STATE OF NORTH CAROLINA

COUNTY OF WAKE

DECLARATION OF COVENANTS, RESERVATIONS AND RESTRICTIONS which constitute covenants running with certain lands of Bill Allen Enterprises, Inc., and others in BLACK HORSE RUN Subdivision, Wake County, North Carolina

THIS DECLARATION, made this 17th day of October, 1973, by BILL ALLEN ENTERPRISES, INC., a North Carolina corporation with its principal place of business in Charlotte, Mecklenburg County, North Carolina, hereinafter called "Company."

WITNESSETH:

WHEREAS, Company is the owner of the real property described as being:

All those lots and parcels of land situate, lying and being in Leesville and Barton's Creek Townships, County of Wake, State of North Carolina, and various Common Properties located in the Black Horse Run Subdivision, Sections I, II, and III as shown on plats of Black Horse Run prepared by Landmark Engineering Company, Inc., Registered Surveyors. Copies of said plats have been filed in the Office of the Register of Deeds for Wake County, North Carolina, in Map Book 1973, Vol. IV, page 413 contemporaneously herewith. Reference is hereby made to said plats and they are incorporated herein for a more complete and accurate description of said property.

WHEREAS, Company is the owner of all property in Sections II and III Black Horse Run, and is the owner of more than two-thirds (2/3) of the lots in Section I of Black Horse Run according to map recorded in Book of Maps 1973, Volume IV, Page 383, Wake County Registry, Company desires to declare these covenants, reservations and restrictions as amended to apply to Sections I, II and III of Black Horse Run Subdivision as recorded in Book of Maps 1973, Volume IV, Page 413, Wake County Registry.

WHEREAS, Company, as owner of more than two-thirds (2/3) of the lots in Section I, declares that these covenants, reservations and restrictions amend those covenants and restrictions as recorded in Book 2193, Page 416, Wake County Registry, as they apply to Section I of Black Horse Run Subdivision.

WHEREAS, the Company desires to provide for the preservation of the values and amenities of the said Community and to impose certain protective covenants governing and regulating the use and occupancy of the same, for itself and every person who shall hereafter purchase any lot (tract) in property described above, together with such additions as may hereafter be made, to the covenants, restrictions, easements, affirmative obligations, charges and liens, hereinafter set forth, each and all of which is and hereby declared to be for the benefit of said property and each and every owner of any and all parts thereof; and also reference is hereby made to that certain Declaration of Covenants for Common Properties and Provisions of BLACK HORSE RUN Property Owners' Association filed herewith, for the same purposes.

WHEREAS, Black Horse Run Property Owners' Association-Raleigh, Inc., hereinafter referred to as Black Horse Run Property Owners' Association.

NOW, THEREFORE, in consideration of the premises and covenants contained herein, the Company declares that the real property described above is and shall be held, transferred, sold, conveyed, leased, occupied and used subject to the covenants, restrictions, conditions, easements, charges, assessments, affirmative obligations, and liens (sometimes referred to as "the covenants") hereinafter set forth, and said covenants shall run with the land and be binding on all persons claiming under and through the Declarant; and the BLACK HORSE RUN Property Owners' Association which is described in said Declaration of Covenants for Common Properties and provisions of the BLACK HORSE RUN Property Owners' Association referred to above, shall enforce these covenants and restrictions and provide rules and regulations for Common Properties and assess each property owner for upkeep of said Common Properties. Ownership of any tract subject to this Declaration constitutes membership in said Association.

1. All lots in said Residential Areas shall be used for residential purposes exclusively, except that Company hereby reserves the right to use or allow the use of any of the above described lots or parcels as streets for the purpose of providing access to and from other property, whether or not located in said subdivision. No structure or fence or wall shall be erected, placed or altered on any tract until the construction plans and specifications and a plan showing location of said structure or fence have been approved by the Architectural Control Committee of the BLACK HORSE RUN Property Owners' Association (Declaration of Covenants of said Association being filed herewith) as to quality of workmanship and materials, harmony of external design with existing structures, and as to location with respect to topography and finish grade elevation. No structure, except as hereinafter provided shall be erected, altered, placed or permitted to remain on any lot other than one (1) detached single family dwelling not to exceed two and one-half (2 1/2) stories in height, a stable, and such other accessory buildings as allowed by the Architectural Control Committee. No structure, except a stable, (barn) and fence may be constructed prior to the construction of the main building.

2. The exterior of all houses and other structures must be completed within one (1) year after the construction of same shall have commenced, except where such completion is impossible or would result in great hardship on the owner or builder due to strikes, fires, national emergency or natural calamities; except as allowed by the Architectural Committee of the BLACK HORSE RUN Property Owners' Association.

3. The ground floor area of the main residential structure shall not be less that 1,800 square feet of heated area for a one-story dwelling; nor less than 1,200 square feet of ground floor heated area for a dwelling of more than one story; in no event shall there be less than a total of 1,800 square feet of heated area in a multi-story structure.

4. No dwelling or building of any kind, other than a well house, shall be located on any lot nearer than 75 feet to the front lot line nor nearer than 30 feet to the rear lot line. No building shall be located nearer than 20 feet to an interior side lot line nor nearer than 40 feet to a corner side lot line. No

point of any stable shall be more than 60 feet from the rear lot line, nor nearer than five feet to any bridle trail, or if none, to the rear property lines; however, if the rear property line is an exterior subdivision line, then no nearer than 30 feet to the rear property line. Where these set back lines are found to be impractical for the utility of a particular lot, these set back lines may be changed by written consent of the Company.

5. It shall be the responsibility of each lot owner to prevent the development of any unclean, unsightly or unkept conditions of buildings or grounds on such lots which shall tend to substantially decrease the beauty of the neighborhood as a whole or the specific area. Non-operating cars, unused objects or apparatus, or any portion thereof, shall not be permitted to remain on any lot. All lots shall be kept clean and free of garbage, junk, trash, debris, or any substance that might contribute to a health hazard or the breeding and habitation of snakes, rats, insects, etc. Each purchaser of a respective lot shall cause each lawn to be mowed as needed, cause the maintenance and protection of landscaping insuring proper drainage of the lot so as to prevent soil erosion, and cause the maintenance of the home and any other structures and improvements located on said lot insuring its good condition and appearance in the opinion of the Architectural Control Committee referred to above. Failure to maintain lots and homes and any other structures and improvements, including fences, in a tidy manner in the opinion of the Architectural Control Committee, 14 days after written notice from said Committee of the undesirable condition(s), will result in maintenance of the aforesaid by the Committee for which a reasonable charge will be levied against the purchaser. Failure to pay such charge within a reasonable time will result in a lien against the subject property. Neither the Committee nor any of its agents, employees or contractors shall be liable for any damage which may result from any maintenance work performed hereunder except in cases of gross negligence.

6. No offensive or noxious activity shall be carried on upon any lot, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance or nuisance to the neighborhood. There shall not be maintained any plants or animals, or device or thing of any sort whose normal activity or existence is in any way noxious, dangerous, unsightly, unpleasant or of a nature as may diminish or destroy the enjoyment of other property in the neighborhood by the owners thereof; except that horses and stables may be maintained, but every effort must be made to reduce the stable odors.

7. No structure of a temporary character, trailer, camper, basement, tent, shack, garage, barn, or other outbuilding shall be used on any lot, other than Common Properties at any time as a residence either temporarily or permanently, except that stables may be maintained for horses.

8. No sign of any kind shall be displayed to the public view on any lot except one professional sign of not more than eighteen (18) inches square and one sign of not more than six square feet advertising the property during the construction and sales period.

9. No animals, livestock or poultry of any kind shall be raised, bred or kept on any lot except that horses, dogs, cats or other pets may be kept provided that they are not kept, bred, or maintained for any commercial purposes, unless allowed by BLACK HORSE RUN Property Owners' Association, and provided that such household pets do not attack horses or horsemen.

10. Each lot owner shall provide receptacles for garbage in an area not generally visible from public street view, or provide underground garbage receptacles or similar facility in accordance with reasonable standards.

11. No fuel tanks or similar storage receptacles may be exposed to view, and may be installed only within the main dwelling house, within any other structure, or buried underground.

12. Sewage disposal will be by means of an individual septic tank system at purchaser's expense, upon approval of said system by appropriate public authority.

13. The Company reserves unto itself, its successors and assigns, in addition to the easements shown on the recorded subdivision plat, a perpetual, alienable and releaseable easement and right on, over and under the ground to erect, maintain and use electric and telephone poles, wires, cables, conduits, sewers, water mains, water drainage provisions and facilities, and other suitable equipment for the conveyance and use of electricity, telephone equipment, gas, water, sewer, water drainage and other public conveniences or utilities on, in or over twenty (20) feet of each lot along all property lines, including the Common Properties, provided, however, that the easements shall be thirty (30) feet along all exterior subdivision lines. These easements and rights expressly include the right to cut any trees, bushes, or shrubbery, and to bury lot debris, make any grading of the soil, or to take any other similar action reasonably necessary to provide economical and safe utility installation and to maintain reasonable standards of health, safety and appearance.

14. In keeping with the intention of the developer to create an equestrian community with observance of good environmental practices, the number of horses pastured and belonging to a certain lot shall be limited to one horse per 1/2 acre of lot area. All equestrian matters shall be subject to the jurisdiction of the County authorities.

15. No single lot may be subdivided by purchaser so as to create two or more building lots from the original not less than 1 acre each; purchaser may erect a structure on two or more lots with the provision that multiple lots are to be considered as one lot for purposes of set back lines.

16. The covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by all parties to this Declaration, their respective legal representatives, heirs, successors, and assigns, for a term of thirty (30) years from the date this Declaration is recorded, after which time said Covenants shall be automatically extended for successive periods of ten (10) years except they may be altered, amended or revoked in whole or in part by written agreement of the record owner(s) of at least 2/3 of the platted lots.

17. Any notice required to be sent to any Owner under the provisions of this Declaration shall be deemed to have been properly sent, and notice thereby given, when mailed, postpaid, to the last known address of the person who appears as Owner. Notice to one of two or more co-owners of a lot shall constitute notice to all co-owners.

18. Minor violations of set back lines and square footage of less than 5% shall not be cause for corrective action by other record owners.

19. Enforcement of these covenants and restrictions shall be by any proceeding at law or in equity against any person or persons violating or attempting to violate or circumvent any covenant or restriction, either to restrain violation or to recover damages; and failure by any party hereto to enforce any covenants or restrictions herein contained for any period of time shall in no event be deemed a waiver or estoppel of the right to enforce any or all restrictions thereafter.

20. Should any covenants or restriction herein contained, or any sentence, clause, phrase or term of this Declaration be declared to be void, invalid, illegal or unenforceable, for any reason, by the adjudication of any court or other tribunal having jurisdiction over the parties hereto and the subject matter hereof, such judgment shall in no wise affect the other provisions hereof which are hereby declared to be severable and which shall remain in full force and effect. In addition, if there is any contradiction between these restrictions and any governmental ordinances, laws or regulations of a Federal, State or local agency, the latter shall prevail.

IN WITNESS WHEREOF, BILL ALLEN ENTERPRISES, INC., has caused this instrument to be executed the day and year first above written, by its Vice President and attested by its Secretary, and the corporate seal affixed.

BILL ALLEN ENTERPRISES, INC.

By Raymond E. Pearson
Vice President

ATTEST:

K Hunt Hom
Secretary

STATE OF NORTH CAROLINA
COUNTY OF MECKLENBURG

This 17th day of October, 1973, personally came before me Raymond E. Pearson, who, being by me duly sworn, says that he is the Vice President of Bill Allen Enterprises, Inc. and that the seal affixed to the foregoing instrument in writing is the corporate seal of the Company, and by its authority duly given, and the said Vice President acknowledged the said writing to be the act and deed of said Corporation.

DONNA J. LANGLEY NOTARY PUBLIC WAKE COUNTY, N.C.

Donna J. Langley
Notary Public

My Commission expires:

July 26, 1976

NORTH CAROLINA—WAKE COUNTY

The foregoing certificate ____ of Donna J. Langley

Notar(y)(ies) Public is (are) certified to be correct. This instrument was presented for registration and recorded in this office in Book 2197, Page 551

This 17 day of Oct, 1973, at 3:55 o'clock P M.

J. A. ROWLAND, Register of Deeds.

By Alice J. Dean
Asst Register of Deeds