

This instrument prepared by: JARALD N. WILLIS, Attorney at Law

NORTH CAROLINA
RUTHERFORD COUNTY

PROTECTIVE COVENANTS
PINNACLE RIDGE SOUTH

A. PREAMBLE

567 466

Rich Mountain Investment Company, Inc. is a corporation organized and existing under and by virtue of the laws of the State of North Carolina, hereinafter referred to as "DEVELOPER" (which term includes the successors, assigns, and nominees of Developer), and is the record owner of that certain 350.01 acre tract, less exceptions, described in that certain deed recorded in Deed Book 556, Page 716, Rutherford County Registry; that the predecessor in title of said 350.01 acre tract was Pinnacle Ridge South, a General Partnership, Joseph C. Reynolds, Rolland L. King and George J. Couch, General Partners, hereinafter referred to as "PREDECESSOR";

WHEREAS, Predecessor heretofore caused to be recorded a plat in Plat Book 14, Page 21, Rutherford County Registry, the real property being described and subdivided therein being a part and parcel of the 350.01 acres referred to hereinabove, and Predecessor caused to be recorded Protective Covenants encompassing the real property described in Plat Book 14, Page 21, Rutherford County Registry.

WHEREAS, Predecessor conveyed to Developer all that real property described in Deed Book 556, Page 716, Rutherford County Registry, which conveyance includes all that real property described in Plat Book 14, Page 21, Rutherford County Registry, and additional acreage not described therein and not subject to the amended protective covenants heretofore recorded in Deed Book 505, Page 555, Rutherford County Registry.

WHEREAS, Developer has established a plan for the improvement, development and maintenance of all remaining real property described in Deed Book 556, Page 716, Rutherford County Registry, but not included within Plat Book 14, Page 21, Rutherford County Registry, and is desirous of improving, developing and maintaining said real property in accordance with said plan.

WHEREAS, Developer is desirous of impressing and placing certain covenants, restrictions, limitations, reservations, and servitudes upon the ownership, improvement, use and occupancy of all of the remaining real property described in Deed Book 556, Page 716, Rutherford County Registry which is not encompassed within the description of that plat recorded in Plat Book 14, Page 21, Rutherford County Registry, to insure the improvement, development and maintenance of said real property in accordance with the plan, which covenants, restrictions, limitations, reservations and servitudes shall run with the title to any tracts which shall be conveyed out of said real properties hereinafter and shall be binding upon these tracts.

NOW, THEREFORE, the Developer does for itself, its grantees, successors and assigns, establish the following covenants, restrictions, limitations, reservations and servitudes upon any of the tracts which shall henceforth be conveyed out of the remaining real property owned by Developer and being described in Deed Book 556, Page 716, Rutherford County Registry, and on the ownership, use and occupancy thereof.

B. PROTECTIVE RESIDENTIAL COVENANTS

1. No building or structure of any kind whatsoever other than a single dwelling house shall be erected on the property, and any such dwelling house shall be used for residential purposes only. All lots shall be not less than two (2) acre(s). Neither the Developer nor any other owner of any lot within the property shall further subdivide any plat of the property unless the subdivided lot is at least three (3) acre(s) in size. Nothing contained herein shall prevent the Developer or any other lot owner

from merging two or more contiguous lots into a single lot; provided that if there shall be a requirement to pay assessments as set forth herein, such requirement shall continue to bind both lots as separate lots.

Developer also reserves the right to revise the dimensions of any lots located within the subject property so long as Developer owns all lots affected by such change or obtains the written consent of any other party who owns a lot affected by such change. Said changes shall be accomplished by the filing of amended plats and appropriate amendments to these Protective Covenants. When any such change affects a lot owner other than Developer, the change must also be evidenced by a deed conveying to Developer (or other party) the land being surrendered by such other party in order to effect the change.

2. No mobile homes, house trailers, unapproved out-buildings or any temporary structures shall be placed on any tract, either temporarily or permanently, except that the builders may elect to utilize said structures during the construction of any improvements on the property and the Developer may use such structures as a sales office. This provision will not prevent the parking of a licensed motorhome or travel trailer at the home of a property (tract) owner for the purpose of storing said vehicle as long as said vehicle is parked on the property owner's tract in such a manner as to be reasonably out of sight and non-offensive to other property owners.

3. No tract shall be used for vehicle repair work, whether performed by the property owner or other parties. All boats and equipment utilized with boats, including trailers shall be kept out of sight of the road and adjacent property owners view.

4. Residents and property owners shall not be allowed to park vehicles on the road except in emergencies. Unless otherwise posted, guests and visitors of owners may park on the shoulder of the roads, while visiting property owners for a short duration, so long as the health, safety and convenience of other residents within the subdivision are not impaired.

5. No building shall be erected on any tract, nor shall any substantial change or addition be made to any building erected on any tract without the approval of the Architectural Committee. The Committee shall be charged with the responsibility to assure that all such buildings are basically compatible with the designs of surrounding areas and with other buildings previously built.

6. No dwelling, garage or other improved building shall be closer than 50 feet to any front lot line or side street line. No dwelling, garage or other improved building shall be nearer than 25 feet to any interior tract line. Steps, patios, and garden walls shall not be considered part of the building for determining front and side set-backs.

7. Except for the construction and sale activities to be conducted by the Developer (or its successors or agents for such purposes) or its designees, no portion of the property shall be used for commercial or business enterprises. Home professions such as artists and craftsmen may be permitted with written permission of the Developer who shall have the right to establish all rules governing such use.

8. No sign of any kind shall be displayed to the public view on any lot, except one sign of not more than five square feet advertising the property for sale or rent, or signs used by builder to advertise the property during the construction and sales period. Nothing in this paragraph shall be construed to prevent the Developer from erecting an entrance display sign or signs designed to designate areas within the development including, but not limited to street signs.

9. No animals, livestock, or poultry of any kind shall be kept, raised or bred on the property, except that dogs, cats and other common household pets and horses may be kept so long as the owners of such animals do not keep, breed, or maintain such animals for any commercial purposes. All

such animals must be kept in fenced areas to the rear of the main residence and when out for exercise should be kept on a leash and not allowed to become a nuisance to other residents, property owners or their guests.

Horse barns, not more than one and one-half stories in height, consisting of not more than four stalls, a tack room, a wash area and hay storage area will be permitted on tracts larger than ten acres. If a property owner has two or more contiguous tracts, these can be merged into one tract for the purpose of meeting this requirement. Said barn must be no closer than one hundred feet to any front, side or rear tract line of any other tract owner and must be approved by the Architectural Committee.

10. Fences may be constructed or replaced only with the prior approval of the Architectural Committee.

11. No noxious or offensive activity shall be permitted on the property.

12. No tract shall be used or maintained as a dumping ground for rubbish, trash, garbage, and all waste shall be kept only in sanitary containers. All equipment for the storage or disposal of refuse shall be kept in a clean and sanitary condition.

13. No timber cutting will be permitted except for the clearing of home-site or driveways except where the area cleared is seeded, or planted and maintained in such a manner in keeping with the standards of the subdivision. Clear cutting is not permitted.

14. Individual septic tanks and sewage systems must be designed, built and maintained to county and state health department specifications.

15. All buildings shall be constructed with high quality materials and workmanship to insure that no dwelling will present an unsightly appearance.

16. All fuel tanks and containers shall be covered or buried underground consistent with normal safety precautions and local governed regulations.

17. With the exception of television satellite dishes or antennae located to the rear of homes and reasonably out of sight and regular TV antennae on the roofs of houses, no tower, TV, or CB antennae or tower shall be erected on the tract; provided, that the Developer or the Homeowner Association may, if it deems it for the common good of the subdivision, approve a certain receiving and transmitting system to be erected at one or more locations.

18. No residence shall exceed two and one-half stories in height, exclusive of basements and attics.

19. Utility and drainage easements affecting all tracts in this subdivision are reserved ten feet in width along interior tract lines and over the rear ten feet of each tract. Neither the Developer, nor any utility company using the easements herein referred to shall be liable for any damage done by them or their assigns, agents, employees or servants to shrubbery, trees or flowers or to the property of the owner situated on the land covered by said easement.

20. Developer has constructed roads on the property and the centerline of the roads will be the boundary line of the property sold to the property owners; the Developer does hereby reserve a sixty foot road right of way for road purposes, said right of way to be located thirty feet on either side of the centerline of said road which is the property line of the property owner. The Developer reserves said sixty foot right of way for ingress and egress to the owner's property and to the property being developed. Developer shall have the following rights in regard to said sixty foot right of way:

a. Developer may maintain the road, and in its discretion, may pave the same.

b. Developer will have the right to run any and all utility lines, including, but not limited to, electric, water, telephone and sewer.

c. Developer reserves the right to convey said sixty foot right of way to the Department of Transportation of the State of North Carolina at any time so that said road may become a public road and may be maintained by the Department of Transportation of the State of North Carolina.

d. The property owners agree that the Developer shall be their agent and be empowered to sign any and all documents to convey said sixty foot right of way to the Department of Transportation of the State of North Carolina without the necessity of their signing any legal documents to insure the transfer. The property owners expressly waive any compensation from the State of North Carolina for the taking of the sixty foot right of way, it being the intention of all parties that the road will be taken over and maintained by the Department of Transportation of the State of North Carolina as soon as possible.

Developer reserves the right to maintain the banks, fields and drainage along the side of said roads, including the right to cut any shrubs or trees along the banks and fields to maintain said roads.

The property owners are expressly advised that until the Department of Transportation of the State of North Carolina takes over said roads, that these will be private roads and must be maintained by them and the owners of the other tracts of land in the development in compliance with N.C.G.S. 136-102(f).

21. No residence shall be less than 1000 square feet of heated floor space, exclusive of porches and garages.

C. ARCHITECTURAL COMMITTEE

The Architectural Committee shall consist of the Developer until 75% of the tracts are sold, then a committee of three will be appointed by the Homeowners Association.

No buildings or other structures (including fences) shall be constructed, erected, or placed on any numbered tract in the development, nor shall any such building or structure be repaired, restored, or altered in any substantial way after it has been constructed, until the proposed building plans and specifications including designation of exterior colors or finishes and exact location of proposed building within the numbered tract, shall have been submitted to the Architectural Committee and approved by it in writing. The proposed plans and specifications must include a construction schedule which calls for the completion of construction within one year after commencement. The Architectural Committee may base its disapproval on any reasonable ground, including purely aesthetic considerations. The Architectural Committee will not approve any proposed building which violates or may reasonably be expected to violate any applicable provision of this Protective Covenant or any regulations affecting the property.

Upon the death or resignation of any member of the Architectural Committee, the remaining members, shall within thirty days after such death or resignation select a replacement.

After 75% of the tracts have been sold, the Developer will relinquish its authority to appoint the members of the Architectural Committee to the Board of Directors of the Homeowners Association of Pinnacle Ridge South. This may be accomplished by any process or through any organization approved or credited by a majority of the owners of the tracts.

The Architectural Committee must respond to proposals submitted to it within thirty (30) days after receipt of such proposals. Failure to do so shall constitute approval of such proposals.

IN WITNESS WHEREOF, the undersigned has caused this instrument to be signed in its corporate name by its duly authorized officers and its corporate seal affixed hereto by authority of its Board of Directors, this the 15 day of August, 1990.



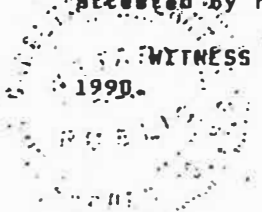
RICH MOUNTAIN INVESTMENT COMPANY, INC.

By: [Signature]
President

Vicki Andrus
Secretary

NORTH CAROLINA, RUTHERFORD COUNTY

I, Cary B. Blanton, a Notary Public of said State and County, do hereby certify that Vicki Andrus personally appeared before me this day and acknowledged that she is Secretary of RICH MOUNTAIN INVESTMENT COMPANY, INC., a North Carolina corporation, and that by authority duly given and as the act of the Corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal, and attested by her as its Secretary.



WITNESS my hand and Notarial Seal, this the 15 day of August, 1990.

Cary B. Blanton
Notary Public

My Commission Expires: 9-24-95

NORTH CAROLINA, RUTHERFORD COUNTY

The foregoing certificate of Cary B. Blanton is certified to be correct. This instrument was presented for registration this the day and hour duly recorded in the Office of the Register of Deeds for Rutherford County, North Carolina, in Deed Book 567, Page 466.

This the 9 day of October, 1990, at 10:20 o'clock A.M.

FAYE H. HUSKEY, Register of Deeds for Rutherford County, N.C.

By: Lina R. Dobbins Deputy/Assistant