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STATE OF NORTH CAROLINA
COUNTY OF WAKE

DECLARATION OF COVENANTS
for COMMON PROPERTIES which
constitute covenants running with
certain lands of BILL ALLEN
ENTERPRISES, INC., and others
in BLACK HORSE RUN Subdivision
and provisions of BLACK HORSE
RUN Property Owners' Association
- Raleigh, Inc.

THIS DECLARATION, made this 17th day of October,
1923, by BILL ALLEN ENTERPRISES, INC., a North Carolina corporation
with its principal place of business in Charlotte, 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 Lees-
ville 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 com-
plete and accurate description of said property.

WHEREAS, Company, as owner of more than two-thirds (2/3) of the
lots in Section I, declares that these covenants for common properties amend
those covenants for Common Properties recorded in Book 2193, Page 421,
Wake County Registry, as they apply to Section I of Black Horse Run Subdi-
vision.

WHEREAS, the Company desires to create on said property certain
recreational facilities more particularly described as Common Properties on
the recorded map, for the benefit of said community and for the benefit of all
the lots (tracts) of the subdivision; and

WHEREAS, the Company desires to provide for the preservation of the
values, amenities and conceptual intent of the said community and for the main-
tenance of the said Common Properties; and, to this end, desires to subject
the said real property above described to the covenants, restrictions, ease-
ments, 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 Company hereby
expressly reserves an easement for horse trails as shown on the recorded
plat of the subdivision; and

WHEREAS, the Company has deemed it desirable for the efficient
preservation of the values and amenities in said community to create an agency

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to which should be delegated and assigned the power and authority of maintaining and administering the Common Properties and Services and administering the enforcing of the covenants and restrictions governing the same and platted residential lots, and collecting and disbursing all assessments and charges necessary for such maintenance, administration and enforcement, as hereinafter created; and

WHEREAS, Company has caused to be incorporated under the laws of the State of North Carolina, as a non-profit corporation, BLACK HORSE RUN PROPERTY OWNERS' ASSOCIATION - RALEIGH, INC., for the purpose of exercising the functions aforesaid, and which are hereinafter more fully set forth.

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.

ARTICLE I

DEFINITIONS:

Section 1. The following words and terms, when used in this Declaration, or any Supplemental Declaration, shall have the following meanings:

(a) "Association" shall mean and refer to the BLACK HORSE RUN PROPERTY OWNERS' ASSOCIATION - RALEIGH, INC., a North Carolina non-profit corporation.

(b) "Owner" shall mean and refer to the record owner, whether one or more persons, firms, association, corporations, or other legal entities, of the fee simple title to any tract situated upon the Properties, but, notwithstanding any applicable theory of a mortgage, shall not mean or refer to the mortgagee, its successors or assigns, unless and until such mortgagee has acquired title pursuant to foreclosure or a proceeding in lieu of foreclosure; nor shall the term "Owner" mean or refer to any lessee or tenant of an owner.

(c) "Properties" shall mean and refer to that certain real property hereinbefore described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association, as are subjected to this Declaration or any Supplemental Declaration.

(d) "Common Properties" shall mean and refer to those areas of land with any improvements thereon which are deeded to the Association and designated in said deed as "Common Properties." The term "Common Properties" shall also include any personal property acquired by the Association if said property is designated as "Common Property." All common properties are to be devoted to and intended for the common use and enjoyment of the owners, subject to the fee schedules and operating rules adopted by the Association.

(e) "Lot (tract)" shall mean and refer to any improved or unimproved parcel of land, shown upon any recorded subdivision map of the Properties,

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intended for the construction of a detached single family dwelling and for stable, excluding any "Common Properties," as heretofore defined.

(f) "Member" shall mean and refer to all owners as heretofore defined.

(g) "Company" shall mean and refer to Bill Allen Enterprises, Inc., its successors and assigns.

ARTICLE II

Section 1. Existing Property. The real property which is, and shall be held, transferred, sold, conveyed, leased and occupied, subject to these covenants, is located in Wake County, North Carolina, and is more particularly described hereinabove. All of the real property hereinabove described shall hereinafter be referred to as "Existing Property."

Section 2. Additions to Existing Property. Additional lands may become subject to this Declaration in the following manner:

(a) Additions. The Company, its successors and assigns, including the Association, shall have the right to bring within the plan and operation of this Declaration, additional later acquired properties as future stages of the development.

The additions authorized under this and the succeeding subsection, shall be made by filing of record of Supplementary Declaration of Covenants and Restrictions with respect to the additional property which shall extend the operation and effect of the Covenants and Restrictions of the Declaration to such additional property.

The Supplementary Declaration may contain such complementary additions and modifications of the covenants and restrictions contained in this Declaration as may be necessary or convenient, and in the judgment of the Company to reflect the different character, if any, of the added properties and as are not inconsistent with the Plan of this Declaration.

(b) Other Additions. Upon approval in writing of the Association pursuant to two-thirds of the vote at a duly called meeting, the owner of the property other than the Company who desires to add it to the plan of these covenants and to subject it to the jurisdiction of the Association, may file or record a Supplementary Declaration of Covenants and Restrictions with respect to the additional property which shall extend the operation and effect of the covenants and restrictions of the Declaration of such additional property.

The Supplementary Declaration may contain such complementary additions and modifications of the covenants and restrictions contained in this Declaration as may be necessary or convenient, in the judgment of the Company, to reflect the different character, if any, of the added properties and as not inconsistent with the Plan of this Declaration.

(c) Mergers. Upon a merger or consolidation of the Association with another association as provided for in the By-Laws of the Association, its properties, rights and obligations may, by operation of law, be transferred

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to another surviving or consolidated association, or, in the alternative, the properties, rights and obligations of another association may, by operation of law, be added to the properties of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer the covenants and restrictions established by this Declaration with the Existing Property, together with the covenants and restrictions established upon any other properties as one plan. No such merger or consolidation, however, shall effect any revocation, change of or addition to the Covenants established by this Declaration within the Existing Property as herein provided.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION:

Section 1. Membership. The company and every person or entity who is a record owner of a fee simple or undivided fee simple interest in any lot (tract) which is subject by the Covenants to assessment by the Association shall be a member of the Association, except that the Company is entitled to membership for lots owned by it whether or not subject to assessments thereon, provided that any such person or entity who holds such title or interest merely as a security for the performance of an obligation shall not be a member of the Association; membership shall be appurtenant to and may not be separated from ownership of any lot (tract) which is subject to assessment by the Association.

Section 2. Voting Rights. The Association shall have two (2) classes of voting membership:

CLASS "A" - Class A members shall be all those owners as defined in Section One (1) of this Article III, with the exception of the Company; and they shall be entitled to one vote per lot owner.

CLASS "B" - The Class B member shall be the Company. The Class B member shall be entitled to one vote per lot owned, plus three votes for each vote held by a Class "A" member; this right of additional votes for each vote held by a Class "A" member shall terminate when the Company has effective sales agreements for the sale of all the lots in the subdivision. Thereafter, the Company shall be entitled to one vote per lot owned.

The total vote of the Association shall consist of the sum of the votes of Class A Members and the votes of Class B Members. When more than one person holds an interest in any lot, all such persons shall be members; and the vote for such lot shall be exercised as they among themselves determine, but in no event may more than one vote be cast with respect to any lot owned by Class A Members. When one or more co-owners sign a proxy or purports to vote for his or her co-owners, such vote shall be counted unless one or more of other co-owners is present and objects to such vote, or if not present, submits a proxy or objects in writing delivered to the Secretary of the Association before the vote is counted. If co-owners disagree as to the vote, it shall be split equally among the co-owners.

ARTICLE IV

PROPERTY RIGHTS IN THE COMMON PROPERTIES:

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Section 1. Member's Easements of Enjoyment. Subject to the provisions of these covenants and the rules and regulations of the Association, every member shall have a right and easement of enjoyment in and to the Common Properties and such easement shall be appurtenant to and shall pass with the title of every lot.

Section 2. Delegation of Use. Any member may delegate in accordance with the By-Laws, his right of enjoyment to the Common Properties and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

Section 3. Title to Common Properties. The Company hereby covenants, for itself, its successors and assigns that it shall convey, bargain and sell the Common Properties to the Association on or before the date the Company has acquired effective contracts for the sale of all the lots as shown on the recorded map at the subdivision subject to all restrictive covenants of record.

Section 4. Extent of Member's Easements. The rights and easements of enjoyment created hereby shall be subject to the following:

(a) The right of the Company and of the Association, in accordance with its By-Laws, to borrow money for the purpose of improving the Common Properties and in aid thereof to mortgage said properties.

(b) The right of the Association to take such steps as are reasonably necessary to protect the above described properties against foreclosures; and

(c) The right of the Association, as provided in its By-Laws, to suspend the enjoyment of rights of any member or any tenant of any member for any period during which any assessment remains unpaid, and for any period not to exceed thirty (30) days for any infraction of its published rules and regulations, it being understood that any suspension for either non-payment or any assessment or a breach of the rules and regulations of the Association shall not constitute a waiver or discharge of the Member's obligations to pay the assessment; and

(d) The right of the Association to charge reasonable admission and other fees for the use of the Common Properties and/or facilities therein; and

(e) The right of the Association to give or sell all or any part of the Common Properties, including leasehold interests, to any public agency, authority, utility, or private concern, for such purposes and subject to such conditions as may be agreed to by the members; provided, however, that no such gift or sale, and no such determination as to the purposes or the conditions thereof, shall be effective unless such gift, sale, dedication, and transfer, and the determination as to the purpose and conditions thereof, shall be authorized by vote of the membership at a duly called meeting. Written notice of the meeting shall be sent to every member at least twenty (20) days in advance thereof, and such notice shall set forth with particularity the action proposed to be taken. No instrument of gift, sale, transfer, or dedication so approved by vote of the membership, shall be delivered or recorded unless there shall be attached thereto a true copy of the proposition presented to and voted upon by the membership, together with a certification of such vote made and acknowledged by the President or Vice-President and the Secretary or Assistant Secretary of the Association. Annexation of the true copy of the proposition and of certification of the vote thereon to the instrument of gift, sale, transfer, or dedication, shall be conclusive evidence of authorization by the membership."

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ARTICLE V

COVENANTS FOR MAINTENANCE ASSESSMENTS:

Section 1. Creation of the Lien and Personal Obligation of Assessments. Each owner of any lot shall, by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, be deemed to covenant and agree to all the terms and provisions of these covenants and to pay to the Association; (1) Annual assessment or charges; (2) Special Assessments for the purposes set forth in Section 4 of this Article, such assessments to be fixed, established and collected from time to time as hereinafter provided. The Annual and Special Assessments together with such interest thereon and costs of collection therefor as hereinafter provided, shall be a charge and continuing lien on the property against which each such assessment is made. Each such assessment, together with such interest thereon and cost of collection thereof as hereinafter provided, shall also be the personal obligation of the person who was the owner of such property at the time when the assessment fell due. In the case of co-ownership of a lot, all of such co-owners shall be jointly and severally liable for the entire amount of the assessment.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the improvement, maintenance, and operation of the Common Properties, including, but not limited to, the payment of taxes and insurance thereon and repair, replacement, and additions thereof, and for the cost of labor, equipment, materials, management and supervision thereof. The Special Assessments shall be used for the purposes set forth in Section 4 of this Article.

Section 3. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first lot to an owner, the maximum annual assessment shall be One Hundred Fifty Dollars (\$150.00) per lot.

(a) From and after January 1 of the year immediately following the conveyance of the first lot to an owner, the maximum annual assessment may be increased each year not more than 5% above the maximum assessment for the previous year without a vote of the membership.

"(b) From and after January 1 of the year immediately following the conveyance of the first lot to an owner, the maximum annual assessment may be increased in any year by an amount in excess of 5% of the maximum assessment for the previous year if such excess is approved by a vote of the members at a duly called meeting. Written notice of the meeting and of the proposal to increase the assessment in excess of the 5% shall be sent to each member at least twenty (20) days in advance of such meeting."

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(c) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum, however, the Board of Directors of the Association may, after consideration of current maintenance costs and future needs of the Association, fix the annual assessment for any year at a lesser amount, but such action shall not constitute a waiver by the Association of its right to revert to the full assessment for the remaining year or years of the then current period fixed as provided in the preceding paragraph.

Section 4. Special Assessments for Improvements and Additions: In addition to the annual assessments authorized by Section 3 hereof, the Association may levy special assessments for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement upon the Common Properties, including the necessary fixtures and personal property related thereto or addition to the Common Properties;

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for the purpose of defraying, in whole or in part, the cost of installation of underground electric utility service facilities to provide electricity to the Common Properties and each of the lots within Black Horse Run Subdivision for customary household purposes; and for the purpose of reimbursing members who have previously made voluntary contributions for installation of such facilities; provided that any such assessment shall be approved by vote of the members at a duly called meeting, written notice of which shall be sent at least twenty (20) days in advance and shall set forth the purpose of the meeting."

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Section 5. Changes in Basis and Maximum of Annual Assessments Upon Merger or Consolidation. The limitations of Section 3 hereof shall not apply to any change in the maximum and basis of the assessments undertaken as an incident to a merger or consolidation in which the Association is authorized to participate under Article 2, Section 2 hereof, and under the By-Laws of the Association.

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Section 6. Date of Commencement of Annual Assessments. The annual assessments provided for herein shall commence on the date (which shall be the first day of a month) fixed by the Board of Directors of the Association to be the date of commencement.

The first annual assessments shall be made for the balance of the calendar year and shall be payable monthly on the first day of each month commencing on the first day of the month fixed for commencement. The assessments for any year after the first year, shall similarly be payable monthly commencing on the first day of January of said year.

The amount of the annual assessment which may be levied for the balance remaining in the first year of assessment shall be an amount which bears the same relationship to the annual assessment provided for in Section 3, hereto, as the remaining number of months in the year bear to twelve. The same reduction in the amount of the assessment shall apply to the first assessment levied against any property which is hereafter added to the properties now subject to assessment at a time other than the beginning of any assessment period.

The due date of any special assessment under Section 4 hereof shall be fixed in the resolution authorizing such assessment.

Section 7. Duties of the Board of Directors. The Board of Directors of the Association shall fix the date of commencement and the amount of the assessment against all lots for each assessment period and shall, at that time, prepare a roster of the properties and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any owner.

Written notice of the assessment shall thereupon be sent to every owner subject thereto.

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

Section 8. Effect of Non-Payment of Assessment. The Personal Obligation of the Owner, the Lien; Remedies of Association. If the assessment or any monthly installment(s) thereof are not paid on the date when due (being the dates specified in Section 7 hereof), then such assessment shall become delinquent and shall, together with interest thereon at the rate of eight (8) per cent per annum from the due date and cost of collection thereof as hereinafter provided, thereupon become a charge and continuing lien on the land and all improvements thereon, against which each assessment is made, in the hands of the then owner, his heirs, devisees, personal representatives and assigns. The personal obligation of the owner at the time of the assessment to pay such assessment, however, shall remain his personal obligation and shall not pass as a personal obligation to his successors in title unless expressly assumed by them.

If the assessment of any monthly installment thereof is not paid within thirty (30) days after the due date, the Association may bring an action at law against the owner personally obligated to pay the same or to foreclose the lien against the property, and there shall be added to the amount of such assessment the costs of preparing and filing the complaint in such action, and in the complaint in such action, and in the event a judgment is obtained, such judgment shall include interest on the assessment as above provided and a reasonable attorney's fee to be fixed by the court together with the costs of the action.

Section 9. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any mortgage or mortgages now or hereafter placed upon the properties subject to assessment; provided, however, that such subordination shall apply only to the assessment which have become due and payable prior to a sale or transfer of such property pursuant to a decree of foreclosure, or any other proceeding in lieu of foreclosure. Such sale or transfer shall not relieve such property from liability for any assessments accruing after conveyance by mortgage owner to a subsequent owner.

Section 10. Exempt Property. The following property, individuals, partnerships or corporations, subject to this Declaration shall be exempted from the assessment, charge and lien created herein:

- (a) The grantee in conveyances made for the purpose of granting utility easements;
- (b) All Common Properties as defined in Article 1, Section 1, hereof;
- (c) All properties exempted from taxation by the laws of the State of North Carolina, upon the terms and to the extent of such legal exemptions.
- (d) All properties owned by Bill Allen Enterprises, Inc.; however, Bill Allen Enterprises, Inc. agrees to subsidize at its discretion the operation of the Association in order to show good faith and to help assure the maintenance

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and operation of the Common Properties up to the amount the corporation would have had to pay in assessments in accordance with these covenants if it were not exempted by this provision."

(a) All properties owned by b ilders or real estate agents under a statutory exemption from the Office of Interstate Land Sales Registration who acquire such lots for the purpose of engaging in the business of construct- ing residential buildings or for the purpose of resale of such lots to persons or companies engaged in such business, for a period of two years from the date of a sales contract.

Section 11. Assessment of Combined Lots; Voting Rights.

"(a) Two or more contiguous lots, owned by the same member or members and utilized as a single residential lot for a residence constructed thereon which is occupied or suitable to be occupied, shall be considered as a single lot for the purposes of levying maintenance and special assessments and determining voting rights if the owner or owners thereof shall enter into a written agreement with the Association, signed and duly acknowledged by the Chairman of the Board of Directors and all of the said owners, which agreement shall contain the following:

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- "(1) A description of the component lots which are to constitute the combined lot or tract.
- "(2) A covenant by the owner or owners that all of the said lots shall be combined and utilized as a single residential lot, and that no portion thereof, other than the entire combined lot, shall be sold, conveyed, transferred, assigned, mortgaged, or deeded in trust without first giving written notice to the Board of Directors.
- "(3) A provision that upon the sale, conveyance, transfer, assignment, mortgage, or giving of a deed of trust on less than the entire combined lot, or in the event of construction of more than one single family dwelling on the combined lot, the component lots constituting such combined lot thereafter shall be assessable as though the lots had never been combined; and, in addition, the lot or lots sold, conveyed, transferred, assigned, mortgaged, or deeded in trust, or which are the site of the additional residence, shall be retroactively assessable for all maintenance and special assessments that would have been payable if such lot or lots had not been a part of a combined lot.
- "(4) A provision that the agreement shall be binding upon each of the parties thereto and upon their respective heirs, personal representatives, successors in interest, transferees, and assigns.

"(b) If the combined lot is comprised of more than two contiguous lots, and if, following sale, conveyance, transfer, assignment, giving of a mortgage or deed of trust, or additional construction, as provided in Subsection (a)(3) above, the owner or owners shall retain two or more contiguous lots utilized as a single residential tract, such owner or owners may enter into another agreement with the Association as provided in Section (a); but in the event the owner or owners fail to enter into such agreement, all lots formerly constituting the combined lot shall be assessable separately.

"(c) Any sums which shall be payable to the Association for maintenance or special assessments under the provisions of this Section shall constitute a personal obligation of the owners and shall be a lien upon the combined lot, or the component lots constituting the combined lot, as the case may be, in the manner provided in Section 1 of this Article.

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Section 3. Enforcement. Enforcement of these covenants shall be by any proceeding at law or in equity against any person or persons violating or attempting to violate or circumvent any covenant, either to restrain violation or to recover damages, and against the land and to enforce any lien created by these covenants; and failure by the Association or any owner or the Company to enforce any covenant herein contained for any period of time shall in no event be deemed a waiver or estoppel of the right to enforce same thereafter.

Section 4. Severability. Should any covenant or restriction herein contained, or any Article, Section, Subsection, 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.

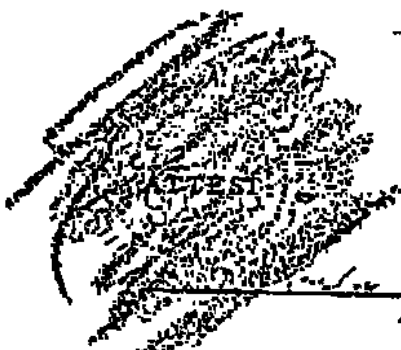
Section 5. Vote of Members; Quorum: Any action, which under the provisions of this Declaration requires the vote or assent of members, shall be approved if, at a meeting duly called for such purpose, members or proxies entitled to cast thirty percent (30%) of the total vote of the membership shall be present and two-thirds (2/3) of the members or proxies present shall vote in favor of such action."

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IN WITNESS WHEREOF, BILL ALLEN ENTERPRISES, INC., has caused this instrument to be executed the day and year first above written, by its President and attested by its Secretary, and the corporate seal affixed, pursuant to a resolution duly and unanimously adopted by its Board of Directors.

BILL ALLEN ENTERPRISES, INC.

By Raymond E. Pearson
Vice President

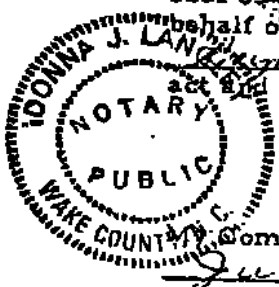


[Signature]
Secretary

WITNESS: _____
WITNESS: _____

STATE OF NORTH CAROLINA
COUNTY OF MECKLENBURG

This 17 day of October, A. D. 1992 personally came before me Raymond E. Pearson, who, being by me duly sworn, says that he is the 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 that said writing was signed and sealed by him, in behalf of said Corporation, by its authority duly given. And the said Raymond E. Pearson acknowledged the said writing to be the deed of said Corporation.



Donna J. Langley
Notary Public

Commission Expires:
July 26, 1996

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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 Lees-
ville 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 pro-
perty.

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 de-
clare 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 Subdi-
vision.

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 it-
self 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 Cove-
nants for Common Properties and Provisions of BLACK HORSE RUN Property
Owners' Association filed herewith, for the same purposes.

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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 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 than 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

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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 unkempt 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 such 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.

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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 releasable 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.

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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.

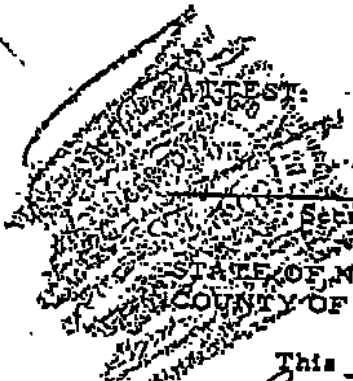
20. Should any covenants or restriction herein contained, or any sentence, clause, phrase or term of this Declaration be declared to be void, invalid, illegal or unenforceable, for any reason, by the adjudication of any court or other tribunal having jurisdiction over the parties hereto and the subject 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

[Signature]
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 [Signature] affixed to the foregoing instrument in writing is the corporate seal of the [Signature] 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.



[Signature]
Notary Public

My Commission expires:

July 26, 1976

NORTH CAROLINA - WAKE COUNTY

The foregoing certificate of Donna J. Langley

(and) certified to be correct. This instrument was presented for registration and recorded in this office in Book 2197 Page 555

This 17 day of Oct, 1973, at 2:55 o'clock P.M.

by Alvin J. Dean
L. A. HOWLAND, Register of Deeds