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RUTH C. GARRETT
REGISTER OF DEEDS
DURHAM COUNTY, N.C.

HARDSCRABBLE PLANTATION
DECLARATION OF PROTECTIVE COVENANTS AND RESTRICTIONS
Hardscrabble Plantation Homeowners Association

This Declaration is made on the 19th day of August, 1996 by Hardscrabble Plantation Development, LLC, a North Carolina Limited Liability Company having its principle place of business at 102 Hardscrabble Drive, Hillsborough NC 27278; and who is hereinafter sometimes referred to as Declarant, for the purposes as set forth hereinbelow.

WITNESSETH:

WHEREAS, Declarant is the owner of certain real property in the County of Durham, State of North Carolina, which is or shall be known as Hardscrabble Plantation Phase II Section III, and as more particularly described in Exhibit A hereto;

WHEREAS, certain recreational facilities have been constructed for the use and benefit of the Owners and occupants of Hardscrabble Plantation on a portion of said property (the Recreational Area), which facilities are to be owned and maintained by the Hardscrabble Plantation Homeowners Association, Inc. (Hardscrabble Homeowners Association), a North Carolina non-profit corporation;

WHEREAS, a general plan for development and Restrictive Covenants for Hardscrabble Plantation were previously recorded in Deed Book 1555 at Page 624 of the Durham County Registry; and

WHEREAS, Declarant desires to continue the development for Hardscrabble Plantation and to substitute this Declaration of Restrictions and Covenants for Hardscrabble Plantation fully restating said general plan of development as amended for previous phases and sections of Hardscrabble Plantation, and record the same in the Durham County Registry, and thereby subject Declarant's real property in the County of Durham, State of North Carolina, as more particularly described in Exhibit A hereto, to the restrictions as stated herein.

NOW, THEREFORE, Declarant hereby declares that the real property described in Exhibit A hereto shall be removed from the Declaration of Restrictions and Covenants for Hardscrabble Plantation Deed Book 1555 at Page 624 of the Durham County Registry, and the

same shall be held, sold and conveyed as part of its general plan of development subject to the following easements, restrictions, covenants and conditions, which are for the purpose of enhancing and protective the value and desirability of, and which shall run with said real property and the divisions thereof, and be binding on all parties having any right, title or interest in the described real property, or any part or portion thereof, their heirs, successors and assigns, and which shall inure to the benefit of each Owner thereof.

ARTICLE I

DEFINITIONS

1. Homeowners Association shall mean and refer to The HARDSCRABBLE PLANTATION HOMEOWNERS ASSOCIATION, INC., a North Carolina non-profit corporation, its successors and assigns, which has been formed pursuant to Chapter 55A of the North Carolina General Statutes.
2. Owner shall mean and refer to the record Owner, whether one or more persons or entities, of a fee simple title interest to any Lot which is a part of the Hardscrabble Properties, as described in the Exhibit A hereto, or as may be subjected to this Declaration in the future, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.
3. Property shall mean and refer to that certain real property described in the Exhibit A hereto, made a part hereof and incorporated herein by reference as fully and to the same extent as if said description were set forth herein, which is the property subjected to this Declaration of Covenants, Conditions and Restrictions, or any Supplemental Declaration of Covenants, Conditions and Restrictions under the provisions of Article II hereto.
4. Hardscrabble Properties shall mean and refer to all of the real property more particularly described in Exhibit A annexed hereto and other such property known as Hardscrabble Plantation.
5. Lot shall mean and refer to any parcel or plot of real property shown upon any recorded subdivision map of the property described in Exhibit A annexed hereto.
6. Declarant shall mean and refer to Hardscrabble Plantation Development, LLC, a North Carolina Limited Liability Company having its principle place of business at 102 Hardscrabble Drive, Hillsborough NC 27278, its successors and assigns.

7. Member shall mean and refer to every person or entity who holds a Membership in the Hardscrabble Homeowners Association.
8. Class A Lots shall mean and refer to any Lot which has been conveyed to an Owner other than the Declarant.
9. Class B Lots shall mean and refer to any Lot which has not been conveyed to an Owner other than the Declarant.
10. Recreational Area shall mean and refer to all real property and improvements thereon, together with all easements appurtenant thereto owned by Hardscrabble Homeowners Association for the common use and enjoyment of the Members. The Recreational Area is described on Exhibit B annexed hereto and made a part hereof and incorporated herein by reference as fully and to the same extent as if said description were set forth herein.
11. Board of Directors shall mean and refer to the Board of Directors of the Homeowners Association.
12. Institutional Lender shall be defined as a bank or savings and loan association or an insurance company or a title insurance company or a pension trust or real estate investment trust, or other private or governmental institutions which are regularly engaged in the business of mortgage financing, or a subsidiary of any of the foregoing or a designee of any of the foregoing, owning an institutional mortgage on one or more Lots, or any of the foregoing who acquires an institutional mortgage as herein defined, by assignment or through mesne assignments from a non-institutional lender.

ARTICLE II

PROPERTY SUBJECT TO THIS DECLARATION; ADDITIONS THERETO

1. Existing Property. The real property which is, and shall be held, transferred, sold, conveyed and occupied subject to this Declaration is located in Durham County, North Carolina and is more particularly described in Exhibit A annexed hereto; all of which shall be referred to as Existing Property.
2. Additions to Existing Property. Additional lands and real property may be subjected to this Declaration in the following manner:
 - a) Additions by Declarant. Additional land within the area described in the Option Agreement of Declarant recorded in Deed Book 1620 Page 512, as amended, of the Durham County

Registry may be annexed by Declarant without the consent of the Members within ten (10) years of the date of this instrument.

The additions authorized under this and the succeeding subsection shall be made by filing of record a Supplementary Declaration of Covenants and Restrictions with respect to the additional property which shall extend the general plan of development and this Declaration to such property, or by adopting these Covenants and Restrictions in whole or in part by reference.

Such Supplementary Declaration may contain such complementary additions and modifications of the covenants and restrictions contained in this Declaration as may be necessary or proper to reflect the different character, if any, of the additional properties and as are not inconsistent with the general plan of development and this Declaration. In no event, however, shall such supplementary Declaration revoke, modify or add to the covenants established by this Declaration within the Existing Property.

b) Other Additions. Upon approval in writing of the Hardscrabble Homeowners Association pursuant to a vote of two-thirds (2/3) of its Members as provided in its Articles of Incorporation, the Owners of any property who desire to add it to the general plan of development and this Declaration, and to subject said property to the jurisdiction of the Hardscrabble Homeowners Association, may file of record a Supplementary Declaration of Covenants and Restrictions, as described in Subsection (a) hereof.

c) Mergers. Upon a merger or consolidation of the Hardscrabble Homeowners Association with another association, its properties, rights and obligations may, by operation of law, be transferred to another surviving or consolidated association or, alternatively, the properties, rights and obligations of another association may, by operation of law, be added to the properties, rights and obligations of the Hardscrabble Homeowners Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer the covenants and restrictions established by this Declaration within the Existing Property together with the covenants and restrictions established upon any other properties as one plan of development. No such merger or consolidation, however, shall effect any revocation, change or addition to the covenants established by this Declaration within the Existing Property except as hereinafter provided.

ARTICLE III
PROPERTY RIGHTS

1. Owner's Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Recreational Area and the rights and easement hereby granted shall be appurtenant to and shall pass with the title to every Lot subject only to the following provisions:
 - a) The right of the Hardscrabble Homeowners Association to charge reasonable admission and other fees for the use of any recreational facilities situated upon the Recreational Area, if any;
 - b) The right of the Hardscrabble Homeowners Association to suspend the voting rights and right to the use of any recreational facilities situated upon the Recreational Area by an Owner for any period during which any assessment against her/his Lot, as herein provided, remains unpaid; and for a period not to exceed sixty (60) days from any infraction of its published rules and regulations;
 - c) The right of the Hardscrabble Homeowners Association to dedicate or transfer all or any part of the Recreational Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless an instrument or instruments signed by two-thirds (2/3) of each class of voting Members agreeing to such dedication or transfer has been recorded (such instrument or instruments may be executed in counterparts and recorded at the convenience of the signatories and the Hardscrabble Homeowners Association)
 - d) The right of the Hardscrabble Homeowners Association to limit the number of guests of Members using the recreational facilities, or any of them, situated upon the Recreational Area;
 - e) The right of the Hardscrabble Homeowners Association, in accordance with its Articles of Incorporation and duly adopted Bylaws, to borrow money for the purpose of improving the Recreational Area and facilities and in aid thereof to mortgage and grant liens and encumbrances upon said Recreational Area and facilities shall be subordinate to the rights of the Owners hereunder;

- f) The right of the Hardscrabble Homeowners Association, through its Board of Directors, to determine the time and manner of use of any recreational facilities situated upon the Recreational Area by the Members.
2. Delegation of Use. Any Owner may delegate, in accordance with the Bylaws of the Hardscrabble Homeowners Association, said Owner's right of enjoyment to the Recreational Area and facilities to the Members of his immediate family, his tenants, or contract purchasers, who reside on the property.

ARTICLE IV

ARCHITECTURAL AND APPEARANCE CONTROL

1. Residential Use. Each Lot shall be used solely and exclusively for residential purposes and no dwelling shall be erected or allowed to remain upon any Lot except one detached, single-family private residence not exceeding three (3) stories and an attic in height as measured from the street grade of the Lot, a garage and other appurtenance as may be approved by the Declarant, or Architectural Review Committee as further provided and limited herein. All residential dwellings constructed on Lots shall have an enclosed area of the main structure, exclusive of basements, open porches and garages, of not less than 1800 square feet for a single story dwelling, not less than 2000 square feet for a one and one-half story dwelling, not less than 2000 square feet for a two story dwelling, and not less than 2000 square feet exclusive of the third story for a three story dwelling; and shall have a two car garage containing a minimum of 400 square feet. Mobile Homes and Modular Homes shall not be placed temporarily nor permanently on any Lot.
2. Accessory Structures. Accessory structures shall be permitted within Hardscrabble Plantation subject to the restrictions contained herein. Accessory Structures may be constructed subject to approval by the Architectural Review Committee (ARC) pursuant to prior review by the ARC and standards of review established by said ARC.
3. Setbacks. No residential dwelling, nor other structure, shall be located closer than sixty (60) feet from the front lot line; nor closer than sixteen (16) feet from any side line; nor closer to the rear lot line of any lot than permitted by Durham County zoning for similarly situated lots. The ARC may grant a variance from these setbacks upon petition of the Owner and approval thereof; provided however, that any variance may not exceed twenty five (25%) percent of

these setbacks. Any such petition by an Owner shall be made in conformance with the procedures established by the ARC.

4. Required Land Area. No Lot may be subdivided for sale or otherwise so as to reduce the total area of the Lot as shown on any subdivision map of the HARDSCRABBLE PROPERTIES recorded by Declarant in the Durham County Registry; provided, however, that Lot lines may be adjusted among Lots by Declarant or Owners subject to governmental approval provided that the total number of Lots shall not be increased.
5. Approval of Structural Design. No residence, building, fence, wall, driveway, mail box, bus shelter, swimming pool, satellite dish/antenna, storage facility, landscaping, lighting structure, utility shed or other structure or appurtenance shall be erected, altered, remodeled, added to, or allowed to remain upon any Lot unless the plans and specifications showing the nature, kind, shape, height, materials, color and location of the same have been submitted to and approved in writing by the Hardscrabble Plantation Architectural Review Committee (hereinafter ARC), and construction must be accomplished in strict conformity with such plans approved, unless otherwise expressly agreed to in writing by the ARC. The ARC shall have the sole right, authority and complete discretion to approve or disapprove the plans and specifications for any reason, including, but not limited to, exterior colors and appearance, landscaping, location of the structure or structures and aesthetics. In the event the ARC does not approve or disapprove any properly submitted plans in writing thirty (30) days from the date received by the ARC, this approval right will be waived and this covenant will be deemed to have been fully complied with. The Hardscrabble Plantation Architectural Review Committee shall comprise the Declarant or designate until such time as the Declarant shall resign, at which time the ARC shall be comprised of three (3) members appointed by the Hardscrabble Plantation Homeowners Association, Inc.
6. Declarant has erected fencing at the entranceways to Hardscrabble Plantation as an enhancement to the aesthetic value and attractiveness of the subdivision. Fencing at the entranceway and on common areas shall be maintained by the Hardscrabble Plantation Homeowners Association, Inc. (HPHA). Any damage caused to the fencing established by Declarant at any entranceway, common area, or between any lots by any resident, owner, or

their guest, of Hardscrabble shall be repaired by the said resident or owner within thirty (30) days of the damage.

7. Utilities Easement. In addition to such easements as may be reserved on the various Plats of Hardscrabble Plantation recorded in the Durham County Registry, Declarant reserves an easement for and the right of way at any time in the future to grant a right of way and easement not more than ten (10) feet in width from any rear or side Lot line and not more than five (5) feet in width from any front Lot line for the purpose of drainage, underground or above ground installation, repair and maintenance of poles, street lights, lines, conduits, pipes and other equipment necessary to or useful in furnishing electric power, gas, sewer, cable and telephone service and any other utilities for, or to, the Lots. Such easements and rights herein reserved along the front Lot line of any Lot shall be subject to the right of the Owner to locate and construct a driveway on her/his Lot across such easement area. This right shall be prior and superior to the front Lot line easements reserved herein, and therefore any holder of such an easement shall have no right or easement to locate lines under such driveway or cause any disturbance thereto, unless such location or disturbance by the holder of such easement is a necessity. Accordingly, the holder of such easement is hereby charged with the affirmative duty to repair any damage to such driveway caused by any disturbance to at least as good a condition as existed prior to such disturbance. Sight easements, if any, as may be shown on the Plats of Hardscrabble Plantation recorded in the Durham County Registry are hereby reserved by Declarant.
8. Completion of Construction. When the construction of any building or other structure is once begun, work thereon must be prosecuted diligently and must be completed within a reasonable time not exceeding twelve (12) months from the date of commencement of construction; provided; however, that Declarant may modify such requirement in cases of undue hardship.
9. Garages. Garages shall be enclosed on not less than three sides. Owners must also provide not less than two (2) parking spaces on their Lot for offstreet parking: said parking spaces may be in the driveway and are not required to be covered.
10. Radio and Television Antennas. The location of any exposed or exterior radio or television transmission or receiving antenna must be approved by the Hardscrabble Plantation Architectural Review Committee.

11. Trees and Hedgerows. Trees may be removed for the construction of driveways, sidewalks and residential building structures or if located within twenty (20) feet of the building foundation. All other trees located on a Lot over twelve (12) inches in diameter and all Redbud, Dogwood and Beech trees of every size shall be retained, unless the Hardscrabble Plantation Architectural Review Committee shall give prior written permission for their removal; provided, however, that dead or diseased trees, shrubs, bushes or other vegetation shall be cut and removed promptly from any Lot by the Owner thereof after such dead or diseased condition is first brought to the attention of the Hardscrabble Plantation Architectural Review Committee and permission for such cutting and removal has been obtained.
12. Erosion Control. During the period of Lot grading and construction of the residential building structure and thereafter, each Owner shall exercise and maintain such erosion control measures, including the erection of silt fences, as may be required by the Declarant in order to minimize erosion and runoff. Compliance with the applicable erosion control ordinance shall not constitute automatic approval by Declarant, and Declarant reserves the right to impose requirements in excess of those required by law.

ARTICLE V

USE RESTRICTIONS

1. Use of Properties. No portion of the HARDSCRABBLE PROPERTIES (except for a temporary office and/or real estate sales model of the Declarant maintained for development and sales purposes) shall be used except for residential purposes incidental or accessory thereto. This provision shall not be construed so as to prohibit domestic or health care personnel who work and provide on-premises services to or for the Owner, members of the Owner's family, his lawful tenants or contract purchasers from being provided with a place of residence within any residence situated on a Lot.
 - a) The location, design and size of any outside clothes lines must be approved by the Hardscrabble Plantation Architectural Review Committee.
 - b) No commercial signs, with the exception of a "For Sale" or "For Rent" sign not more than two (2) feet in width and three (3) feet in height, shall be erected or maintained on any Lot. Such signs as allowed hereunder, being temporary in nature shall not be subject to any setback requirements imposed by Article IV, Paragraph 3.

c) No house trailers shall be permitted on any Lot. Boats, trailers, campers, tents, or temporary housing or buildings shall not be permitted on any Lot except in areas where they cannot be viewed from any street within HARDSCRABBLE PROPERTIES, except as may be allowed by the Hardscrabble Plantation Architectural Review Committee. However, house trailers, temporary buildings and the like shall be permitted for construction purposes during the construction period of residential structures and shall be removed from the Lot within ten (10) days after issuance of a certificate of occupancy for the residential structure or improvement being constructed.

d) No lumber, brick, stone, cinder block, concrete or any other building materials, scaffolding, mechanical devices nor any other thing used for building purposes shall be stored on any Lot in an exposed location except for the purpose of construction on such Lot and shall not be stored on such Lot for longer than the length of time reasonably necessary for the construction in which the same is to be used; and in any event shall be removed from the Lot within ten (10) days after issuance of a certificate of occupancy for the residential structure or improvement being constructed. This shall not apply to any of the foregoing materials or devices which are stored and maintained in the garage or other storage shed or structure and away from the view of the public and adjoining Lot Owners.

e) No exposed above-ground tanks will be permitted for the storage of fuel or water or any other substance, except that such tanks may be placed above-ground provided they are kept in a screened enclosure which must be compatible in appearance and locale with the previously constructed residential structure. Any such screened enclosure must exceed the height of any such tank screened by not less than one foot.

f) Vegetable gardens shall be permitted only to the rear of any dwellings constructed on HARDSCRABBLE PROPERTIES.

g) No motorized off-road vehicles shall be operated or allowed on any roadway or open space within Hardscrabble Plantation. This prohibition shall extend to motorcycles, all-terrain vehicles and any other similar vehicles. Any motorcycles shall be property licensed, insured and registered with the State of North Carolina prior to operation on any roadway; but shall not, in any event, be operated as an off-road vehicle within Hardscrabble Plantation.

2. Hobbies and Activities. The pursuit of hobbies or other activities, including specifically, without limiting the generality of the foregoing, the assembly and disassembly of motor vehicles and other mechanical devices, which might tend to cause disorderly, unsightly or unkempt conditions, shall not be pursued or undertaken on any part of any Lot, except in a completely enclosed garage.
3. Animals and Pets. No Owner or resident shall keep any animal which by its nature is dangerous to the remaining Owners or residents. No stable, barn, poultry house or yard; nor fencing rabbit hutch, animal enclosure or any kind; nor other similar structure shall be constructed or allowed to remain on any Lot without prior written approval of the Hardscrabble Plantation Architectural Review Committee; nor shall livestock of any nature or classification whatsoever be kept or maintained on any Lot. This covenant may be waived by Declarant for certain Lots or parcels in Declarant's discretion and as allowed by applicable governmental restrictions. A reasonable number of household pets shall be permitted, provided such pets are not raised for commercial purposes and, subject to these Restrictive Covenants and the approval of the ARC, a structure or enclosure may be constructed and erected in the rear yard for such household pets that are to kept outside the residential structure of the Owner.
4. Prohibited Activities. Noxious, offensive or loud activities shall not be carried on upon any Lot. Each Owner shall refrain from any act or use of his Lot which could reasonably cause embarrassment, discomfort, annoyance or nuisance to the neighborhood.
5. Governmental Regulations. All governmental building codes, health regulations, zoning restrictions and the like applicable to the HARDSCRABBLE PROPERTIES shall be observed. In the event of any conflict between any provision of such governmental code, regulation or restriction and any provision of this Declaration, the more restrictive provision shall apply.

ARTICLE VI

MEMBERSHIP AND VOTING RIGHTS

1. Every Owner of a Lot shall be a Member of the Hardscrabble Homeowners Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot.
2. The Hardscrabble Homeowners Association shall have two classes of voting Membership.

Class A Membership shall be comprised of all Owners of Lots with the exception of the Declarant, and each such Owner shall be entitled to one vote for each Lot owned. When more than one person or entity holds an interest in any Lot, all such persons or entities shall be Members. The vote for each Lot shall be exercised as the Owners thereof determine; but in no event shall more than one vote be cast with respect to any one Lot.

Class B Membership shall be the Declarant and the Declarant shall be entitled to three (3) votes for each Lot owned. Class B Membership shall cease and be converted to Class A Membership on the earlier occurrence of either of the following events:

- a) When the total votes outstanding in the Class A Membership, for each Phase and Section, equal the total votes outstanding in the Class B Membership, or
- b) On January 1, 2000.

ARTICLE VII

COVENANT FOR MAINTENANCE ASSESSMENTS

1. Creation of a Lien and Personal Obligation Assessments. The Declarant, for each Lot owned within the Hardscrabble Plantation, hereby covenants and agrees, and each Owner of any Lot by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay the Hardscrabble Homeowners Association: (a) annual assessments or charges, and (b) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. all such annual and special assessments, together with interest, costs, and reasonable Attorney's fees for the collection thereof shall be a charge and lien upon the Lot and improvement of the respective Owners thereof, and the same shall be a continuing lien upon the property (Lot and improvements thereon) against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable Attorney's fees for the collection thereof, shall also be a personal financial obligation of the person, or persons, who was, or were, the Owner or Owners, of such property at the time when the assessments shall not pass to successors in title to any such Lot and improvements unless expressly assumed by such purchasers; *PROVIDED HOWEVER*, the same shall be and remain a charge and lien upon any such Lot and improvements until paid or otherwise satisfied except as may herein otherwise be provided.

2. Purpose of Assessments. The assessments levied by the Hardscrabble Homeowners Association shall be used exclusively to promote the recreation, health, safety and welfare of the Owners and residents of the Property and for the improvements and maintenance of the Recreational Area and facilities and easements thereto, and for payment of local taxes and special governmental assessments on or to the Recreational Area.
3. Maximum Annual Assessment. The maximum annual assessment for Class A and Class B Members shall be Five Hundred Dollars for each Lot owned; provided however, that the maximum assessment may be modified as provided herein.
4. From and after January 1, 1997 the maximum annual assessment may not be increased in each succeeding year by more than ten percent (10%) above the maximum assessment for the previous year without a vote of the Membership of the Hardscrabble Homeowners Association, as provided hereinbelow.
5. From and after January 1, 1997, the maximum annual assessment may be increased by more than ten percent (10%) above the maximum assessment for the previous year upon the affirmative vote of two-thirds (2/3) of each Class of Members of the Hardscrabble Homeowners Association, at a meeting properly noticed and duly called for such purpose.
6. The Board of Directors may fix the annual assessment in an amount not in excess of the maximum, as provided herein.
7. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Hardscrabble Homeowners Association may levy, in any assessment year, a special assessment 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 a capital improvement upon the Recreational Area and facilities, including, but not limited to, fixtures and personal property related thereto; provided that any such assessment shall have the assent of two-third (2/3) of the votes of each Class of Members of the Recreational Area who are voting in person or by proxy at a meeting duly called for such purpose.
8. Notice and Quorum for Any Action Authorized Under Paragraphs 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Paragraphs 3 and 4 above shall be sent to all Members of the Hardscrabble Homeowners Association not less than ten (10) days nor more than sixty (60) days in advance of the meeting. At the first such

meeting called, the presence of Members or of proxies entitled to cast sixty percent (60%) of all the votes of each Class of Membership shall comprise a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

9. Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Class A Lots and Class B Lots; *PROVIDED HOWEVER*, that the assessments for all Class B Lots shall be fixed at fifty percent (50%) of the amount of Assessments upon all Class A Lots.
10. Date of Commencement of Annual Assessments; Due Date. The annual assessments provided for herein shall commence as to all Lots on the date this instrument is recorded. The first annual assessment shall be adjusted according to the number of months remaining in the fiscal year of the Hardscrabble Homeowners Association. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors, and unless otherwise provided, the Hardscrabble Homeowners Association shall collect each month from the Owner of each Lot one-twelfth (1/12) of the annual assessment on such Lot. The Hardscrabble Homeowners Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Hardscrabble Homeowners Association setting forth whether the assessments on a specified Lot have been paid. Such certificates shall be conclusive evidence of payment of any assessment therein stated to have been paid, as to any purchaser or mortgagee of a Lot relying thereon.
11. Effect of Nonpayment of Assessments; Remedies of the Hardscrabble Homeowners Association. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of eight percent (8%) per annum, and the Hardscrabble Homeowners Association may bring action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property, and interest, costs, and

reasonable Attorney's fees of any such action for collection thereof shall be added to the amount of such assessment. Each such Owner, by his acceptance of a deed to a Lot subject to this Declaration, hereby expressly vests in the HARDCRABBLE PLANTATION HOMEOWNERS ASSOCIATION, INC., or its agents, the right and power to bring all actions against such Owner personally for the collection of such charges and liens as a debt and to enforce the aforesaid charge and lien by methods available for the enforcement of such liens, including foreclosure by an action brought in the name of the Hardscrabble Homeowners Association in a like manner as a mortgage or deed of trust lien on real property and such Member expressly grants to the Hardscrabble Homeowners Association a power of sale in connection with any such charge or lien. The lien provided for in this Paragraph shall be in favor of the Hardscrabble Homeowners Association and shall be for the benefit of all other Lot Owners. The Hardscrabble Homeowners Association, acting on behalf of the Lot Owners shall have the power to bid in an interest foreclosed at foreclosure sale and to acquire and hold, lease, mortgage, and convey the same, and to subrogate so much of its right to liens as may be necessary or expedient to an insurance company continuing to give total coverage notwithstanding nonpayment of such defaulting Owner's portion of the premium. NO OWNER MAY WAIVE OR OTHERWISE ESCAPE LIABILITY FOR THE ASSESSMENTS PROVIDED FOR HEREIN BY NON-USE OF THE RECREATIONAL AREA OR FACILITIES OR ABANDONMENT OF SAID OWNER'S LOT.

12. Subordination of the Assessment Lien to Mortgages, Deeds of Trust, and Similar Security Interests. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage, deed of trust, or similar security interest owned or held by an institutional lender, and subordinate to tax liens and special assessments on a Lot made by lawful governmental authority. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to the foreclosure of any mortgage or deed of trust, or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due nor from the lien thereof.
13. Exempt Property. All properties, if any, dedicated to, and accepted by, a local public authority, the Recreational Area, and all properties owned by a charitable or non-profit

organization exempt from ad valorem taxation by the laws of the State of North Carolina shall be exempt from the assessments created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments, irrespective of the tax status of the Owner thereof.

14. Management Agreements. Each Owner of a Lot hereby agrees to be bound by the terms and conditions of any management agreement entered into the Hardscrabble Homeowners Association. A copy of all such agreements shall be available to every Owner. Any and all management agreements entered into by the Hardscrabble Homeowners Association shall provide that said management agreement may be canceled, prior to the expiration of said agreement, by an affirmative vote of sixty percent (60%) of the votes of each Class of the Members of the Hardscrabble Homeowners Association. Except as herein provided, no such management agreement shall be canceled prior to effecting by the Hardscrabble Homeowners Association or its Board of Directors a new management agreement with a party or parties, which new management agreement will become effective immediately upon the cancellation of the then existing management agreement. It shall be the duty of the Hardscrabble Homeowners Association or its Board of Directors to effect a new management agreement upon the expiration of any prior management agreement; unless self-management is undertaken as provided herein. Any and all management agreements shall be made with a responsible party or parties having experience adequate for the management of a project of this size, type and character. The Hardscrabble Homeowners Association may undertake self-management only upon the affirmative vote of seventy-five percent (75%) of the votes of each class of Members.

15. Insurance Assessments. The Board of Directors or its duly authorized agent shall have the authority to and shall obtain insurance for all the improvements owned by the Hardscrabble Homeowners Association against loss or damage by fire or other insurable hazards in an amount sufficient to pay the full replacement cost of any repair or reconstruction work in the event of damage or destruction from any hazard; and shall also obtain a broad form public liability policy covering all Recreational Area, and all damage or injury caused by the negligence of the Hardscrabble Homeowners Association or any of its agents. Said insurance shall include coverage against vandalism. Premiums for all such insurance shall be written in

the name of the Hardscrabble Homeowners Association as Trustee for each of the Lot Owners in equal proportions. In the event of damage or destruction by fire or other casualty to any property covered by insurance written in the name of the Hardscrabble Homeowners Association, the Board of Directors shall, with concurrence of the mortgagee, if any, upon receipt of the insurance proceeds, contract to rebuild or repair such damaged or destroyed portions of the property to as good condition as existed prior to such damage or destruction. All such insurance proceeds shall be deposited in a bank or other financial institution, the accounts of which bank or institution are insured by a Federal Governmental Agency with the provision agreed to by the bank or institution that such funds may be withdrawn only by signature of at least one-third (1/3) of the Members of the Board of Directors, or by an agent duly authorized by said Board of Directors. The Board of Directors may be shall not be obligated to advertise for sealed bids but shall contract with a licensed contractor. In the event the insurance proceeds are insufficient to pay all the costs of repairing and/or rebuilding the damaged or destroyed portions of the property, the Board of Directors may levy a special assessment against all Members of the Hardscrabble Homeowners Association as established in Article IV, Paragraph 4 above; or upon the concurrence of two-third (2/3) of each class of Members, and the respective mortgagees, may borrow sufficient funds to make up any deficiency for repair or rebuilding of the Recreational Area and facilities.

ARTICLE VIII

GENERAL PROVISIONS

1. Enforcement. The Hardscrabble Homeowners Association, Declarant, or any Owner shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Hardscrabble Homeowners Association, Declarant or any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.
2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.
3. Amendment. The covenants, conditions and restrictions of this Declaration shall run with and bind the land for a term of twenty (30) years from the date this Declaration is recorded in the

Durham County Registry, after which time they shall be automatically extended for successive periods of ten (10) years upon the first thirty (30) year anniversary, and each subsequent ten (10) year anniversary. The Board of Directors of the Hardscrabble Homeowners Association may cause to be recorded in the Durham County Registry such instruments or documents as may be necessary to cause any such extension to be legally effective. Except as provided in Paragraph 4 of this Article, this Declaration may be amended during the first twenty (20) year period by an instrument approved by not less than the record Owners of ninety percent (90%) of the Lots affected by the Declaration, and thereafter by an instrument approved by not less than the record Owners of seventy-five percent (75%) of the Lots. Any amendment must be recorded and indexed in the name of the Recreational Area and each Lot Owner.

4. Amendment forms. If any amendment to this covenants, conditions and restrictions is so approved, each such amendment shall be delivered to the Declarant or its delegate or appointee. Upon receipt thereof, the Declarant shall, within thirty (30) days:
 - a) Reasonably assure itself that the amendment has been validly approved by the Owners of the required number of Lots. (The Declarant may rely upon the evidence of record title available in the County Registry, but shall not be required to examine the title to any Lot.)
 - b) Attach to the amendment a certification as to its validity, which certification shall be executed by the Declarant, its delegate or appointee, in the same manner that deeds are executed.
 - c) Immediately, and within the thirty (30) day period aforesaid, Declarant, its delegate or appointee, shall cause the amendment to be recorded in the Durham County Registry. All amendments shall be effective from the date of their recordation in the Durham County Registry; provided however, that no such instrument shall be valid until it has been indexed in the names of the Declarant and Owners. When any instrument purporting to amend the covenants, conditions and restrictions has been certified by the Declarant, its delegate or appointee, recorded, and indexed as provided in this paragraph, it shall be conclusively presumed that such instrument constitutes a valid amendment as to all persons thereafter purchasing any Lots.
5. Failure of the Hardscrabble Homeowners Association to Pay Taxes and Special Assessments on Recreational Area. In the event that the Hardscrabble Homeowners Association shall,

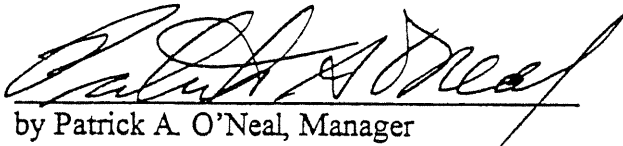
contrary to their respective obligation to do so, fail to pay the ad valorem taxes and/or any special governmental assessments on the Recreational Area on or before the expiration of one hundred eighty (180) days from and after the day before the date on which the same shall become delinquent, then and in such event, said taxes or assessments, together with any interest and penalties thereon shall be and become a lien, on a pro-rata basis, upon the Lots subject to this Declaration, and as may be subsequently amended. Such liens may be foreclosed by the governmental authority in the same manner as provided for foreclosure of liens for ad valorem taxes and assessments and public improvements.

6. Conveyance of Property to Hardscrabble Homeowners Association. It is understood and agreed that Declarant, its successors and assigns, shall convey the Recreational Area and facilities to Hardscrabble Plantation Homeowners Association, Inc. free and clear of financial liens and encumbrances.
7. Reserve Funds. The Hardscrabble Homeowners Association shall establish and maintain a reserve fund for replacement and maintenance of the Recreational Area and facilities by allocation and payment monthly to such reserve fund sums in such amounts as are established by the Board of Directors of the Hardscrabble Homeowners Association.
8. Gender and Grammar. The singular wherever and whenever used herein shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporations or individual men or women, shall in all cases be assumed as if in each case fully expressed.
9. Remedy for Violation. For violation or breach of any of the provisions herein, or the provisions of the Articles of Incorporation or the Bylaws of the Hardscrabble Homeowners Association, by any person claiming by, through or under the Declarant or the Hardscrabble Homeowners Association, or by virtue of any judicial proceedings, the Owner, or the Hardscrabble Homeowners Association or the Declarant, or any of them shall have the right to proceed at law for damages or in equity to compel compliance with any of them, or for such other relief as may be appropriate.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has authorized the individuals whose signatures appear below to sign this Declaration for, and on behalf of, the Declarant, and to affix the seal of the Declarant, as of the date first above written.

Hardscrabble Plantation Development, LLC,
a North Carolina Limited Liability Company

{SEAL}

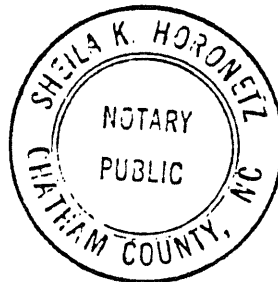

by Patrick A. O'Neal, Manager

North Carolina
Durham County

I, SHEILA K. HORONETZ, a Notary Public for the State and County aforesaid, hereby certify that Patrick A. O'Neal personally appeared before me this day and acknowledged that he is the Manager of Hardscrabble Plantation Development, LLC, a North Carolina Limited Liability Company, and that by authority duly given by and in the name of said North Carolina Limited Liability Company, the foregoing Declaration of Covenants and Restrictions of Hardscrabble Plantation was signed in its name by its Manager, and sealed with its duly adopted seal.

Witness my hand and seal this 19th day of August, 1996

NP: Sheila K. Horonetz
My commission expires: 10/5/97



RCP2S3BS.DOC

EXHIBIT A
DESCRIPTION OF PROPERTY
(by boundary survey of Bobbitt Surveying, PA)

LYING AND BEING IN DURHAM COUNTY, LEBANON TOWNSHIP, and Beginning at an iron at the Western corner of Lot 77 of Hardscrabble as shown in Plat Book 135 at Page 184 of the Durham Registry; thence North 64° 43' 51" West 74.52 feet to the approximate boundary line of Durham and Orange Counties; thence with said approximate County boundary line North 11° 42' 32" East 2443.18 feet to a point; thence South 87° 03' 31" East 1459.37 feet to an iron; thence South 31° 54' 27" West 757.0 feet to an iron; thence South 82° 37' 28" West 100.75 feet to a point; thence South 7° 24' 44" East 202.38 feet to a point; thence South 13° 42' 26" East 60.0 feet to a point; thence South 18° 03' 14" East 475.41 feet East to a point; thence South 82° 54' 12" West 44.82 feet to a point; thence South 68° 18' 19" West 92.97 feet to a point; thence South 24° 12' 37" West 248.84 feet to a point; thence South 31° 09' 28" West 520.62 feet to a point; thence South 41° 11' 52" West 141.14 feet to a point; thence South 81° 34' 28" West 177.94 feet to a point; thence North 38° 54' 46" West 257.49 feet to a point at the proposed roadway extension of Hardscrabble Drive; thence with said proposed roadway extension in an Arc having a bearing of South 30° 38' 07" a distance of 226.63 feet with a chord distance of 221.62 feet to a point; thence North 80° 18' 19" West 60.0 feet to a point; thence with the Northern boundary of the abovementioned Lot 77 South 75° 57' 24" West 406.62 feet to an iron; the place and point of Beginning and comprising 65.30 acres according to the survey of Bobbitt Surveying, PA. dated July 9, 1996.

This property was conveyed to Declarant by Deed recorded in Book 2025 Page177, Durham County Registry.

Covenants Violation Process

In the event of a perceived covenant violation, the following procedures will take place:

1. The property owner must submit a signed, written letter of complaint to Hardscrabble's management company describing the perceived violation. (Signed emails, faxed letters, and letters sent via standard mail service will be all considered as acceptable forms.) The letter must contain full contact information of the person making the complaint (Hardscrabble address and telephone number(s)). It must also have the street address of the location of the violation. The Hardscrabble management company will review the letter to make sure it contains all required information pertinent to an investigation of the complaint.
2. Hardscrabble Plantation's management company will refer the complaint to the Covenants Committee without disclosing the name of the person(s) filing the complaint in order to insure an objective investigation.
3. If the Covenants Committee determines that the complaint pertains to the "Architectural Appearance and Control" then the complaint will be forwarded to the ARC to determine if the proper application forms were submitted and approved. All complaints not pertaining the "Architectural Appearance and Control" will be investigated directly by the Covenants Committee.
4. The Covenants Committee will notify the Hardscrabble management company in writing of it's findings regarding the complaint.
5. A) In the event that no covenants violation is determined by the Covenants Committee, the Hardscrabble management company will write a letter to the person who made the complaint explaining the Covenants Committee findings.
B) In the event that a covenant violation complaint is determined to be valid, the committee will further rule if the violation is dangerous (noxious) or non-dangerous. HRW will then follow the following sequence:
 - The homeowner involved will be notified by registered mail and given a reasonable time frame to bring themselves into compliance (10 days for non-dangerous, for dangerous violations and immediate response is required)
 - If the homeowner does not comply, fines will be levied on a daily basis until the violation is remedied (fines may be up to \$25.00 per day for non-dangerous violations and up to \$75.00 per day for dangerous (noxious) violations)
 - The homeowner has the right of appeal to the next regularly scheduled board meeting.
 - The board has the power to let stand, provide extension for, suspend, or remove any fines levied.