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STATE OF NORTH CAROLINA

COPY

COUNTY OF IREDELL

FILED
IREDELL COUNTY, NC
BK 1270 PG 1769
This the 28th day of
June, 2001.
BRENDA D. BELL
Register of Deeds
3:52 PM

DECLARATION

OF

COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

LINWOOD FARMS

THIS DECLARATION, made on the date hereinafter set forth by The Ryland Group, Inc., a Maryland corporation, hereinafter referred to as "Declarant";

WITNESSETH:

WHEREAS, Declarant is the owner of the real property described in Section 1 of Article II of this Declaration, which real property is a portion of a residential development known as Linwood Farms; and

WHEREAS, Declarant desires to insure the attractiveness of entrances into Linwood Farms and Common Area, which may contain a pool and cabana and entrance monuments and other improvements, and to prevent any future impairment thereof; to prevent nuisances; to preserve, protect and enhance the values of the said property and to provide for the maintenance of Common Area and any improvements located on Landscape and Signage Easements within Linwood Farms; and the maintenance of any medians located throughout Linwood Farms; in order to accomplish these objectives, deems it advisable to subject the real property described in Section I of Article II, together with such additions as may hereafter be made thereto (as provided in Article II) to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth; and

WHEREAS, Declarant deems it desirable in order to insure the efficient preservation, protection and enhancement of the values in Linwood Farms and the residents' enjoyment of the specific rights, privileges and easements in the Common Areas that an organization be created to which will be delegated and assigned the powers of maintaining the Common Area and the areas set forth in the above paragraph, administering and enforcing the covenants and restrictions and collecting and disbursing the assessments and charges hereinafter imposed; and

WHEREAS, Declarant has caused to be created for the purposes aforesaid, a North Carolina non-profit corporation under the name and style of Linwood Farms Homeowners Association of Iredell, Inc.

NOW, THEREFORE, the Declarant declares that the real property described in Section l of Article II, and such additions thereto as may hereafter be made pursuant to Article II hereof, is and shall be owned, held, transferred, sold, conveyed, and occupied subject to the following covenants, conditions, restrictions, easements, charges and liens which shall run with the real property (except as provided in Article V, Section 10 hereafter) and be binding upon and inure to the benefit of all owners thereof, their heirs, personal representatives, successors and assigns.

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to Linwood Farms Homeowners Association of Iredell, Inc., a North Carolina non-profit corporation, its successors and assigns.

Section 2. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, including contract sellers and owners of an equity of redemption, but excluding those having such interest in a lot solely as security for the performance of an obligation.

Section 3. "Property" or "Properties" shall mean and refer to the "Existing Property" described in Article II, Section l hereof and any additions thereto, as are or shall become subject to this Declaration and any Supplementary Declaration under the provisions of Article II hereof.

Section 4. "Lot" shall mean and refer to any plot of land, with delineated boundary lines, shown upon any recorded subdivision map of the Properties, with the exception of any common area, common open space, streets, walkways or easements shown on any recorded map. In the event any lot is increased or decreased in size by resubdivisions, through recordation of new subdivision plats, any such newly platted lot shall thereafter constitute a lot for the purposes of this Declaration.

Section 5. "Declarant" shall mean and refer to The Ryland Group, Inc., a Maryland corporation, and shall also mean and refer to any person, firm or corporation which shall hereafter become vested, at any given time, with title to two or more undeveloped Lots for the purpose of causing residence/building(s) to be constructed thereon, and any such successor in title to The Ryland Group, Inc. shall be a Declarant during such period of time as said party is vested with title to two or more such Lots, so long as said Lots are undeveloped, developed but unconveyed or improvements constructed thereon are unoccupied, but only during such period.

Section 6. "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 7. "Common Area" shall mean and refer to the areas designated "Common Area," "Common Open Space," or "Landscape and Signage Easement," (or different language with similar meaning) on map(s) of the Properties recorded in the Iredell County Public Registry and all real

property, easements and improvements thereon, owned or held in trust for the benefit of the Association for the common use and enjoyment of its members.

Section 8. "Act" shall mean and refer to the North Carolina Planned Community Act, Chapter 47F, North Carolina General Statutes.

Section 9. "Landscape and Signage Easement" shall mean and refer to the Landscape and Signage Easement set forth in Article VII hereof.

Section 10. "Special Declarant Rights" shall mean the rights as defined in Section 47F-1-103(28) of the Act for the benefit of a Declarant, including, but not limited to the following: to complete improvements indicated on plats or plans filed with or referenced in the Declaration; to exercise any development right as defined in the Act; to maintain sales offices, management offices, models and signs advertising Linwood Farms; to use easements through the Common Area for the purpose of making improvements within Linwood Farms or within real estate which may be added to Linwood Farms; and to elect, appoint or remove any officer or Board member of the Association during any period of Declarant control.

ARTICLE II

PROPERTY SUBJECT TO THIS DECLARATION ADDITIONS THERETO

Section 1. Existing Property. The real property which is, and shall be held, transferred, sold, conveyed, and occupied subject to this Declaration, irrespective of whether there may be additions thereto as hereinafter provided, is located in Iredell County, North Carolina and is shown on map recorded in Map Book 37 at Page 91 and Map Book 38 at Pages 50, 51 and 52 in the Office of the Register of Deeds for Iredell County.

This property shall be herein referred to as "Existing Property".

Section 2. Additions to Existing Property. Additional property may be brought within the scheme of this Declaration and the jurisdiction of the Association in the following ways:

(a) All or any portion of the property described on Exhibit A attached hereto and incorporated herein by reference may be annexed to the Properties by Declarant or its designated assign and brought within the scheme of this Declaration by The Ryland Group, Inc., or its designated assign, and within the jurisdiction of the Association, in future stages of development, without the consent of the Association or its members; provided, however, that said annexations, if any, must occur within ten (10) years after the date of this instrument.

(b) Additional residential property, outside of the area described in the aforementioned Exhibit A may be annexed to the Properties and brought within the scheme of this

Declaration and the jurisdiction of the Association with the consent of the members entitled to at least two-thirds (2/3) of the votes appurtenant to all Class A lots and at least two-thirds (2/3) of the votes appurtenant to all Class B lots, if any, as hereinafter defined in Article III, Section 2. The Association may participate in mergers or consolidations with other non-profit corporations organized for the same or similar purposes as the Association, thereby adding to the Association, or to a surviving homes association, the properties, rights and obligations of the non-profit corporation with which it merges or consolidates. Any such merger or consolidation shall have the assent of the members as provided above in this subsection (b), and no such merger or consolidation shall revoke, change or add to any of the provisions of this Declaration except as herein provided.

(c) The additions authorized under Subsection (a) and (b) shall be made by filing of record Supplementary Declarations of Covenants, Conditions and Restrictions with respect to the additional properties which shall extend the scheme of this Declaration and the jurisdiction of the Association to such properties and thereby subject such additions to assessment for their just share of the Association's expenses. Said Supplementary Declarations may contain such complementary additions and modification of the covenants, conditions and restrictions contained in this Declaration as may be necessary to reflect only the different character of the added properties and as are not inconsistent with the provisions of this Declaration.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. 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.

Section 2. The voting rights of the membership shall be appurtenant to the ownership of the lots. There shall be two classes of lots with respect to voting rights:

(a) Class A Lots. Class A lots shall be all lots except Class B lots as the same are hereinafter defined. Each Class A lot shall entitle the Owner(s) of said lot to one (1) vote. When more than one person owns an interest (other than a leasehold or security interest) in any lot, all such persons shall be members and the vote appurtenant to said lot shall be exercised as they, among themselves, determine.

(b) Class B Lots. Class B lots shall be all lots owned by Declarant which have not been converted to Class A lots as provided in paragraphs (1) or (2) below. The Declarant shall be entitled to three (3) votes for each Class B lot owned by Declarant.

The Class B lots shall cease to exist and shall be converted to Class A lots:

(1) When the total number of votes appurtenant to the Class A lots equals the total number of votes appurtenant to the Class B lots; provided, that the Class B lots shall be reinstated with all rights, privileges and responsibilities of such Class, if, after conversion of the Class B Lots to Class A lots hereunder, additional land containing lots is annexed to the existing property pursuant to Article II above, thus making the Declarant the owner, by virtue of the newly created Lots and of other Lots owned by Declarant, of a sufficient number of Class B Lots to cast a majority of votes (it being hereby stipulated that the conversion and reconversion shall occur automatically as often as the foregoing facts shall occur); or (2) On December 31, 2008, whichever event shall first occur.

When the Class B lots cease to exist and are converted to Class A lots, Declarant shall have the same voting rights as other owners of Class A lots.

Provided, further, that nothing herein shall be construed to prohibit Declarant from converting all or part of the Class B membership to Class A membership with the results set forth above at any time earlier than the alternative events referred to above, by written statement executed by the Declarant and delivered to the Association.

ARTICLE IV

PROPERTY RIGHTS

Section 1. Owner's Easement of Enjoyment. Except as limited by Section 2 of this Article IV, every Lot Owner shall have a right and easement of enjoyment in and to the Common Area established initially and in all future Stages or Sections of the development, which right and easement shall be appurtenant to and shall pass with the title to every lot, subject to the following provisions:

(a) The right of the Association to charge reasonable admission and other fees for the use of any facility situated upon the Common Area and to limit the use of said facilities to Lot Owners who occupy a residence on the Properties, and to their families, tenants, and guests as provided in Section 2 of this Article IV;

(b) The right of the Association to suspend the voting rights and rights of a Lot Owner to the use of the facilities for any period during which any assessment against his lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations.

(c) The right of the Association to dedicate or transfer all or any part of the Common 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 the members entitled to at least three-fourths (3/4) of the votes appurtenant to all Class A lots and at least three-fourths (3/4) of the votes appurtenant to all Class B lots agree to such dedication or transfer and signify their agreement by a signed and recorded written document, provided that this subsection shall not preclude the Board of Directors of the Association from granting easements for

the installation and maintenance of sewerage, utilities, including CATV, and drainage facilities upon, over, under and across the Common Area without the assent of the membership when such easements, in the opinion of said Board, are requisite for the convenient use and enjoyment of the Property.

(d) Except as provided in Subsection (c) hereinabove, Conveyance or encumbrance of Common Area shall be governed by Section 47F-3-112 of the Act which provides that portions of the Common Area may be conveyed or subjected to a security interest by the Association if persons entitled to cast at least eighty percent (80%) of the votes in the Association agree in writing to that action. Proceeds of the sale or financing of Common Area shall be an asset of the Association. The Association, on behalf of the Lot Owners, may contract to convey Common Area or subject Common Area to a security interest, but the contract is not enforceable against the Association until approved as hereinabove set forth. Thereafter the Association has all powers necessary and appropriate to affect the conveyance or encumbrance, free and clear of any interest of any Lot Owner or the Association in or to the Common Area conveyed or encumbered, including the power to execute deeds or other instruments. No conveyance or encumbrance of Common Area may deprive any Lot of its rights of access and support.

(e) The right of the Association to establish rules and regulations governing the use of the common Area or portions thereof.

Section 2. Delegation of Use.

(a) Family. The right and easement of enjoyment granted to every Lot Owner in Section 1 of this Article may be exercised by members of the Lot Owner's family who occupy the residence of the Lot Owner within the Project as their principal residence in Iredell County, North Carolina.

(b) Tenants. The right and easement of enjoyment granted to every Lot Owner in Section 1 of this Article may be delegated by the Lot Owner to his tenants or contract purchasers who occupy a residence within the Project, or a portion of said residence, as their principal residence in Iredell County, North Carolina.

(c) Guests. Facilities located on common areas situated within the Project may be utilized by guests of Lot Owners, tenants or contract purchasers subject to such rules and regulations governing said use of the Association as may be established by the Board of Directors.

Section 3. Title to Common Areas. Title to the Common Areas shall be conveyed to the Association free and clear of all liens and encumbrances; provided, however, that Declarant shall have the right from time to time to reserve for the purpose of development of the Property all or any portion of the Property and any Common Areas for various easements and rights-of-way, together with the right to dedicate same where applicable and customary and the right of ingress and egress

across the Common Areas in connection with the development of the Property. Declarant's rights hereunder shall not unreasonably interfere with Owner's easement for enjoyment.

The Association shall accept "as is" the conveyance of Common Areas without any representation or warranty, express or implied, in fact or by law, with respect thereto, or with respect to the improvements and repairs to be completed after the conveyance, including, without limitation, representations or warranties of merchantability or fitness for the ordinary or any particular purpose, and without any representations or warranties regarding future repairs or regarding the condition, construction, accuracy, completeness, design, adequacy of the size or capacity in relation to the utilization, date of completion or the future economic performance or operations of, or the utilities, materials or furniture which have been or will be used in such Common Areas or repairs, except as set forth herein. By acceptance of an interest in any such Common Area or the deed to any Lot, the Association and all Owners release Declarant from any claims and warrant that no claim shall be made by the Association or any Owner relating to the condition, or completeness of such property or repairs or for incidental or consequential damages arising therefrom.

Section 4. Entry Easement to Association. The Association, through its authorized representatives, shall have the right of entry and access to, over, upon and through all of the Property, to enable the Association to perform its obligations, exercise its rights, and fulfill its duties pursuant hereto, and such representatives shall not be deemed to have committed a trespass as a result thereof. Except in an emergency situation, entry shall only be during reasonable hours and after notice to Owner of that portion of the Property being entered.

ARTICLE V

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. 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 in Use 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: (l) annual assessments or charges and (2) special assessments for capital improvements; such assessments to be established and collected as hereinafter provided. Any such assessment or charge, together with interest, costs and reasonable attorney 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 fees, shall also be the personal or corporate obligation of the person(s), firm(s), or corporation(s) owning such property at the time when the assessment fell due, but such personal obligation shall not be imposed upon such Owners' successors in title unless expressly assumed by them. Although unpaid assessment charges are not the personal obligation upon such Owner's successors in title unless expressly assumed by the successors in title, the unpaid assessment charges continue to be a lien upon the property against which the assessment has been made.

Section 2. Purposes of Assessments. The assessments levied by the Association shall be used exclusively to promote the health, safety and welfare of the residents of the Properties, the enforcement of these Covenants and the rules of the Association, and in particular for the improvement, and maintenance of the Properties and Common Area and providing the services and facilities devoted to this purpose and related to the appearance of the such Easements and Common Area and any other areas maintained by the Association, including but not limited to, the cost of repair, replacement and additions thereto, the cost of labor, equipment, materials, management and supervision thereof, the payment of taxes assessed the procurement and maintenance of insurance in accordance with the By-Laws, the employment of attorneys to represent the Association when necessary, and such other needs as may arise.

Without limiting the generality of the above-described purposes, the assessments levied by the Association may be used as follows:

(a) to repair and maintain the Common Area, including the pool and cabana area and further including the erection and maintenance of signage, planters, irrigation, lighting and landscaping on the Common Area and to provide and pay for utility charges for irrigation and lighting of the signage located thereon;

(b) to keep the Common Area clean and free from debris and to maintain the Common Area or portions thereof as determined by the Board of Directors of the Association in a clean and orderly condition and to maintain the landscaping thereon in accordance with the highest standards for private parks, including any necessary removal and replacement of landscaping and repair of irrigation systems;

(c) to repair and maintain the landscaping in the medians through the Properties and to maintain at the election of Declarant and/or Association the strip of property lying within the right-of-way of Linwood Farms Road between the curb or pavement of such roads and the Common Area and, if applicable, the side or rear lines of any Lots abutting such roads;

(d) to pay all ad valorem taxes levied against the Common Areas and any other property owned by the Association;

(e) to pay the premiums on all insurance carried by the Association pursuant hereto or pursuant to the Bylaws;

(f) to pay all legal, accounting and other professional fees incurred by the Association in carrying out its duties as set forth herein or in the Bylaws;

(g) to maintain contingency reserves as to the amounts described in subsections (a) through (c) above in amounts determined by the Board of Directors; and

(h) to promote the recreation, health, safety and welfare of the residents in Linwood Farms as it relates to this Association.

Section 3. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first lot to an Owner, the maximum annual assessment shall not be in excess of $400.00 per Class A Lot and $100.00 per Class B Lot, except as otherwise provided herein.

(a) From and after January 1 of the year immediately following the conveyance of the first lot to an Owner, the maximum annual assessment may be increased by the Board of Directors effective January 1 of each year, without a vote of the membership, but subject to the limitation that the percentage of any such increase shall not exceed the following without a vote of the membership: (1) 10% of the maximum assessment for the previous year or (2) if the increase in the CPI index is greater than 10% for the preceding year, the percentage increase shall be the increase in the CPI index.

(b) From and after January 1 of the year immediately following the conveyance of the first lot to an Owner, the maximum annual assessment may be increased without limitation if such increase is approved by no less than two-thirds (2/3) of the votes appurtenant to each class of lots (Class A and Class B), cast in person or by proxy, at a meeting duly called for this purpose.

(c) Any annual assessment established by the Board of Directors shall continue thereafter from year to year as the annual assessment until changed by said Board.

Section 4. Special Assessments. In addition to the Annual Assessments described in Section 3 above, the Board, with a vote of Members as provided in Section 7 hereof, may levy in any assessment year or years a special assessment or assessments ("Special Assessments") for the purpose of defraying, in whole or in part, any costs incurred by the Association which are not paid for out of funds on hand in the Association or out of the Annual Assessments collected by the Association. Such costs may include, but shall not be limited to, the costs of any construction, reconstruction, repair or replacement of a capital improvement upon or within the Common Area, including fixtures and personal property related thereto. Notwithstanding the above, all fees and costs incurred by the Association in exploring or waging a complaint or suit against Declarant must be paid for out of a Special Assessment and, for this purpose only, such a Special Assessment must be approved by a vote of the Members entitled to cast no less than two thirds (2/3) of all votes entitled to be cast by the Members. Any such Special Assessments shall be in the same ratio between Class A and Class B Lots as set forth in the first paragraph of Section 3 hereinabove. The due date of any Special Assessment levied pursuant to this Section 4 shall be fixed in the Board resolution authorizing such Special Assessment. Upon the establishment of a Special Assessment, the Board shall send written notice of the mount and due date of such Special Assessment to each Owner, including the Declarant, as applicable, at least thirty (30) days prior to the date such Special Assessment is due.

Section 5. Special Individual Assessments. The Board may levy Special Assessments against individual Owners ("Special Individual Assessments") (i) for the purpose of paying for the costs of any construction, reconstruction, repair or replacement of any damaged component of the Common Areas, occasioned by the act of an Owner, his family, tenants, guests or agents, and not the result of ordinary wear and tear; (ii) for payment of fines, penalties or other charges imposed against an individual or separate Owner relative to such Owner's failure to comply with the terms and provisions of this Declaration, the Bylaws or any rules or regulations promulgated hereunder, including, without limitation, any expenses incurred in connection with the enforcement of the provisions of Article IX; and (iii) for the purpose of reimbursing the Association for costs (including attorney's fees) incurred in bringing the Owner, his Lot or his residence into compliance with the provisions of this Declaration, the Bylaws or the Rules and Regulations. Provided, however, Declarant shall not be obligated to pay any Special Individual Assessment except with Declarant's prior written approval. The due date of any Special Individual Assessment levied pursuant to this Section 5 shall be fixed in the Board resolution authorizing such Special Individual Assessment. Upon the establishment of a Special Individual Assessment, the Board shall send written notice of the amount and due date of such Special Individual Assessment to the affected Owner(s) or the Declarant, as applicable, at least thirty (30) days prior to the date such Special Individual Assessment is due.

Section 6. Assessment Rate. Except for the difference between assessments for Class A and Class B Lots, both annual and special assessments must be fixed at a uniform rate for all Lots and shall be payable in advance and collected on an annual basis or as determined by the Board.

Section 7. Notice of Quorum for any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Sections 3 and 4 of this Article shall be sent to all Members no less than thirty (30) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty (60%) percent of all the votes appurtenant to Class A lots and Class B lots shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice or requirement, and if the same is called for a date not later than sixty (60) days after the date of the first meeting, the required quorum at the subsequent meeting shall be one-half (½) of the required quorum at the preceding meeting.

Section 8. Date of Commencement of Annual Assessments: Due Date: Certificate of Payment. The annual assessment provided for herein shall commence as to all Lots subject to this Declaration on the day of the closing of the first Lot to an Owner other than a builder and for new Lots created after January 1, 2002, on the first day of the quarter following the recording of a new map of the Properties. The amount of the assessment shall change when the status of the Lot (Class A or Class B) changes, and such additional amount of assessment shall be prorated for the remainder of the calendar year. The first annual assessment shall be subject to the limit of the "maximum annual assessment" set forth in Section 3 of this Article and shall be adjusted according to the number of months remaining in the calendar year. At least thirty (30) days before January 1 of each year, the Board of Directors shall fix the amount of the annual assessment against each lot and at least fifteen (15) days before January 1 of each year shall send written notice of each assessment to every Owner

subject thereto. The due dates for the payment of annual and special assessments shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified lot have been paid.

Notwithstanding Sections 1 and 8 hereof, the Declarant may, at its election, postpone, in whole or in part, the date on which the assessment shall commence provided that the Declarant maintains the Common Areas for which no assessment is being collected during the period of such postponement.

Section 9. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at a minimum rate of twelve (12%) percent per annum or at the rate established by the Board of Directors at the beginning of the fiscal year of the Association, whichever is less. The association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien as provided in Section 47F-3-116 of the Act against the property, and interest, costs and reasonable attorney fees of such action or 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 abandonment of his lot.

Section 10. Subordination of the Lien to Mortgages. The liens provided for herein shall be subordinate to the lien of any first mortgage or first deed of trust on a lot. Sale or transfer of any lot shall not affect any assessment lien. However, the sale or transfer of any lot which is subject to any mortgage or deed of trust, pursuant to a foreclosure thereof or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to the payment thereof which became due prior to such sale or transfer. No such sale or transfer shall relieve such lot from liability for any assessments thereafter becoming due or from the lien thereof, but the liens provided for herein shall continue to be subordinate to the lien of any first mortgage or deed of trust.

Section 11. Exempt Property. All property dedicated to, and accepted by, a local public authority and all properties owned by a charitable or non-profit organization exempt from 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.

Section 12. Capitalization of Association (Working Capital). Upon conveyance of a deed from an Approved Builder to an Owner or upon conveyance of a deed from Declarant to an Owner other than an Approved Builder, at the closing of such conveyance, each Owner shall contribute to the working capital of the Association an amount equal to one-sixth (1/6th) of the amount of the Annual Assessment for that Lot. This amount shall be paid by the Buyer at closing of the purchase of the Lot; shall be disbursed to the Association; shall not be considered as advance payments or regular assessments; and shall not be refunded to an Owner upon the subsequent resale of a Lot. These funds shall not be used by Declarant to defray any of its construction or development expenses. These funds may be used by the Association for common expenses of the Association and for the

purpose of purchasing common area furnishings, equipment and supplies and other approved Association expenditures.

ARTICLE VI

EASEMENTS

Section 1. Easements for Utilities. Easements for installation and maintenance of driveway, walkway, parking area, water line, gas line, cable television, telephone, electric power line, sanitary sewer and storm drainage facilities and for other utility installations are reserved as shown on the recorded plat. Further, easements ten feet in width for such purposes are reserved over, under and through and along the rear lot lines of all Lots shown on recorded plats, and easements five feet in width for such purposes are reserved over, under and through and along all side lot lines of all Lots shown on recorded plats, as well as temporary easements five feet in width along the front lot lines for construction, maintenance and repair purposes. In the event it is determined that other and further easements are required over any lot or Lots in locations not shown on the recorded plat and not along rear or side lot lines, such easements may be established by the Declarant, except that if any such easements are reserved or established after the conveyance of a lot or Lots to be affected thereby, the written assent of the Owner or Owners of such lot or Lots and of the trustees and mortgagees in deeds of trust constituting a lien thereon shall be required. Within any such easements above provided for, no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation, delivery and maintenance of public utilities, or which may obstruct or change the direction of flow of drainage channels in the easements or which may obstruct or retard the flow of water through drainage channels in the easements.

Section 2. Easements for Encroachment and Overhang. There shall be a reciprocal appurtenant easements for encroachment and overhang as between each Lot and such portion or portions of the Common Area adjacent thereto or as between adjacent Lots due to the unintentional placement or settling or shifting of the improvements constructed, reconstructed or altered thereon (in accordance with the terms of this Declaration) to a distance of not more than five (5) feet, as measured from any point on the common boundary between each Lot and the adjacent portion of the Common Area or as between adjacent Lots, as the case may be, along a line perpendicular to such boundary at such point; provided, however, in no event shall an easement for encroachment exist if such encroachment occurred due to willful conduct on the part of an Owner, tenant, or the Association.

ARTICLE VII

LANDSCAPE AND SIGNAGE EASEMENT

The Association, its successors and assigns, are hereby granted and conveyed a Landscape and Signage Easement over portions of any Lots designated "Landscape and Signage Easement" or "Landscape Easement" or other term with similar meaning as shown on the maps of Linwood Farms,

for the purpose installation, operation and maintenance of landscaping, lighting and sprinkler systems, if any, monuments, fencing and signage on such areas, including interior subdivision signage for different areas or villages located within Linwood Farms. No fences, structures, driveways, plantings, swings or any other objects, temporary or permanent, shall be permitted in such easements other than those initially installed by The Ryland Group, Inc., or its designated successor, without The Ryland Group, Inc.'s prior written approval or, after all Lots are occupied by single, family owners, the Association's prior written approval. The Association shall at all times have the right of access for its employees, agents, and subcontractors over the Easement areas for the purpose of landscaping, planting, mowing and maintaining the area within such easements. The owners of any Lot containing any portion of these Easements shall maintain the area not maintained or landscaped pursuant to this Easement. The reservation of this Easement imposes no obligation on Declarant, its successors and assigns, to continue to maintain the planting and landscaping within these Easements.

ARTICLE VIII

INDEMNIFICATION OF OFFICERS AND DIRECTORS

Neither Declarant, nor any Member, nor the Board, nor the Association, nor any officers, directors, agents or employees of any of them shall be personally liable for debts contracted for or otherwise incurred by the Association or for a tort of another Member, whether or not such other Member was acting on behalf of the Association or otherwise. Neither Declarant, nor the Association, nor their directors, officers, agents or employees shall be liable for any incidental or consequential damages for failure to inspect any premises, improvements or portions thereof or for failure to repair or maintain the same. Declarant, the Association or any other person, firm or association making such repairs or maintenance shall not be liable for any personal injury or other incidental or consequential damages occasioned by any act or omission in the repair or maintenance of any premises, improvements or portions thereof.

The Association shall, to the extent permitted by applicable law, indemnify and defend all members of the Board from and against any and all loss, cost, expense, damage, liability, claim, action or cause of action arising from or relating to the performance by the Board of its duties and obligations, except for any such loss, cost, expense, damage, liability, claim, action or cause of action resulting from the gross negligence or willful misconduct of the person(s) to be indemnified.

The Association shall indemnify any director or officer or former director or officer of the Association or any person who may have served at the request of the Association as a director or officer of another corporation, whether for profit or not for profit, against expenses (including attorneys' fees) or liabilities actually and reasonably incurred by him in connection with the defense of or as a consequence of any threatened, pending or completed action, suit or proceeding (whether civil or criminal) in which he is made a party or was (or is threatened to be made) a party by reason of being or having been such director or officer, except in relation to matters as to which he shall be

adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct in the performance of a duty.

The indemnifications provided herein shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any statute, bylaw, agreement, vote of members or any disinterested directors or otherwise and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

The Association shall make efforts to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in such capacity, or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability.

The Association's indemnity of any person who is or was a director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall be reduced by any amounts such person may collect as indemnification (i) under any policy of insurance purchased and maintained on his behalf by the Association or (ii) from such other corporation, partnership, joint venture, trust or other enterprise.

Nothing contained in this Article VIII, or in the Bylaws, shall operate to indemnify any director or officer if such indemnification is for any reason contrary to any applicable state or federal law.

ARTICLE IX

ARCHITECTURAL CONTROL

Section 1. Architectural Control. No building, dwelling, accessory building, improvement or structure, all as defined in Section 2 hereof on any Lot shall be erected, constructed, placed, demolished, or altered until an application, including plans and specifications showing the nature, kind, shape, height, materials, and location of the same, shall have been submitted to and approved in writing by the Board or an architectural control committee which has been empowered by the Board to approve such applications and comprised of not less than three (3) Association Members and not more than five (5) Association Members who have been appointed by the Board (the Architectural Control Committee or A.C.C.); provided, however, that no such approval shall be required for alterations to the interior of any residential structure. If the Board or such architectural control committee, having not theretofore approved or disapproved an application, fails to approve or disapprove an application within ten (10) days following receipt of written notice of failure to act, which written notice is given at least thirty (30) days following receipt of the initial application, the

application shall be deemed approved. The restrictions herein contained shall have no application to the development, improvement, maintenance and repair of the Property by Declarant or by the Association, and neither the Board nor the architectural control committee shall have any power or authority to review or require modifications in plans and specifications for construction or installation of improvements by Declarant.

Section 2. Definitions. For purposes of this Article IX, the following terms shall have the following meanings unless the context clearly requires a different meaning:

(a) "accessory building" means every detached garage, carport, tool shed, storage or utility building, detached guest quarters, detached servants' quarters or other similar building constructed on a Lot or incidental thereto which is not a dwelling;

(b) "building" means an accessory building or dwelling;

(c) "dwelling" means a building constructed for single family residential use but excluding detached servants' quarters and guest quarters; and

(d) "improvement" or "structure" means a building, wall, fence, deck, patio, planter, statuary, terrace, swimming pool, tennis court, television and radio antennae, towers, dishes and discs or anything else constructed or placed on a Lot.

Section 3. Architectural Design Guidelines and Development Standards. The Declarant and, after the end of the Class B Lots as provided in Article III hereof, the Association, may develop, publish and promulgate architectural standards and guidelines (hereafter "Architectural Design Guidelines") which shall be used by the A.C.C. in reviewing any proposed plans, specifications and materials submitted to the A.C.C. for approval. In addition, the A.C.C. may develop development standards setting forth the minimum standards for the design, size, location, style, structure, color, mode of architecture, mode of landscaping and relevant criteria deemed important by the A.C.C. or by The Ryland Group, Inc. for the construction of improvements of any nature in the Property. The purpose of such development standards will be to preserve and promote the character and orderly development of the Property. By acceptance of a deed to any Lot, each Owner thereof and his successors and assigns agrees to be bound by all provisions of such development standards as may be adopted by the A.C.C. and to use diligence in keeping abreast of the provisions thereof and any amendments thereto.

Section 4. Declarant Exempt from Approval. Notwithstanding any provisions to the contrary, the provisions of this Article IX shall have no application to the development, improvements, maintenance and repair of the Properties by Declarant or by the Association, and neither the Board of Directors, nor the Committee shall have any power or authority to review or require modifications in plans and specifications for construction or installation of improvements by Declarant.

ARTICLE X

INSURANCE

Section 1. Insurance Requirements under the Act. Section 47F-3-113 of the Act requires certain insurance to be carried by the Association and provides for the distribution of insurance proceeds. Sections 2 through 5 of this Article X set forth the requirements of Section 47F-3-113 of the Act. In the event the insurance requirements set forth in the Act or any portion of the Act are changed, amended or deleted, the insurance requirements set forth in Sections 2 through 5 of this Article X shall likewise be changed, amended or deleted to conform with the insurance provisions of the Act without the requirement of a formal amendment to this Declaration.

Section 2. Property Insurance. The Association shall maintain, to the extent reasonably available, property insurance on the Common Area insuring against all risks of direct physical loss commonly insured against including fire and extended coverage perils. The total amount of insurance after application of any deductibles shall not be less than eighty percent (80%) of the replacement cost of the insured property at the time the insurance is purchased and at each renewal date, exclusive of land, excavations, foundations, and other items normally excluded from property policies. Any loss covered by this property insurance shall be adjusted with the Association, but the insurance proceeds for that loss are payable to any insurance trustee designated for that purpose, or otherwise to the Association, and not to any mortgagee or beneficiary under a deed of trust. The insurance trustee or the Association shall hold any insurance proceeds in trust for Lot Owners and lienholders as their interests may appear. The proceeds shall be disbursed first for the repair or restoration of the damaged property, and Lot Owners and lienholders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the property has been completely repaired or restored, or the planned community is terminated.

Section 3. Liability Insurance. The Association shall maintain, to the extent reasonably available, liability insurance in reasonable amounts, covering all occurrences commonly insured against for death, bodily injury, and property damage arising out of or in connection with the use, ownership, or maintenance of the Common Area. The liability insurance shall be for the benefit of the Lot Owners, occupants, the Association, the Board, the managing agent, if any, the Declarant, and their respective officers, directors, agents, and employees in such amounts and with such coverage that shall be determined by the Board; provided that the liability insurance shall be for at least One Million Dollars ($1,000,000.00) per occurrence for death, bodily injury and property damage.

Section 4. Required Provisions for Property and Liability Insurance. Insurance policies carried pursuant to Sections 2 and 3 above shall provide that:

(a) Each Lot Owner is an insured person under the policy to the extent to the Lot Owner's insurable interest;

(b) The insurer waives its right to subrogation under the policy against any Lot Owner or member of the Lot Owner's household;

(c) No act or omission by any Lot Owner, unless acting within the scope of the Owner's authority on behalf of the Association, will preclude recovery under the policy; and

(d) If, at the time of a loss under the policy, there is other insurance in the name of the Lot Owner covering the same risk covered by the policy, the Association's policy provides primary insurance.

Section 5. Insurance Repairs. Any portion of the planned community for which insurance is required under Sections 2 and 3 hereinabove which is damaged or destroyed shall be repaired or replaced promptly by the Association unless: (a) the planned community is terminated; (b) repair or replacement would be illegal under any State or local health or safety statute or ordinance; or (c) the Lot Owners decide not to rebuild by an eighty percent (80%) vote. The cost of repair or replacement in excess of insurance proceeds and reserves is a common expense if any portion of the planned community is not repaired or replaced, (a) the insurance proceeds attributable to the damaged Common Area shall be used to restore the damaged area to a condition compatible with the remainder of the planned community; (b) the insurance proceeds attributable to limited common elements which are not rebuilt shall be distributed to the Owners of the Lots to which those limited common elements were allocated, or to lienholders, as their interests may appear; and (c) the remainder of the proceeds shall be distributed to all the Lot Owners or lienholders, as their interests may appear, in proportion to the common expense liabilities of all the Lots. Notwithstanding the provisions of this Section 5, Section 47F-2-118 (termination of the planned community) governs the distribution of the insurance proceeds if the planned community is terminated.

ARTICLE XI

EMINENT DOMAIN (CONDEMNATION)

In the event of a taking of all or any portion of a Lot or all any portion of the Common Area by eminent domain, or by conveyance in lieu thereof, the awards paid on account thereof shall be applied in accordance with Section 47F-1-107 of the Act.

ARTICLE XII

TERMINATION OF PLANNED COMMUNITY

Linwood Farms, a planned community under the Act, may be terminated only in strict compliance with Section 47F-2-118 of the Act.

ARTICLE XIII

AMENDMENT

This Declaration may be amended only in strict compliance with the Act, including, without limitation, Section 47F-2-117 of the Act, except that no Amendment altering or impairing Special Declarant Rights may be made without the written consent of the Declarant.

ARTICLE XIV

USE RESTRICTIONS

Lots in Linwood Farms will be made subject to certain use restrictions by the filing of individual Declaration of Restrictions on a map by map basis after the recordation of a map of Linwood Farms in the Iredell County Public Registry.

ARTICLE XV

GENERAL PROVISIONS

Section 1. Enforcement. The Association, 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 Association or by 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.

Section 2. Conflict with the Act; Severability. Should any of the terms, conditions, provisions, paragraphs, or clauses of this Declaration conflict with any provisions of the Act, the provisions of the Act shall control unless the Act permits the Declaration to override the Act, in which event the Declaration shall control. The invalidity of any covenant, restriction, condition, limitation, provision, paragraph or clause of this Declaration, or any part of the same, or the application thereof to any person or circumstance, shall not impair or affect in any manner the validity, enforceability or affect of the rest of this Declaration, or the application of any such covenant, restriction, condition, limitation, provision, paragraph or clause to any other person or circumstance.

Section 3. Amendment. The covenants and restrictions of this Declaration shall run and bind the land, for a term of twenty-five (25) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years unless terminated or altered by a vote of seventy-five (75%) percent of a vote of the Owners after the expiration of said twenty-five (25) year period. This Declaration may be amended during the first twenty-five year period by an instrument signed by the Owners of not less than seventy-five (75%)

percent of the lots, and thereafter by an instrument signed by the Owners of not less than seventy-five (75%) percent of the lots. Any amendment must be properly recorded. For the purpose of this section, additions to existing property as provided in Article II, Section 2 hereof shall not constitute an "amendment".

Section 4. Interpretation of Declaration. Whenever appropriate, singular may be read as plural, plural may be read as singular, and the masculine gender may be read as the feminine or neuter gender. Compound words beginning with the prefix "here" shall refer to this entire Declaration and not merely the part in which they appear.

Section 5. Captions. The Captions herein are only for convenience and reference and do not define, limit or describe the scope of this Declaration, or the intent of any provision.

Section 6. Law Controlling. This Declaration shall be construed and controlled by and under the laws of the State of North Carolina.

Section 7. FHA/VA Approval. In the event the Declarant has arranged for and provided purchasers of Lots with FHA insured mortgage loans, then as long as any Class B lot exists, as provided in Article III hereof, the following actions will require the prior approval of the Federal Housing Administration or the Department of Veterans Affairs: annexation of additional properties, other than as provided in Article II, Section 2 hereof, deeding of common area to persons other than the Homeowners Association and amendment of this Declaration of Covenants, Conditions and Restrictions.

IN WITNESS WHEREOF, Declarant has caused this instrument to be executed this 21st day of June, 2001.

THE RYLAND GROUP, INC.

By: _____
Vice President

STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

This 21st day of June, 2001, personally appeared before me _____ David L. Nelson who, being by me first duly sworn, stated that he is the Vice President of THE RYLAND GROUP, INC., a Maryland corporation and that said writing was signed by him in behalf of said corporation by its authority duly given. And the said Vice President acknowledged the said writing to be the act and deed of said corporation.

Beth Plummer
Notary Public

My Commission Expires: MY COMMISSION EXPIRES 01-21-2006

[NOTARIAL SEAL]

BETH PLUMMER NOTARY PUBLIC MECKLENBURG COUNTY, NC

Linwood Farms\DeCRs.wpd 4/11/01

EXHIBIT A

Lying and being located in Coddle Creek Township, Iredell County, North Carolina, and being more particularly described as follows:

TRACT I:

Beginning at an iron pin in the westerly margin of the right-of-way of Linwood Road (State Road #1150), said iron pin being located N. 62-37-09 E. 6.53 feet from an old iron at the common corner of the property conveyed to Coyte Benfield by deed recorded in Book 785 at page 567 in the Iredell County Public Registry and the property conveyed to the Trustees of Eastside Baptist Church by deeds recorded in Book 482 at page 456 and in Book 493 at page 321 in the Iredell County Public Registry, and running thence from said Beginning point with the southerly and westerly margin of the right-of-way of Linwood Road five (5) calls and distances as follows: 1) in a southeasterly direction with an arc of a circular curve to the left having a radius of 1007.66 feet, an arc distance of 168.43 feet (chord bearing and distance of S. 59-26-41 E. 168.24feet) to a new iron; 2) S. 64-14-00 E. 224.64 feet to a new iron; 3) in a southeasterly direction with an arc of a circular curve to the right having a radius of 1800.74 feet, an arc distance of 357.76 feet (chord bearing and distance of S. 58-32-30 E. 357.17 feet) to a new iron; 4) continuing in a southeasterly direction with an arc of a circular curve to the right having a radius of 487.88 feet, an arc distance of 352.60 feet (chord bearing and distance of S. 32-08-46 E. 344.97 feet) to a new iron; and 5) S. 11-26-31 E. 619.96 feet to a new iron; thence S. 86-53-48 E. 31.57 feet to a point located within the right-of-way of Linwood Road; thence within the right-of-way of Linwood Road two (2) calls and distances as follows: 1) S. 17-41-08 E. 651.40 feet to a point; and 2) S. 20-44-08 E. 961.16 feet to a point; thence S. 86-20-45 W. 199.94 feet to a old iron marking the common rear corner of the property conveyed to S.E. Murray by deeds recorded in Book 684 at page 351 and in Book 751 at page 492 in the Iredell County Public Registry; thence with the northerly line of the S.E. Murray property, S. 86-20-05 W. 429.96 feet an old iron marking the northwest corner of the property conveyed to M.A. Deaton by deed recorded in Book 751 at page 489 in the Iredell County Public Registry; thence with the westerly line of the M.A. Deaton property, S. 06-17-24 W. 330.78 feet to an old iron in the northerly line of the property conveyed to Suther by deed recorded in Book 599 at page 315 in the Iredell County Public Registry; thence with the Suther property, N. 89-40-00 W. 105.94 feet to an old iron marking the common corner of the Suther property and the property conveyed to R.S. Deaton by deed recorded in Book 694 at page 69 in the Iredell County Public Registry; thence with the R.S. Deaton property, N. 89-48-48 W. 761.29 feet to an old iron located in the easterly line of the property of M.F. Crouch, Sr. Estate by deed recorded in Book 274 at page 006 in the Iredell County Public Registry; thence with the Crouch property two (2) calls and distances as follows: 1) N. 19-15-21 E. 544.91 feet to an old iron; and 2) N. 85-51-55 W. 474.81 feet to an old iron located in the easterly line of the property conveyed to A. Edminston & C.T. Shinn by deed recorded in Book 447 at page 352 (see also Boundary Line Agreement recorded in Book 499 at page 236) in the Iredell County Public Registry; thence with the Edminston and Shinn property, four (4) calls and distances as follows: 1) N. 02-06-15 E. 265.01 feet to an old iron; 2) N. 23-15-40 W. 296.85 feet to an old iron; 3) N. 53-12-24 W. 551.47 feet to an old iron; and 4) N. 88-03-12 W. 159.33 feet to an old iron; thence with the easterly lines of the property conveyed to H.K.H. Company by deeds recorded in Book 677 at page 832 and in Book 684 at page 599 in the Iredell County Public Registry, three (3) calls and distances as follow: 1) N. 02-00-41 E. 664.19 feet to an old iron; 2) N. 23-41-52 W. 148.87 feet to an old iron; and 3) N. 23-53-15 W. 176.68 feet to an old iron located in the southeast corner of the property conveyed to J.P. White by deed recorded in Book 172 at page 946 in the Iredell County Public Registry; thence with the easterly line of the White property and the easterly line of the property conveyed to E. Moore by deed recorded in Book 136 at page 25 in the Iredell County Public Registry, N. 24-22-04 W. 358.46 feet to an old iron; thence S. 85-37-14 E. 577.79 feet to an old iron located in the southernmost corner of the property conveyed to Coyte Benfield by deed recorded in Book 483 at page 224 in the Iredell County Public Registry; thence with the Benfield property, N. 02-28-40 E. 138.41 feet to a new iron located in the southwest corner of the property conveyed to Coyte Benfield by deed recorded in Book 785 at page 567 in the Iredell County Public Registry; thence with the Benfield property, N. 62-37-09 E. 765.85 feet to point or place of Beginning containing 114.861 as shown on a survey for Bob Dienst dated October 29, 1999 by Bobby J. Raye, NCRLS, to which survey reference is hereby made.

TRACT II:

Commencing from a set pk nail in the centerline of Key Street at the intersection to a Gravel Drive, thence N 88°48'16" E 710.94 feet, thence S 85°16'14" E 841.78 feet to the Point Of Beginning, said point being a set #4 rebar in the line of Allen Edmiston (Deed Book 447 Page 352), thence S 85°16'14" E 475.57 feet to found axle said course in possible discrepancy with The Ryland Group, Inc. Deed Book 1181 Page 157 line, thence S 19°11'41" W 544.59 feet to a set #4 rebar said course in possible discrepancy with The Ryland Group, Inc. Deed Book 1181 Page 157, thence with Robert S. Deaton Deed Book 694 Page 29 N 89°47'13" W 1.35 feet to a found 5/8" axle, thence N 19°19'46" E 35.42 feet to a point in the centerline of creek thence with the centerline of creek the following 17 courses (1) N 45°09'10" W 55.52 feet, (2) N 21°28'16" W 17.91 feet, (3) N 18°34'17" W 49.43 feet, (4) N 44°41'30" W 53.85 feet, (5) N 64°23'27" W 13.22 feet, (6) N 62°14'48" W 62.97 feet, (7) N 00°50'58" W 30.28 feet, (8) N 46°31'58" W 9.46 feet, (9) N 25°50'01" W 33.60 feet, (10) N 02°29'36" E 40.89 feet, (11) N 28°17'06" W 36.10 feet, (12) N 53°53'58" W 28.86 feet, (13) N 33°52'26" W 36.90 feet, (14) N 27°57'35" W 66.87 feet, (15) N 15°13'11" W 42.02 feet, (16) N 00°07'15" W 50.80 feet, (17) N 07°12'21" E 0.50 feet, thence leaving creek N 85°50'54" W 14.71 feet to a found 1" pipe, thence N 02°06'59" E 4.80 feet to The Point of Beginning said parcel contains 2.994 acres.

TRACT III:

Any property located adjacent to the Tract I and Tract II property provided it does not include more than seventy-five (75) acres.

Drawn By and Mail to:
Wallace Pittman Poe & Webb
2101 Rexford Rd. Ste. 100E.
Charlotte N.C. 28211 (Rod Box #241)
WPPW # JGW/RUTH

FILED
IREDELL COUNTY, NC
BK 1270 PG 1791
This the 28th day of June, 2001.
BRENDA D. BELL
Register of Deeds
3:52 PM

COPY

STATE OF NORTH CAROLINA

COUNTY OF IREDELL

DECLARATION OF RESTRICTIONS

THIS DECLARATION OF RESTRICTIONS, is made this 21st day of June, 2001, by and between THE RYLAND GROUP, INC., a Maryland corporation (hereinafter "Developer"), and any and all persons, firms, or corporations subsequently acquiring any of the property hereinafter described.

STATEMENT OF PURPOSE

Developer is developing a certain residential subdivision containing 159 lots (hereinafter "Lots") known as LINWOOD FARMS as the same is shown on plat thereof recorded in Map Book 37 at Page 91 and Map Book 38 at Pages 50, 51 and 52 in the Iredell County, North Carolina, Public Registry (hereinafter "Development"). Developer desires to restrict the use and occupancy of the Lots in accordance with a general plan of development as hereinafter set forth for the protection of the Lots and the future Owners thereof.

NOW, THEREFORE, in consideration of the premises, Developer, for itself, its successors and assigns, hereby agrees with any and all persons, firms, or corporations acquiring any Lots in the Development that the same shall be, and are hereby, subject to the following restrictions, conditions, and covenants relating to the use and occupancy thereof:

1. LAND USE AND BUILDING TYPE. All Lots in the Development shall be known and described as residential Lots. No structure shall be erected, altered, placed or permitted to remain on any residential building plot other than one detached single family dwelling, not to exceed two and one-half (2 ½) stories in height, and a private garage for not more than three (3) cars and other outbuildings incidental to residential use of the plot. This section shall not prevent the use of model homes and construction trailers during the construction of residences within the subdivision. Provided, however, Declarant, or its successor and assigns, shall have the right to change the use of any restricted Lot from residential purposes to use as a public road, if approved by the appropriate governmental authority having subdivision approval over Linwood Farms; and provided further, any property containing a sanitary sewer pump station or other utility improvement may be deeded to the Town of Mooresville or other appropriate governmental authority and such use shall not violate the residential use and single-family dwelling restriction contained in this paragraph.

2. BUILDING SETBACKS. No building shall be erected on any residential Lot nearer to any street line than the building setback lines shown on the recorded map, and with respect to a corner Lot no residence or other building shall be located nearer to the side street line than the building setback lines shown on the recorded map. Provided, however, Developer reserves the right to revise any recorded map and change any building setback line shown on the original map provided that any minimum setback line shown on a revised map shall not be less than applicable zoning ordinances. With respect to corner Lots the front lot line shall be deemed the street line having the

shorter frontage, and any residence erected on such corner Lot shall face the front lot line, unless otherwise approved by the Declarant or the Architectural Control Committee as provided in Article IX of the Declaration of Covenants, Conditions and Restrictions for Linwood Farms. No building, garage, carport, or other accessory building and structure incidental to the residential use of the Lots shall be located nearer to a side lot line than permitted by applicable Iredell County zoning ordinances. For purposes of determining compliance or noncompliance with the foregoing building line requirements, decks, porches, terraces and wing-walls shall be considered as part of the structure and will not be allowed to encroach into side or rear yard setbacks, except upon approval by the Architectural Control Committee. However, this provision shall not be construed to authorize or permit encroachment of any structure upon any easement shown on the recorded plat or reserved herein or upon any other Lot.

3. FENCES. Prior to construction or installation of any fence on a Lot, such fence must be approved by the Declarant or Architectural Control Committee as provided for in Article IX in the Declaration of Covenants, Conditions and Restrictions for Linwood Farms. No fence or wall shall be erected on any building plot closer to any street right-of-way than the building setback lines shown upon the recorded map. Chain link fencing is not permitted, except that 2"x 4" mesh or other mesh specifically approved by the Declarant or the Architectural Control Committee may be used with split rail fencing to contain children and animals within the yard with approval of the Declarant or Architectural Control Committee. The fencing restrictions in this paragraph and paragraph 2 hereof shall not be applicable to model homes owned by Developer or Developer's assigns.

4. LOT AREA AND WIDTH. No residential structure shall be erected or placed on any building plot, which plot has an area of less than the square footage or a width of less than the width permitted by applicable Town of Mooresville zoning ordinances.

5. TEMPORARY STRUCTURES AND PARKING. No residence of a temporary nature shall be erected or allowed to remain on any Lot, and no trailer, basement, shack, tent, garage, barn or any other building of a similar nature shall be used as a residence on any Lot, either temporarily or permanently. Mobile house trailers, on or off wheels, recreational vehicles ("RVs"), motor homes, vehicles or enclosed bodies of the type which may be placed on or attached to a vehicle, known generally as "campers", commercial vehicles of any kind operated by a member of the household occupying the dwelling on the Lot and any boats and boat trailers shall not be parked on the street within the front or side street setback lines or anywhere on the Lot where it or they would be visible from any traveled road or another Lot.

The term "Vehicles," as used herein, shall include, without limitation, motor homes, boats, trailers, motorcycles, minibikes, scooters, go-carts, trucks, campers, buses, vans, limousines and automobiles. No vehicle of any type which is abandoned or inoperative shall be stored or kept on any Lot within this subdivision in such manner as to be seen from any other Lot or any street within this subdivision, and no automobiles or other mechanical equipment may be dismantled or allowed to accumulate on any said Lot. Vehicles shall not be parked on the sidewalk or within the dedicated street right-of-way, nor shall vehicles be parked or stored on any part of the Lot not

improved for that purpose, i.e. garage, driveway, carport or parking pad. This paragraph does not preclude occasional overflow parking within the street right-of-way for guests or other reasonable purposes provided that no inconvenience is imposed on the Owners of other Lots within this subdivision. Garage doors shall be kept closed at all times, except for times of ingress and egress from the garage. No motorized vehicles shall be permitted on pathways or unpaved Common Area; except for public safety vehicles authorized by the Board.

The restriction set forth in Paragraph 5 hereof shall not apply to sales trailers, construction trailers or other vehicles which may be used by a Declarant, its agents and subcontractors, in the conduct of development of Linwood Farms and the construction of homes in Linwood Farms.

6. NUISANCES. No noxious or offensive trade or activity shall be carried on upon any Lot nor shall any thing be done thereon which may be or become an annoyance or nuisance to the neighborhood. No animals, livestock, or poultry of any kind shall be kept or maintained on any Lot or in any dwelling except that dogs, cats or other household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes. The number of household pets generally considered to be outdoor pets such as dogs and cats shall not exceed three in number except for newborn offspring of such household pets which are under nine (9) months in age. No dog run or pen may be constructed or maintained on any Lot unless such dog run or pen has been approved in writing by the Declarant or the Architectural Control Committee. Notwithstanding the foregoing, Pitbulls are expressly prohibited, and the Association shall have the right to prohibit, or require the removal, of any dog or animal, which after consideration of factors such as size, breed and disposition of the animal, interference by the animal with the peaceful enjoyment by other Owners of their Lots and the security measures taken by the Owner with respect to such animal, the Association, in its sole discretion, deems to be undesirable, a nuisance or a safety hazard.

No potentially hazardous or toxic materials or substances shall be used or stored on any Lot other than normal household, lawn and garden products which shall be used by Owner in a manner not to permit spills or runoff of such materials onto the Lot, adjacent Lots or property, drainage swales and lakes. No dumping of grass clippings, leaves or other debris, petroleum products, fertilizers or other potentially hazardous or toxic substances shall be allowed on any Lot, drainage ditch or swale, stream, pond or lake except the normal application of fertilizer to grass and landscaping with special care being taken to minimize runoff into any lake. No activity shall be allowed which violates local, state or federal laws or regulations; provided, the Board shall have no obligation to take enforcement action in the event of a violation.

7. DWELLING SIZE AND ATTACHED GARAGE. The minimal heated square footage of a dwelling may not be less than 1000 heated square feet. Developer has the right to vary the minimum square foot requirement by 10%.

8. OUTBUILDINGS AND POOLS. No outbuildings of any kind shall be placed on any Lot without the prior written approval of the Declarant or the Architectural Control Committee as provided in Article IX of the Declaration of Covenants, Conditions and Restrictions for Linwood Farms. No above-ground pool structures shall be erected on any Lot.

9. EASEMENTS. Easements for installation, maintenance and repair of utilities, cable television (CATV) and drainage facilities are reserved as shown on the recorded map and over the rear ten (10) feet and each side five (5) feet of every Lot; PROVIDED, HOWEVER, the reserved easements shall never be greater than the required building set back lines shown or noted on any recorded map of the Property or required by any applicable zoning ordinances, i.e., in the event the side set back line for a Lot is three (3) feet then the maximum width of the reserved easement is also three (3) feet. Within the easements, no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation and maintenance of the utilities, or which may change the direction of flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements. The easement area of each Lot and all improvements in it shall be maintained continuously by the Owner of the Lot, except for those improvements for which a public authority or utility company is responsible. The Developer reserves the right to create and impose additional easements or rights of way over unsold Lot or Lots for street, drainage, and utility installation purposes by the recording of appropriate instruments and such shall not be construed to invalidate any of these covenants.

10. SIGNS. Unless approved by the Declarant or the Architectural Control Committee, no sign of any kind shall be displayed to the public view on any Lot except one professional sign of not more than five (5) square feet advertising the property for sale or rent or signs used by a builder approved by The Ryland Group, Inc., or its designated assigns, to advertise the property during the construction and sales period.

11. UNINTENTIONAL VIOLATIONS. In the event of the unintentional violation of any of the building line restrictions set forth herein, The Ryland Group, Inc., or its designated assigns, reserves the right, by and with the mutual written consent of the Owner or Owners for the time being of such Lot, to change the building line restriction set forth in the instrument provided, however, that such change shall not be in violation of any provisions of the zoning provisions of the County of Iredell.

12. ANTENNAS, SATELLITE DISHES OR DISCS. No radio or television transmission or reception towers, antennas, dishes or discs shall be allowed on a Lot, unless approved by the Declarant or the Architectural Control Committee pursuant to Article IX of the Declaration of Covenants, Conditions and Restrictions for Linwood Farms.

13. LEASING. Lots or portions of Lots may be leased for residential purposes. All leases shall have a minimum term of six (6) months. All leases shall require, without limitation, that the tenant acknowledge receipt of a copy of the Declaration of Covenants, Conditions and Restrictions for Linwood Farms, Declaration of Restriction, By-Laws and Rules and Regulations of the

Association for Linwood Farms. The lease shall also obligate the tenant to comply with the aforementioned documents.

14. MAINTENANCE OF LOT, GARBAGE CANS, ETC. Each Owner shall keep his Lot in an orderly condition and shall keep the improvements thereon in a suitable state of repair, promptly repairing any damage thereto by fire or other casualty. No clothesline may be erected or maintained on any Lot. No Lot shall be used in whole or in part for storage of rubbish of any character whatsoever and no trash, rubbish, stored materials, wrecked or inoperable vehicles or similar unsightly items shall be allowed to remain on any Lot outside an enclosed structure; provided however, that the foregoing shall not be construed to prohibit temporary deposits of trash, rubbish and other debris for collections by governmental or other similar garbage and trash removal units.

All garbage cans, wood piles, swimming pool pumps, filters and related equipment and other similar items shall be located or screened so as to be screened from view of neighboring streets and property; provided, however, if rubbish, garbage or any other form of solid waste is to be disposed of by being collected on a regular and recurring basis, containers may be placed in the open in the evening before a pickup is to be made as necessary to provide access to Persons making such pickups. All rubbish, trash and garbage shall be regularly removed (no less frequently than weekly) and shall not be allowed to accumulate. Trash, garbage, debris or other waste matter of any kind may not be burned within Linwood Farms, except by a Declarant, during the original construction of residences on a Lot, without the prior written approval of the Association.

15. DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS AND ARCHITECTURAL CONTROL COMMITTEE. The Lots are a part of the residential subdivision known as Linwood Farms and are subject to the terms, provisions, conditions and assessments set forth in the Declaration of Covenants, Conditions and Restrictions for Linwood Farms recorded in Book 1270 at page 1769 in the Iredell County Public Registry. Article IX of the Declaration of Covenants, Conditions and Restrictions requires the Declarant or the Architectural Control Committee to review and approve any alteration or modifications to existing dwellings and construction of new structures or improvements unless constructed by Declarant. In addition, in Article IX, the Declaration and Architectural Control Committee are given the authority to develop, publish and promulgate architectural standards and guidelines referred to as the Architectural Design Guidelines.

16. FIREARMS. The use of firearms in Linwood Farms is prohibited. The term "firearms" includes, without limitation, "B-B" guns, pellet guns, bow and arrows, slingshots and small firearms of all types.

17. ARTIFICIAL VEGETATION, EXTERIOR SCULPTURE, EXTERIOR STATUARY AND SIMILAR ITEMS. No artificial vegetation or plastic animal decoration, such as pink flamingos, etc. shall be permitted on the exterior of any property, unless placed temporarily on the property by a church or charitable organization in connection with fund raising purposes. Exterior sculpture, fountains, flags, birdbaths, birdhouses and similar items must be approved by the Declarant or the Architectural Control Committee.

18. WETLANDS ORDINANCES AND REGULATIONS. Portions of Linwood Farms may be designated as "Wetlands" by the Corps of Amy Engineers and may be shown as Wetlands on the recorded maps of Linwood Farms. Any areas designated as Wetlands must be maintained as Wetlands in compliance with any applicable laws, ordinances and regulations governing Wetlands until such time as changes to such laws, ordinances and regulations allow these areas to be maintained or developed in a condition or state other than as previously required of areas designated as Wetlands.

19. ENFORCEMENT. Enforcement shall be by proceedings at law or in equity against any person or persons violating or attempting to violate any covenant and to either restrain violation or to recover damages.

20. SEVERABILITY. Invalidation of any one of these covenants by judgment or court order shall in no way affect any of the other provisions which shall remain in full force and effect.

21. TERM & AMENDMENT. These covenants are to run with the land and shall be binding upon all parties and all persons claiming under them for a period of 25 years from the date these covenants are recorded; after which time said covenants shall be automatically extended for successive periods of ten (10) years unless an instrument signed by a majority of the then Owners of the Lots has been recorded, agreeing to change said covenants in whole or in part. These covenants may be amended during the first twenty-five year period by an instrument signed by the Owners of not less than eighty (80%) of the Lots. These covenants may be amended for clarification purposes and/or to be consistent with the Declaration of Covenants, Conditions and Restrictions for Linwood Farms during the first five-year period by the Developer.

IN WITNESS WHEREOF, the undersigned has caused these presents to be duly executed as of the day and year first above written.

THE RYLAND GROUP, INC.

By:_____
Vice President

STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

This 21st day of June, 2001, before me, a Notary Public for the County and State aforesaid, personally appeared David L. Nelson, who, being by me first duly sworn, stated that he is Vice President of The Ryland Group, Inc., a Maryland corporation.,and that said writing was signed by him in behalf of said corporation by its authority duly given. And the said Vice President acknowledged the said writing to be the act and deed of said corporation.

Notary Public

My Commission Expires:
MY COMMISSION EXPIRES 01-21-2006

[NOTARIAL SEAL]

BETH PLUMMER NOTARY PUBLIC MECKLENBURG COUNTY, NC