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NORTH CAROLINA
 GRANVILLE COUNTY

PROTECTIVE COVENANTS,
 AND RESERVATION
 OF EASEMENTS FOR
 DEER RUN SUBDIVISION

THIS DECLARATION of Protective Covenants and Reservation
 of Easements made this 15th day of January, 1988, by FLEMING
 MACON PLEASANTS, herein called Declarant;

W I T N E S S E T H:

THAT WHEREAS, the Declarant is the owner of certain real
 property hereinafter described, and desires to subject said
 real property to certain Protective Covenants and Private
 Road Maintenance Provisions as hereinafter set forth, and
 further desires to reserve unto itself certain drainage
 easements and utility service easements in connection with
 the property.

NOW, THEREFORE, the Declarant hereby declares that the
 real property hereinafter described is and shall be held,
 transferred, sold and conveyed subject to the Protective
 Covenants and Easements hereafter set out. The real estate
 which is the subject of these Protective Covenants is
 described as follows: BEING all of that property beginning at
 S.R. 1159, "Thad Carey Road," Lots 13 through 64 of Deer Run,
 and being all of Deer Run Subdivision as recorded in Plat
 Book 10, Page 176.

The Protective Covenants are as follows:

1.

No inoperable or junk motor vehicles or equipment of any
 kind may be located on the property.

2.

The property is restricted to use for residential
 purposes and for limited agricultural purposes such as
 private gardening and the tending of private orchards and
 vineyards. No part of any lot shall be used for any type of
 business or store. Only one dwelling or residence may be
 located on each lot.

3.

The lots in the subdivision shall not be re-subdivided,
 except that the Declarant reserves the right to adjust the
 location of the various lot lines as may be necessary to
 assure the useability of a particular lot or group of lots.

4.

No livestock or animals, except for pets such as dogs
 and cats, may be raised or kept, and no hogs shall be
 permitted on the property.

5.

No dwelling shall be constructed upon the lot that has
 less than one thousand one hundred (1,100) square feet of
 heated area. No single wide mobile homes are permitted.

LAURIE B. PREDDY
 P. O. BOX 624
 BUTNER, NORTH CAROLINA

Mailed 1-26-88 Jim Smith P.O. Box 724 Butner NC 27509

6.

No incomplete or junk type structures shall be permitted on the property.

7.

All buildings and other structures shall comply with the setback lines as stated by the current county ordinances.

8.

All driveways installed from abutting roadways must use a pipe of sufficient size to insure proper drainage and in any event shall be not less than 15 inches in diameter.

9.

Each lot shall have its own well or other approved water source and septic tank or other approved waste disposal system. All water sources and waste disposal systems must comply with the standards set forth by the Granville County Health Department. All trash and garbage must be disposed of by a method approved by the Granville County Health Department or through a duly franchised waste disposal service operating in County. No dumping shall be permitted on the property.

10.

It shall be 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. All lots shall be kept clean and free of garbage, junk, trash, debris, or any substance that might contribute to a health hazard. Each purchaser of a respective lot shall cause the maintenance and protection of landscaping to ensure proper drainage of the lot so as to prevent soil erosion, and cause the maintenance of the home and any other structure and improvements located on his lot to ensure its good condition and appearance.

11.

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 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. Each dwelling within the subdivision shall be connected to electric service prior to occupancy.

12.

No building, fence, wall or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing

as to harmony of external design and location in relation to surrounding structures and topography by the representatives appointed by the Board of the Homeowner's Association, hereinafter described. In the event said Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with.

13.

In the event an owner of any Lot in the Properties shall fail to maintain the premises and the improvements situated thereon in a manner satisfactory to the Board of Directors, the Association, after approval by two-thirds (2/3) vote of the Board of Directors, shall have the right, through its agents and employees, to enter upon said parcel and to repair, maintain, and restore the Lot and the exterior of the buildings and any other improvements erected thereon. The cost of such exterior maintenance shall be added to and become part of the assessment to which such Lot is subject.

14.

These Protective Covenants shall remain in full force and effect and be binding on the property until January 1, 2006, after which time they shall be automatically extended for successive periods of 10 years each, unless by a vote of the majority of lot owners in the subdivision and by the consent of Declarant, it is agreed to change, modify or abolish the covenants.

15.

These Protective Covenants shall run with and be a part of the title to the property.

16.

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 covenant or restriction 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.

HOMEOWNERS ASSOCIATION

There is hereby created a Deer Run Homeowners Association for the purpose of establishing rules and regulations governing use of the roads and for the maintenance and upkeep of the same, and to enforce the Protective Covenants for the subdivision. Each of the owners of the lots in the subdivision shall be deemed a member of the Homeowners Association, and shall be entitled to one vote per lot owned at the annual meeting of the association.

Membership and Voting Rights: Every owner of a lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment. The Association shall have two classes of voting membership:

Class A. Class A members shall be all Owners, with the exception of the Declarant, and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B member(s) shall be the Declarant and shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

- (a) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or
- (b) on January 1st, 2006.

The first annual meeting of the association shall be held on the 1st Saturday in February, 1988. Thereafter the date and time for annual meeting shall be fixed by the Board of Directors. At each annual meeting there shall be elected a Board of Directors for the association consisting of at least 3 members, and the Board of Directors so elected shall be responsible for contracting and providing for road maintenance and regulations. Pending the first annual meeting, a temporary Board of Directors shall be appointed by Declarant to serve until their successors are duly elected. The temporary Board of Directors, in addition to providing for interim road maintenance, shall prepare and present a proposed set of bylaws for the association at the first annual meeting.

COVENANT FOR MAINTENANCE ASSESSMENTS

Creation of the Lien and Personal Obligation of Assessments: The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fee due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

The costs of any repairs and maintenance contracted by the Board of Directors of the Association shall be assessed equally to all lots in the subdivision. Any sums levied by the Association that remain unpaid shall become a lien against the member's lot subordinate only to ad valorem taxes and mortgage liens, and may be collected by the Association through a civil action instituted for such purpose. In addition thereto, the failure to pay such road assessments

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when due shall constitute an event of default in the outstanding purchase money note and deed to trust held on such lot by Deer Run.

Maintenance fees shall be paid directly to the association. All maintenance fees collected by Deer Run Homeowners Association shall be set aside and held in trust for the use and benefit of the Homeowners Association and shall be paid to it on demand.

RESERVATION OF UTILITY EASEMENTS

The Declarant hereby reserves the right to grant general utility service easements to any public utility desiring to provide service of such utilities to the subdivision or any individual lot located in the same.

Declarant reserves surface water drainage easements wherever the same may be necessary for proper maintenance of roads and drives, and the right to direct water from its natural course to a more suitable course within the subdivision whenever it deems the same to be necessary or desirable.

Declarant reserves for himself, his successors and assigns an easement of ingress, egress, and regress to any ponds located within the subdivision.

The Declarant reserves the right and privilege to grant a general road easement to the N. C. Department of Transportation, or other governmental authority, if it is desired than any of the private roads in the subdivision be included in the public highway system.

IN TESTIMONY WHEREOF, the Declarant has caused this instrument to be executed the day and year first above written.

By: *Fleming Macdonald* (Seal)
FLEMING MACON PLEASANTS

NORTH CAROLINA
GRANVILLE COUNTY

I, *Laurie B. Prieddy*, Notary Public for said County and State, certify that *Fleming Macdonald* personally came before me this day and acknowledged that he is

----- of -----, a corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its -----, sealed with its corporate seal, and attested by himself as its -----.

Witness my hand and official seal, this the *15*- day

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of January, 1988.

Official Seal

Edward L. Riddick
Notary PublicMy commission expires: 11-9-91

STATE OF NORTH CAROLINA

Granville COUNTY

I, a Notary Public of the County and state aforesaid
 certify that Edward L. Riddick Grantor,
 personally appeared before me this day and acknowledged the
 execution of the foregoing instrument.

Witness my hand and official stamp or seal, this 15
day of January, 1988.

Edward L. Riddick
Notary Public

(Official Seal)

My commission expires: 11-9-91

STATE OF NORTH CAROLINA, GRANVILLE COUNTY.

The foregoing certification of Edward L. Riddick
Notary Public of Granville

This instrument was presented for registration this day and hour and duly recorded in the office of the Registrar

of Deeds of Granville County, N. C. in Book 269, Page 277

This 15th day of January, A. D. 1988 at Granville County, N. C.

Recorded and verified: By James D. Mann Registrar of Deeds

\$ 16.00 Rec. Fees \$ _____ Stamps _____