deficiencies arising from unpaid assessments or liens, as well as emergency expenditures and other matters as authorized by the Board of Directors; the maintenance, repair and replacement of trails, recreation areas and other similar improvements constructed by Declarant within the boundaries of that portion of the Properties dedicated to the City of Greensboro and the

public as drainageway and open space in accordance with that Dedication Agreement with Reedy Fork Ranch/Villages at Reedy Ford dated June 5, 2002 between the City of Greensboro and Declarant; and such other needs as may arise and as are determined by the Board of Directors of the Association to be common expenses (the "General Expenses"). The General Assessments also shall be used for carrying out the purposes of the Association as stated in its Articles of Incorporation and herein, for conducting the business and operations of the Association and for administering and enforcing the provisions of this Declaration.

Section 5. Fixing General Assessments.

(a) Prior to the recordation of this Declaration, Declarant shall have prepared a pro forma budget for General Expenses for the period from the recordation of this Declaration to December 31 of the year in which this Declaration is recorded. None of the expenses provided for in Article IV, Section 3, shall be included in the pro forma budget for, nor shall they be considered, General Expenses. At least thirty (30) days in advance of each annual General Assessment period, the Board of Directors of the Association shall establish an annual budget for General Expenses and fix the amount of the annual General Assessments in advance for the following year. Within thirty (30) days of the adoption of any proposed budget, the Board of Directors shall provide to all of the Class A and B Members a summary of the budget and a notice of the meeting to consider ratification of the budget, including a statement that the budget may be ratified without a quorum. The Board of Directors shall set a date for a meeting of the Class A and B Members to consider ratification of the budget, such meeting to be held not less than ten nor more than sixty days after mailing of the summary and notice. There shall be no requirement that a quorum be present at the meeting. The budget is ratified unless at the meeting a majority of the votes cast reject the budget. In the event the proposed budget is rejected, the periodic budget last ratified by the Class A and B Members shall be continued until such time as the Class A and B Members ratify a subsequent budget proposed by the Board of Directors. Expenses and reserves associated with or attributable to the repair, maintenance, replacement and operation of the items referenced in Section 4 above shall be assessed at a uniform rate for all Lots provided that, in its sole discretion, the Board of Directors may permit a discount for townhouse or condominium (Owners who are Class A Members) subject to a Second Tier Declaration which provides to that Second Tier Property Swim and Tennis facilities. The amount of General Assessments established above may not exceed the maximum amount then in effect established under Section 5(d) hereof. Upon adoption by the Board of the budget for General Expenses and amount of General Assessments, the Board shall deliver copies of same to every Class A and B Member; provided, however, that failure to deliver a copy of the budget for General Expenses and amount of General Assessments shall not affect the liability of Owners for such assessments.

(b) In determining the amount of General Assessments the Board, in its discretion, may consider other sources of funds available to the Association, including, without limitation any subsidy by the Declarant, which subsidy, in the sole discretion of Declarant, may be in the form of a contribution, an advance against future assessments due, or a loan with or without interest at market rate. Any such subsidy in the nature thereof shall be disclosed as a line item in the budget. The payment of any such subsidy in any year shall under no circumstance obligate the Declarant to

continue payment of such subsidy in future years.

(c) Until December 31 of the year following the year in which this Declaration is recorded in the Guilford County Registry, the maximum amount of General Assessments which may be levied against any Class A Member shall be \$600.00 per Lot.

(d) The maximum amount of General Assessments for the calendar year immediately following the second year in which this Declaration is recorded in the Guilford County Registry and for each calendar year thereafter shall be established by the Board of Directors and may be increased by the Board of Directors without approval by the Members by an amount not to exceed ten percent (10%) of the Permitted Maximum Rate for General Assessments for the previous year. "Permitted Maximum Rate" shall mean the maximum rate which the Association could have assessed under this Declaration without regard to whether the actual assessment was less. In addition, the maximum rate of General Assessments may at any time be increased without limit by a vote of the Members entitled to cast at least two-thirds (2/3) of the votes of each class of Members of the Association who are voting, in person or by proxy, at a meeting duly called for this purpose; provided, however, during Declarant's Control Period, Declarant must also consent to such action.

Section 6. Special Assessments. In addition to the General and Drainage Assessments hereinabove authorized, the Association may levy Special Assessments as follows:

A. The Association may levy Special General Assessments for any one or more of the following purposes:

(a) To construct or reconstruct, repair or replace capital improvements upon the Common Elements, including the necessary fixtures and personal property related thereto;

(b) To acquire additional Common Elements; or

(c) To repay any loan made to the Association to enable it to perform the duties and functions authorized herein.

Any such Special General Assessment before being levied must be approved by the Class A Members entitled to cast at least two-thirds (2/3) of the votes cast in person or by proxy, at a meeting duly called for this purpose; provided, however, during Declarant's Control Period, Declarant must also consent to such action. Any Special General Assessment levied by the Association shall be imposed at a uniform rate per Lots. In addition, in the event any portion of the Common Property is damaged or destroyed by the negligent act or omission of any Owner or Occupant, the Association is hereby authorized to repair such damaged area in a good and workmanlike manner. The amount necessary for such repairs, labor and materials shall become a Special General Assessment upon the Lot of such Owner or Occupant.

B. The Association may levy Special Drainage Assessments for the repair of any Water Quality Device or System. Any such Special Drainage Assessment before being levied must be

approved by at least two-thirds (2/3) of the votes cast in person or by proxy entitled to be cast by the Class C Members who would be assessed if such Special Drainage Assessment were approved.

Section 7. Notice and Quorum for any Action Authorized Under Sections 3, 5 and 6.

Written notice of any meeting called for the purpose of taking any action authorized under Sections 3, 5 and 6 of this Article V shall be sent to applicable Members not less than ten (10) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or proxies entitled to cast twenty percent (20%) of the votes of the applicable class of Members of the Association shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 8. Apportionment of Base and Special Assessments Levied Against Second Tier Properties.

Drainage and Special Drainage Assessments Levied against Second Tier Properties (including common property held by the Second Tier Association) shall be apportioned among the Lots which are subject to the Second Tier Declaration which established such Properties in accordance with the terms of such declaration or, if no method of apportionment is therein expressed, equally among all Lots subject to such declaration.

Section 9. Payment of Assessments.

The Owners of all Lots not subject to the payment of assessments to a Second Tier Association shall pay all Assessments imposed by the Association directly to the Association. The Owners of Lots within Second Tier Properties that are also subject to assessment by a Second Tier Association shall also pay to such Second Tier Association as part of the assessments by such Second Tier Association, amounts required for such Second Tier Association to, in turn, pay Assessments levied by the Association against a Second Tier Property and against the common properties owned by such Second Tier Association. The failure or inability of any Second Tier Association to collect a pro rata share of the Assessments levied by the Association against such Second Tier Association shall not relieve such Second Tier Association from its obligations hereunder to pay all such assessments to the Association with respect to the Second Tier Property and common properties of the Second Tier Association subject to such Assessments. Conversely, the failure of any Second Tier Association to pay Assessments to the Association after collecting the same from the Owners of Lots within a Second Tier Property shall not relieve such Owners of Lots within that Second Tier Property from the obligation of paying directly to the Association their pro rata share of the Assessments collected by the Second Tier Association but not remitted to the Association.

Section 10. Date and Commencement of Assessments; Due Dates.

The General Assessments provided for herein shall commence as to a Lot on the first day of the month following the first to occur of (i) the expiration of the two-year period after conveyance of the Lot by the Declarant or (ii) the day of the month following the date such Lot shall have been placed In Use. "In Use" shall mean and refer to the construction on such Lot of an improvement for which a certificate of occupancy shall have been issued by the applicable governing authority and which improvement shall have been occupied by the Owner of the Lot. The Drainage Assessments provided for herein shall commence as to Development Tracts and Second Tier Associations on the first day of the month following initial use of the Water Quality System or Device. The first annual Assessment shall be adjusted according to the number of months remaining in the calendar year. The due dates shall be established by the Board of Directors of the Association. Assessments may be collected on a monthly, quarterly or semi-annual basis, as determined by the Association's Board of Directors.

Section 11. Working Capital Assessments.

In addition to the General, Drainage, Special General and Special Drainage Assessments authorized above, at the time of the closing the first sale of each Lot entitled to Class A Membership to a party other than an assignee of Declarant's development rights, the purchaser(s) thereof shall pay to the Association an amount equal to two-twelfths (2/12ths) of the then current General Assessment established by the Association with respect to such Lot. Such funds shall be used by the Association to establish Working Capital Funds, the purpose of which is to ensure that the Association shall have sufficient monies available to meet its initial operational needs. No such payments into the Working Capital Funds shall be considered advance or current payment of other Assessments. All monies paid into the Working Capital Funds shall be held and administered by the Association in accordance with the terms of this Declaration and the Bylaws of the Association.

Section 12. Estoppel Certificates.

The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the Assessments on a specified Lot have been paid. Any lessee, purchaser or Mortgagee acquiring, in good faith for value received, an interest in such Owner's Lot, shall be entitled to rely on said certificate with respect to the matters set forth therein, such matters being conclusive as between the Association and all such subsequent parties in interest.

Section 13. Effect of Non-Payment of Assessment; Lien and Remedies of the Association.

(a) The Association may charge a reasonable late fee, the amount of which shall be established from time to time by the Board of Directors of the Association, for Assessments not paid within thirty (30) days after the due date. In addition, interest in an amount established by the Association's Board of Directors, in its sole discretion, which amount shall not exceed eighteen

percent (18%) per annum, shall accrue on Assessments more than fifteen (15) days past due. Any late fee charged and accrued interest owing with respect to past due Assessments shall be added to and become a part of such Assessments.

(b) After notice and an opportunity to be heard, the Association may suspend privileges or services provided by the Association (except rights of access to Lots) during any period that Assessments or other amounts due and owing to the Association remain unpaid for a period of thirty (30) days or longer, which suspension may continue without further hearing until the delinquency is cured.

(c) If any Assessment is not paid within thirty (30) days after the due date, the Association (or its agent in the Association's name and on its behalf) may bring an action at law against the Second Tier Association or the Owner personally and there shall be added to the amount of such Assessment all costs of collection, including reasonable attorneys fees, and in the event a judgment is obtained, such judgment shall include late fees, interest and costs of collection as herein provided.

(d) All Assessments, together with late fees, interest and costs of collection, as herein provided, are hereby secured by a continuing lien and charge on the Lot or Development Tract owned by the defaulting Owner and/or the common property of a Second Tier Property owned by a defaulting Second Tier Association, as the case may be, which shall bind such property in the hands of each such Owner or Second Tier Association, and their respective heirs, devisees, personal representatives, successors and assigns, as the case may be. The lien granted to the Association shall further secure such advances for taxes, and payments on account of superior Mortgages, liens or encumbrances which may be required to be advanced by the Association in order to preserve and protect its lien, and the Association shall further be entitled to interest on any such advance made for such purpose at the per annum rate established under subparagraph (a) above. The aforesaid lien shall be superior to all other liens and charges against said Lot arising subsequent to the recordation of this Declaration, except as otherwise herein provided. All Persons who shall acquire, by whatever means, an ownership interest in any portion of the Properties, or a Mortgage encumbering any portion of the Properties, are hereby placed on notice of the lien rights granted to the Association, and, except as otherwise herein expressly provided, shall acquire such interest expressly subject to such lien rights.

(e) The lien granted to the Association may be foreclosed in the same manner that real estate deeds of trust and mortgages with power of sale may be foreclosed in the State of North Carolina. Prior to enforcement of the lien herein granted to the Association, the Association shall record a lien in the public records of Guilford County, North Carolina, which claim shall state the description of the Lot encumbered thereby, the name of the record owner, the amount due and the date when due. The claim of lien shall be recordable any time after default and the lien shall continue in effect until all sums secured by said lien as herein provided have been fully paid. Such claims of lien shall include only Assessments which are due and payable when the claim of lien is recorded, plus interest, costs, late fees, attorney's fees, advances to pay taxes and prior encumbrances and interest thereon, all as above provided. Such claims of lien shall be signed and verified by an

officer or agent of the Association. Upon full payment of all sums secured by such claim of lien, the same shall be satisfied of record.

(f) Neither the institution of an action at law to attempt to effect collection of any delinquent Assessment nor the entry of a judgment thereon shall be deemed to be an election by the Association which shall prevent it from contemporaneously or thereafter seeking, by the institution of a foreclosure action or proceeding, enforcement of its lien rights herein established, nor shall the institution of a foreclosure action or proceeding or the sale of any property subject to the lien herein established pursuant to such action or proceeding be deemed to be an election precluding the institution of a suit at law to collect any sum owing to the Association.

Section 14. Subordination of the Lien for Assessments to Certain Tax Liens and to First Mortgage Liens.

The lien provided for herein shall be subordinate to (a) tax liens securing taxes, assessments, and other levies by governmental and taxing authorities which are superior to this Assessment lien under applicable law and (b) the lien of any first Mortgage. Any Person acquiring title to any Lot, by virtue of any Foreclosure of a first Mortgage shall be personally liable and obligated only for Assessments as shall accrue and become due and payable for such Lot subsequent to the date of acquisition of such title, and shall not be personally liable for the payment of any Assessments which were in default and delinquent at the time such Person acquired title.

Section 15. Exempt Property.

(a) Common Elements owned in fee by the Association, and all Properties dedicated to and accepted by a local public authority, shall be exempted from the Assessments, Charges and lien created herein. Notwithstanding the foregoing provisions of this subparagraph (a) no land or improvements devoted to dwelling use shall be exempt from Assessments, Charges and liens created herein.

(b) No Owner of any portion of the Properties subject to Assessments or Charges may exempt himself from liability for any Assessment or Charges levied against him or his property by waiver of the use of enjoyment of any of the Common Elements, or by abandonment of his Lot, or in any other way.

ARTICLE VI

ARCHITECTURAL REVIEW

Section 1. Architectural Review Committee.

The Architectural Review Committee shall be composed of at least three (3) members, all of whom shall be appointed by the Board of Directors, except as provided in Section 5 of this

Article. The members of the Architectural Review Committee need not be Members.

Section 2. Purpose.

An important purpose of these covenants and restrictions, and a significant consideration in the origin of same, has been the creation of a community which is aesthetically pleasing and functionally convenient. The establishment of strict objective requirements relating to design, appearance, size and location of buildings and other structures would make it difficult to take full advantage of the individual characteristics of each Lot and of technological advances and environmental values. In order to implement the purposes of these covenants, however, the Architectural Review Committee shall establish and amend from time to time objective standards and guidelines for the Properties or specified areas within the Properties (the "Architectural Guidelines"), which Architectural Guidelines shall be binding on the Owners and Occupants of the Properties or the effected portions thereof and may include, without limitation, the following:

(a) "Architectural Standards and Construction Specifications," which may establish, define, and expressly limit those standards and specifications which will be approved for the construction or alterations of Improvements within the Properties or a specified area thereof, including, but not limited to, exterior color or finish, roofing material, restrictions and regulations on exterior mechanical equipment and roof-mounted equipment, siding material, driveway material, landscape design, construction techniques, size of improvements and dimensional requirements, to include street and yard setbacks.

(b) "Parking Guidelines," which may establish standards and specifications for adequate vehicular circulation areas, including areas for the parking of automobiles and trucks off public or private streets, and may regulate the design and paving of parking areas and minimum numbers of parking spaces to be provided within the Properties.

(c) "Uniform Sign Standards," which may establish standard design, distribution and location criteria for all signs, as well as the maximum number, maximum area and maximum height of signs and signs which shall be prohibited within the Properties.

(d) "Lighting Guidelines," which may regulate the erection, maintenance and operation of lighting fixtures within the Properties, including but not limited to the location, size, color, design and hours of operations of such fixtures.

(e) "Landscape Guidelines," which may establish approved standards, methods, and procedure for landscape management within the Properties.

Section 3. Controls.

Except as otherwise provided herein to the contrary, no Improvement, as that term is hereinafter defined, shall be erected, constructed, placed or altered (by addition or deletion) in such a way as to change the exterior appearance of such Improvement, on any portion of the Properties.

including any Common Elements, until the preliminary and final plans and specifications therefor, in such form and detail as the Architectural Review Committee may require pursuant to policies and procedures from time to time adopted and promulgated by it, shall have been submitted to and approved in writing by the Architectural Review Committee in accordance with the procedures set forth below. As used herein, "Improvements" shall mean and refer to any building, or other improvement which may affect the appearance of the Properties, including but not limited to, any building, garage, driveway, wall fence, parking area, walkway, antenna, curbing, paving, landscaping, irrigation system, tree (including trees indigenous to the site), hedge, signage, or any temporary trailer. "Improvements" also means (i) any excavation, fill, ditch, diversion, lake, pond, dam, or berm or anything or device that alters or crosses the natural flow of water in any natural or artificial drainage channel from, or upon, any portion of the Properties by more than six (6) inches from that existing at the time of purchase by an Owner, and (ii) any slope or embankment adjacent to or bordering on any public or private roadway.

(a) Preliminary Review - No application for a building permit or for any other approval from the City of Greensboro for the construction or alteration of Improvements on the Properties, including without limitation, a special use permit, and/or commencing the construction or alterations of any Improvement on any portion of the Properties, shall be submitted with respect to any portion of the Properties until the Architectural Review Committee shall have approved in writing the preliminary plans and specifications therefor submitted by the Owner contemplating such construction or alteration showing or setting forth at least the following:

- (i) Location of all structures, easements, streets and set-back lines;
- (ii) Location of all walks, flagpoles, parking areas, off-street loading areas, driveway and outside storage areas;
- (iii) Location of all landscaping features;
- (iv) Architectural building elevation drawings of each building face including without limitation materials to be used in their proper locations;
- (v) Building, materials and color information and samples to be submitted if available;
- (vi) Site coverage data and calculations;
- (vii) Parking, data and calculation, including base data for projected needs;
- (viii) Site drainage plans, data and calculations;
- (ix) Description of proposed use.

The Architectural Review Committee shall review such preliminary plans and specifications and

shall in writing approve, suggest modifications to, or reject such preliminary plans. Approval of the preliminary plans and specifications shall not constitute final approval of the plans but only a guide to the Owner before detailed construction drawings are prepared.

(b) Final Plan Review - No Improvement shall be erected, placed, or altered on any portion of the Properties until the Architectural Review Committee shall have approved in the writing the final plans and specification therefor submitted to the Architectural Review Committee by the Owner contemplating such construction or alteration showing or setting, forth at least the following:

- (i) Location of all structures, easements, streets and set-back lines;
- (ii) Location of all walks, driveways and curb lines;
- (iii) Layout and location of all parking areas, including location and dimensions of all spaces, circulation aisles, curbs and bumpers;
- (iv) Layout and location of all off-street loading, service, delivery and trash collection areas;
- (v) Layout and location of all outside storage areas, including identification and size of the material to be stored and location and dimension of all fencing and screening;
- (vi) All landscaping, including location, height, spread, type and number of trees and shrubs and location and type of all ground cover and lawn material;
- (vii) Location, height, intensity and fixture type of all exterior lighting;
- (viii) Location, size and type of all pipes, lines, conduits and appurtenant equipment and facilities for the transmission of sanitary sewage, storm water, water, electricity, gas, telephone, steam and other utility services;
- (ix) Location, size and type of all fencing and flagpoles;
- (x) Architectural floor plans, building elevation, wall sections and details of each building;
- (xi) Building material and color information, including samples;
- (xii) Temporary construction sign design;
- (xiii) Permanent sign design;
- (xiv) Site coverage data and calculations;

- (xv) Parking data and calculations, including base data for projected needs;
- (xvi) Site drainage data and calculations, including finished contour lines and spot elevations and drainage and sediment retention plans, both during and after construction, including temporary sediment pits, check dams and silt fencing plans; and
- (xvii) Detailed information regarding the proposed use of the site; and
- (xviii) Copies of all permits and any accompanying correspondence, erosion and sedimentation control plans and other plans submitted for governmental approval.

The Architectural Review Committee shall review such final plans and specifications and shall in writing, approve, suggest modifications to, or reject such plans.

(c) **Submission of Plans and Specifications** - Any Owner desiring to obtain preliminary or final approval for the construction of Improvements to be located on, or alteration of Improvements located within, the Properties shall submit to the Architectural Review Committee three (3) copies of the preliminary or final, as the case may be, plans and specifications therefor.

(d) **Failure of the Architectural Review Committee to Act** - If the Architectural Review Committee fails to approve or to disapprove any plans and specifications submitted to it or to reject them as being inadequate within thirty (30) days after submittal thereof, and provided no Improvement or alteration of an Improvement described in such plans and specifications violates the covenants and restrictions contained in this Declaration applicable thereto, it shall be conclusively presumed that the Architectural Review Committee has approved such plans and specifications. The Architectural Review Committee, by its failure to act, shall be deemed to have waived, or granted any variances from, any guideline, standard or specification established by the Architectural Review Committee pursuant to this Declaration. If any plans and specifications are not sufficiently complete or are otherwise inadequate, the Architectural Review Committee may reject them as being inadequate or may approve or disapprove part, conditionally or unconditionally, and reject the balance. If the Architectural Review Committee rejects any submission, it shall provide, on the request of the Owner making, such submission, a specific written statement of the reasons for rejection detailing the manner in which the submission fails to conform to the applicable architectural guidelines, shall suggest revisions that meet the Architectural Review Committee's requirements, and shall otherwise make reasonable efforts (at no cost to the Association) to aid the submitting Owner in preparing a proposal that would be acceptable to such Architectural Review Committee. Any subsequent resubmission by the Owner shall be reviewed and acted upon by the Architectural Review Committee as outlined herein, within thirty (30) business days after such resubmission.

(e) **Completion of Construction** - When the construction of any building has once begun, work thereon must be prosecuted diligently and must be completed within a reasonable time not exceeding twelve (12) months from the date of commencement of construction; provided, however, the Declarant may modify such requirement in cases of hardship.

(f) Architectural Review Subcommittees - The Architectural Review Committee, with the consent of the Declarant during the Declarant's Development Period, may establish subcommittees of the Architectural Review Committee for the review of additions or modifications to Lots that have been placed In Use within a given Subdivision of Residential Property.

Section 4. Exemption for Education Board Property.

Any portion of the Properties conveyed to the Guilford County Board of Education or its successor (the "Education Board") for the purpose of constructing thereon a public school shall not require the approval of the Architectural Review Committee (i) if such approval is waived in writing by the Architectural Review Committee upon written request for such waiver by the Education Board and (ii) so long as the Guilford County Board of Education or its successor continues to own the property and such property is used for public school purposes.

Section 5. Architectural Rights of Declarant During Declarant's Development Period.

Notwithstanding anything herein provided to the contrary, Declarant, during Declarant's Development Period, shall have the power and authority to appoint the members of the Architectural Review Committee.

Section 6. No Liability.

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

Section 7. Architectural Review Fee.

A reasonable architectural review fee, to be paid in advance, may be charged by the Architectural Review Committee each time preliminary plans and specifications are submitted for approval in accordance herewith. Preliminary and final plans shall count as one (1) submittal for the purposes of this Section. In the event that submitted plans are disapproved as not conforming with the provisions of this Article or with other criteria imposed by the Architectural Review Committee, when new or revised plans are submitted, if the revisions are reasonably deemed by the Architectural

Review Committee to be substantial and pervasive, the resubmission may be deemed to be an entirely new submittal, subject to the foregoing fee schedule. Notwithstanding anything in this Section to the contrary, the amount of the architectural review fee provided for herein may be modified from time to time by the Architectural Review Committee to reflect changed circumstances such as inflation. The Architectural Review Committee also shall have the power to waive any established architectural review fee.

Section 8. Estoppel Certificate.

Upon demand and the payment of a reasonable charge therefor, the Association shall provide an estoppel certificate in form and substance satisfactory to the Association certifying that, as of the date thereof, either (a) all Improvements made or other work done on a Lot are in compliance with this Declaration and any architectural standards or guidelines applicable thereto, or (b) such Improvements or work do not so comply, in which event the certificate shall identify the non-complying Improvements or work and set forth with particularity the cause or causes of such non-compliance. Any lessee, purchaser or Mortgagee acquiring an interest in good faith for value shall be entitled to rely on said certificate with respect to the matters set forth therein, such matters being conclusive as between the Association and any such subsequent parties in interest relying on said certificate.

ARTICLE VII

LAND USE REGULATIONS

Section 1. Temporary Structures; Construction Debris.

No tents, trailers, mobile homes, vans, shacks, tanks or temporary or accessory buildings or structures shall be erected or permitted to remain within the Properties except those needed during construction, and after the completion of construction of the main structure and issuance of a certificate of occupancy, all such tents, trailers, vans, shacks, tanks, temporary and accessory buildings or structures shall be removed promptly. Underground storage tanks shall be permitted only upon delivery to the Declarant and the Association of such environmental indemnifications as may be deemed appropriate by Declarant and the Association and such evidence of registration as may be deemed sufficient by Declarant and the Association. At all times during the course of construction of improvements and landscaping upon any property, construction debris of all kinds (including but not limited to dirt and mud) will be removed from the Properties and adjoining property and streets, and when such construction is substantially completed, all debris, equipment and excess, surplus or remainder construction materials, of whatever nature, shall be promptly cleared and removed from the property and all adjacent property and streets. Notwithstanding the foregoing, Declarant, its agents, employees and contractors, shall have the right to maintain (i) one or more sales offices and one or more model structures and Improvements located on Lots owned or leased by Declarant for the promotion and sales of Lots and/or Improvements within the Properties, and (ii) one or more temporary trailers and other temporary structures on any Lot owned by the Declarant or an Affiliated Entity or on the Common Elements to facilitate the construction

of Improvements within the Properties.

Section 2. Sewage Disposal Connections.

Prior to the occupancy of any building or structure within the Properties, proper and suitable provisions shall be made for the disposal of sewage by connection with the sewer mains of the Greensboro public sewer system, or to a system approved by the City of Greensboro; provided, however, in the event connection to such a system is not feasible at the time a certificate of occupancy or completion is issued, Declarant may, but is not obligated to, approve in writing use of a temporary alternate sewage disposal system until connection with the City of Greensboro public sewer system or a system approved by the City of Greensboro is feasible. Except as herein provided, no individual sewage disposal system shall be permitted on any portion of the Properties.

Section 3. Water Supply Connections.

Prior to the occupancy of any building or structure within the Properties, proper and suitable provisions for water shall be made by connection with the water lines of the City of Greensboro; provided, however, in the event connection to such a water supply system is not feasible at the time a certificate of occupancy or completion is issued, Declarant may, but is not obligated to, approve in writing use of a temporary alternate water supply system until connection with the City of Greensboro water lines is feasible. Except as herein provided and except for use in air conditioners, fountains, swimming pools and sprinkler systems, no individual water supply system shall be permitted within any portion of the Properties. Prior to installation, any such individual water supply system must be approved by Declarant and the applicable governmental authority.

Section 4. Utilities.

Whenever physically possible, utilities within the Properties, whether located within the Common Elements or not, shall be installed and maintained underground unless a waiver of such requirement is granted by the Architectural Review Committee.

Section 5. Mechanical Equipment.

All mechanical equipment, including roof mounted equipment, shall be enclosed or screened as required by the Architectural Review Committee.

Section 6. Trash Disposal.

No weeds, underbrush or other unsightly growth shall be permitted to grow or remain within the Properties, and no wastepaper, trash, refuse pile or unsightly objects shall be allowed to be placed or suffered to remain anywhere thereon. All garbage or trash containers must be kept in a clean and sanitary condition and kept in underground, walled-in or landscaped areas so that they shall not be visible from any adjacent properties or from any street. No portion of the Properties shall be used or maintained as a dumping ground for rubbish or junk. Trash, garbage or other waste shall not be

kept except in sanitary containers. The storage and removal of construction debris from the Properties shall be governed by Article VII, Section 1, of this Declaration and not by this Section.

Section 7. Outside Storage.

Outside storage of any equipment, materials, supplies or products shall not be permitted within any setback area, whether located in the open or whether situated within a trailer, van or other type of container, and, further, all such outside storage shall be located in such place or properly screened by a masonry wall or appropriate landscaping so as not to be visible from any adjacent property or from any street. Notwithstanding anything herein provided to the contrary, outside storage on any Lot used for single family residential purposes need not comply with the provisions of Section 7 of this Article VII provided that a Second Tier Declaration of record provides for the regulation of outside storage on such Lot.

Section 8. Nuisances.

No part of the Properties and no building or other improvement thereon shall be used for any purpose or in such manner which shall be a nuisance to the occupants or owners of any neighboring lands or buildings by reason of the emission from said property, or the creation thereon, of odors, dust, smoke, noise in violation of the City of Greensboro noise ordinance, fumes, cinders, soot, glare, reflected sunlight, vibrations, radiation or waste or otherwise. Light fixtures for portions of the Properties designed for office and commercial uses shall be similar to those used in other Class A retail and office centers in Greensboro, North Carolina. The Architectural Review Committee is vested with the authority to issue, amend, waive or cancel from time to time additional specific performance standards for any portion of the Properties.

Section 9. Hazardous Wastes and Other Environmental Matters.

During its ownership of the Properties, no Owner, its lessees, employees or agents shall engage in or allow the engagement in any conduct or activities upon or with respect to the Properties which will constitute or result in a violation of or liability under any federal, state, county or municipal law, ordinance or regulation which is applicable to the Properties and which pertains to hazardous substances, hazardous waste or other environmental matters. If an Owner shall breach the foregoing covenant, such Owner shall, at its sole expense: (i) perform any necessary corrective work, including (without limitation) investigation, clean-up or other remedial or responsive action, testing or monitoring; (ii) perform any other work required by federal, state or local governmental authorities, including (without limitation) preparing permit applications and other documents and providing any required financial assurances; and (iii) indemnify and hold harmless Declarant, the Association and other Owners and Occupants from any liability and claims, including reasonable costs and attorney's fees, based upon any alleged or actual breach of the covenant contained in this Section. The covenants contained in this Section shall be continuing covenants and obligations of all Owners which shall survive an Owner's subsequent sale, transfer or disposal of the property, but

said covenants shall only be applicable to the actions and conduct of each Owner, its lessees, employees and agents regarding the Properties and occurring during the period of Owner's ownership of the Properties.

Section 10. Building Setbacks.

No building shall be located on any Lot nearer to the front or rear Lot line, or to any side street or Lot line, than shall be permitted under applicable local ordinances in effect at the time such building is to be constructed or as permitted by the City of Greensboro or other applicable governmental authority pursuant to a variance of such ordinances; provided however, that the Architectural Guidelines and/or requirements set forth in a Second Tier Declaration or the deeds for Lots shall, if providing for greater setbacks, control.

Section 11. Signs.

Except for signs erected by Declarant or the Association within any easement area which is a part of the Common Elements, signs erected by Declarant, or any assignee of Declarant's development rights as to a given Development Tract, on Lots owned or leased by Declarant, or on lots owned or leased by any assignee of Declarant's development rights as to a given Development Tract, advertising the sale and promotion of Lots within the Properties and signs permitted by the Architectural Review Committee, with the Declarant's consent during the Declarant's Control Period, no sign, permanent flag or flag pole shall be placed or allowed to remain on any of the Properties except for (a) one (1) "For Sale" sign not exceeding three feet in width by two feet in height, or (b) one other temporary sign not exceeding two feet in width and two feet in height to advertise a yard sale or other temporary activity on the Lot and such other temporary sign shall not be permitted to remain on any Lot for more than seventy-two (72) consecutive hours or (c) one political candidate sign not exceeding six square feet but such sign shall be removed within 24 hours of poll closing. No sign deemed by Declarant or the Association to be a nuisance or a detriment to the Properties shall be permitted or allowed to remain on any Lot within the Properties.

Section 12. Outside Antennas.

Except for "dish" and similar antennas designed to receive direct-to-home satellite service one meter (39") or less in diameter, antennas designed to receive video programming services via MMDS (wireless cable) and antennas designed to receive television broadcast signals, no outside antennas or satellite dishes and no free standing transmission or receiving towers shall be erected on any Lot within any Residential Property without the prior written permission of the Architectural Control Committee. Except as otherwise reasonably required in order to receive the intended signal, any antenna or satellite dish erected on any Lot within any Residential Property shall be affixed to a dwelling or other building, shall be a color which blends with its surroundings, shall have a mast only as high as reasonably necessary to receive the intended signal and shall not be visible from any street.

Section 13. Fences and Walls.

Except for fences, walls or other enclosures erected by Declarant or the Association, no fence, wall or other enclosure shall be erected or allowed to remain on any Lot unless the height, materials and location of the same have been approved by the Architectural Review Committee as provided in Article VI of this Declaration. No fence on any Lot shall be permitted to extend nearer to any front street than the front building line of the structure located on that Lot. No chain link fencing of any kind will be allowed to be erected on any Lot. The finished side of all fences shall face towards adjoining streets and Lots and only those portions of the fence posts above the fence wall shall be visible from any street or adjoining Lots.

Section 14. Animals.

No animals, livestock or poultry of any kind shall be raised or kept on any Lot, except that dogs, cats or other household pets may be kept on Lots provided that said animals are kept in compliance with applicable local ordinances and are not kept for commercial purposes and further provided that they are kept and maintained in compliance with (i) all laws and ordinances of the State of North Carolina and the City of Greensboro relating thereto; and (ii) such rules and regulations pertaining thereto as the Board may adopt from time to time. Each Owner owning or having possession, charge, care, custody or control of any dog shall keep such dog exclusively upon his or her Lot; provided, however, that such dog may be off the Lot if it is under the control of a competent person and restrained by a chain, leash or other means of adequate physical control. Each Owner will be responsible for cleaning up any and all waste deposited by animal upon any Lot or the Common Elements.

Section 15. Lakes, Ponds and Waterways.

The use of any lake or pond or waterway which is a part of the Common Elements is subject to Rules and Regulations from time to time promulgated by the Association, which Rules and Regulations, in the sole discretion of the Board of the Association, may prohibit or limit the use of boats, fishing and swimming. In addition, such Rules and Regulations may provide for access to any such lake or pond or waterway only through designated portions of the Common Elements.

Section 16. Sales and Marketing.

No activities will be engaged in by any Owner and no sign shall be erected or displayed within the Properties that would negatively impact the sales and marketing of the Properties by the Declarant.

Section 17. Waiver of Minor Violations.

Both the Declarant and the Board of the Association shall have the right to waive minor violations of, and allow minor variances from, the restrictions contained in this Article, where the same resulted unintentionally or without gross carelessness on the part of any Owner (including,

without limitation, Declarant) and/or is not materially harmful to the Properties. Any such waiver granted shall be in writing, and any matter so waived shall no longer be deemed a violation of these covenants.

ARTICLE VIII

FUTURE SUBDIVISION

(a) Prior to subdividing or reconfiguring the boundaries of any Lot within the Properties, an Owner must obtain the prior written consent of the Declarant, during Declarant's Development Period, and thereafter, the prior written consent of the Association. Any Owner desiring to obtain such consent shall submit to Declarant or the Association, as the case may be, a written request for the same setting forth all pertinent facts concerning the Owner's desire to subdivide or reconfigure the boundaries of a Lot. The Declarant or the Association, as the case may be, shall review such request and shall in writing approve, suggest modifications to, or reject the same. If Declarant or the Association, as the case may be, fails to approve or to disapprove any such request submitted to it within thirty (30) days after submittal thereof, and provided the requested reconfiguration or subdivision does not otherwise violate the covenants and restrictions contained in this Declaration or applicable Ordinances of the City of Greensboro, it shall be conclusively presumed that the Declarant or the Association has approved such request. Neither Declarant nor the Association, by its failure to act, shall be deemed to have waived, or granted any variances from, any term, covenant, condition or restriction contained in this Declaration. If Declarant or the Association rejects any submission, it shall, at the request of the Owner requesting approval, provide a detailed written statement of the reasons for rejection, suggest revisions that meet the Association's requirements, and otherwise make reasonable efforts (at no cost to the Declarant or the Association) to aid the submitting Owner in preparing a proposal that would be acceptable. Following the recordation of any plat reconfiguring any Lot or subdividing any portion of the Properties approved by Declarant or the Association, as the case may be (a "Subdivision Plat"), each Lot shown on the previously recorded plat or plats, the boundaries of which are revised by a Subdivision Plat, shall cease to be a "Lot" as defined in this Declaration and each newly configured Lot shown on the Subdivision Plat shall be a "Lot" as defined in this Declaration. In addition, upon the recordation of a Subdivision Plat, any easements previously reserved or created which parallel the boundary lines of each Lot shall cease to exist with respect to any removed Lot line and shall be relocated to parallel any relocated Lot line; provided, however, no such easement relocation shall materially adversely effect any established or otherwise necessary rights or easements of any Owner for ingress, egress, regress, drainage or utilities servicing such Owners' Lot.

(b) Notwithstanding anything, herein provided to the contrary, the subdivision of any Lot used or to be used for single family residential purposes shall not require the approval of the Association or Declarant provided that a Second Tier Declaration of record requires that prior to any subdivision of such Lot the proposed subdivision of the Lot be reviewed and approved by the Declarant of such Second Tier Declaration.

ARTICLE IX

EXTERIOR MAINTENANCE

(a) All portions of the Properties and the exterior and interior of all buildings, paved areas, landscaping, grounds and other improvements located thereon shall be maintained by the Owner(s) thereof at all times in a safe, clean and wholesome manner and in first class condition and repair, replacements being made as necessary. If the Owner(s) of any Lot fails to so maintain any building, structure, paved area, landscaping, driveway or sidewalk, and such failure continues for a period of twenty (20) business days after written notice from the Association to such Owner(s) (or within a longer period of time if the required work cannot reasonably be completed within twenty (20) business days; provided that the required work is commenced within such twenty (20) business day period and thereafter diligently pursued), the Association, its designees or employees, shall have the right to enter such portion of the Properties and perform the required maintenance, repairs or replacements, including, but not limited to, painting, guttering, repairs and replacements, the removal, hauling away and disposing of abandoned vehicle, and landscaping. The Owner of such property shall reimburse the Association for the cost of any work above required plus a service charge of twenty percent (20%). Any such costs or charges not reimbursed to the Association shall be added to and become a part of the Assessments levied against any such property and shall become a lien thereon to, the same extent as provided in Article V hereof. To accomplish the foregoing maintenance, the Association and its agents shall have an access easement over and upon all Lots.

(b) Notwithstanding the foregoing, in the event that any such property is not in first class condition and repair due to the occurrence of a casualty which is covered under the Owner's casualty insurance policy, the time periods set forth in the foregoing provision shall apply only with regard to such work as is necessary to prevent any health or safety hazards. The restoration of the property and improvements to first class condition and repair shall not be required to commence until such time as the proceeds of the insurance policy have been paid or made available to the Owner or the Owner's Mortgagee, but in no event more than six (6) months after the occurrence of the damage or destruction, and after commencement, such restoration shall be diligently pursued to completion.

(c) Notwithstanding anything, herein provided to the contrary, the provisions of this Article IX shall not apply to any Lot that is subject to a Second Tier Declaration of record that provides for maintenance of Lots in a manner comparable to that set forth in this Article IX.

ARTICLE X

GENERAL PROVISIONS

Section 1. Enforcement.

The Owner(s) of each Lot shall be governed by and shall comply with the provisions of this Declaration, the Bylaws of the Association and all Rules and Regulations of the Association adopted pursuant thereto, as any of the same are now constituted or as they may be amended from time to

time. A default by any Owner shall entitle the Association or the Owner(s) of any of the other Lots to the following relief:

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

(b) The Association, after notice to the Owner and a reasonable opportunity to be heard, shall have the right to assess reasonable fines against an Owner for violations of this Declaration, the Bylaws of the Association or the Association's published Rules and Regulations by such Owner, or such Owner's family, guests, invitees and lessees in an amount not to exceed \$150.00 for each violation, and without further hearing, for each day after the decision that the violation occurs. Such fines shall be deemed to be Assessments as set forth in Article V of the Declaration and if not paid within thirty (30) days after notice and demand therefor, the Association shall be entitled to the remedies set forth in the Declaration for the enforcement and collection of delinquent Assessments.

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

(d) If an Owner is legally responsible for damage inflicted on any Common Elements, the Association may direct such Owner to repair such damage, or the Association may itself cause the repairs to be made and recover damages from the responsible Owner. If damage is inflicted on any Lot by an agent of the Association in the scope of the agent's activities as such agent, the Association is liable to repair such damage or to reimburse the Owner for the cost of repairing such damages. The Association shall also be liable for any losses to the Owner. When any such claim for damages against an Owner or the Association is less than or equal to the jurisdictional amount established for small claims by North Carolina General Statutes 7A-210, any aggrieved party may request that a hearing be held before an adjudicatory panel appointed by the Board of the Association to determine if an Owner is responsible for damages to any Common Elements or the Association is responsible for damages to any Lot. If the Board fails to appoint an adjudicatory panel to hear such matters, such hearings shall be held before the Board. Such panel shall accord to the party charged with causing damages notice of the charge, opportunity to be heard and to present evidence, and notice of the decision. This panel may assess liability for each damage incident against each

Owner charged or against the Association not in excess of the jurisdictional amount established for small claims by North Carolina General Statutes 7A-210. When such claim exceeds the jurisdictional amount established for small claims by North Carolina General Statutes 7A-210, liability of any Owner charged or the Association shall be determined as otherwise provided by law shall be assessments secured by lien under Section 47F-3-116 of the Planned Community Act. Liabilities of the Association determined by adjudicatory hearing or as otherwise provided by law may be offset by the Owner against sums owing to the Association and if so offset, shall reduce the amount of any lien of the Association against the Lot at issue.

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

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

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

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

Section 2. Severability.

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

Section 3. Amendment.

The covenants and restrictions of this Declaration shall run and bind the land for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years unless terminated or amended as hereinafter provided. This Declaration may be amended by Declarant as to a given Lot or Lots at any time prior to the date that a given Lot is placed In Use if such amendment is made to comply with FHA guidelines or requirements. This Declaration may be amended with the consent of the

Owners entitled to cast at least sixty-seven percent (67%) of the votes of the Association and may be terminated with the consent of the Owners entitled to cast at least eighty percent (80%) of the votes of the Association; provided, however, this Declaration may not be amended or terminated without Declarant's consent during Declarant's Development Period. No amendment purporting to revoke or curtail any right herein conferred to Declarant shall be effective unless executed by Declarant, and no amendment relating to the maintenance or ownership of any permanent detention or retention pond shall be effective unless reviewed and approved by the governmental office having jurisdiction for watershed protection. Any amendment must: (1) be executed on behalf of the Association by its duly authorized officers; (2) contain an attestation by the officers executing the amendment on behalf of the Association that the requisite Owner approval has been obtained and is evidenced by written acknowledgment(s) signed by the Owners approving the amendment and made a part of the Minute Book of the Association; and (3) be properly recorded in the Guilford County Registry. For the purpose of this section, additions to existing property by Declarant pursuant to Section 4 of this Article shall not constitute an "amendment." In the event this Declaration is terminated in accordance with the provisions hereinabove provided, Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner for any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay a pro rata share of the cost of the maintenance of all permanent retention or detention ponds to which their Lot drains.

Section 4. Annexation.

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

(b) Additional land within the area described in the legal description attached hereto as **Exhibit "B"** and incorporated herein by reference, may be annexed by the Declarant without the consent of Members within twenty (20) years of the date of this instrument and, in addition, any other property located adjacent to the Properties (the "Adjoining Property") (together the "Additional Properties"), may be annexed by the Declarant without the consent of Members within twenty (20) years of the date of this instrument, provided that, in the event FHA or VA insured loans have been obtained to purchase Lots, FHA and VA determine that the annexation of the Adjoining Property is in accord with the general plan from time to time approved by them. For the purpose of determining whether property is adjacent to the Properties, the rights of way of public roads and utilities, as well as rivers and streams, shall be deemed not to separate otherwise adjacent property. Declarant shall have no obligation of any kind to annex any or all of the Additional Property and, should Declarant elect to annex all or any portion of the Additional Property, Declarant shall have no obligation of any kind to annex the Additional Property in any particular sequential order. Should Declarant elect to annex all or any portion of the Additional Property and accordingly to subject such property to the terms and conditions of this Declaration, Declarant reserves the right, with regard to all or any part of the Additional Property annexed by Declarant, to make such complementary additions and/or

modification of the covenants and restrictions contained in this Declaration as Declarant may deem necessary or convenient; provided, however, such additions and/or modifications shall not modify this Declaration with respect to the Properties previously subjected thereto, and, in the event FHA or VA insured loans have been obtained to purchase Lots, FHA and VA determine that any such complimentary additions and/or modifications are in accord with the general plan from time to time approved by them. With regard to any portion of the Additional Property not annexed by Declarant, Declarant makes no representations with regard to the use of such property or the exterior appearance, design, size or intended purpose of any improvements now or hereafter erected on such property.

Section 5. FHA/VA Approval.

During Declarant's Control Period, the following actions will require the prior approval of FHA or VA provided that FHA or VA loans have been obtained to purchase Lots: (i) Annexation of Adjoining Properties, (ii) dedication of Common Elements beyond those in general conformity with the Master Plan, and (iii) amendment of this Declaration or the Articles of Incorporation or the Bylaws of the Association.

Section 6. Insurance.

The Board of Directors of the Association shall procure and maintain insurance covering the Association, its directors, officers, agents and employees and procure and maintain adequate hazard insurance on the Common Elements owned by the Association as follows:

(a) A policy of property insurance in an amount equal to the full replacement value (i.e., 100% of current "replacement cost" excluding land, foundations, excavations, streets, parking facilities, trails, signs, landscaping and like improvements) of the Common Elements owned by the Association (including all building service and related equipment) with an Agreed Amount Endorsement or its equivalent, if available, or an Inflation Guard Endorsement. Such insurance policy must protect against loss or damage by fire and other hazards covered by the standard extended coverage endorsement, and by sprinkler leakage, debris removal, cost of demolition, vandalism, malicious mischief and windstorm. If coverage is available, the policy may include coverage for water damage.

(b) A policy of commercial general liability insurance insuring the Association in an amount not less than One Million (\$1,000,000.00) for claims for personal injury and/or property damage arising, out of a single occurrence, such coverage to include protection against liability for non-owned and hired automobiles and liability for property of others, and, if available, may include coverage for water damage.

(c) The Board of Directors shall maintain fidelity coverage against dishonest acts by the Association's officers, directors, trustees and employees and all others who are responsible for handling funds of the Association. If the Association employs a professional property management person or firm to manage the Association and to receive and disburse the monies of the Association,

then such professional management person or firm shall have adequate fidelity coverage against dishonest acts and the existence of such coverage shall satisfy the requirement of this paragraph. If the Association elects to manage its own affairs and directly receive and disburse its own funds (or, if in addition to professional management, the offices or directors of the Association can and do directly receive or disburse the monies of the Association), then the Board of Directors shall provide the coverage set forth in this paragraph. Any such fidelity bonds shall name the Association as an obligee, shall be written in an amount equal to at least 150% of the estimated annual operating expenses of the Association, including reserves, shall contain waivers of any defense based on the exclusion of persons who serve without compensation from any definition of "employee" or similar expression, and shall provide that they may not be canceled or substantially modified (including cancellation for non-payment of premium) without at least thirty (30) days prior written notice to the Association.

(d) A comprehensive umbrella policy insuring the Association in an amount not less than Five Million Dollars (\$5,000,000.00) for claims for personal injury and/or property damage arising out of a single occurrence, such coverage to include protection against liability for non-owned and hired automobiles and liability for property of others, and, if available, may include coverage for water damage.

(e) A professional liability policy insuring all of the directors and officers of the Association in an aggregate amount not less than One Million Dollars (\$1,000,000.00).

Section 7. Interpretation.

Declarant, during Declarant's Development Period, and the Board of Directors of the Association thereafter, shall have the right to determine all questions arising in connection with this Declaration and to construe and interpret its provisions, and its determination, construction or interpretation shall be final and binding. In all cases, the provisions of this Declaration shall be given that interpretation or construction that will best result in the consummation of Declarant's general plan of development of the Properties.

Section 8. Authorized Action.

All actions which the Association is allowed to take under this instrument shall be authorized actions of the Association if approved by the Board of Directors in a manner provided for in the Bylaws of the Association, unless the terms of this instrument provide otherwise.

Section 9. Notices.

Any notice required to be sent to any Member under the provisions of the Declaration shall be deemed to have been properly sent, and notice thereby given, when mailed, with the proper first class postage affixed, to the last address of the Owner registered in writing with the Association, or if no such address has been registered, to the Lot address. Notice to one of two or more co-owners

or co-tenants of a Lot shall constitute notice to all co-owners. It shall be the obligation of every Member to immediately notify the Secretary of the Association in writing of any change of address. Any person who becomes a Member following the first day in the calendar month in which said notice is mailed shall be deemed to have been given notice, if notice was given to his predecessor in title.

Section 10. No Liability.

In connection with all review, acceptances, inspections, permissions, consents or required approvals by or from the Declarant, the Association or its Architectural Review Committee contemplated under this Declaration, the Declarant, the Association and any officer, director or committee member of the Association shall not be liable to an Owner or to any other person on account of any claim, liability, damage or expense suffered or incurred by or threatened against an Owner or such other person and arising, out of or in any way reaction to the subject matter of any such reviews, acceptances, inspections, permissions, consents or required approvals, whether given, granted or withheld.

Section 11. Invalidity.

In the event that this Declaration be declared to be void, invalid, illegal, or unenforceable in its entirety, or in such a significant manner that the Association is not able to function substantially as contemplated by the terms hereof, by the adjudication of any court or other tribunal having jurisdiction over the parties hereto and the subject matter hereof, and such adjudication occurs within twenty (20) years of the date of recording this Declaration, all Common Elements belonging to the Association at the time of such adjudication shall revert to the Declarant, and the Declarant shall own and operate said Common Elements as trustee for use and benefit of Owners within the Properties. If said adjudication shall occur on a date more than twenty (20) years after the date of recording of this Declaration, or if the Members of the Association should vote to terminate this Declaration as provided for in Section 1 of this Article, all Common Elements owned by the Association at such time shall be transferred to a trustee appointed by the Clerk of Court of Guilford County, North Carolina, which trustee shall own and operate said Common Elements for the use and benefit of Owners within the Properties.

Section 12. Rights of Certain Mortgagees.

Any Mortgagee, upon written request by certified mail given to the Association, shall be entitled to:

- (a) Inspect the books and records of the Association during normal business hours;
- (b) Receive written notice of any meeting of the Association called for the purpose of consenting to any conveyance of Common Elements requiring the consent of the Members. increasing the maximum General Assessment rate in any given year by more than ten percent (10%), levying a Special Assessment or approving a material amendment to this Declaration, and the right

to designate a representative to attend any such meetings;

(c) Receive written notice of any condemnation or casualty loss that affects a material portion of the Common Elements;

(d) Receive written notice of any Assessments or charges owed by the Owner of any Lot encumbered by the Mortgage it holds more than sixty (60) days past due; and

(e) Receive written notice of a lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association.

Section 13. Easements.

(a) Easements of Encroachment. There shall be reciprocal appurtenant easements for maintenance and use of any encroachment extending a distance of not more than three feet, as measured from any point on any common boundary within the Properties along a line perpendicular to such boundary, when such encroachment is due to the unintentional placement or setting or shifting of the improvements constructed, reconstructed, or altered thereon (in accordance with the terms of this Declaration). However, in no event shall an easement for encroachment exist if such encroachment occurred due to willful and knowing conduct on the part of, or with the knowledge and consent of, an Owner, occupant, or the Association.

(b) Utility Easements. Declarant hereby reserves for itself and grants to the Association, easements and rights-of-way for the installation and maintenance of utilities (including cable television service) and drainage facilities as indicated on plats of the Properties, now or hereafter recorded, and over those portions of each Development Tract which extend from the boundary lines of each Development Tract for a distance equal to ten (10) feet, provided that, upon subdivision of the Development Tract, the easement areas shown on the approved plat of the Subdivision of that Development Tract shall replace the ten (10) easement provided for herein. Declarant reserves the right to dedicate or otherwise transfer any or all such easements to appropriate local governmental authorities or utilities. Within these easements no structures, planting or other material shall be placed or permitted to remain which may interfere with the installation and maintenance of utilities, or which may change the direction of flow of drainage channels in the drainage easements, or which may obstruct or retard the flow of water through drainage channels in the easements. A non-exclusive perpetual easement is hereby established in favor of the local water supplier, electric company, and natural gas supplier across the Properties for ingress, egress, installation, reading, replacing, repairing, and maintaining utility meters and boxes. Notwithstanding anything in this Declaration to the contrary, no utilities or drainage facilities shall be installed or located on the Properties, except as approved by the Declarant or the Architectural Review Committee.

(c) Additional Easements for Repair and Maintenance. Declarant hereby reserves for itself and grants to the Association, and the designees of each (which may include, without limitation, the City of Greensboro, Guilford County, and any utility company or communications system provider) access and maintenance easements upon, across, over, and under all of the

Properties to the extent reasonably necessary for the purpose of replacing, repairing, and maintaining cable television systems, master television antenna systems or other devices for sending or receiving data and/or other electronic signals, security and similar systems, roads, signs, walkways, bicycles pathways, trails, ponds, wetlands, drainage systems, street lights, signage, and all utilities, including, but not limited to, water, sewers, meter boxes, telephone, and electricity, and for the purpose of installing any of the foregoing on property which it owns or within easements designated for such purposes on recorded plats of the Properties. The exercise of the easements hereinabove reserved or granted shall not unreasonably interfere with the use of any Lot and, except in an emergency, entry onto any Lot shall be made only after reasonable notice to the Owner or Occupant.

(d) Easements for Lake and Pond Maintenance, Flood Water. The Association shall have an easement over and across any of the Properties abutting or containing any portion of a lake, pond, stream or drainage control device for the purpose of allowing the Association to exercise its rights and responsibilities as herein and otherwise set forth; provided, however, the Association shall use reasonable care in the exercise of such easement and shall repair any damage caused in the exercise of such easement. There is further reserved herein for the benefit of the Association and its designees, a perpetual, nonexclusive right and easement of access and encroachment over the Properties (but not the structures thereon) adjacent to or within the horizontal flood storage zone of any lake bed, pond, or stream within the Properties, as established by the applicable governmental authority having jurisdiction over that portion of the Properties on which any portion of such lake bed, pond or stream is located in order to (a) temporarily flood and back water upon and maintain water over such portions of the Properties; (b) to fill, drain, dredge, deepen, clean, fertilize, dye and generally maintain the lakes, ponds and streams within the Common Elements; (c) maintain and landscape the slopes and banks of such lakes, ponds and streams; and (d) enter upon and across such portions of the Properties for the purpose of exercising its rights under this Section. The Association shall use reasonable care in, and repair any damage resulting from, the exercise of such rights. Nothing, herein shall be construed to make Declarant, the Association or any other person or entity liable for damage resulting from flooding due to heavy rainfall or other natural disasters.

(e) Right of Entry. The Association shall have the right, but not the obligation, to enter upon any portion of the Properties for emergency, security, and safety reasons, to perform maintenance pursuant to Article IX hereof, and to inspect for the purpose of ensuring compliance with this Declaration, Bylaws, and rules, which right may be exercised by any member of the Board, the Association, officers, agents, employees, and managers, and all policemen, firemen, ambulance personnel, and similar emergency personnel in the performance of their duties; provided nothing herein shall authorize any person to enter any structure without permission of the Owners unless necessary to avoid an imminent threat of personal injury or property damage. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner. This right of entry shall include the right of the Association to enter upon any Lot or any other portion of the Properties to cure any condition which may increase the possibility of a fire or other hazard in the event an Owner fails or refuses to cure the condition within a reasonable time after requested by the Board.

(f) Easements to Owners and Occupants of the Properties and Easements for Special

Events. The Association shall have the right to grant to Owners and/or Occupants of the Properties non-exclusive easements to use the Common Elements, either with or without payment for such use, in its discretion or as may be required by the Development Ordinances of the City of Greensboro or Guilford County. Each Owner, by accepting a deed or other instrument conveying any interest in a Lot, acknowledges and agrees that the exercise of this easement may result in a temporary increase in traffic, noise, gathering of crowds, and related inconveniences, and each Owner agrees on behalf of itself and the occupants of its Lot to take no action, legal or otherwise, which would interfere with the exercise of such easement.

(g) Association's Easement to Correct Drainage. Declarant hereby grants to the Association an easement and right on, over and under any portion of the Properties to maintain and to correct drainage or surface water runoff in order to maintain reasonable standards of health, safety and appearance. Such right expressly includes the right to cut any trees, bushes or shrubbery, make any gradings of the soil, or take any other similar action reasonably necessary. After such action has been completed, the Association shall restore the affected property to its original condition to the extent practicable. The Association shall give reasonable notice of intent to take such action to all affected Owners. The exercise of the easements herein granted shall not unreasonably interfere with the use of any Lot and, except in an emergency, entry onto any Lot shall be made only after reasonable notice to the Owner or Occupant.

(h) Easement to Local, State or Public Utilities or Authorities. An easement is hereby established for municipal, state or public utilities or authorities serving the Properties, their agents and employees, over all Common Elements hereby or hereafter established for setting, removing, and reading utility meters, maintaining and replacing utility or drainage connections, and acting with other purposes consistent with the public safety and welfare, including without limitation, police and fire protection.

(i) Sign Easements. Declarant, during Declarant's Development Period, and the Association shall each have the right to erect within the Common Elements signs identifying the Properties or any portion thereof and landscaping and lighting surrounding same. In addition, easements for the maintenance of signs identifying the Properties or portions thereof and landscaping and lighting surrounding same are reserved as indicated on recorded plats. Declarant hereby reserves unto itself and grants, gives and conveys to the Association a perpetual, non-exclusive easement over the portions of the Properties designated as "sign easements" on the plats of the Properties, now or hereafter recorded, to place, maintain, repair and replace subdivision signs and the lighting fixtures and landscaping surrounding same. The Association shall be responsible for maintaining, repairing and replacing any such signs, landscaping and lighting and the costs of such maintenance, repair and replacement shall be part of the General Expenses of the Association, payable by the Owners, as set out in Article V hereof. In addition, during Declarant's Development Period, Declarant shall have the right to erect and maintain within the Common Elements and on those portions of any Lot designated "sign easement," signs advertising and promoting the sale of the Properties.

(j) Easement for Performance of Work. Declarant, during Declarant's Development Period, and the Association shall each have the free and unrestricted right, license and privilege to

have free and unrestricted access upon and across the Properties and, upon reasonable notice, any building or structure thereon, for the purposes of performing any work Declarant or the Association shall have the right to perform pursuant to the provisions of this Declaration, as the same may be from time to time be supplemented or amended, or pursuant to the provisions of any other reservation or easement in favor of Declarant or the Association recorded in the Guilford County Registry; provided, however, that such access shall be used by Declarant, or the Association, so as to interfere as little as possible with the use and enjoyment of the Properties by the Owners. Declarant and the Association shall use reasonable care in, and repair any damage resulting from, the exercise of such easements.

The easements hereby granted shall run with the land in perpetuity and be binding upon all persons and entities now owning or subsequently acquiring all or a part of the Properties.

Section 14. Duties of Association With Regard to Encroachment Agreements.

Declarant and/or the Association have entered into or will enter into Encroachment Agreements with the City of Greensboro to permit the erection or installation of signs, landscaping, irrigation systems and similar permitted items within the public right-of-way. It shall be the duty of the Association to comply with the terms of said Encroachment Agreements whether said agreements were entered into by the Declarant on behalf of the Association or by the Association. The costs of such compliance shall be included in the General Expenses.

Section 15. Amplification.

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

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

DECLARANT:

REEDY FORK EAST LLC,
a North Carolina limited liability company

By: **FRIENDLY ASSOCIATES XX LLLP, a**
North Carolina limited liability limited
partnership, Its Member and Manager

By: **Starmount Company, a North Carolina**
corporation, Its General Partner

By: _____

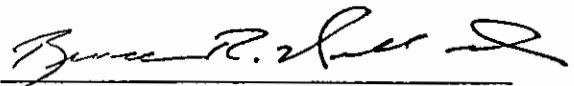


Ronald L. Wilson,
Its Vice President

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By: HUB-REEDY, LLC, a North Carolina limited liability company, Its Member and Manager

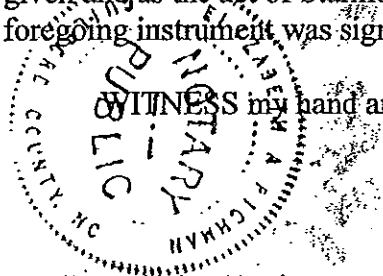
By: Hubbard Realty of Winston-Salem, Inc., a North Carolina corporation, Its Member and Manager

By: 
Bruce R. Hubbard,
Its Vice President

STATE OF NORTH CAROLINA

COUNTY OF GUILFORD

I, Elizabeth A. Leckman, a Notary Public in and for the County and State aforesaid, do hereby certify that Ronald L. Wilson, personally appeared before me this day and acknowledged that he is a Vice President of Starmount Company, a North Carolina corporation ("Starmount"), the sole General Partner of Friendly Associates XX LLLP, a North Carolina limited liability limited partnership ("FAXX"), one of two Members and Managers of Reedy Fork East LLC, a North Carolina limited liability company ("RFE"), and that by authority duly given and as the act of Starmount for and on behalf of FAXX, for an on behalf of RFE, the foregoing instrument was signed in its name by such Member and Manager.



WITNESS my hand and notarial stamp or seal, this 31st day of July, 2002.

Elizabeth A. Leckman
Notary Public

My Commission Expires:

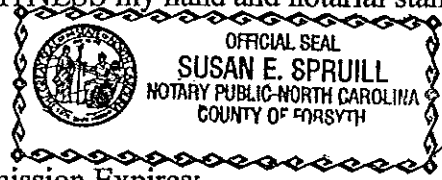
August 29, 2003

STATE OF NORTH CAROLINA

COUNTY OF ~~GUILFORD~~ FORSYTH

I, Susan E. Spruill, a Notary Public in and for the County and State aforesaid, do hereby certify that Bruce R. Hubbard, personally appeared before me this day and acknowledged that he is a Vice President of Hubbard Realty of Winston-Salem, Inc., a North Carolina corporation ("Hubbard"), the sole Member and Manager of Hub-Reedy, LLC, a North Carolina limited liability company ("H-R"), one of two Members and Managers of Reedy Fork East LLC, a North Carolina limited liability company ("RFE"), and that by authority duly given and as the act of Hubbard for and on behalf of H-R, for an on behalf of RFE, the foregoing instrument was signed in its name by such Member and Manager.

WITNESS my hand and notarial stamp or seal, this 31st day of July, 2002.



Susan E. Spruill
Notary Public

My Commission Expires:

9-24-05

LEGAL DESCRIPTION

Those certain tracts or parcels of land lying and being in Morehead Township, Guilford County, North Carolina, and more particularly described as follows:

TRACT I:

All of the property surveyed and shown on that Final Plat for "Willow Creek" at Reedy Fork Ranch, Maps 1 and 2," by Evans Engineering, Inc. dated July 16, 2002 and recorded in Plat Book 147, Pages 063 and 064, in the Guilford County, North Carolina Registry.

TRACT II:

All of the property surveyed and shown on that Final Plat for "Elderbush Way" at Reedy Fork Ranch by Evans Engineering, Inc. dated July 16, 2002 and recorded in Plat Book 147, Page 065, in the Guilford County, North Carolina Registry.

TRACT III:

All of the property surveyed and shown on that Final Plat for "Boxelder Landing" at Reedy Fork Ranch by Evans Engineering, Inc. dated July 16, 2002 and recorded in Plat Book 147, Page 066, in the Guilford County, North Carolina Registry.

TRACT IV:

All of the property surveyed and shown on that Final Plat for "Arrowwood" at Reedy Fork Ranch by Evans Engineering, Inc. dated July 16, 2002 and recorded in Plat Book 147, Page 067, in the Guilford County, North Carolina Registry.

TRACT V:

All of the property surveyed and shown on that Final Plat for Reedy Fork Parkway Right-of-Way Dedication by Evans Engineering, Inc. dated July 22, 2002 and recorded in Plat Book 147, Page 068, in the Guilford County, North Carolina Registry.

EXHIBIT B

LEGAL DESCRIPTION

Those certain tracts or parcels of land lying and being in Morehead Township, Guilford County, North Carolina and more particularly described in (i) that deed to Reedy Fork Associates LLC from Starmount Company dated April 12, 2000 and recorded in Book 5001, Page 1195, (ii) that deed to Reedy Fork Associates LLC from D.H. Griffin Family Limited Partnership dated April 10, 2000 and recorded in Book 5001, Page 1178, (iii) that Deed to Reedy Fork East LLC from Reedy Fork Ranch, A Limited Partnership dated April 6, 2000 and recorded in Book 5001, Page 1165, and (iv) that deed to Reedy Fork Investments LLC from Reedy Fork Ranch, A Limited Partnership dated April 6, 2000 and recorded in Book 5001, Page 1160, all in the Guilford County, North Carolina Registry.

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

State of North Carolina, County of Guilford

The foregoing certificate of Elizabeth A Richman
Susan E Spruill

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

KATHERINE LEE PAYNE, REGISTER OF DEEDS

By: Jane Schultz
Deputy - Assistant Register of Deeds

**This certification sheet is a vital part of your recorded document.
Please retain with original document and submit when re-recording.**