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NORTH CAROLINA

RESTRICTIVE COVENANTS

RANDOLPH COUNTY

McDowell Timber Company, a North Carolina general partnership is the owner and developer of property located in Grant Township as described in deed in Book 1378, Page 831, Randolph County Registry; a portion of which has been subdivided into "HAYFIELD ACRES", consisting of Lots 1, 2 and 3, a plat of which has been recorded in Plat Book 44, Page 41, Randolph County Registry. The owner and developer does hereby covenant and agree to the following declaration as to limitations, restrictions and uses to which all lots in the subdivision may be put, hereby specifying that this declaration shall constitute covenants to run with the lots in the subdivision and shall be binding on all parties, corporations, persons or firms claiming under them.

This declaration is made for the benefit of and limitations upon all future owners of lots in the subdivision. This declaration of restrictions is designated for the purpose of keeping the lots in the subdivision desirable, establishing uniform and suitable architectural design, insuring the use of the lots for attractive residential purposes only, preventing nuisances, preventing the impairment of the attractiveness of the property, maintaining the desired tone of the community, and thereby securing each residential lot owner the full benefit and enjoyment of his home with no greater restriction upon the free undisturbed use of his site than is necessary to insure the same advantages to the other site owners. Anything tending to detract from the attractiveness and value of the property for residential purposes will not be permitted.

The Restrictive Covenants are as herein specified:

1. The property shall be used for residential purposes only. All residences built thereon shall consist of at least four (4) rooms plus one (1) bath and shall have a minimum of one thousand (1,000) square feet of enclosed floor space, exclusive of breezeways and garages.
2. All residences shall be constructed in conformity with Randolph County set-back rules.
3. No used lumber, second-hand material or unsightly material shall be used in any construction on the property nor placed, stored or used on the property.
4. All residences shall be single family dwellings. No apartment houses shall be erected or licensed to exist on the property.
5. No single wide manufactured home, less than fourteen (14) feet in width or less than fifty-two (52) feet in length, and no double wide manufactured home less than twenty-four (24) feet in width or less than thirty-six (36) feet in length, nor any home manufactured by other than a reputable manufacturer shall be placed upon or allowed to remain on the property. No unit manufactured more than one (1) year from the date it is placed on the lot (as shown by the model year or construction date on any certificate of origin) will be allowed on any lot. Developers further

reserve the right to refuse to sell a lot to anyone with a mobile home which falls within the age constraints but is considered by the Developers to be in a condition which would detract from the attractiveness and value of the property.

6. All manufactured homes must be on masonry foundations or have under-skirting approved by the Randolph County inspector.
7. No junk motor vehicles or unlicensed motor vehicles shall be kept on any portion of the property, allowed to remain on any portion of the property, or be parked along any right of way adjoining the property.
8. All sewage disposal in connection with the use of the property shall be through the use of approved septic tanks, and sanitary arrangements must comply with local or state health ordinances, laws and regulations.
9. All garbage shall be kept in enclosed containers and shall be removed from the premises at least weekly (or more frequently if odors become a nuisance) to a county landfill or other approved site for garbage.
10. No poultry, swine or livestock shall be kept on or allowed to remain on the property, and no poultry or swine or livestock houses or facilities shall be constructed on or allowed to remain on the property. Owners of lots in excess of 2 acres may keep and maintain horses thereon for their personal use.
11. No nuisance or offensive, noisy, or illegal trade, calling or transacting shall be done, suffered, or permitted upon the lands in the subdivision. No lot or part of the subdivision shall be used or occupied injuriously to affect the use, occupation or value of the adjoining lots or neighborhood for residence purposes.
12. Pit Bulls, Doberman Pinchers, Chows, German Shepherds, Rottweilers, or any other dog which could be considered dangerous will not be allowed to run loose. No owner shall keep dogs which bark excessively or disturb other home owners. All dog owners must comply with Randolph County leash laws.
13. Lawns must be seeded and properly maintained. Other landscaping to enhance the appearance of each lot is encouraged.
14. There shall be no tractor and trailer trucks nor any tractors or trailers used with the tractor-trailer trucks parked, kept or maintained on this property nor on any right-of-way adjoining the property. Such vehicles are commercial vehicles, and their presence detracts from the residential quality of the subdivision.
15. Any dwelling to be constructed on a lot in this subdivision shall be completed within 12 months from the day the foundation is poured. No foundation or incomplete house shall be allowed to stand without completion as specified in this paragraph.
16. All driveway entrances shall have either a concrete or metal culvert which shall be a minimum of 15 inches in diameter and put in to Department of

Transportation specifications. Any improperly installed culverts shall be brought to Department of Transportation specifications within ten (10) days after written notice is received from the Developers or any other lot owner. All expenses of installing culverts shall be the responsibility of the lot owner.

17. Any landowner in the subject subdivision shall be responsible for all legal costs incurred, including Court costs and reasonable attorney fees, in the event the restrictions are violated by the landowner and it becomes necessary for the Developers or other landowners to file an action in Court to enforce these restrictions.

18. McDowell Timber Company, a North Carolina general partnership, the Owners and Developers of the subdivision, do hereby retain for themselves and for any successors in title whom they may designate as future owners and developers of unsold lots in the subdivision, the right to convert any unsold lots in the subdivision, or any portions of unsold lots, to a right of way or street for the purpose of providing access to adjoining property.

The above covenants and conditions are placed on the property as a part of a general scheme or plan of development for the benefit of all owners of any portion of the property described. These covenants shall be binding upon the present owner-developer, its successors, heirs and assigns and shall be covenants running with the land and binding on all future owners. The owner-developer, or any lot owner, or any group of two or more lot owners, may enforce these restrictions. These restrictive covenants shall remain in full force and effect until December 31, 2025.

IN TESTIMONY WHEREOF, the parties have hereunto set their hands and seals this 18th day of March, 1996.

MCDOWELL TIMBER COMPANY, a North Carolina General Partnership

By Herman K. McDowell (SEAL) Partner

By Tony D. McDowell (SEAL) Partner

NORTH CAROLINA

RANDOLPH COUNTY

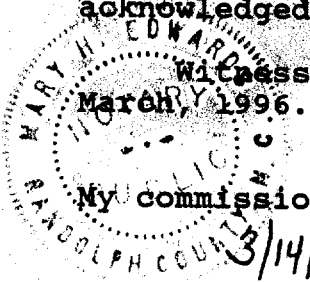
I, Mary H. Edwards, a Notary Public for said County and State, do hereby certify that Herman K. McDowell, Jr. and Tony D. McDowell, partners of McDowell Timber Company, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and notarial seal, this 19th day of March, 1996.

Mary H. Edwards
Notary Public

My commission expires:

3/14/2000



NORTH CAROLINA — Randolph County

The foregoing certificate(s) of Mary H. Edwards NP

is (are) certified to be correct. This instrument was presented for registration and recorded in this office at Book 1449, Page 18, This 19th day of March, 19 96 at 9:36 o'clock A.M.

Ann Shaw, Register of Deeds
By Sail Kirby Deputy Register of Deeds