

DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
OF
POLO FARMS SUBDIVISION AND HOMEOWNERS ASSOCIATION

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF POLO FARMS SUBDIVISION AND HOMEOWNERS ASSOCIATION is made C " this 29th day of September 1989, by Equestrian Properties Limited Partnership, hereinafter referred to as "Declarant", and any and all persons, firms, or corporations hereinafter acquiring any of the within described property or any of the property hereinafter made subject to this Declaration.

W I T N E S S E T H:

WHEREAS. Declarant is the owner of certain property in Guilford County, North Carolina, known as POLO FARMS, portions of which are more particularly described by plats thereof recorded in the following Plat Books and Pages: Plat Book 94, pgs. 97,98,100 Plat Book. 95 pgs.115, 116, & 117 in the office of the Register of Deeds for Guilford County, to which maps reference is hereby made for more complete descriptions;

WHEREAS, Declarant has agreed to establish a general plan of development as herein set out to restrict the use and occupancy of the property made subject to this Declaration for the benefit and protection of the property and for the mutual protection, welfare and benefit of the present and the future owners thereof;

WHEREAS, Declarant intends to subject to Declaration additional portions of Polo Farms for the purpose of extending the general scheme of development to such additional property and accordingly declares that Polo Farms subdivision may be expanded to include additional property;

WHEREAS, Declarant desires to provide for the preservation of the values of Polo Farms subdivision, as expanded, hereby and hereinafter made subject to this Declaration and for the preservation and maintenance of the Common Property established by the Declaration and by the supplements hereto.

NOW, THEREFORE, in accordance with the recitals which by this reference are made a substantive part hereof, Declarant declares that all of the property described on said recorded plats and all of the property hereinafter made subject to this Declaration by recorded supplements hereto referencing subsequently recorded plats, shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of Polo Farms subdivision as it now exists and is hereafter expanded and that such easements, restrictions,

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covenants and conditions shall burden and run with said real property and be binding on all parties now or hereafter owning said real property and their heirs, successors and assigns, having any right, title or interest in the properties now or hereafter subjected to this Declaration or any part thereof, and shall inure to the benefit of each owner thereof and burden each owner's real property that is subjected to this Declaration.

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to Polo Farms Homeowners Association, Inc., a not for profit North Carolina corporation, its successors and assigns.

Section 2. "Owner" shall mean and refer to any contract buyer and/or the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of any of the property made subject to this Declaration, but excluding those having such interest merely as security for the performance of an obligation, provided however, the Declarant shall not be deemed an owner,

Section 3. "Property" shall mean and refer to that certain property shown on plats recorded in the following Plat Books and pages in the Office of the Register of Deeds for Guilford County: Plat Book 94 pgs.97,98,100 plat book 95 pgs. 115,116,& 117 and shall also refer to such revisions thereto and additional property in Guilford County, which Declarant subjects to this Declaration from time to time by one or more subsequently recorded Restrictive Covenants adopting this Declaration by reference which additional phase or phases shall become a part of the subdivision at the time of recording of each such Restrictive Covenants. The terms "Property", "Subdivision" and "Polo Farms" are interchangeable.

Section 4. "Lot" shall mean and refer to any improved or unimproved building lot shown upon any recorded subdivision plat of the Property.

Section 5. "Dwelling Unit" shall mean and refer to the completed single family home located upon a Lot.

Section 6. "Declarant" shall mean Equestrian Properties Limited Partnership, a North Carolina limited partnership, and its successors and assigns if such successors and assigns acquire one or more undeveloped lots from the Declarant for the purpose of development and if the rights and obligations of the Declarant hereunder are expressly assigned to and assumed by such successors and assigns.

Section 7. "common property" shall mean all property owned by the Association for the common use and enjoyment of all or a designated class of members. Common Property includes without limitation all existing and future roads and rights-of-way and all greenways, . retention ponds, restrictive development easements, slope restriction easements, median strips, cul-de-sac centers, planting areas and recreational areas and facilities (including, without limitation, such tennis and swim facility [including one or more tennis courts, swimming pool, cabana and parking areas], open space, walking trails, riding trails, bridal paths, ball fields, and children's play ground that are developed on the Common Property [it being understood that this enumeration is by way of description of the type of facilities that may be developed and in no way shall bind or obligate the Declarant to provide any of the described facilities) and all entry way, directional and informational signs (and the areas set aside for their location) and any other property as may be purchased or provided for the common use and benefit of the Declarant, the Owners, and any associate members in the Association, including without limitation such Common Property as may be shown on the recorded plats of the Property. As provided in the By Laws of the Association, the use of the recreational areas such as tennis courts, swimming pools, cabanas and related parking facilities may be made available to persons who are not Owners but who have become associate members in the Association upon such terms and conditions (including initiation and membership fees) as the Board of Directors of the Association may establish. The Common Property shall not be used for public commercial purposes, provided such restriction shall not prevent the use of the Common Property for the enjoyment of the Association's members or for fund raising activities to support the purposes of the Association.

Section 8. "Committee" shall mean the Architectural Control Committee established by the Declarant for the purpose of administering architectural control as provided in Article V of this Declaration.

ARTICLE II

RIGHTS AND DUTIES OF THE ASSOCIATION AND PROPERTY OWNERS ASSESSMENTS

Section 1. Owner's Easements of Enjoyment. The Declarant and, to the extent provided by this Declaration, every Owner shall have a right and easement of ingress, egress, and regress over the Common property, and over the roads within the property, to be used in common with others, for the purpose of providing access to Lot(s) owned or Dwelling Unit(s) owned by the owner for himself, his family, agents, licensees and invitees and for his and their non-exclusive use and enjoyment of the Common Property,

subject however to the limitations on such use and enjoyment of the Common Property as provided for in this Declaration. Every Owner, and the members of such Owner's family who reside with such Owner or are overnight guests of such Owner, shall have the right to use the recreational areas within the Common Property, subject however to such Owner paying when due the dues and assessments of the Association and abiding by all rules and regulations of the Association, including without limitation those governing the use of the recreational areas and the Common Property. Non-Owners shall only be entitled to use the recreational areas on such terms and conditions as the Association may select.

Section 2. Annual Assessments.

(a) The Association shall have the duty to repair, replace and maintain (and the right, from time to time, to establish a reasonable assessment, which assessment shall be paid by each Owner, in such periodic installments as the association may determine, to be used to pay the operating and administrative expenses of the Association, including without limitation, the costs of maintenance, upkeep, replacement and repair of) all recreational areas and improvements located thereon, and all streets, roads, road rights-of-way, retention ponds, dedicated slope easements, restrictive development easements and other Common Property, and the salaries, administrative office and other expenses necessary or useful to maintain and operate the Association and the recreational facilities (including, without limitation, the procuring, maintenance and paying the costs, of insurance related to the Common Property and of surety and other bonds related to the management of the Common Property and the Association) , it being understood (by way of example and without limitation) that the assessment funds shall be usable for such matters concerning Common Property as the following: maintenance, repair and replacement of improvements within the recreational areas; the seeding and re-seeding road rights-of-way and Common Areas; erosion control; repairing of road shoulders; surfacing, patching and resurfacing of parking lot and road pavement; placement of gravel; and planting and maintenance of shrubs, trees and seasonal flowers, maintenance, and repair of the retention/retention ponds (including dam replacement, if required) and of the dedicated slope easements and the restrictive development easements.

(b) The annual assessments may also be used by the Association for the purpose of adding to the recreational facilities by constructing additional buildings and other improvements, including, without limitation, the erection, equipping and furnishing of club houses, meeting rooms, dining rooms, kitchens, and bathrooms and for the purpose of erecting and constructing athletic courts, fields and areas, jogging

trails, and swimming and wading pools. The Board of Directors of the Association shall also have the right and authority to borrow funds on behalf of the Association, evidenced by one or more promissory notes, to pay the costs incurred in adding to such recreational facilities and to secure the obligation to repay borrowed funds by encumbering the property of the Association with one or more deeds of trust. Such loans shall be at such interest rates and upon such repayment terms as the Board of Directors approves, provided however, unless the Association at a called meeting grants other authorization, each such loan must require a minimum principal payment each calendar year of not less than \$20,000 and must require repayment in full of all principal and accrued interest within five years of the date of each borrowing, and provided further, the Association shall not be required to make any principal payment in any calendar year prior to the time the Board of Directors has set aside, as a sinking fund, an amount reasonably budgeted by the Board of Directors for payment of the operating costs of the Association for the calendar year in question.

(c) The annual assessment payable by each Owner shall be \$400.00 per lot per calendar year. The annual assessment shall be due and payable on May 1 of each year, commencing May 1, 1990, provided the Board of Directors may elect to permit payment in such installments and at such times as it shall determine. This assessment shall be deferred as to any lot purchased by a Builder with the intent to build a house for resale to the public at large. This assessment will be payable as to any lot purchased by a builder who purchases a Lot for the purpose of building a custom home under contract with the ultimate residents. This assessment will be prorated, on a calendar year basis, from the date title to each lot, for which an assessment is payable, is transferred to the Owner.

(d) The annual assessment may be increased or decreased during any calendar year by the Board of Directors of the Association without a vote of the membership, to an amount not more than ten (10%) percent in excess of the annual assessment for the previous year. A majority vote of each class of voting members of the Association must approve an increase or decrease in the yearly assessment if the increase or decrease exceeds the assessment for the previous year by more than ten (10%) percent.

(e) Annually, the Board of Directors of the Association shall have determined and shall have given written notice to each owner of the annual assessment affixed against each owner for the immediately succeeding calendar year.

(f) From time to time, commencing with the recording of this Declaration, the Board of Directors of the Association may elect to establish a classification of Associate Membership

whereby persons who are not Owners will be permitted to use the recreational facilities that are developed upon or adjacent to the Subdivision. The Board of Directors shall have the right to establish the entrance or initiation fees for such Associate Members and the rules and regulations for the use and enjoyment of the recreational facilities. The Associate Members shall also have the use rights, privileges and licenses to use the Common Property as hereinabove provided.

Section 3. Special Assessments.

(a) In addition to the annual assessment referred to above, a one-time special assessment of \$500.00 shall be payable to the Association for every lot purchased from the Declarant whether by deed or by land sales contract, such assessment to be due and payable upon the closing of such purchase. The special assessment shall be used to defray the costs of architectural review as provided for by Article V hereof. Any portion of the special assessment that is not required for architectural review shall not be refunded but shall be made a part of the general funds of the Association. All builders who purchase Lots shall pay the Special Assessments. The Declarant reserves the right to increase this special assessment at any time and from time to time as may be needed to pay the actual costs of architectural review and administration. This one time special assessment shall be transferable in that: (1) upon the payment of the special assessment by the original purchaser of a Lot from the Declarant, the Association shall deem the special assessment satisfied so that no subsequent Owner of that Lot shall be obligated to pay such special assessment again, and (2) the original Lot purchaser from the Declarant and every seller of that Lot thereafter shall have the right, to seek from the purchaser from such seller the reimbursement of this special assessment. Neither the Declarant nor the Association shall have any duty to seek such reimbursement for the benefit of any person or party,

(b) In addition to the assessments specified hereinabove, the Association may levy yearly special assessments in any calendar year for the purpose of supplementing the annual assessment if the same are inadequate to pay the reasonable maintenance expenses and operating costs of the Association as described in Section 2 hereof; provided that any such special assessments shall have the assent of a majority of each class of the voting members of the Association at a duly called meeting. A special assessment may differ in amount as between owners of Dwelling Units and owners of unimproved Lots, provided that any difference is reasonable and equitably determined.

Section 4. Removal of Obstructions and Unsightly Growth. Debris and Materials.

(a) The Association without notice, may remove any obstructions of any nature located within road rights-of-way or other Common Property (including but not limited to trees, shrubs, and mailboxes) which, in the opinion of the Association, either might produce a hazard or might interfere with the ability or willingness of the State of North Carolina (or agency or department thereof) to take over the responsibility for maintenance of the roads, provided the Association shall not remove any living trees over the diameter of three inches as measured twelve inches above ground level or otherwise disturb "natural" areas provided for by the restrictive development easement areas and slope restriction areas hereinafter provided for. The Association shall have the right to use assessments collected for maintenance of roads, road rights-of-way and all other Common Property (as such assessments are provided for elsewhere herein) for taking steps which are reasonably necessary or desirable to accomplish the said removal of obstructions.

(b) The Association shall have the right, in its sole discretion, to charge back the actual cost to it of removing obstructions against the Owner who directly or through his agents, contractors or invitees caused or permitted the obstruction to be placed in the road right-of-way or other Common Property, and such Owner shall indemnify and save the Association harmless from all liability, claims, damages and expense imposed upon the Association, at law or in equity, caused by or resulting from the placement of the obstruction in the road right-of-way or other Common Property. In the event that the Owner responsible for such charge, or liability, as aforesaid, fails and refuses, after demand by the Association to pay said charge or liability, then the Association shall have a lien against his Lot thereon and may enforce collection of the charge or liability, together with reasonable attorneys' fees, by any and all remedies afforded by law or in equity, including without limitation, the filing of a notice of lien and perfecting the same as by law provided, to the end that such charge or liability shall become a charge against the said lot or dwelling unit.

(c) If the Association, in its sole discretion, determines that any Lot has become unsightly due to grass or weeds that have not been mown, or due to debris of any nature having accumulated on the Lot, then the Association shall have the right from time to time to enter the said lot, for the purpose of mowing the grass or removing the debris. At least ten (10) days prior to entering a Lot for said purpose, the Association shall advise the Owner by letter, sent to his last-known address, of the action to be taken if the Owner does not remedy the problem within the said ten (10) day period. The Association shall take reasonable steps

approximate location on a chart or map of such Lot showing the location of planted trees to be avoided.

(d) Construction of dwellings must be completed within the following time limits:

1. With the exception of dwellings, the construction of which is interrupted or delayed due to physical damage to the work, in progress (such as damage due to fire, lightning, windstorm, hail, riot or civil commotion, explosion, or theft), any dwelling under construction upon a lot must be completed within one (1) year subsequent to commencement of construction, unless a longer time for construction is permitted with the written consent of either the Declarant or, if the Declarant so designates by the Committee.

2. As to construction that is delayed due to such physical damage, the Owner shall have 180 days from the date of such damage or destruction to recommence construction and upon such recommencement, shall have an additional 180 days to complete construction.

In the event that completion of the dwelling on any lot is not completed within the applicable time limit set out above, and it is determined that construction progress has diminished to such an extent that completion of the dwelling is unlikely within 120 days, the Board of Directors of the Association will be advised of this determination. The Board of Directors shall then have the right to give notice, to the Owner that the Owner has the obligation, within 30 days to complete the removal of all the construction work in progress, including, without limitation, the foundation and all building improvements and all stored building materials and fill and grade the Lot so that it is restored to its natural grade level. The Association shall have the right to undertake this work upon Owner's failure to do so and charge the cost to the Owner and place a lien upon the Lot on Owner's failure to pay these charges.

(e) The Association shall have the right, in its sole discretion, to pay from the above-described assessments, such costs as are reasonably necessary to allow it to cut the grass, weeds and underbrush and to remove debris and to charge the Owner of the Lot with the actual cost of the Association of such cutting and/or removal. In the event that such Owner fails or refuses, after demand by the Association, to pay such cost, then the Association shall have a lien against said Lot for such cost and may enforce collection of said cost, together with reasonable attorneys' fees by any and all remedies afforded by law or in equity, including, without limitation, the filing of a notice of

lien and perfecting the same as by law provided, to the end that such unpaid cost and said associated collection expenses shall be a charge against said lot.

Section 5. Duty to Make Repairs. Until accepted for maintenance by governmental authority, the obligation for the repairs, maintenance and improvements of the roads as shown on the aforesaid plat or any other common property shall be the responsibility of the Association with the Owner of each Lot except as provided herein, being responsible for payment of the assessments levied by the Association, which assessments shall be the personal obligation of the Owner of each Lot.

The decision to expend Association funds to repair and maintain the roads or other Common Property shall be made by a majority of the Board of Directors of the Association. By such vote, the Board may delegate such authority to any committee of the Board. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use or abandonment or his Lot.

Notwithstanding the foregoing, each owner of a Lot shall be solely responsible for any repairs to a road right-of-way or other common property caused by the negligent act or acts of said owner, his or her invitees, agents, licensees, or guests. For these purposes, it shall be a negligent act for any building material to be unloaded on any road or road right-of-way.

Section 6. Late Charges and Interest on Unpaid Assessments. Any assessment not paid within thirty (30) days after the due date shall be subject to such late charges and shall bear interest at a rate per annum shall be determined by the Board of Directors of the Association, which interest rate shall not exceed the highest rate of interest allowed by law. The initial late charge imposed for late payment of any assessment is \$25.00 and shall be charged as to any assessment that is not paid within 30 days of its due date. The initial interest rate for late payment is 18% per year (1.5% per month) which shall commence to accrue on any assessment or other account balance that is not paid within 30 days of the date due. The initial date upon which liens may be filed for failure to make payment of assessments and other charges is 30 days after the due date. The Board of Directors may change the initial late charge, interest rate, due dates and lien assessment dates by majority vote of the Directors.

Section 7. Lien For Unpaid Assessments.

(a) In the event that the Owner of any Lot fails and refuses, after demand by the Association, to pay any annual or special assessment, then the Association shall have a lien

against said Lot and may enforce collection of said assessment, together with reasonable attorneys' fees, by any and all remedies afforded by law or in equity, including, without limitation, the filing of a notice of lien and perfecting the same as by law provided, to the end that such unpaid assessment together with the costs and expenses of collection, including without limitation, reasonable attorneys fees, shall be a charge and lien against the said Lot.

(b) To secure the payment of the annual and special assessments as are levied by the Association, together with the costs of collection, including attorneys fees, all such charges shall be a. continuing lien upon the Lot against which the assessments are made. Such charges shall also be the personal obligation of the person(s) who were the owner or owners of such Lot at the time the assessment came due. The personal obligation shall remain a lien upon the Lot upon transfer of title but shall not become the personal obligation of the purchasers thereof unless expressly assumed by them.

(c) Neither the assessments nor the costs of collection shall be a lien upon any Common Property nor shall the lien upon any Lot for such charges be senior to any first lien mortgage or first lien deed of trust regardless of the fact the lien arose prior to the date and time of recording of any such first lien mortgage or deed of trust. Neither shall any first mortgagee nor the beneficiary of any such first lien deed of trust nor any federal or state agencies or instrumentalities (including, without limitation, the Veterans Administration and the Federal Housing Administration) that acquire title to any such Lot whether as a result of foreclosure of said Lot or the conveyance to the holder of such indenture in lieu of foreclosure or as the result of any such agency or instrumentality becoming the owner of such Lot as a result of having insured or guaranteed the loan secured by the mortgage or deed of trust that was subject to foreclosure or a deed in lieu thereof.

Section 8. Other Association Programs and Benefits. The Association shall have the right and duty to enforce the restrictions relating to the restrictive development easements and the slope restriction easements, it being understood and agreed that the local government within which the Property is located shall also have the right to enforce such restrictions. Additionally, the Association shall provide such other programs and benefits for the Owners approved by a majority vote of a quorum of each class of members present in person or by proxy at meeting duly called for such purpose at which a quorum was present and acting throughout. The Declarant shall have no obligation for any such assessment or other costs or expenses with regard to any Lot owned by it or with respect to assessments accrued as to any Lots to which Declarant obtains title, either

due to breach of sales contracts, deeds in lieu of foreclosure, or by foreclosure.

ARTICLE III MEMBERSHIP, VOTING RIGHTS, OFFICERS AND MEETINGS

Section 1. Membership. Every owner of a Lot which is subject to this Declaration shall be a member of the Association. Membership is appurtenant to and may not be assigned. If and when Declarant develops additional phases in the Subdivision the owners of those Lots shall be members of the Association. The Declarant shall also be a member so long as it owns property within this expandable Subdivision.

Section 2. class Membership Voting. The Association shall have two (2) classes of membership:

Class A

Class A members shall be all Lot Owners with the exception of Declarant, and shall be entitled to one vote for each Lot owned. When more than one (1) person owns an interest in a Lot all such persons shall be members but the vote for such Lot shall be exercised as they, among themselves, shall determine in writing, which writing shall be filed with the Secretary of the meeting prior to voting, but in no event shall more than one vote be cast with respect to any Lot.

Class B

(a) Class B members shall be entitled to vote ten (10) votes for each Lot owned. Class B membership shall consist of the Declarant, until the happening of either of the following events, whichever occurs earlier:

1. The earlier of four months after seventy-five (75%) percent of all the Lots in the Subdivision are sold and conveyed by the Declarant to unrelated third parties or person or five years; or

2. At such time as Declarant voluntarily relinquishes majority control of the Association by a duly recorded instrument.

(b) Upon the happening of the earlier of either of the two above-described events, Class B membership (described hereinafter) shall cease and terminate and shall be converted to Class A membership.

Section 3, Board of Directors. There shall be five (5) members of the Board of Directors of the Association who shall

serve until such time as their successors are duly elected and agree to serve. The Directors shall have annual meetings and such other meetings as may be called at the request of the President of the Association or by any two (2) directors. So long as the Declarant, or its successors or assigns, is the Class B member, it shall select the Board, provided it must select two (2) of the members from the Lot Owners other than the Declarant.

Section 4. Suspension of Voting Rights. The Association shall have the right to:

(a) Suspend the voting rights (if any) of an Owner for any period during which assessment on his Lot remains unpaid and enforce collection of the same; and

(b) Suspend the voting rights (if any) of each Owner who is a contract buyer for any period of time during which payments to the Declarant pursuant to terms of said contract are delinquent during which period of time the Declarant shall succeed to the voting rights of said contract buyer.

ARTICLE IV

CONVEYANCE OF COMMON PROPERTY

Declarant by deed will convey its right, title and interest in and over the road rights-of-way and any other Common Property within the Subdivision to the Association.

ARTICLE V

ARCHITECTURAL CONTROL

(a) In order to control design and location of the houses and other improvements to be constructed, erected, placed or installed (the "Improvements") upon the Lots in the subdivision, the Declarant hereby creates an Architectural Review Committee for the purpose of reviewing, approving, suggesting changes to, and rejecting plans and specifications for such Improvements.

(b) The Committee shall be controlled by the Declarant until a certificate of occupancy is issued for the residences on all the Lots in the subdivision, provided Declarant, by written notice to the Association, may elect to relinquish control of the Committee to the Association at an earlier date, and in either case the control of the Committee shall then automatically dissolve and pass to the Association. During the period of control by Declarant, the Committee shall be comprised of such members, not to exceed three, as Declarant designates. The Committee shall be composed of three members upon the Association

taking control who shall be elected by a majority vote of the members of the Association at a meeting of the members called for this purpose. At any time, the Committee may, but shall not have the duty to, retain one or more architects or other house designees and land planners as it deems advisable to assist the Committee in performing its review responsibilities. The Committee shall have the additional right of deciding whether or not lot purchasers shall have the right to act as their own general contractors, and, if the decision is made to prohibit lot owners from so doing, the Committee shall have the additional right of establishing a list of approved licensed contractors, which list may be increased or decreased in number from time to time, that will be eligible to build in Polo Farms.

(c) Except within the building site, no trees of any kind in excess of 12 inches in diameter may be removed without the prior written approval of the Committee. No building, fence, wall, outbuilding or any other accessory feature to the dwelling or any other structure upon any Lot shall be commenced, erected, placed, maintained or altered on any Lot or combination of contiguous Lots, until the Complete Construction Plans (the "Plans") are approved, in writing, by the Committee or its designated agents.

(d) The Plans include the complete construction plans, the plot plan (showing proposed location and elevation of such building, fences, walks, drives, parking area, etc.), proposed building plans and specifications, exterior color, finish and materials. The areas over which the approval shall be required shall include but shall not be limited to the size and plan of the principal residential structure, and all accessory buildings, the location of the principal residential structure and all accessory buildings, structures and improvements on the lot, the size and plan of the garage or carport, location and manner of construction of each driveway, swimming pool, utility building, patio, tennis court and other improvements for athletic, recreational or gymnastic purposes as all other exterior improvements the composition and color of raw and finished materials used on the exterior of all structures and the location and type of any landscaping, shrubbery and other plantings.

(e) The Committee or its designated agents shall have thirty (30) days after physical receipt of the Plans to accept or reject the same in whole or in part. If no response by the Committee has been made in writing within said 30 days, the Plans shall be deemed to be approved as submitted. After the Plans are approved and after the Committee gives written permission for construction to begin, the actual construction shall be commenced and completed in accordance with the approved Plans, together with the requirements of the Declaration and, in this regard, each Owner shall provide the Committee with the foundation survey

as soon as it is made. The Committee shall have the right to waive minor setback violations, not to exceed a variance of 10% in any single instance, when the remedial costs of correcting such violation, in the Committee's opinion would impose undue hardship upon the violator

(f) The actual construction shall be the responsibility of the Owner of the Lot and his builder. Any permission granted for construction under this covenant and any designation of approved licensed contractors shall not constitute or be construed as an approval, warranty or guaranty, express or implied, by the Declarant or the Committee or its designated agent of the structural stability, design or quality of any building or other improvement or of the contractor who constructs such buildings or other improvements.

ARTICLE VI
GENERAL USE RESTRICTIONS

Declarant does hereby covenant and agree with all persons, firms or corporations hereafter acquiring title to any portion of the Property, that the Property shown on the recorded plats herein referred to shall be subject to restrictive covenants as to the use thereof, which restrictive covenants shall be recorded separately and shall refer to this Declaration and incorporate it by reference. As to additional phases of Polo Farms, the same shall become subject to this Declaration and become a part of the Subdivision upon the recording of Restrictive Covenants for such additional phases, which Restrictive Covenants refer to recorded plats for such additional phases and refer to and incorporate by reference this Declaration.

ARTICLE VII
DECLARANTS' RIGHTS OF FIRST REFUSAL
AND OPTIONS TO PURCHASE

Section 1. Before any unimproved Lot may be sold to any person, firm or corporation other than the Declarant or its successors, the Owner or Owners of such Lot shall offer first in writing, to sell the Lot to the Declarant or its successors at a price equal to the contract purchase price to such Owner of an unimproved Lot who wishes to sell such Lot (excluding all finance charges related to the purchase) which contract price shall be increased by 5% simple interest per year from the closing date of the purchase by such Owner of an unimproved Lot to the date the written offer is made to the Declarant or its successors less the costs of removing all liens and encumbrances and customary

Seller's closing costs. If the Declarant or its successor does not accept or reject in writing said offer of sale within thirty (30) days from the date of receipt of same, then the Owner or Owners of such Lot shall have the right to sell the same without any further additional obligation to offer the same to the Declarant. This Section shall not be applicable with respect to any foreclosure sale of a first lien deed of trust of first lien mortgage or deed in lieu thereof which deed is made and delivered in good faith.

Section 2. In the event that any Owner fails to commence construction of a Dwelling Unit, without the Declarant's prior written approval, within 36 months of the date the Owner acquires legal or equitable title to the Lot, then the Declarant, its successors or assigns, shall have the right and option exercisable at any time within five (5) years after the expiration of said 36 months by written notice to the Owners, to purchase said Lot at the original purchase price increased by 5% simple interest per year from the closing date to the date Declarant exercises its option less the costs of removing all liens and encumbrances upon the Lot and less customary seller's closing costs.

ARTICLE VIII

EXPANDING THE SUBDIVISION

Declarant owns additional property in Guilford County, North Carolina that it is described in one or more deeds of conveyance to Declarant recorded in the Guilford County Public Registry. Declarant may acquire other properties abutting upon the Subdivision as it now exists or is hereinafter expanded. The Declarant contemplates that all or part of such now owned or future acquired properties may be subjected to this Declaration and the covenants herein contained by Declarant by filing of record one or more plats and one or more sets of Restrictive Covenants that refer to and incorporate by reference this Declaration and which plats show the additional properties to be held, used, enjoyed, sold and conveyed subject to such Restrictive Covenants and this Declaration, and for this purpose, Declarant reserves the power to make and file such plats and execute and record such Restrictive Covenants so that such properties may be so subjected. Declarant reserves the right to execute and file such Restrictive Covenants and plats with reference to property it now owns or hereafter acquires that it desires to subject to this Declaration.

ARTICLE IX

CAPTIONS, ENFORCEMENT AND INVALIDATION

Section 1. Whenever the context and construction so require,

all words used in the singular number herein shall be deemed to have been used in the plural, and vice versa, and the masculine gender shall include the feminine and neuter and the neuter shall include the masculine and feminine.

Section 2. The captions herein are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Declaration nor the intent of any provisions hereof.

Section 3. Enforcement shall be by proceedings at law or in equity against any person or persons violating or attempting to violate any covenant, either to restrain violation or to recover damages. In the event it is necessary to enforce this Declaration by appropriate legal or equitable proceedings, the party or parties violating or attempting to violate the same shall be liable for the cost of such proceedings including reasonable attorney's fee.

Section 4. Invalidation of any one or more of these covenants by judgment or court shall not adversely affect the balance of this Declaration, which shall remain in full force and effect.

Section 5. The Declarant reserves the right to amend this Declaration from time to time without joinder of any of the Owners for the following purposes:

(a) To clarify the meaning of or to correct clerical errors in the Declaration;

(b) To correct grammar, spelling, capitalization and other matters of syntax; and

The execution of Restrictive Covenants adding additional properties to the Declaration and expanding the Subdivision as provided herein may be made by the Declarant acting alone. All other amendments to this Declaration shall require an affirmative vote of at least seventy-five (75%) percent of the Owners.

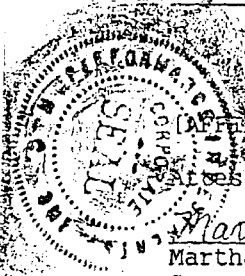
ARTICLE X

THIS DECLARATION RUNS WITH THE LAND

These covenants are to run with the land and shall benefit and be binding on all parties and persons (and their respective heirs, representatives, successors and assigns) claiming title to any of the Property herein described for a period of thirty (30) years from the date these covenants are recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years, unless an instrument signed

by a seventy-five (75%) percent majority of the then owners of the Lots has been recorded agreeing to change said covenants in whole or in part.

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be duly executed this 29th day of September, 1989.



[AFFIX CORPORATE SEAL]
Attest:
Martha Fleckenstein
Martha Fleckenstein,
Secretary

EQUESTRIAN PROPERTIES LIMITED PARTNERSHIP (SEAL)
BY: PERFORMANCE INVESTMENTS, INC.,
General Partner
By: [Signature]
William G. Allen, Jr.,
Vice President

STATE OF NORTH CAROLINA
COUNTY OF MECKLENBURG

10/09/89
1 MISCELLANEOUS DOCUM412251 5.00
16 MISC DOCUMENTS ADDN PG(S) 32.00

I, a Notary Public of the County and State aforesaid, certify that William G. Allen, Jr. personally came before me this day and acknowledged that he is the Vice President of PERFORMANCE INVESTMENTS, INC., a North Carolina corporation, that the said corporation is the general partner of EQUESTRIAN PROPERTIES LIMITED PARTNERSHIP, and that by authority duly given and as the act and deed of the said corporation in its capacity as the general partner of EQUESTRIAN PROPERTIES LIMITED PARTNERSHIP, the foregoing instrument was signed in its name by him as its Vice President, sealed with its corporate seal and attested by Martha Fleckenstein as its Secretary.

Witness my hand and official seal, this 29th day of September, 1989.

Marie Johnston
Notary Public

My commission expires: 4/3/93

412251
RECORDED
KAY F. PATSEAYOURAS
REGISTER OF DEEDS
GUILFORD COUNTY, NC
OCT 9 10 43 AM 1989

North Carolina - Guilford County
The Notary Public of
Marie Johnston

A Notary (Notarical) Public is hereby certified to be correct. This instrument and this certificate are duly registered at the date and time shown herein.
KAY F. PATSEAYOURAS, REGISTER OF DEEDS
Marcelle Jones
ASSISTANT/CLERK REGISTER OF DEEDS



WSM/September 26, 1989

- 17 - 1 PROBATE FEE

1.00

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