

STATE OF NORTH CAROLINA
COUNTY OF HENDERSON

DECLARATION OF RESTRICTIVE COVENANTS

This Declaration of Restrictive Covenants, Limitations and Uses, made, entered into, and declared this 25th day of September, 1989 by Bill C. Penley of Henderson County, North Carolina;

W I T N E S S E T H

THAT WHEREAS; BILL PENLEY (hereinafter referred to as "Developer"), are the owners of that certain tract of real property described in Deed Book 469, Page 657, Henderson County Registry, a portion of which is shown on a plat entitled "MILLS RIVER NORTH", hererafter referred to.

AND WHEREAS, said Developer desires to establish a uniform plan of development which shall be applicable to that certain tract shown on a plat entitled "MILLS RIVER NORTH", which is recorded in the Office of the Register of Deeds for Henderson County, North Carolina in Plat Book _____, Page _____, Slide 710.

NOW, THEREFORE, said Developer does hereby make and declare the following declarations as to limitations, restrictions and uses to which the lots or tracts located in said subdivision may be put, and hereby specifies and declares that such Declarations shall constitute covenants which shall run with the land, as provided by law, and which shall be binding upon all parties and persons claiming under said restrictions, and upon all parties and persons claiming under said Developer hereby delcares that this Declaration shall be for the benefit of, and a limitation upon all future owners of lots or tracts in said subdivision, this Declaration being intended for the purpose of keeping said subdivision desirable, uniform, and suitable in design and use, as specified herein:

I.

IMPROVEMENT RESTRICTIONS

(1) All lots or tracts located in "MILLS RIVER NORTH" shall be used solely for residential purposes, and under no circumstances shall said lots or tracts be used for any business or commercial purposes or activities whatsoever; and further, under no circumstances shall any business or commercial structure or building be placed or constructed upon any lot or tract located in said subdivision.

(2) Under no circumstances shall any building other than one (1) detached single family residence dwelling be erected, constructed, or placed upon any lot in said subdivision; provided, however, that such garages and other outbuildings which are reasonable and incidental to residential use of the lot or tract shall be permitted. No building shall be constructed which will exhibit exposed cement, concrete, or cinder block on the exterior thereof, provided, however, that this restriction shall not apply to exposed exterior portions which form, or are part of the foundation of said building. And further, no building shall be constructed which will exhibit exposed siding composed of asbestos shingles.

(3) No lot or group of lots herein described shall be resubdivided as shown on said Plat of said property recorded in the Henderson County Register of Deeds Office in Slide 710 ; except, however, an owner of more than one adjoining lot may sell part of one lot to the owner of the next adjoining lot, but by doing so the remaining part of the lot will then become part of said owner's next adjoining lot and the balance will have to be sold as one tract.

No other easements, rights of way, or rights of access shall be conveyed, and in any way given by lot owners to any other person, firm, or corporation

1,000) square feet;

(b) Two-story residence structures shall contain not less than thirteen hundred (1,300) square feet;

For purposes of computing the square footage in each residence structure, unfinished basements, attic space, storage space, garages, or any area not enclosed by the primary residence structure shall not be taken into account as "livable, finished, paved floor area".

(5) All residence structures, together with necessary outbuildings permitted in paragraph (2), above, constructed or placed on any lot in said subdivision shall be located in accordance with the following "set-back" requirements:

(a) All structures shall be located not less than thirty (30) feet from the center line of the street right of way which the structure fronts;

(b) All structures shall be located not less than ten (10) feet from each "side" boundary line of a particular lot;

(c) All residence structures shall be located not less than ten (10) feet from the rear boundary line of a particular lot.

(6) Under no circumstances shall any swimming pool, satellite dishes, or other objects be constructed, erected, or placed in front of any residence structure.

(7) All construction plans, including projected elevation and specifications, shall be submitted to, and approved by the Developer, its successors, assigns, or agent, prior to commencement of construction.

(8) Under no circumstances shall any trailer, mobile home, travel trailer, camper, tent, shack, garage, or other outbuilding, or structure of a temporary nature, be used on any lot or tract as a residence, either temporarily or permanently. Under no circumstances shall any mobile home, motor home, boat or travel trailers be placed, parked, or stored in front of any residence structure.

(9) Once construction has commenced on any lot or tract in said subdivision, all outside work, including grading and clean-up or unused material, shall be completed within one (1) year from the date construction is begun.

(10) All fuel oil storage tanks shall be installed underground, and under no circumstances shall above-ground storage tanks be permitted to remain on any lot or tract.

(11) No sign, billboard, or display board of any type shall be placed on any lot or tract so as to be exposed to public view; provided, however, that one (1) "For Sale" or "For Rent" sign of not more than four (4) square feet may be used; and further, that signs designated to advertise the property during the construction and sales period may be placed upon the property.

(12) Under no circumstances shall any animals, livestock, or poultry of any be kept, raised, or bred upon any lot or tract; provided, however, that dogs, cats, or other domestic household pets may be kept so long as not kept, bred, or raised for commercial purposes. Further, all household pets shall be fenced or on a leash at all times and restrained from barking or otherwise creating a nuisance.

(13) Fences may be erected or placed within the area between the boundary line of a lot or tract and the building set-back lines, provided that such fences are of an ornamental nature only, and to not exceed five (5) feet in height, excluding fence posts.

waste shall be stores in sanitary containers until removed from premises, and no lot or tract, or any portion thereof, shall be used or maintained as a dumping ground for rubbish of any kind. Further, all lawns shall be kept mowed and shrubs properly trimmed.

(16) No tree having a diameter greater than four inches (4") shall be cut without prior approval of the Developer unless such tree endangers the safety of the occupants of a residence or is located within a right of way, easement, or encroachment site.

(17) The Developer, its successor and assigns, hereby reserves an easement ten (10) feet in width along the side boundary line of each lot, and an easement ten (10) feet in width along the rear boundary line of each lot for the purpose of installation and maintenance of telephone, electric, water, gas, and other public utility lines and for the purpose of drainage facilities and lines, which easements shall be for the benefit of all lot owners and that tract of land now or formerly owned by Robin Lawing as the same is described in a Deed recorded in the Henderson County Registry in Deed Book 657, Page 597.

(18) The Developer reserves the right to subject the real property in this subdivision to a contract with Duke Power and Light Company for the installation of underground electric cables and/or the installation of street lighting, either or both of which may require an initial payment and/or a continuing monthly payment to Duke Power Company by the owner of each building.

(19) The Developer, its successors and assigns, hereby declares that all areas indicated at streets, utilities, and road, on the plat of said subdivision recorded in Henderson County are hereby dedicated to public use, and for such uses only, forever; and further, that Developer assumes no responsibility for maintenance once all the lots have been sold or said streets have been accepted by the Department of Transportation for inclusion in Secondary Road System.

(20) The owner of each lot shall share equally with the owners of all other lots in the maintenance costs of said roads and utility lines until such time as the same are taken over for maintenance by the appropriate authority.

(21) Each lot owner owns a portion of said road for use for egress and regress. No right of way will be permitted to any adjoining property, except as is shown on the recorded plat; provided however, that the Developer may at any time extend said roads to future developments adjoining the subdivision.

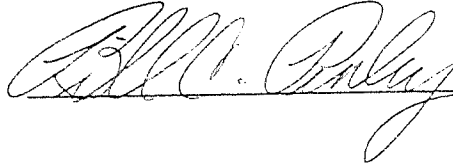
(22) The Developer, its successors and assigns hereby conveys to each future owner, their heirs and assigns, of each lot in said Subdivision except Lot 9 a one-eighth (1/8) interest in and to that lot labeled "Reserved" that well which is located on "Reserved" Lot as shown on said recorded plat, together with the right to take water from the well as above located upon the condition that the future owner, his heirs and assigns, contribute their proportionate share of the maintenance and upkeep of the same. There is also conveyed to the future owner, his heirs and assigns, a right of way for the purpose of laying, installing, and otherwise servicing a water line from the above described well to each lot in said subdivision, said right of way to be five (5) feet wide and to be for domestic purposes only and for single, one-family residences and to be located within the area of the street or road right of way shown on the plat. It is understood and agreed that the Developer, future owners and their heirs and assigns, are to do nothing and cause no activity which would result in any pollution or other contamination of an area which is fifty (50) feet in diameter as measured from the center of the well above described.

(23) The Developer, its successors and assigns, reserves the right to "waive" any restrictions for any condition necessary, and to service future development of said property.

Registry so as to give notice to all lot owners.

IN WITNESS WHEREOF, the undersigned Developer, BILL C. PENLEY
have hereunto set his hand and seal this 25th day of September, 1989.

(SEAL)



(SEAL)

STATE OF NORTH CAROLINA
COUNTY OF BUNCOMBE

I, a Notary Public of the County and State aforesaid, certify that BILL C. PENLEY
personally appeared before me this day and acknowledged the
execution of the foregoing instrument. Witness my hand and official stamp or seal
this 25th day of Sept., 1989.

My Commission Expires: July 09, 1994


NOTARY PUBLIC