

Declaration of Restrictive Covenants and Restrictions for Morganwood recorded in Book 1694, Page 541; and as amended in Book 1761, Page 232; and as amended in Book 1806, Page 424; and as amended Book 1808, Page 442; and as amended in Book 2476, Page 507, Moore County Registry.

DECLARATION
OF
COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS
FOR
MORGANWOOD

THIS DECLARATION, made on the date hereinafter set forth by GS COMMUNITIES LLC, a South Carolina limited liability company having an office in Greenville County, South Carolina, hereinafter referred to as "Declarant."

WITNESSETH:

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

All of that certain parcel of land shown on the plat prepared by Central Carolina Surveyors, P.A., and entitled "Boundary Survey of the Morgan Tract, recorded in the Office of the Register of Deeds of Moore County, North Carolina in Plat Cabinet 8 at Slide 179. (The "Property")

WHEREAS, it is the intent of the Declarant to subdivide all or a portion of the Property into residential lots and to subject some or all of said lots to this Declaration of Covenants, Conditions, Restrictions and Easements;

WHEREAS, pursuant to a Master Declaration of Restrictive Covenants recorded in Book 1292, Page 557 of the Moore County Public Registry, G S Communities, LLC as successor to Seven Lakes Development Company, and as a Developer Member of the Beacon Ridge / Seven Lakes West Master Association, is entitled to bring the Property within the scheme of said Master Declaration and the Jurisdiction of said Master Association;

NOW, THEREFORE, Declarant hereby declares that all numbered Lots shown on the plat described in Exhibit A attached hereto, and any other Lots added thereto as provided herein, shall be held, sold and conveyed subject to the Master Declaration of Restrictive Covenants recorded in Book 1292, Page 557 of the Moore County Public Registry, and shall have the rights, and benefits provided by said Master Declaration. In addition, said land shall also be subject to the following easements, restrictions,

covenants and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with the real property and be binding on all parties having any right, title or interest in the described property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I
DEFINITIONS

SECTION 1. "Corporation," "Maintenance Corporation," and "Association" shall mean and refer to Seven Lakes West Landowners Association, Inc., a North Carolina nonprofit corporation, its successors and assigns.

SECTION 2. "Master Association" shall mean and refer to the Beacon Ridge / Seven Lakes West Master Association, its successors and assigns.

SECTION 3. "Westside Landowners Association" shall mean the West Landowners Association, Inc.

SECTION 4. "Common Area" shall mean and refer to any and all property, real or personal—including, but not limited to, the Roads—now or hereafter owned or leased by the Association for the common use and enjoyment of the Owners.

SECTION 5. "Roads" shall mean all areas labeled as roads, private roads, access easements, or right of way on any plats recorded subject to this Declaration.

SECTION 6. "Declarant" shall mean and refer to GS COMMUNITIES LLC, as well as its successors and assigns, if Declarant shall make an express conveyance of its rights as developer hereunder to such successor or assign.

SECTION 7. "Declaration" shall mean this Declaration of Covenants, Conditions, Restriction and Easements for Morganwood, as the same may be amended, renewed or extended from time to time in the manner herein provided.

SECTION 8. "Master Declaration" shall mean the Master Declaration of Restrictive Covenants, recorded in Book 1292, Page 557, Moore County Public Registry, as the same may be amended, renewed or extended from time to time in the manner herein provided.

SECTION 9. "Lot" shall mean and refer to any separately numbered plot of land shown upon any recorded subdivision map brought within the jurisdiction of this Declaration, with the exception of Common Area.

SECTION 10. "Designated Equestrian Lot" shall mean and refer to all Lots designated in this Declaration or any Exhibit or Amendment hereto as an Equestrian Lot.

SECTION 11. "Member" shall mean and refer to every person or entity who holds membership with voting rights in the Association.

SECTION 12. "Non-Member User" shall mean and refer to any person who is not a Member of the Association for the use of the Recreational Facilities as set out in the By-laws of the Association.

SECTION 13. "Owner" shall mean and refer to any one or more persons or entities, other than Declarant or its assigns, which is the record owner of a fee simple title to any Lot which is a part of the Development, as hereinafter defined, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

SECTION 14. "Plat" shall mean those certain plats described in Exhibit A hereto and all future recorded plats, if any, made subject to this Declaration as set forth herein.

SECTION 15. "Property" shall mean and refer to that certain real property herein above described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

SECTION 16. "Development" shall mean all Lots and Roads shown on all Plats which are made subject to this Declaration.

ARTICLE I-A PLANNED COMMUNITY ACT

SECTION 1. Adoption of North Carolina Planned Community Act. Notwithstanding Section 47F-1-102(d) of the North Carolina Planned Community Act (hereinafter, as set forth in Chapter 47F of the North Carolina General Statutes and as amended and as recodified from time to time and at any time, the "Planned Community Act"), the terms and provisions of the Planned Community Act shall apply to the Property.

ARTICLE II PROPERTY RIGHTS

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

(a) the right of the Association and the Master Association to permit the use of and to charge reasonable admission and other fees for the use of any Common

Facilities and to impose reasonable limits upon the number of guests who may use these facilities;

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

(c) the right of the Association to dedicate or transfer all or any part of the Common Area or Roads to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer is signed by 2/3rds of each class of members and has been recorded;

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

(e) the right of the Association, in accordance with its Articles and By-Laws, to borrow money for the purpose of improving the Common Area and facilities thereon. No such mortgage of the Common Area shall be effective unless an instrument agreeing to such mortgage is signed by 2/3rds of each class of members.

(f) the right of the Association to exchange portions of Common Area with the Declarant for substantially equal areas of the properties for the purpose of eliminating unintentional encroachments of improvements onto portions of the Common Areas or any other purpose or reason.

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

SECTION 3. LEASES OF LOTS. Any Lease Agreement between an Owner and a lessee for the lease of such Owner's residence on its Lot shall provide that the terms of the Lease shall be subject in all respects to the provisions of this Declaration of Covenants, Conditions and Restrictions, the Articles of Incorporation and By-Laws of the Association and that any failure by the lessee to comply with the terms of such 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 III MEMBERSHIP, VOTING RIGHTS, POWERS OF ASSOCIATION

SECTION 1. Declarant shall form the Morganwood Property Owners Association, Inc. Every owner of a Lot shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot

SECTION 2. The Association shall have two classes of voting membership:

Class A. Class A Members shall be all Lot owners other than the Declarant. Class A Members shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

Class B. The Class B Member shall be the Declarant or its assigns, and shall be entitled to three (3) votes for each lot it owns and 3/5ths of a vote for each undeveloped acre of the Property described above which it owns. 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:

(a) the date on which the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or

(b) when Declarant elects by notice to Association in writing to terminate its Class B membership.

SECTION 3. Power of the Association. The Association, through its Board and Officers, shall also have the following powers and authority:

(a) To hire managing agents, employees, and other contract workers as are necessary to carry out the purposes of the Association.

(b) To institute, defend, or intervene in its own name in litigation or administrative proceedings on matters affecting the Property.

(c) Determine the level of maintenance, repair, replacement, and improvement of the Common Area in conformance with the purposes set forth in this Declaration.

(d) Acquire, hold, encumber, and convey in its own name any real or personal property purchased by the Association as a Common Area.

(e) Mortgage the Common Area, incur liabilities and other debt as necessary to operation of the Association and in the best interest of the Members.

(f) Determine any fees or charges for use or operation of the Common Area

and Facilities and collect said fees or charges.

(g) Impose charges for late payment of assessments and collect past due assessments as provided in this Declaration.

(h) Provide statements on the current status of assessments, late payment charges, fines, and any other fees or payments to contract purchasers of a Lot. A reasonable charge may be made for such statements.

(i) Provide indemnification to and maintain liability insurance for directors and officers of the Association for actions taken in their capacity as officers and directors.

(j) Adopt and amend By-laws and establish rules and regulations for the Association.

(k) Determine and adopt a budget for revenues, expenditures, and reserves and collect assessments for common expenses from Lot Owners as established by this Declaration. It is specifically authorized that the Association may place funds from current assessments in reserve accounts to provide for future maintenance of Common Areas and Facilities and Association property.

(l) Make contracts on behalf of the Association as are necessary to perform the Association's business.

(m) Grant easements over the Common Areas and Facilities as are necessary and for the benefit of the Members.

(n) Make additional improvements to the Common Areas and Facilities.

(o) After notice and an opportunity to be heard, levy reasonable fines as set by the Executive Board of the Association for violations of the Declaration, Bylaws and Rules and Regulations of the Association.

(p) Exercise all powers necessary and proper for administration of the Association and perform any ancillary functions necessary to the operation of the Association and in conformance with its purposes.

(q) Exercise any powers given to Lot Owners Associations by North Carolina General Statute 47F-3-101 or any successor statute dealing with the same purpose and not in conflict with the above powers.

(r) The Association may maintain a fidelity bond to protect the funds of the Association equal to the maximum funds held by the Association or three (3) months assessments, whichever is greater.

(s) The election, removal, terms of office, and meetings of the Board of Directors shall be governed by the By-laws.

ARTICLE IV
COVENANT FOR MAINTENANCE AND ASSESSMENTS.

SECTION 1. Assessments. Except for the Declarant, each Lot Owner within the Property as well as each future Lot Owner, 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 to the Corporation (a) annual assessments (hereinafter "Annual Assessments") and (b) special assessments (hereinafter "Special Assessments") (hereinafter, collectively, the "Assessments"). The Assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which an Assessment is made. All Assessments, together with interest, costs and reasonable attorney's fees shall also be the personal obligations of the person who was the Owner of the Lot subject thereto at the time when the Assessment fell due; provided, however, that the personal obligation for any delinquent Assessments shall not pass to successors in title unless expressly assumed thereby. The Declarant pays no dues or charges of any kind except for Lots it owns on which residential improvements are located.

Section 2. Use of Assessments. The Annual Assessments levied by the Corporation shall be used exclusively to promote the recreation, health, safety, and welfare of the residents of the Lots including, but not limited to, costs, fees, expenses, and other obligations related to (a) management and administration of the Association, (b) provision of utility services to and for the Common Facilities, (c) premiums on all policies of insurance obtained for the use and benefit of the Corporation, (d) real property or equipment that is hereafter leased or rented for the use and benefit of the Corporation, (e) maintenance of reasonable and appropriate funds for working capital, general operation reserves, and replacement reserves, (f) ad valorem taxes related to the Common Facilities, (g) maintenance, operation, acquisition, and improvement of the Common Facilities, (h) procurement and maintenance of fidelity and performance bonds for its officers, agents, and employees, (i) incurrence of secured or unsecured debt, and (j) all other items and expenditures requisite or advisable for the performance of the obligations and responsibilities of the Corporation.

Section 3. Budget. It shall be the duty and obligation of the Board, within thirty (30) days after adoption of any proposed budget for the planned community, which budget shall be sufficient to discharge in full the responsibilities and obligations of the Association for the new fiscal year, (hereinafter the "Budget") to provide to all the Members (a) a summary of the Budget and a notice of the meeting to consider ratification of the Budget and (b) a statement therein that the Budget is subject to ratification without a quorum. The Board shall set a date for a meeting of the Members, to be held not fewer than ten (10) nor more than sixty (60) days after mailing of the summary and notice, to consider ratification of the Budget (hereinafter the "Budget Meeting"). The Budget shall, notwithstanding the presence or absence of a quorum, be ratified unless a vote of not less than a majority of all

Members, considered and counted in the aggregate, subject to (a) that certain Declaration of Covenants and Restrictions for Seven Lakes West recorded in Book 449, Page 662, Moore County Registry, as amended from time to time and at any time, (b) that certain Declaration of Covenants and Restrictions for Pinnacle recorded in Book 609, Page 201, Moore County Registry, as amended from time to time and at any time, (c) that certain Declaration of Covenants and Restrictions for Morganwood recorded in Book 1694, Page 541, Moore County Registry, as amended from time to time and at any time, (d) that certain Declaration of Covenants and Restrictions for Seven Lakes West Country Club (now known as Beacon Ridge) recorded in Book 563, Page 503, Moore County Registry, as amended from time to time and at any time, and (e) that certain Declaration of Covenants, Conditions and Restrictions of Beacon Ridge Lakeview Homes recorded in Book 947, Page 247, Moore County Registry, as amended from time to time and at any time, (hereinafter, collectively, the “Membership”) vote to reject the Budget. Notwithstanding the foregoing, however, in the event that (y) the Membership rejects the Budget or (z) the Board fails for any reason so to determine the Budget or the Assessments for the succeeding fiscal year, then, and until such time as the Budget shall have been adopted and the Assessments shall have been determined, as provided herein, the Budget and the Assessments in effect for the then-current year shall be deemed to be applicable for the succeeding fiscal year.

Section 4. Special Assessment. In addition to the Annual Assessments authorized above, the Corporation may levy—upon the affirmative vote of two-thirds ($\frac{2}{3}$) of the votes of the Membership as voted in person or by proxy at a meeting duly called for this purpose—a Special Assessment in any fiscal year for the purpose of defraying, in whole or in part, the costs of any purchase, construction, repair or replacement of any capital improvement—including personal property and fixtures related thereto—upon the Common Facilities. This provision shall in no way affect the Annual Assessments to the Corporation or any other fees imposed by the Corporation for the use and enjoyment of Common Facilities.

Section 5. Annual Assessment. The Corporation shall determine the rate of Annual Assessment and establish one or more categories of Lots and Annual Assessments as it, in its discretion, deems proper as set forth in the Articles of Incorporation and Bylaws of the Corporation.

Section 6. Collection. The Annual Assessments provided for herein shall be collected on an annual basis and shall commence on the first day of the month following the conveyance of such Lot. The first Annual Assessment shall be adjusted according to the number of months remaining in the fiscal year after recording of this Amendment for the purposes of creating a lien upon Lots. The Corporation shall, upon demand and for a reasonable charge, furnish a certificate signed by an officer of the Corporation setting forth whether the assessments on a specified Lot have been paid.

Section 7. Fees. Any Assessment, if not paid within thirty (30) days after the date such assessment is due, together with interest established by the Board of Directors at the beginning of each fiscal year, costs of collection, court costs, and reasonable attorney’s fees, shall constitute a lien against the Lot upon which such assessment is levied at the time that the Corporation records the notice of the same in the Office of the Clerk of

Superior Court of Moore County. The Corporation also may file a suit to collect such delinquent assessments and charges. The Corporation may file Notice of Lis Pendens, bring an action at law against the Owner personally obligated to pay the same and/or bring an action to foreclose the lien against the Lot. No Owner may waive or otherwise escape liability for the Assessments provided for herein by non-use of the Common Facilities or abandonment of a Lot.

Section 8. Subordination. The assessment liens provided for herein shall be subordinate to the lien of any first mortgage or deed of trust on all or any portion of the Lots. Sale or transfer of any Lot shall not affect the assessment lien or liens provided for herein. However, the sale or transfer of any Lot that is subject to any mortgage or deed of trust, pursuant to a foreclosure thereof or any proceeding in lieu of foreclosure thereof, shall extinguish the lien for such assessments as to the payment thereof which become due prior to such sale or transfer. No such sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof, but the liens provided for herein shall continue to be subordinate to the lien of any first mortgage or deed of trust.

Section 9. Exempt Property. The following property—as well as the following individuals, partnerships, and corporations—subject to this Declaration shall be exempted from the assessment charge and lien created herein:

- (a) the grantee of conveyances made to utility companies for wells, tanks, pipelines, treatment plants, dispersion fields, lines, pumping stations, maintenance facilities, and for the creation of utility easements;
- (b) all Common Facilities; and
- (c) all unimproved Lots owned by the Declarant.

ARTICLE V ARCHITECTURAL CONTROL

SECTION 1. There shall be an Architectural Control Committee that shall be responsible for reviewing and approving the plans of all proposed new construction, additions or modifications. The Architectural Control Committee shall be responsible to ascertain that the plans and subsequent construction meet the building requirements set forth in this Declaration. The Architectural Control Committee shall consist of three (3) members, who shall be appointed by the Declarant until such time as the Declarant is no longer record owner of any of the Property. The initial members of the Architectural Control Committee shall serve until Declarant is no longer record owner of any of the Property, after which time the architectural review committee appointed by and in the service of the Corporation shall assume the rights and obligations of the Architectural Control Committee.

SECTION 2. IMPROVEMENTS. No building, fence, wall or other structure or planting or landscaping shall be commenced, erected or maintained upon any Lot, nor shall any exterior addition to or change or alteration therein including without limitation any plantings or landscape be made unless they comply with the building and use restrictions contained herein and until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Architectural Control Committee. Provided that nothing herein contained shall be construed to permit interference with the development of the Property by the Declarant so long as said development follows the general plan of development of the Property previously approved by Moore County.

SECTION 3. PROCEDURES.

(a) Any person desiring to make any improvement, alteration or change described in Section 1 above shall submit 2 copies of the plans and specifications therefor, showing the nature, kind, shape, height, materials and location of the same, along with a reasonable application fee, to the Architectural Control Committee which shall evaluate such plans and specifications in light of the purpose of this Article.

(b) Upon approval by the Architectural Control Committee of any plans and specifications submitted pursuant to this Declaration, a copy of such plans and specifications, as approved, shall be deposited for permanent record with the Architectural Control Committee and a copy of such plans and specifications bearing such approval, in writing, shall be returned to the applicant submitting the same. Approval for use in connection with any Lot of any plans and specifications shall not be deemed a waiver of the Architectural Control Committee's right, in its discretion, to disapprove similar plans and specification or any of the features or elements included therein if such plans, specifications, features or elements are subsequently submitted for use in connection with any other Lot. Approval of such plans and specifications relating to any Lot, however, shall be final as to that Lot and such approval may not be reviewed or rescinded thereafter, provided that there has been adherence to, and compliance with, such plans and specifications, as approved, and any conditions attached to any such approval.

(c) Neither Declarant, Association, nor any other member of the Architectural Control Committee, shall be responsible or liable in any way for any defects in any plans or specifications approved by the Architectural Control Committee, nor for any structural defects in any work done according to such plans and specifications approved by the Architectural Control Committee. FURTHER, NEITHER DECLARANT, ASSOCIATION, NOR ANY MEMBER OF THE 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 OF SPECIFICATIONS OR THE EXERCISE OF ANY OTHER POWER OR RIGHT OF THE ARCHITECTURAL CONTROL COMMITTEE PROVIDED FOR IN THIS DECLARATION. EVERY PERSON WHO SUBMITS PLANS AND SPECIFICATIONS TO THE ARCHITECTURAL CONTROL COMMITTEE FOR APPROVAL AGREES, BY SUBMISSIONS OF SUCH PLANS AND SPECIFICATIONS, AND EVERY OWNER OF ANY LOT WAIVES ANY AND ALL CLAIMS, AGAINST, AND COVENANTS AND AGREES NOT TO BRING ANY ACTION OR SUIT AGAINST DECLARANT, ASSOCIATION, ITS BOARD MEMBERS OR OFFICERS, OR ANY MEMBER OF THE ARCHITECTURAL CONTROL COMMITTEE, TO RECOVER ANY DAMAGES AND HEREBY RELEASES SAME FROM ANY AND ALL SUCH CLAIMS, DEMANDS, CAUSES OF ACTION AND LIABILITY, AND FURTHER WAIVES ANY CLAIMS ARISING OUT OF OR IN CONNECTION WITH ANY LAW WHICH PROVIDES THAT SUCH A RELEASE DOES NOT EXTEND TO CLAIMS, DEMANDS, AND CAUSES OF ACTION NOT KNOWN AT THE TIME THE RELEASE IS GIVEN.

ARTICLE VI
EXTERIOR MAINTENANCE

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

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

In the event that the Association determines that the any maintenance, repair, or replacement, of the Common Areas, Common Facilities or other property which is the responsibility of the Association to maintain hereunder, is caused through the willful or negligent act of an Owner or the family, guests, lessees, or invitees of any Owner, and is not covered and paid for by insurance, in whole or in part, then the Association may perform such maintenance, repair or replacement at such Owner's sole cost and expense, and all costs thereof shall be added to and become a part of the assessment to which such Owner is subject and shall become a lien against the Lot of such Owner.

ARTICLE VII
USE RESTRICTIONS

SECTION 1. RESIDENTIAL USE OF PROPERTY. All Lots shall be used for single-family, residential purposes and on Designated Equestrian Lots only, private equestrian pursuits, and no business or business activity or storage of business equipment, vehicles, inventory or supplies, shall be carried on or upon any Lot at any time, except with the written approval of the Architectural Control Committee; provided, however, that nothing herein shall prevent Declarant or any builder of homes approved by Declarant from using any Lot owned by Declarant or such builder of homes for the purpose of carrying on business related to the development, improvement and sale of property in the Development; and provided, further that, to the extent allowed by

applicable zoning laws, private offices may be maintained in dwellings located on any of the Lots so long as such use is incidental to the primary residential use of the dwellings and does not involve regular visits by customers, vendors or employees. Horse Breeding on Designated Equestrian Lots involving less than the maximum total number of Horses provided for herein shall not be considered a business activity.

SECTION 2. SETBACKS AND BUILDING LINES. Each dwelling which shall be erected on any Lot shall be situated on such Lot in accordance with the building and setback lines set forth herein before commencement of lot clearing preparatory to construction unless either a variance shall have been granted by Declarant or Association. In no event shall any dwelling be erected and located upon any such Lot in a manner which violates the requirements and provisions of any applicable zoning ordinances and subdivision regulations. Setback requirements shall be as follows:

Front building setback shall be 100' from the front Lot line.

Rear building setbacks shall be 75' from the rear Lot line.

Side building setbacks shall be 25' from the side Lot line or side street.

For the purpose of determining compliance or noncompliance with the foregoing building set back requirements, terraces, stoops, eaves, wing-walls, and steps extending beyond the outside wall of a structure shall not be considered as a part of the structure.

SECTION 3. WALLS AND FENCES. Border fencing along lot property lines will be allowed no closer than 25 feet from any lot line adjacent to a Road and must be natural split rail or other similar material approved by the Architectural Control Committee. Any fencing other than border fencing must be approved by the Architectural Control Committee. Any fencing on Designated Equestrian Lots shall be at least 8 feet inside of any interior property line of a Lot and 20 feet inside any lot line that runs along the exterior boundary of the Property. All pasture or horse paddock fencing must be horse fencing or post and rail-heavy gauge wire with posts and top rails or a material approved by the Architectural Control Committee. White fencing and chain link fences are prohibited except when the Architectural Control Committee gives written approval.

SECTION 4. SUBDIVISION OF LOT. One or more Lots may be combined with adjacent Lots to form a single building Lot when approved, in writing, by Architectural Review Committee, and, in such event, the building line requirements provided herein shall apply to such Lots as re-combined and lot line easements as provided in this Declaration and as shown on the plat shall be moved to follow the new lot line. No existing Lot shall be subdivided to create two or more Lots without approval of the Architectural Control Committee and Board of Directors, and in no event may any Lot be created which is less than 4.5 acres in area.

SECTION 5. DETACHED GARAGES, BARNS AND OUTBUILDINGS. All

detached garage or accessory outbuildings shall not extend beyond the front of the residence on any Lot, and shall be placed within the side and rear yard set backs applicable to residences. The number, location, materials and design of all detached garages, barns, stables, or other accessory or outbuildings shall be approved, in writing, by the Architectural Control Committee.

SECTION 6. BUILDING REQUIREMENTS. The heated living areas of the main structure, exclusive of open porches, porte cocheres, garages, carports and breezeways, shall be not less than 2,400 square feet.

SECTION 7. OBSTRUCTIONS TO VIEW AT INTERSECTIONS. No part of any structure nor the lower branches of trees or other vegetation shall be permitted to obstruct the view at street intersections.

SECTION 8. DELIVERY RECEPTACLES AND PROPERTY IDENTIFICATION MARKERS. The Architectural Control Committee shall have the right to specify the location, color, size, design, lettering and all other particulars of receptacles for the receipt of mail, newspapers or similarly delivered materials, and of name signs for such receptacles, as well as property identification markers. All mailboxes serving the lots within the Development shall be identical. Each Owner shall be responsible for the installation, maintenance and replacement of mailboxes and posts as specified by the Architectural Control Committee.

SECTION 9. USE OF OUTBUILDINGS AND SIMILAR STRUCTURES. No structure of temporary nature (unless approved in writing by the Architectural Control Committee) shall be erected or allowed to remain on any Lot, and no trailer, camper, shack, tent, garage, barn or other structure of a similar nature shall be used as a residence, either temporarily or permanently, provided, this Section shall not be construed to prevent the Declarant and those engaged in construction from using sheds or other temporary structures during construction.

SECTION 10. COMPLETION OF CONSTRUCTION. The Association shall have the right to take appropriate legal action, whether at law or in equity, to compel the immediate completion of any residence not completed within one (1) year from the date of commencement of construction.

SECTION 11. LIVESTOCK. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot, except that dogs, cats or other small household pets may be kept provided that they are not kept, bred, or maintained for any commercial purposes. Such household pets must not constitute a nuisance or cause unsanitary conditions. A maximum of three (3) horses or ponies per five (5) acres plus an additional one horse per acre for each acre over ten acres in a single lot shall be allowed on Designated Equestrian Lots only. Commercial stables, renting or boarding of horses or ponies shall be prohibited with the exception of small breeding operations approved by the Architectural Control Committee.

SECTION 12. OFFENSIVE ACTIVITIES. No noxious, offensive or illegal activities shall be carried on upon any Lot, nor shall anything be done thereon which is or may become an annoyance or nuisance to the owners of other Lots in the Development.

SECTION 13. SIGNS. No advertising signs or billboards, including real estate "For Sale" or "For Sale by Owner" signs, shall be erected on any Lot except as allowed by the Architectural Control Committee. This restriction shall not apply to signs used to identify and advertise the subdivision as a whole. Also, the provisions of this Article shall not apply to notices posted in connection with judicial or foreclosure sales. After issuance of Building approval by the Architectural Control Committee and prior to the issuance of certificate of occupancy or completion by the County or other municipality only, a Builder may maintain a sign less than 9 square feet in total area which identifies the Builder.

SECTION 14. REMOVAL OF TREES. No clearing, cutting, timbering or tree removal which, in the aggregate, will involve the felling of greater than twenty-five (25) trees of any size, shall be commenced or permitted on any Lot, or any part thereof, until the Owner thereof shall have submitted a tree clearing plan ("Clearing Plan") to the Architectural Control Committee for approval. Such Clearing Plan shall denote specifically the number, location and general size of each tree to be removed in any planned clearing (although the same need not be prepared by a professional, surveyor or landscape architect). The standards for Architectural Control Committee review and approval shall be generally as set forth herein.

In addition to the requirements of the foregoing paragraph, no Lot, or any part thereof, shall be cleared unless there are reserved from clearing in the aggregate, no less than twelve (12) trees for each acre to be cleared each having no less than fourteen inches (14") of trunk diameter at a three foot (3') vertical ground elevation ("Reserved Trees"). In no event shall a Clearing Plan, amendment to Clearing Plan or plan of subdivision be approved or any clearing be conducted, if the natural result thereof would result in the existence of fewer than 12 Reserved Trees per acre on any Lot. Further, in every instance, Reserved Trees shall be dispersed throughout no less than seventy-five percent (75%) of the Lot.

SECTION 15. AESTHETICS, SCREENING, UNDERGROUND UTILITY SERVICE. Clotheslines, garbage cans and equipment, shall be screened to conceal them from view of neighboring Lots and streets. All utility service and lines of any kind whatsoever on any Lot, Road, or Common Area shall be underground.

SECTION 16. ANTENNAE. No radio or television transmission or reception towers or antennae shall be erected on any structure or within the property without the prior written approval of the Architectural Control Committee. "Mini" satellite dishes or disks are permitted, provided that said dishes and/or disks do not exceed 24" in diameter. In no event shall free standing transmission or receiving towers be permitted.

SECTION 17. TRAILERS, TRUCKS, SCHOOL BUSES, BOATS, BOAT TRAILERS. No house trailers or mobile homes, school buses, trucks or commercial vehicles over one (1) ton capacity, boats or boat trailers, motor homes, motorcycles, campers, or vans or vehicles on blocks shall be kept, stored or parked overnight either on any Road or on any Lot, except within enclosed garages or screened from the streets and adjoining lots. In addition, no vehicle of any kind may be kept, stored or parked on any non-paved area of a Lot or adjacent Lot. Notwithstanding the foregoing, passenger automobiles may be parked in driveways, if the number of vehicles owned by Owner exceeds the capacity of the garage. The foregoing will not be interpreted or construed or applied to prevent the temporary nonrecurrent parking of any vehicle, boat or trailer for a period not to exceed 48 hours upon any Lot.

SECTION 18. GARBAGE AND REFUSE DISPOSAL. No Lot shall be used or maintained as a dumping group for rubbish. Trash, garbage or other waste shall not be kept except in sanitary containers designed for that purpose. All incinerators or other equipment for the storage or disposal of such waste material shall be kept in a clean and sanitary condition. If such litter or other materials is found on any Lot, the same will be removed by the Lot Owner of such Lot, at the Lot Owner's expense, upon written request of the Association.

SECTION 19. CHANGING ELEVATIONS. No Lot Owner shall excavate or extract earth for any business or commercial purpose. No elevation changes shall be permitted which materially affect surface grade of surrounding Lots, unless approved in writing by the Architectural Control Committee.

SECTION 20. SEWAGE SYSTEM. Each residential dwelling shall have an individual sanitary unit which complies in all respects with the requirements of the Moore County Department of Environmental Health ("Health Department") or other governing authority. Each lot owner shall obtain approval from the Health Department or other governing authority prior to the installation of any sanitation system and shall further be bound by all orders or recommendations of the Health Department or other governing authority and/or authorities with regard to water supply to Lots, repair, alteration or replacement of the installed sanitary unit.

SECTION 21. UTILITY FACILITIES. Declarant reserves the right to grant easements for and approve the necessary construction, installation and maintenance of utility facilities, including but not limited to water, electricity, cable television, telephone and sewage systems, within this proposed area, which may be in variance with these restrictions.

SECTION 22. WAIVER OF SETBACKS, BUILDING LINES AND BUILDING REQUIREMENTS. The Declarant or Architectural Control Committee may, for good cause, waive violations of the setbacks and building lines provided for in Section 2 of this Article VII and the building requirements provided for in Section 6 of this Article VII.

Such waiver shall be in writing and recorded in the Moore County Register of Deeds Office. A document executed by the Architectural Control Committee or Declarant, shall be, when recorded, conclusive evidence that the requirements of Sections 2 and 6 of this Article VII have been complied with. Nothing contained herein shall be deemed to allow the Architectural Control Committee to waive violations which must be waived by an appropriate governmental authority.

SECTION 23. FIREARM AND WEAPON DISCHARGE. The use of any kind of weapon, explosive or firearm other than for defense or protection of one's life or property is prohibited on all property shown on the Plat. Firearms shall include rifle, gun, pistol, shotgun, black powder gun, bow and arrow or other weapon from which any bullet, shot or projectile may be discharged, or any explosive device.

SECTION 24. PONDS AND WELLS. Any Owner wishing to construct a pond, dam or otherwise impound any water on any Lot, or wishing to install a well for access to ground water, shall first obtain approval of all such plans from the Architectural Control Committee. In no event shall said Committee approve any plans or shall any work on any well, dam, impoundment, or pond commence before the Owner has submitted to the Architectural Control Committee all Federal, State, and Local permits, approvals and licenses required for such activity. Wells shall be allowed on Lots for irrigation, and other utility purposes only and shall not be used for residential or human consumption purposes. All residences constructed on any lot shall be connected to the public or private water system installed by Declarant.

ARTICLE VIII EASEMENTS

SECTION 1. UTILITIES. Easements for installation and maintenance of utilities (including cable television service) and drainage facilities are reserved under and across all Roads, over a strip of land 20 feet in width along all Lot lines shown on the Plats, and as indicated on any recorded Plats. Within these easements no structures, planting or other material shall be placed or permitted to remain which may interfere with the installation and maintenance of utilities, or which may change the direction of flow of drainage channels in the drainage easements, or which may obstruct or retard the flow of water through drainage channels in the easements. An easement is hereby established for the benefit of Moore County (and any other person or firm providing services to the Properties under agreement with or at the direction of the Association) over all Common Area as may be reasonably necessary for the setting, removal and reading of water meters, and the maintenance and replacement of water, sewer and drainage facilities and for the fighting of fires and collection of garbage. The Declarant and the Association shall have the power and authority to grant and establish upon, over and across the Roads and Common Area such additional easements as are necessary or desirable for the providing of service or utilities to the Common Area or Lots.

SECTION 2. SIGN EASEMENTS. Easements for the maintenance of subdivision signs and landscaping and lighting surrounding same are reserved as indicated on recorded plats. Declarant hereby grants, gives and conveys to the Association a perpetual, non-exclusive easement over any portions of Lots designated as "sign easements" or "landscape easements" on the plats, to maintain, repair and replace the subdivision signs which may be located thereon, as well as the lighting fixtures and any landscaping thereon. The costs of all such maintenance, repair and replacement shall be part of the common expenses of the Association, payable by the Owners as set out in Article IV hereof. In addition to the easement granted above as to the portion of Lots designated "sign easements", or "landscaping easements" Declarant hereby gives, grants and conveys to the Association the right of ingress, egress and regress over other portions of such Lots as shall be reasonably necessary to effectuate the purposes stated above. The easements hereby granted shall run with the land in perpetuity and be binding upon and inure to the benefit of all persons and entities now owning or subsequently acquiring all or a part of the Properties.

SECTION 3. LANDSCAPE EASEMENT. The Declarant reserves, and the Association shall have, an easement across each lot which will extend 25 feet from all lot lines which are adjacent to a Road and as otherwise shown on the Plats, for the maintenance of such area as partially cleared buffer area. (Hereinafter the "Landscape Easement"). No Owner shall clear or remove any tree or other vegetation from said Landscape Easement or build any fence or other structure in said easement area without the consent of the Architectural Control Committee. The Declarant shall have the right but not the obligation to clear, plant, groundcover, landscape and maintain said areas. It shall be the right and obligation of the Association to maintain the Landscape Easement to create and preserve a unified and attractive appearance throughout the Development.

SECTION 4. PEDESTRIAN / EQUESTRIAN EASEMENT. The Declarant hereby reserves to itself, and grants and conveys to the Association and each and every Owner a non-exclusive Equestrian/Pedestrian Easement over a strip of land twenty (20) feet in width along the Western, Southern and Eastern Boundary lines of the Property, and over a strip of land 16 feet wide along all side Lot lines of all Designated Equestrian Lots. The easement shall extend twenty feet along all exterior lot lines of the Development which are adjacent to the Western, Southern and Eastern Boundary lines of the property and eight (8) feet on either side of the interior Lot lines of all Designated Equestrian Lots within the Development. It is the intention of the Declarant that said Equestrian/Pedestrian Easements shall remain open and unpaved so they may be used for equestrian and pedestrian purposes. No hedge, fence or mass planting along said Lot lines or the easement shall interfere with the Equestrian/Pedestrian Easements. Said Equestrian/Pedestrian Easements shall be used only for pedestrians, horses and riders and horses with carriages with the exception of that portion of the Equestrian Easement over which Declarant may grant an access easement to adjoining landowners. Declarant reserves for itself and the Association, the right, but not the obligation, to cause the Equestrian/Pedestrian Easements to be cleared and maintained as Equestrian, Walking, Nature and Fitness Trails.

ARTICLE IX GENERAL PROVISIONS

SECTION 1. ENFORCEMENT. The Declarant, 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 the Declaration, the Articles of Incorporation or By-Laws of the Association. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. 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.

SECTION 2. SEVERABILITY. Invalidity 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. TERM AND AMENDMENT. The covenants and restrictions of this Declaration shall run with 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 twenty (20) years unless during the last year of such initial or then current renewal term the Owners of seventy-five percent (75%) of the Lots agree in writing to terminate this Declaration at the end of such term.

This Declaration may be amended unilaterally at any time and from time to time by Declarant (a) if such amendment is necessary to bring any provision hereof into compliance with any applicable governmental statute, rule, or regulation or judicial

determination which shall be in conflict therewith; (b) if such amendment is necessary to enable any reputable title insurance company to issue title insurance coverage with respect to the Lots subject to this Declaration; (c) if such amendment is required by an institutional or governmental lender or purchaser of Mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase Mortgage loans on the Lots subject to this Declaration; (d) if such amendment is necessary to enable any governmental agency or reputable private insurance company to insure or guarantee Mortgage loans on the Lots subject to this Declaration; or (e) if such amendment is necessary to correct a scrivener's error in the drafting of this Declaration; provided, however, any such amendment shall not adversely affect the title to any Owner's Lot unless any such Lot Owner shall consent thereto in writing (f) in order to add additional property to the jurisdiction of this Declaration as provided by Article IX, Section 5; (g) Further, so long as Declarant has the right unilaterally to subject additional property to this Declaration as provided in Article IX, Section 5 thereof, Declarant may unilaterally amend this Declaration for any other purpose; provided, however, any such amendment shall not materially adversely affect the substantive rights of any Lot Owner hereunder, nor shall it adversely affect title to any lot without the consent of the affected Lot Owner.

In addition to the above, this Declaration may be amended during the first twenty (20) year period by an instrument signed by not less than seventy-five (75%) percent of the Lot Owners, and thereafter by an instrument signed by not less than sixty-five (65%) percent of the Lot Owners. Any amendment must be properly recorded. Notwithstanding anything hereinabove, no provision of this Declaration which reserves or grants special rights to the Declarant shall be amended without the Declarant's prior written approval so long as the Declarant owns any property which is subject to this Declaration or which Declarant has the right to have added to the property subject to this Declaration.

SECTION 4. FEDERAL LENDING REQUIREMENTS. Notwithstanding Article IX, Section 3 above, Declarant may (at Declarant's option) amend and modify this Declaration without obtaining the consent or approval of the Owners if such amendment or modification is necessary to cause this Declaration to comply with the requirements of the Department of Housing and Urban Development or other similar agency.

Any such amendment must be with the consent and approval of such agency and must be properly recorded.

SECTION 5. ADDITION OF PROPERTY.

(a) Additional property and Common Area may be annexed to the Properties only with the consent of two-thirds (2/3) of each class of Members.

(b) Notwithstanding the above, additional land within the Property described herein above, and any and all parcels of land contiguous to the Property (hereinafter referred to as "Additional Land") including, but not limited to, residential property and

Common Area may be brought within the scheme of this Declaration by the Declarant without the consent of Members by the filing of a Plat referencing these restrictions or filing an amendment to these restrictions, or by granting a Deed for said Additional Land which expressly subjects the Additional Land to this Declaration. Notwithstanding anything contained herein which might otherwise be interpreted to produce a contrary result, this Declaration does not create any charge, lien or other encumbrance or restriction on any part of the Additional Land, or affect in any way the title thereto or any part thereof, nor does this Declaration create an obligation upon Declarant to improve and develop all or any portion of the Additional Land, nor does anything herein obligate the Declarant to develop the remaining land in a similar fashion to the Development.

SECTION 6. AMPLIFICATION. The provisions of this Declaration are amplified by the Articles and Bylaws; 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 and Bylaws 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 in the Articles or Bylaws to the contrary.

SECTION 7. TOTAL OR PARTIAL DESTRUCTION OF IMPROVEMENTS.
In the event of a total or partial destruction of any improvements on the Common Area, and if available proceeds of insurance carried pursuant to this Declaration are sufficient to cover 85% of the repair or reconstruction, the Common Area shall be promptly repaired and rebuilt unless within 120 days from the date of such destruction, 75% or more of the owners entitled to vote at a duly called meeting, determine that such reconstruction shall not take place. If the insurance proceeds are less than 85% of the cost of reconstruction, reconstruction may nevertheless take place if, within 120 days from the date of destruction, the Owners of 75% of the Lots elect to rebuild.

Section 8. Subject to the rights of Declarant to the exercise of powers granted thereto pursuant to the Morganwood Declaration including, but not limited to, Section 3 of Article IX and to Section 5 of Article IX thereof, Article V and Article VII of this Declaration shall, notwithstanding any other provision hereof except as hereinabove set forth, be subject to amendment by the Owners and shall not require the consent or approval of any other parties. The amendment of any other provision of this Declaration shall require the affirmative vote of sixty-seven percent (67%) of the owners of lots subject to (a) that certain Declaration of Covenants and Restrictions for Seven Lakes West recorded in Book 449, Page 662, Moore County Registry, as amended from time to time and at any time, (b) that certain Declaration of Covenants and Restrictions for Declaration of Covenants and Restrictions for Pinnacle recorded in Book 609, Page 201, Moore County Registry, as amended from time to time and at any time, (c) that certain Declaration of Covenants, Conditions and Restrictions of Beacon Ridge Lakeview Homes recorded in Book 947, Page 247, Moore County Registry, (d) that certain Declaration of Covenants and Restrictions for Declaration of Covenants and Restrictions for Morganwood recorded in Book 1694, Page 541, Moore County Registry,

as amended from time to time and at any time, and (e) that certain Declaration of Covenants and Restrictions for Seven Lakes West Country Club (now known as Beacon Ridge) recorded in Book 563, Page 503, Moore County Registry, as amended from time to time and at any time.

IN WITNESS WHEREOF, the undersigned, has caused these presents to be executed in its company name by its duly authorized Manager this the _____ day of _____, 2000.

G S COMMUNITIES, LLC

By: _____
Richard H. Sumerel, Manager

STATE OF NORTH CAROLINA

COUNTY OF MOORE

I, _____ a Notary Public in and for Moore County, North Carolina, do hereby certify that **Richard H. Sumerel, Manager of G S Communities, LLC**, a South Carolina limited liability company, personally appeared before me this day and acknowledged the due execution of the foregoing instrument on behalf of the company.

Witness my hand and official seal, this the ____ day of _____, 2000.

SEAL

_____, Notary Public

My commission expires: _____

