

BK 1855 PG 481

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REGISTERED

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STATE OF NORTH CAROLINA
COUNTY OF BUNCOMBE

RESTRICTIVE AGREEMENT

THIS RESTRICTIVE AGREEMENT, made and entered into this the
16th day of June, 1995, by and between:

HAPPY VALLEY ESTATES
a North Carolina General Partnership

hereinafter referred to as Subdivider; and all future purchasers
and owners of Lots within the subdivision to be designated as

HAPPY VALLEY ESTATES

W I T N E S S E T H:

WHEREAS, Subdivider is the owner of all that certain tract
or parcel of land known as Happy Valley Estates, as shown on a
plat duly recorded in the Office of the Register of Deeds for
Buncombe County, North Carolina, in Plat Book 64, at Page 41;
and

WHEREAS, Subdivider desires for the benefit of such property
and for the benefit of future purchasers and owners of Lots
within said subdivision and that said subdivision property shall
be developed and used exclusively as hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and for the
advantage which the Subdivider will receive from the sale of such
Lots in a restricted subdivision, the Subdivider, and successors
in title, covenant and agree and hereby restrict the above
referred to property as follows:

1. Residential Use. The Lots in HAPPY VALLEY ESTATES as
shown on the above plat shall be known and described as
residential properties and no part of said Lots shall be used for
any type of business or store. This restriction shall not
prohibit a home occupation which does not violate any other
provision of these restrictions and does not increase traffic
within HAPPY VALLEY ESTATES.

The leasing or rental of Lots or structures in the
Subdivision shall not be permitted unless the owner has complied
with such rules and regulations pertaining thereto as may be

AK 1855 PG 482

hereafter established by the Subdivider, including, but not limited to, a rule or regulation requiring the payment of a non-refundable security payment or a security deposit to the Subdivider to provide for compliance with these restrictions and with said rules and regulations.

No structures shall be erected, altered, placed, or permitted to remain on any other Lot than one detached single family dwelling and a private garage; accessory buildings shall be permitted, subject to the other provisions of these restrictions and the zoning ordinances of Buncombe County.

2. Subdivision of a Lot. Only one residence shall be built or placed on any Lot as shown and designated on said plat; no buildings shall be erected or placed upon a subdivision of a Lot as shown on said plat except when such a subdivision forms an addition to a Lot as shown thereon and then only upon compliance with all other restrictions contained herein. As for Lots owned by the Subdivider, the Subdivider reserves the right to subdivide or re-subdivide any Lot or other property in any manner which in its opinion is in the best interest of the Subdivision.

3. Nuisances. No noxious or offensive activities shall be carried on upon any Lot, nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood. No Lot shall be used in whole or in part for the storage of rubbish of any nature, nor for the storage of any property or thing, including but not limited to junk or unlicensed motor vehicles that will cause such Lot to appear in an unclean or unkempt condition or that will be obnoxious in appearance; nor shall any substance, thing or material be kept upon any Lot which will emit foul or obnoxious odors or which will cause noise which will disturb the peace, quiet, comfort or serenity of the occupants of surrounding Lots. All dogs, cats, and other pets must be confined to the owner's Lot and may not be kept, bred, or maintained for any commercial purposes.

4. Temporary Structures. No structure of a temporary character, including without limitation trailers, basements, tents, shacks or other outbuildings shall be placed upon any portion of HAPPY VALLEY ESTATES at any time; provided, however, that this shall not apply to shelters used by contractors during construction.

5. Size of Dwellings. The ground floor area of the main dwelling structure, exclusive of open porches and garages, shall not be less than 700 square feet of heated living space.

Mobile homes and/or modular homes are permitted in the Subdivision if used as a permanent residence. All mobile homes and modular homes must be underpinned with materials and workmanship approved by the Subdivider in writing, and all such improvements thereto must be completed within ninety (90) days after the home is delivered to the Subdivision or placed on a

8K 1855 PG 483

Lot, whichever shall first occur.

6. Subdivider Approval of Structures. No house, mobile home, modular home, garage, outbuilding, fence, wall, driveway, deck, or any other structure or improvement shall be erected or placed on a Lot in the Subdivision until and unless the Subdivider has first reviewed and approved in writing the owner's final, completed plans and/or specifications therefor, showing among other things, as applicable, the proposed site(s) of the structure on the owner's Lot, the design and size of the structure, and the materials to be used. Subdivider approval will not be unreasonably withheld so long as the plans and/or specifications (i) are consistent with these restrictions (as amended from time to time), (ii) are, in the sole opinion of the Subdivider, consistent with the quality of design, materials and workmanship in the Subdivision, and, (iii) in the sole opinion of the Subdivider, do not adversely affect the then ongoing plan of development in the Subdivision.

7. Setbacks. No building shall be located on any Lot in violation of the building setback lines shown on the recorded plat of HAPPY VALLEY ESTATES.

No building, which shall include for purposes of this Restrictive Agreement houses, mobile homes, modular homes, any other form of residential unit, decks, garages, outbuildings, and swimming pools, shall be located on any Lot in violation of the building setback lines shown on the recorded plat of HAPPY VALLEY ESTATES. Unless otherwise shown on said recorded plat, no building shall be located on a Lot within fifty (50) feet of the centerline of a Subdivision road right-of-way, and no building shall be located within fifteen (15) of any other Lot line.

For the purposes of this covenant, eaves and steps shall not be considered as a part of a building, provided however, that this shall not be construed to permit any portion of a building on a Lot to encroach upon another Lot. Subdivider reserves the right to waive unintentional violations of the setback lines by executing waivers of such violations and recording same in the Office of the Register of Deeds for Buncombe County, North Carolina.

8. Utility easements. The Subdivider, for itself and its assigns, reserves, within the right of ways shown on said recorded plat, an easement and right of way for the purpose of construction and maintenance of all utility lines necessary and convenient to the owners within HAPPY VALLEY ESTATES, which right of way and easement shall inure to the benefit of all the owners within HAPPY VALLEY ESTATES. Neither Subdividers, nor any utility company using the easements herein referred to, shall be liable for any damage done by them or their assigns, agents, employees, or servants to the shrubbery, trees, or flowers, or to the property of the owner situated on the land covered by said easements.

BK 1855 PG 484

9. Signs. No sign of any kind shall be displayed to the public view on any Lot, except one sign of not more than five (5) square feet advertising the property for sale or rent, or signs used by a builder to advertise the property during the construction and sales period. Nothing in this paragraph shall be construed to prevent Subdivider from erecting an entrance sign and street signs, which right shall pass to the homeowners association which may be hereinafter created.

10. Trash. No Lot shall be used or maintained as a dumping ground for rubbish, trash, or garbage, and all waste shall be kept in sanitary containers. All equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition.

11. Grass and Weeds. Grass and weeds are to be kept down on all vacant Lots to prevent an unsightly and unsanitary condition. This is an obligation of the owner and is to be done at his/her expense.

12. Tanks and Clothes Lines. All exposed tanks, garbage receptacles, clothes lines, and sports and play equipment shall be placed within the rear yard of a dwelling and shall be concealed from the view of neighboring Lots and the road.

13. Motorcycles. Motorcycles, minibikes, dune buggies, motorized bikes or similar recreational vehicles may only be operated within the bounds of HAPPY VALLEY ESTATES while riding to and from a dwelling to the public road and may not be ridden within the bounds of HAPPY VALLEY ESTATES for any other purpose.

14. Parking. No parking of unlicensed, uninspected or non-operable vehicles shall be allowed on any Lot outside a dwelling unit. Except for emergency repairs, no person shall repair, restore or store any vehicle, boat, trailer or recreational vehicle upon any portion of HAPPY VALLEY ESTATES outside a dwelling unit, except (i) where such vehicle, boat or trailer is screened from view from adjoining Lots or roads or (ii) in such locations as the Subdivider may approve.

15. Motor Vehicles. All motor vehicles shall be maintained in proper operating condition so as not to be a nuisance by noise, exhaust emissions or otherwise.

16. Outside lighting. All outside lighting placed on a Lot shall be designed to illuminate, so far as it is practicable, only the area owned by the owner of the Lot who installs such lighting.

17. Hedgerows, Fences, and Walls. No hedgerow, fence or wall shall be erected or planted within the road right of way shown on the recorded plat(s) of the Subdivision. No hedgerow, fence, or wall shall be erected or placed on any Lot without the prior written approval of the Subdivider. If in the sole opinion

BK 1855 PG 485

of the Subdivider, such hedgerow, fence, or wall would give undue offense to owner(s) of adjacent Lot(s), would be unsightly or not in keeping with the materials and design of other structures and plants in the Subdivision, would unduly diminish the value of any other Lot, or would in any way interfere or impair the range of vision for a motor vehicle or pedestrian so as to endanger the safety of pedestrians, drivers or motor vehicles, then the approval of Subdivider may be withheld.

18. Contract with Carolina Power & Light Company. The Subdivider reserves the right to subject the real property in this subdivision to a contract with Carolina 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 Carolina Power and Light Company by the owner of each Lot.

19. Road Maintenance. The Subdivision is served by roads as shown on the recorded plats for the Subdivision, including that plat referenced above in Plat Book 64, at Page 41, in the Buncombe County Public Registry, leading from Happy Valley Road (State Road 1321), a state-maintained road, to and within the Subdivision. Until the Subdivider records a revised plat showing that said roads have been accepted for maintenance by the State of North Carolina Department of Transportation, the Subdivider does hereby dedicate as private roads said road right of ways within the Subdivision and leading therefrom to Happy Valley Road (State Road 1321). Subdivider expressly does not represent, promise or covenant that roads within the Subdivision shall be accepted by the State of North Carolina for maintenance. The aforesaid private roads shall be jointly maintained by all Lot owners within the Subdivision until the State of North Carolina assumes, if ever, the obligation of maintenance of said roads. Each Lot owner shall be subject only to his pro rata share of said private road maintenance costs and expenses, said pro rata share being determined by the total cost divided by the number of Lots in the Subdivision. Any assessment not paid within thirty (30) days of invoice shall be deemed in default, and shall be subject to collection against the Lot owner. In addition, this covenant shall be a covenant running with the Lots in the Subdivision forever, and it shall enjoy the same lien rights as granted "Common Expenses" and an "Association of Unit Owners" by Chapter 47A - Unit Ownership Act of the General Statutes of North Carolina as presently enacted or later amended.

20. Access to Adjoining Properties. The road(s) shown on the recorded plat of HAPPY VALLEY ESTATES Road shall not be used to provide access to any property except the Lots within HAPPY VALLEY ESTATES. No part of a shall be used for any such assess to any property which lies outside HAPPY VALLEY ESTATES.

21. Community Water System. The Subdivision shall have access to public water provided through a community utility

BK 1855 PG 486

company (sometimes hereafter the "company") established for such purpose by the Subdivider. A public water line connection together with an individual private water meter shall be provided to each Lot in the Subdivision. Each Lot owner shall be charged monthly for his/her Lot's pro rata cost of the operation of the community water system based upon the monthly water use by each respective Lot multiplied by a general rate of charge to be determined from time to time by the company. Any water charges not paid by the Lot owner within thirty (30) days of invoice shall constitute a default, and, subject to applicable law, the company may (i) upon five (5) days prior notice of intent, suspend the Lot owner's right to use the water from the community water system until the default is cured and/or (ii) establish and enforce a lien against the Lot of a defaulting Lot owner as provided in Paragraph 19 above. The Subdivider reserves the right to assign the right to operate a water utility company within the Subdivision, all rights granted under this paragraph, and a non-exclusive easement under paragraph 8 hereof to an entity established for such purpose.

22. Homeowners' Association. In the event the Subdivider, its successors or assigns, determines in its sole discretion to create a homeowners' association to administer the Subdivision and the rights of the Subdivider reserved and/or granted herein, all owners of Lots within the Subdivision shall automatically become members of said association and shall be liable for assessments as may be assessed by the association for the maintenance of the Subdivision signs, private roads, utilities, and other shared benefits within the Subdivision. These assessments shall be levied, collected, and enjoy the same lien rights as granted "Common Expenses" and an "Association of Unit Owners" by Chapter 47A - Unit Ownership Act of the General Statutes of North Carolina as presently enacted or later amended. If the Subdivider, its successors or assigns, does not elect to create a homeowners' association, the Subdivider shall be considered as an association of unit owners as to rights reserved and vested therein.

23. Period of Enforcement. The covenants are to run with the land and shall be binding on all parties and all persons claiming under them until the 1st day of January, 2005, at which time said covenants shall be automatically extended for successive periods of ten (10) years unless by vote of those persons then owning a majority of said Lots, it is agreed to change said covenants in whole or in part.

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

25. Severability. Invalidation of any one of these covenants by judgment or court order shall in no wise affect any of the other provisions which shall remain in full force and

OK 1855 PG 487

effect.

26. Warranty. The Subdivider hereby warrants that it is the owner of all the property shown on the recorded plat referred to and has a good and sufficient right to execute this Restrictive Agreement.

IN WITNESS WHEREOF, the Subdivider has hereunto affixed their hands and seals to this Restrictive Agreement and the corporate party has caused this Agreement to be duly executed by its duly authorized officers and its corporate seal to be hereunto affixed, this the day and year first above written.

HAPPY VALLEY ESTATES
A North Carolina General Partnership

BY: John N. McCoy (SEAL)
JOHN N. MCCOY
General Partner

BY: Lois M. McCoy (SEAL)
LOIS M. MCCOY
General Partner

BY: Gerald D. McCoy (SEAL)
GERALD D. MCCOY
General Partner

STATE OF NORTH CAROLINA
COUNTY OF BUNCOMBE

I, Gaylyn B. Johnson, a Notary Public of said State and County, do hereby certify that JOHN N. MCCOY and LOIS M. MCCOY, husband and wife, and GERALD D. MCCOY (Unmarried) as all the General Partners of Happy Valley Estates, a North Carolina General Partnership, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and Notarial Stamp/Seal this day of June, 1995.

My Commission expires:

03-30-98

Gaylyn B. Johnson
Notary Public

State of North Carolina, County of Buncombe

Each of the foregoing certificates, namely of Gaylyn B. Johnson

a notary or Notaries public of the State and County designated is hereby certified to be correct.

Filed for registration on this the 29 day of June, 19 95 at 1:29 P. M.

OTTO W. DeBRUHL
Register of Deeds, Buncombe County

By: Anne E. Meyer
Asst./Deputy Register of Deeds