

FOR REGISTRATION REGISTER OF DEEDS
 Judy D. Martin
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DECLARATION OF RESTRICTIONS, COVENANTS AND EASEMENTS
OF
PELHAM FARMS

THIS DECLARATION (the "Declaration") is made this 10th day of February, 2010, by PEACOCK FARM, INC., a Florida corporation authorized to do business in North Carolina with its principal place of business in Southern Pines, North Carolina, hereafter referred to as "Declarant".

WITNESSETH:

WHEREAS, Declarant is the owner of a certain parcel of property containing 225.24 acres (the "Property") which has been subdivided into thirty one (31) lots or tracts to be known as "Pelham Farms" as shown on a plat entitled "Pelham Farms Survey for Peacock Farm, Inc., McNeills Township, Moore County, North Carolina," dated April 3, 2009 (the "Development") drawn from an actual survey by Stephen R. Sheffield & Associates, P.A., and filed in Plat Cabinet 14, Slide 716 and 717 of the Moore County, North Carolina, Registry (the "Plat"); and

WHEREAS, Declarant desires to subject the Property to the protective covenants and easements hereinafter set out for the purpose of enhancing and protecting the value, attractiveness, and desirability of the lots or tracts constituting the Development; and

WHEREAS, Declarant has designed the Development specifically to provide residential lots for individuals interested in equestrian pursuits.

NOW, THEREFORE, for the purpose of enhancing and protecting the value, attractiveness, and desirability of the lots or tracts constituting Pelham Farms, Declarant declares that all of the real property shown on the Plat and each part of the Property shall be held, sold,

and conveyed subject to the following easements, covenants, conditions, and restrictions which constitute covenants running with the Property and shall be binding on all parties having any right, title or interest in the Property or any part of the Property, their heirs, successors, and assigns and shall inure to the benefit of each owner of the Property.

1. **DEFINITIONS:**

1.1 **Assessable Lot** shall mean all of Lots 1 through 31 as shown on the Plat of the Development.

1.2 **Association** shall mean and refer to Pelham Farms Owners Association, a North Carolina nonprofit corporation, its successors and assigns.

1.3 **Building Envelope** shall mean that area shown on the Plat lying within the minimum building set back lines of each Lot.

1.4 **Common Area** shall mean the Drainage Easements, the Primary Conservation Areas, the Secondary Conservation Areas, the Fencing, the Lakes and Ponds Impoundment Easements, the Road Easements, the Utility Easements and the Equestrian Easements as shown on the Plat of the Development all of which are to be owned or will be owned by the Association and also including (i) the signage installed by the Declarant at the entrance to the Development (the "Entrance Signage"); (ii) the thirty (30) foot wide access easement located along the common property line of Lot 29 and Lot 30 which shall serve as an emergency entrance to U. S. Highway No. 1 as shown on the Plat; (iii) the eighteen (18) foot wide access easement located at the southern most corner of Lot 8 which shall serve as an emergency access to Furr Road as shown on the Plat and (iv) the various Drainage Easements shown on the Plat of the Development.

1.5 **Declarant** shall mean and refer to Peacock Farms, Inc., its successors and assigns.

1.6 **Declarant Control Period** shall mean the period commencing on the date on which this Declaration is recorded in the Moore County Register of Deeds and terminating on the earlier to occur of (i) when Declarant no longer owns a Lot in the Development; (ii) the date that Declarant relinquishes in writing Declarant's right to appoint the Directors of the Association; or (iii) the ten (10) years from the date of recordation of the Declaration.

1.7 **Declaration** shall mean this Declaration of Restrictions, Covenants and Easements.

1.8 **Development** shall mean the subdivision of land known as Pelham Farms as shown on the Plat and to which this Declaration applies.

1.9 **Drainage Easement** shall mean those easements so designated on the Plat of the Development.

1.10 **Equestrian Easement** shall mean and refer to easements so identified on the Plat of the Development, which easements are (i) fourteen (14) feet in width unless otherwise noted on the Plat of the Development, (ii) to be used solely by horses and riders and horses with carriages, (iii) some of which exist along the common property line of Lots 4 and 5; Lots 5 and 6; Lots 8 and 9; Lots 11 and 12; Lots 16 and 17; Lots 19 and 20; Lots 22 and 23 and Lots 29 and 30 and (iv) some of which lie within the Emergency Access Easement and the Road Easement and outside the paved surface of Pelham Farms Drive, Warm Blood Trail N.W., Warm Blood Trail N.E. and Fox Trail Lane.

1.11 **Fencing** shall mean that fencing located on or offset from the property line of two or more Lots that was initially installed by Declarant and which is owned or will be owned by the Association and is part of the Common Area.

1.12 **Impoundment Easement** shall mean the easements reserved by the Declarant over Lots 17, 18 and 19, over Lots 15, 16, 20, 21 and 22 and over Lots 23 and 24 (collectively such Lots are hereinafter referred to as "Lake Abutting Lots") for the purpose of impounding water to the normal high water level of each of the respective Lakes and Ponds and maintaining the dams associated therewith.

1.13 **Lakes and Ponds** shall have the meaning set forth in Section 7 hereinafter.

1.14 **Lot or Tract** shall mean and refer to the numbered plated lots or tracts of land with delineated boundary lines appearing on the Plat of Pelham Farms and any amendments thereto.

1.15 **Member** shall mean and refer to every person who holds membership in the Association.

1.16 **Owner** shall refer to the record owner (whether one or more persons) who owns fee simple title to any Lot or Tract which is part of Pelham Farms or such owner's written designee, but excluding any owner who has an interest merely because of security for the performance of an obligation.

1.17 **Primary Conservation Areas** shall refer to sensitive environmental features and/or significant cultural resources considered unbuildable in a legal or practical sense as may be shown on the Plat of the Development including the 30 foot wide stream buffer.

1.18 **Red-Cockaded Woodpecker Management Plan** shall mean the plan attached

hereto as **Schedule B** and incorporated herein by this reference.

1.19 **Road Easements** shall mean those fifty (50) foot wide easements for access from the Lots to Youngs Road identified on the Plat of the Development as Pelham Farms Drive, Warm Blood Trail N.W., Warm Blood Trail N.E. and Fox Trail Lane each having at least an eighteen (18) foot paved surface.

1.20 **Secondary Conservation Areas** shall refer to important natural or cultural features that may comprise the required open space provided all of the primary conservation areas within the site have been delineated and counted toward the open space requirement as may be shown on the Plat of the Development.

1.21 **Utility Easements** shall mean those easements for electrical, telephone, cable, water and similar public and private utilities serving the Lots in the Development and lying within the Road Easements and outside the paved surface of Pelham Farms Drive, Warm Blood Trail N.W., Warm Blood Trail N.E. and Fox Trail Lane.

2. **INCORPORATION OF PELHAM FARMS OWNERS ASSOCIATION:**

Declarant has or will cause to be incorporated under North Carolina law the Pelham Farms Owners Association as a nonprofit corporation for the purpose of exercising and performing the powers, responsibilities and functions as contained hereinafter in this Declaration.

3. **MEMBERSHIP AND VOTING RIGHTS:**

3.1 Every Owner of a Lot shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of a Lot.

3.2 Each Lot shall entitle the Owner(s) of said Lot to one (1) vote in the Association. When more than one person owns an interest (other than a leaseholder or security interest) in any Lot, all such persons shall be members and the voting rights appurtenant to the Lot shall be exercised as they among themselves determine, but in no event shall there be more than one vote with respect to any Lot.

4. **COVENANTS FOR MAINTENANCE ASSESSMENTS:**

4.1 Creation of the Lien and Personal Obligation of Assessments: The Declarant covenants for each Lot within the Development and each Owner of a Lot is deemed to covenant by acceptance of such Owner's deed for such Lot, whether or not it shall be so expressed in the deed, to pay to the Association:

4.1.1 Annual assessments and

4.1.2 Special assessments for capital improvements.

Any such assessment, together with interest, costs, and reasonable attorney's fees, shall be a charge on the Lot and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment or charge, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who is the Owner of such Lot at the time when the assessment fell due, but such personal obligation for delinquent assessments or charges shall not pass to his successors in title unless expressly assumed by them.

4.2 Purpose of Assessments: The assessments or charges levied by the Association shall be used exclusively for the improvement and maintenance of the Common Area and such administrative purposes incident thereto. The Association shall acquire the fencing that is part of the Common Area as defined herein and pay out of the funds derived from the assessments for the following:

4.2.1 Maintenance and repair of the Common Area and the Lakes and Ponds as provided in 7.1.1 hereinafter.

4.2.2 Liability insurance insuring the Association against any and all liability to the public, to any Owner or Owners, or to the invitees or tenants of any Owner or Owners arising out of their occupation and/or use of the Common Area, if any. The policy limit shall be set by the Association and shall be reviewed at least annually, increased or decreased in the discretion of the Association.

4.2.3 Wages, salaries and insurance for any employees of the Association hired to undertake such maintenance and administration.

4.2.4 To collect the assessments hereunder and to take whatever measures are required to collect said assessments including the hiring of attorneys.

4.2.5 The Association shall also have the right to levy assessments and charges for any other purpose for which the Association is authorized upon a two-thirds (2/3) vote of all the Members of the Association at a meeting called pursuant to the By-Laws.

4.3 Amount of Assessment; Special Assessments:

4.3.1 The Association shall determine the amount of its annual assessment necessary to provide the maintenance services authorized in this Declaration. Such assessment shall be levied only against the Owners of Lots in the Development in such manner and at such times as the Board of Directors of the Association shall determine.

4.3.2 The assessment for each Lot shall be equal to that for every other Lot. The Owner of each Lot, including the Declarant, shall pay an assessment for each Lot owned in the

Development; provided, however, once the Declarant has completed installation of each component of the Common Area, expenditures by the Declarant to maintain such components of the Common Area shall be credited against the amount of assessment otherwise due by the Declarant on Lots then owned by the Declarant. Any sums expended by the Declarant in excess of the amount due that year by the Declarant as assessments on Lots owned by the Declarant shall be carried forward as a credit to the Declarant for assessments otherwise due by the Declarant in succeeding years until exhausted.

4.3.3. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, special assessments applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of the Common Area which is by nature a capital improvement. Said assessments shall be limited to One Thousand Dollars (\$1000.00) per year per Lot.

4.4 (Intentionally left blank).

4.5 Procedure for Setting Annual and Special Assessment:

4.5.1 The Board of Directors of the Association shall annually adopt a proposed budget and annual assessment for each Lot for the following year. Each Owner of a Lot shall be assessed his pro rata share of the proposed budget or special assessment based on his pro rata share of the total Lots owned. Each Lot shall receive an equal assessment. The Declarant shall also pay his pro rata share of the budgeted expenses based on the remaining Lots owned by Declarant.

4.5.2 The proposed budget and annual assessment for each Lot for the following year shall be deemed acceptable, and the assessments shall be based upon the proposed budget unless, within thirty (30) days after notification of the proposed budget to each Owner of a Lot by the Association, Owners representing over eighty percent (80%) of the Lots in the Development file a written document with the Association rejecting said budget. In the event that no such written rejection is received, the budget shall be automatically accepted and assessments made based upon it.

4.5.3 In the event the budget is rejected by the Owners in the manner described above, then the Board of Directors of the Association shall submit a revised budget and the Owners of the Lots shall have ten (10) days in which to file a rejection as stated above. This procedure shall continue until a budget is not rejected.

4.6 Nonpayment of Assessments of the Association:

4.6.1 Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate established by the Association, not to exceed 18% per year, and shall constitute a lien on the Lot when filed of record in the office of the Clerk of Court of Moore County, North Carolina, in a manner provided by Article 8 of Chapter 44 of the General Statutes of North Carolina, as the same may be in effect at that time. In addition to such interest charge, the delinquent Owner of the Lot shall also pay such late charge as may have been theretofore established by the Board of Directors of the Association to defray the cost of late payment. The Association may bring an action at law against the person personally obligated to pay the assessment or foreclose the lien against the Lot, and interest, late payment fees, fines, costs and reasonable attorney's fees of such action of foreclosure shall be added to the amount of such assessment. No owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area of the Development or abandonment of his or her Lot.

4.6.2 The Association's lien may be foreclosed in the same manner as deeds of trust on real estate under power of sale under Article 2A of Chapter 45 of the General Statutes of North Carolina, as the same may be in effect at the time the foreclosure is commenced. Each Owner of a Lot agrees that the Association may appoint a trustee for such purpose and, upon request by the Association, it shall be lawful and the duty of the trustee so appointed to sell the Lot subject to the lien at public auction for cash, after first having given such notice of hearing as to commencement of foreclosure proceedings and obtaining such orders or leave of court as may then be required by law and by giving such notice and advertising the time and place of such sale in the manner as then provided by law. Any sales or resales shall be according to the law for foreclosure proceedings under power of sale to convey title to the purchaser in as full and ample manner as the trustee is hereby empowered. The trustee in such proceedings and the cost of any such attorney shall be an expense of the trustee which shall be chargeable against the proceeds from the sale or resale of the Lot.

4.6.3 The proceeds of the sale after the trustee retains a commission, together with any reasonable attorney's fees incurred by the trustee in such proceeding, shall be applied to the cost of sale, including, but not limited to, costs of collection, taxes, assessments, cost of recording, service fees and incidental expenditures, the amount due on the assessment and any accrued interest thereof which the lien secures and any advancements and other sums expended by the Association according to the provisions hereof and otherwise as required by the then existing law

relating to foreclosures under power of sale. The trustee's commission shall be five percent (5%) of the gross proceeds of sale or the minimum of Five Hundred Dollars (\$500.00), whichever is greater, for a completed foreclosure. In the event foreclosure of the lien is commenced but not completed, the owner of the Lot shall pay all expenses incurred by the trustee, including reasonable attorney's fees and a partial commission computed on five percent (5%) of the outstanding indebtedness or the above stated minimum sum, whichever is greater, in accordance with the following schedule: one-fourth (1/4) thereof before the trustee issues a Notice of Hearing on the Right to Foreclosure; one-half (1/2) thereof after issuance of said Notice; three-quarters (3/4) thereof after such hearing; and the greater of the full commission or minimum after the initial sale.

4.6.4 Each Owner of a Lot and any trustee appointed hereunder, covenant and agree that in case the appointed trustee or any successor trustee shall die, become incapable of acting, renounce his trust, or for any reason the Association desires to replace such trustee, then the Association may appoint, in writing, a trustee to take the place of the trustee; and upon the probate and resignation of any initial or subsequent appointment of trustee the trustee thus appointed shall be vested with or succeed to all rights, powers, and duties of the trustee herein described.

4.6.5 In the event the trustee is named as a party to any civil action as trustee in foreclosing the Association's lien rights, the trustee shall be entitled to employ an attorney at law, including the trustee if a licensed attorney, to represent the trustee in said action and the reasonable attorney's fee of the trustee in such action shall be paid by the Association and added to the outstanding indebtedness which the Association's lien secures and bear interest at the rate provided by the Declaration for unpaid assessments.

4.6.6 Each Owner of a Lot by acceptance of a deed therefore or by incorporation of property under these Restrictions, whether or not it shall be so expressed in such deed or by request to join the Association, is deemed to bargain, sell, grant, give and convey to any such appointed trustee for the benefit of the Association a real property interest in said Lot to secure the Association's lien to have and to hold said interest with all privileges and appurtenances thereto belonging, to said trustee, his heirs, successors and assigns forever, upon the trust, terms and conditions and for the use as herein set forth.

4.7 Subordination of Lien to Mortgages: The lien of any assessments provided for herein shall be subordinate to the lien of any mortgage granted by a bank, trust company,

insurance company, a prior owner pursuant to purchase money financing, or other recognized lending institution or deed of trust upon a Lot or any mortgage or deed of trust to the Declarant. Sale or transfer of any Lot shall not affect the assessment lien; however, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof shall extinguish the lien of such assessments as to payments which become due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter coming due or from the lien thereof, but the liens provided for herein shall continue to be subordinate to the lien of any mortgage or deed of trust as provided above.

5. EASEMENTS:

5.1 Owner's Easements: The Declarant hereby grants and conveys to each and every Owner and to those adjoining property owners who later contract with the Declarant for the use of same, the nonexclusive right of access, ingress, egress and regress over the Equestrian Easements and the Road Easements and any other easements shown on the recorded plat of the Development, including those easements, if any, previously granted to the Declarant subject to the restriction on the use of the Equestrian Easements to horses and riders and horses with carriages; provided, however, the Declarant has previously granted to John Patterson McSwain, his wife and their children (collectively "McSwain") the right to access the Equestrian Easements at the corner of Lots 29 and 30 with McSwain's land and the right for McSwain to sue the Equestrian Easements to access the Walthour Moss Foundation land abutting the Development subject to compliance with the terms and conditions for use of the Equestrian Easements set forth herein. The Declarant has also reserved unto itself the Lakes and Ponds Impoundment Easements set forth herein

5.2 Duration of Easements: The easements contained herein shall be perpetual and shall run with the Lots and shall be binding upon the Owners, their heirs, successors and assigns. These easements shall not be assignable or for the use of any person other than an Owner, his guests, clients, and invitees.

6. USE RESTRICTIONS: Lots in the Development shall be occupied and used only as follows:

6.1 No noxious or offensive activities shall be carried in or on any Lot. No Owner shall use the Lot in such a way that its use constitutes a nuisance to adjoining Lot owners. All manure and other barn debris shall be screened from view of adjoining Lot owners and the public.

6.2 The Lots shall be used for residential purposes, equestrian pursuits, and related uses.

6.3 No commercial business activity or trade of any kind shall take place on any Lot, except the Owner of a Lot may buy, sell, trade, and board horses, and give and receive equestrian training on or about the Owner's Lot. Schedule "A" attached hereto and herein incorporated by reference sets forth the maximum number of horses that are permitted to be permanently stabled on each Lot in the Development. The maximum number of stalls that may be located within the barn that may be built on each Lot shall be the same as the maximum number of horses allowed on such Lot as set forth on Schedule "A".

7. LAKES and PONDS: The lakes or ponds which are shown on the recorded plat referenced herein (hereafter collectively the "Lakes and Ponds") and which is located on a portion of Lake Abutting Lots shall be subject to the following rights and obligations:

7.1 The Owner of each and every Lot shown on the Plat of the Development acknowledges by recordation of their deed to each such Lot that they agree to the following as to the Lakes and Ponds:

7.1.1 In as much as the Lakes and Ponds provide an attractive and aesthetically pleasing environment for the entire Development and the failure to properly maintain the Lakes and Ponds would have a material adverse effect on the entire Development, the Association shall have the sole and exclusive responsibility for the maintenance of the Lakes and Ponds including repairs and maintenance of the dams constructed to create the Lakes and Ponds and such cost shall be a Common Area expense notwithstanding that the Lakes and Ponds are not owned by the Association or that less than all Owners may access the Lakes and Ponds.

7.1.2 In the event one or more of the dams for the Lakes and Ponds is breached or otherwise damaged so as to cause the water level of one or more of the Lakes and Ponds to drop materially, it shall be the responsibility of the Association to repair or replace such dam(s) as soon as practical as a Common Expense.

7.2 The Owners of Lake Abutting Lots acknowledge by the recordation of their deeds to the Lake Abutting Lots that they agree to the following as to the Lakes and Ponds, notwithstanding their ownership of a portion of the land over which one of the Lakes and Ponds are impounded and notwithstanding such riparian rights as the Owners of the Lake Abutting Lots would otherwise have under North Carolina law but for the terms hereof:

- 7.2.1 The Lakes and Ponds shall be used only for recreational purposes.
- 7.2.2 No docks or piers shall be built on any of the Lakes and Ponds.
- 7.2.3 Only hand or foot powered boats may be used on any of the Lakes and Ponds.
- 7.2.4 Each Owner of a Lake Abutting Lot, for himself, his guests, invitees and employees agrees to be solely responsible for any liability or injury incurred by such Owner or his guests, invitees or employees while using any one of the Lakes and Ponds and further agrees to indemnify the Owners of any of the Lots shown on the Plat who did not incur such liability or injury from any loss or damages as a result of such usage.
- 7.2.5 No Owner of a Lake Abutting Lot may irrigate or otherwise remove water from any of the Lakes and Ponds for any purpose except in the event of an emergency such as a fire, and then only until such emergency is abated or no longer exists.
- 7.2.6 The Owners of the Lake Abutting Lots herewith grant to the Association an easement over those portions of each Lake Abutting Lot lying outside the Building Envelope as may be necessary for the Association to fulfill its responsibilities regarding maintenance and repair referenced in this Section 7. The Association shall restore any disturbed portion of the Lake Abutting Lots damaged during the use of such easement to its original condition subsequent to such maintenance and repair.

8. ARCHITECTURAL REVIEW COMMITTEE:

8.1 There shall be an Architectural Review Committee (the "ARC") which shall be responsible for reviewing the plans of all proposed new construction, additions, or modifications. Such committee shall be responsible to ascertain that the plans and subsequent construction meet the building requirements set forth in this Declaration. The primary purpose of such committee is to assist Owners in achieving compliance with Development's building restrictions, if any.

8.2 The Architectural Review Committee shall consist of three (3) members, one of whom is elected annually by Owners, with the initial members to be chosen for varying terms so as to achieve staggered terms and continuity of membership of such committee. The initial committee shall consist of Willard A. Rhodes, Todd McCrimmon, and Donna A. Jeffers. When fifteen (15) Lots have been sold by the Declarant to other Owners, then one (1) member of the ARC shall be elected by the Owners other than the Declarant; when twenty five (25) Lots have been sold by the Declarant to other Owners, then the second member of the ARC shall be elected by the Owners other than the Declarant; and when thirty one (31) Lots have been sold by the

Declarant to other Owners, then the third member of the ARC shall be elected by the Owners other than the Declarant; provided, however, Willard A. Rhodes or his designee may serve until the Declarant does not own any Lots in the Development. The new members shall be nominated by the existing Architectural Committee members and approved by the majority vote of the Owners other than the Declarant.

8.3 Any Owner seeking to construct, alter or modify any existing structure or a structure constructed subsequent to the date hereof in the Development shall submit the plans to the Architectural Review Committee for review.

8.4 No construction, change, modification or alteration for which plans are to be submitted to the Architectural Review Committee shall commence until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same have been submitted to and approved in writing by the Architectural Review Committee as to the harmony of external design and location in relation to surrounding structures and topography, size, estimates of costs, and such other factors that the Architectural Review Committee considers necessary, appropriate, and relevant to maintain the property values in the Development. In the event the Architectural Review Committee fails to approve or disapproves such design and location plans within thirty (30) days after such plans have been submitted to it, approval will not be required and full compliance with this section and Declaration will be deemed to have occurred. The Architectural Review Committee, in its discretion, shall approve the location and number of pass gates to be installed, at the Owners expense, in the fencing bordering the Equestrian Easements, which pass gates shall be of the same material as the other Equestrian Easement fencing.

9. BUILDING RESTRICTIONS: The following building restrictions shall be in effect:

9.1 All fencing on any Lot shall be wood fencing in natural or dark stained finish. No white painted fencing shall be allowed. No fencing shall obstruct the Equestrian Easements.

9.2 Notwithstanding the building setbacks described herein and on the Plat of the Development, that portion of the Building Envelope consisting of the footprint for the buildings and improvements made or to be made to or on the Lot shall not exceed fifty per cent (50%) of the total lot area and shall not include designated Primary and Secondary Conservation Areas as shown on the plat.

9.3 No structure shall be erected, altered, placed or permitted to remain on any Lot

containing less than seven and one-half (7 ½) acres, except one single family residence not to exceed two stories in height. exclusive of basement, with a minimum heated living area of two thousand (2000) square feet and no structure shall be erected, altered, placed or permitted to remain on any Lot containing more than seven and one-half (7 ½) acres, except one single family residence not to exceed two stories in height. exclusive of basement, with a minimum heated living area of two thousand five hundred (2500) square feet; provided, however, notwithstanding the size of the Lot,, the following additional structures are allowed to be built on any Lot at the same time or after the construction of the single family residence: (i) a detached garage for no more than three (3) vehicles; (ii) one detached structure not exceeding two stories in height, to be used as a private barn containing no more than the number of stalls set forth on Schedule "A" hereof, which structure may in addition contain a living quarters for employees of the Owner provided such living quarters shall contain a heated living area no greater than one thousand (1000) square feet and no less than twenty five (25%) percent of the heated square footage of the single family residence situated on the Lot; and (iii) one (1) turnout shed subject to approval by the Architectural Review Committee as to its size, location, construction, material and appearance. Notwithstanding the foregoing, the following Lot 10 currently has and can continue to have a stable with six (6) stalls in the main dwelling.

9.4 Multi-family dwellings shall not be constructed or used on any Lot.

9.5 No signs or billboards shall be erected or maintained on any Lot without the approval of the Architectural Review Committee. It is the intention of the Declarant that each Lot shall be identified by a tasteful sign giving the name of the farm or its owner.

9.6 No trade materials or inventories may be stored upon or kept on any Lot, and no trucks, tractors, or other vehicles may be stored or regularly parked on any Lot unless the same are stored in a structure approved by the Architectural Review Committee except that one horse van or truck and trailer for transporting horses may be stored outside on a Lot.

9.7 No trailer or mobile home shall be allowed on any Lot except during the active construction of a house or barn and with the exception of horse and farm trailers. No metal buildings or similar prefabricated structures shall be allowed on any Lot.

9.8 No fence, wall, hedge or mass planting on any Lot shall be closer than ten (10) feet to any boundary Lot line or Road Easement in the Development, except that for those Lots shown on the Plat of the Development that do not have an Equestrian Easement along one or more of such Lots boundary lines single line perimeter fencing may be installed on the common

boundary line of such Lots. Fencing along Youngs Road shall be set back thirty (30) feet from the northern edge of the pavement of such road.

9.9 No Lot shall be subdivided so as to create a greater number of smaller lots; however, two (2) or more Lots may be combined into one Lot. If two or more Lots are so combined, then the Owners of same shall file with the Register of Deeds for Moore County, North Carolina a declaration of such combination and the set back and related restrictions herein shall herein apply to the exterior boundaries of the combined Lots.

9.10 Buildings and structures shall be set back seventy five (75) feet from the front Lot line, twenty (20) feet from any side Lot line, and thirty five (35) feet from any rear Lot line.

9.11 There will be no exposed power lines on any Lot.

9.12 All existing structures on the Lots as of the date of recordation of this Declaration shall be deemed to comply with the terms hereof; any alteration, addition or other change to the exterior of such existing structures must comply with the terms hereof.

10. EQUESTRIAN EASEMENTS: It is the intention of the Declarant that the Equestrian Easements shown on the Plat of the Development shall remain unpaved so they may be used for equestrian purposes. (The Declarant may install fencing throughout the Development to define such Equestrian Easements. Each Owner of a lot, by accepting title to a Lot, shall become permanently obligated to repair, reconstruct, and maintain that portion of such fencing, if any, which is located within the boundary of his Lot in an excellent condition and shall also be required to maintain that portion of the Equestrian Easement which is located within the boundary of his Lot by mowing same and keeping same free of debris and obstruction. No hedge or mass planting along the fence shall interfere with the Equestrian Easements).

11. ENFORCEMENT: Declarant or any Owner shall have the right to enforce, by any proceeding at law or equity, all restrictions, conditions, covenants, easements, reservations, liens, and charges now or hereafter imposed by the provisions of this Declaration, including but not limited to the requirements of paragraph 6 above. Failure by the Declarant or by any Owner to enforce any covenant or restriction contained in this Declaration shall in no event be deemed a waiver of the right to do so at a later date.

12. SEVERABILITY: Invalidation of any one of the covenants or restrictions contained in this Declaration by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

13. AMENDMENTS: This Declaration of Restrictions, Covenants and Easements of Pelham Farms may be amended by a duly recorded instrument executed and acknowledged by not less than eighty percent (80%) of the Owners of the Lots in the Development and by the Declarant so long as the Declarant owns one or more Lots in the Development.

14. DURATION: The covenants and restrictions of this Declaration shall run with and bind the Lots, and shall inure to the benefit of and be enforceable by the Owners for a period of thirty (30) years from the date of this Declaration, and thereafter shall continue automatically in effect for additional periods of ten (10) years unless otherwise agreed to in writing by the then Owners of at least eighty percent (80%) of the Lots in the Development and by the Declarant so long as the Declarant owns one or more Lots in the Development.

IN WITNESS WHEREOF the said Declarant has caused this instrument to be signed in the corporate name by its duly authorized officers and its seal or a reasonable facsimile thereof to be hereunto affixed or impressed by authority of its Board of its Directors, the day and year first above written.

DECLARANT:

PEACOCK FARM, INC.

By: [Signature]
Name: [Signature]
Its: [Signature]

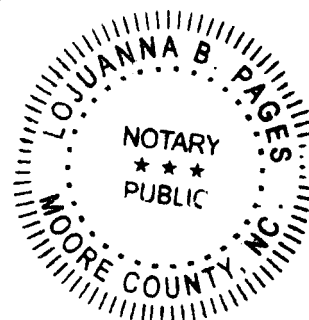
STATE OF NORTH CAROLINA
COUNTY OF MOORE

I, LoJuanna B. Pages, a Notary Public of the County and State aforesaid, certify that Willard A. Rhodes, either being personally known to me or proven by satisfactory evidence (said evidence being _____), personally appeared before me this day and acknowledged that he is President of Peacock Farm, Inc. a Florida corporation, and that he, as President being authorized to do so, voluntarily executed the foregoing on behalf of the corporation for the purposes stated therein.

WITNESS my hand and official stamp or seal, this 10 day of February, 2007.

My Commission Expires: 3/13/2010

[Signature]
Notary Public



SCHEDULE A

Lot Number	Number of Horses Allowed	Number of Stalls Allowed
1	4	4
2	3	3
3	4	4
4	6	6
5	4	4
6	4	4
7	6	6
8	6	6
9	3	3
10	6	6
11	3	3
12	3	3
13	6	6
14	3	3
15	3	3
16	2	2
17	2	2
18	2	2
19	2	2
20	5	5
21	4	4
22	6	6
23	3	3
24	3	3
25	4	4
26	3	3
27	3	3
28	3	3
29	3	3
30	3	3
31	3	3

Those Lots deemed to have substantial lake frontage have one horse deducted from the allowable number of horses that can be permanently maintained on the property

SCHEDULE B

Red-Cockaded Woodpecker Management Plan

1. The Red-Cockaded Woodpecker (*Picoides borealis*) is an endangered species protected by Federal law. It lives in mature pine forests and requires old (100+ years) living pines for cavity sites. Cavities are used for nesting and roosting. The Red-Cockaded Woodpeckers (hereinafter "RCW") living in the subdivision and surrounding properties are part of one of the last major populations of this species. Therefore, to ensure that this species receives adequate protection in the subdivision, the following provisions apply as part of the U.S. Fish and Wildlife Service master management plan for the RCW.
2. Pine trees containing excavations of the RCW are protected by Federal law. Excavations include both incomplete ("start") and complete cavities. Active cavity trees (currently being used by RCWs) cannot be destroyed or damaged. Inactive cavity trees are protected also, but, under certain extraordinary circumstances, variance may be granted. Dead cavity trees cannot be removed for at least six (6) months after death. Before removal, it must be determined by a qualified RCW consultant, or State or Federal endangered species biologist, that RCWs are no longer using the tree and are not likely to reuse it. Permission to remove an inactive or dead cavity tree must be obtained from the Division of Law Enforcement, U.S. Fish and Wildlife Service, Raleigh, North Carolina (919-856-4786). All RCW cavity trees at the subdivision have been marked with numbered aluminum tags and five-by-five inch metal signs stating "Endangered Species Site, Red-Cockaded Woodpecker, Do No Cut Trees" and depicting a RCW.
3. All pine trees over thirty years of age provide foraging habitat for the RCW, and old (150+ years) "flattop" pines provide future cavity sites. Foraging habitat is protected by Federal law. Therefore, house and driveways should be located so as to minimize the loss of pine trees of ten inches or more in diameter at breast height (dbh) and all "flattop" pines possible. Pine trees on the remainder of a Lot that are four inches or more dbh (thirty years old or older) will not be cut without prior review and approval in writing from the Architectural Review Committee.
4. Cavity trees and potential cavity trees ("flattops") will be protected during construction of housing and driveways by the erection of temporary fences. Such fences will extend out at least as far as the radius of the crown of individual trees. The soil within this area will not be disturbed and soil disturbance on the property in general will be minimized to the maximum extent possible. Every effort should be made to locate permanent structures—including, but not limited to, houses, barns, and utility lines—not less than fifty feet from a cavity tree. No permanent structures will be located within thirty feet or one crown radius—whichever is greater—of a cavity tree.
5. RCWs require "open" pine forests in which to forage and, in particular, the area around cavity trees and potential cavity trees must be kept free of understory and midstory vegetation. Allowing brush, vines, or small trees, whether naturally occurring or ornamental, to block or hinder free and direct access to a RCW cavity may be a violation of Federal law. A radius of not less than fifty feet around each cavity tree shall be kept

free of all vegetation more than three feet in height, except for pine trees more than thirty years old, which shall be permitted. The area around flattops should be managed similarly. Individual exceptions will be considered on a case-by-case basis by a qualified RCW consultant.

6. Other species of birds and mammals compete with RCWs for their cavities. Bird feeders attract competing species to the vicinity of RCW cavities. Thus, bird feeders and baths should not be placed within fifty feet of a RCW cavity tree. Should cavity competition be diagnosed as a problem, the owner will allow the placement of "cavity restrictors" on RCW cavities. Restrictors help prevent access to, and modification of, cavities by competing species.
7. The use of pesticides can be harmful to the RCW and could result in the death of individual birds and violation of Federal law. The primary threat is through application of lindane or related pesticides to pine trees for suppression or prevention of pine bark beetles. However, longleaf pines (*Pinus palustris*) are highly resistant to pine beetle attack unless weakened by lightning strike or severe root disturbance, and, therefore, preventative spraying of healthy trees is unnecessary. Spraying of damaged individual trees may be permitted, but a RCW consultant or State or Federal endangered species biologist should be contacted to determine if spraying is warranted.
8. The owner will allow access to the lot or unit as needed to determine activity of cavity trees, censusing of RCWs and/or to search for new cavity trees. Such procedures will be carried out by a RCW consultant or State or Federal endangered species biologist. The owner will not remove the tags or signs identifying a RCW cavity tree.

No later than the closing of the sale of any Lot from the Declarant to an Owner, the Declarant will provide a copy of the Guidelines for Red-cockaded Woodpecker Management on Private Lands, published by the Fish and Wildlife Service of the United States Department of the Interior pursuant to the Endangered Species Act of 1973, and a letter report from the Fish and Wildlife Service of the United States Department of the Interior dated August 14, 2000 that reiterates the obligations of the Declarant and the Owner of a Lot pursuant to the Endangered Species Act of 1973.