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**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS  
FOR  
THE RIDGE LEICESTER**

DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS  
FOR  
THE RIDGE LEICESTER

THIS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR THE RIDGE LEICESTER ("Declaration ") is made this 19 day of April, 2007, by MBBB, LLC, a North Carolina limited liability company ("Declarant" ).

WITNESSETH

WHEREAS, Declarant is the owner of certain real property located in Buncombe County, North Carolina, and more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference ("Property"); and

WHEREAS, this Declaration is intended to impose upon the Property mutually beneficial restrictions under a general plan of improvement for the benefit of all owners of real property within the Property, to provide a flexible and reasonable procedure for the overall development of the Property, and to establish a method for the administration, maintenance, preservation, use and enjoyment of such Property as are now or hereafter subjected to this Declaration.

NOW, THEREFORE, Declarant hereby declares that all of the property described in Exhibit "A" and any additional property as may be added by subsequent amendment hereto, and in accordance with the terms and conditions hereof, is subjected to this Declaration of Covenants, Conditions and Restrictions for The Ridge Leicester, and will be held, transferred, sold, conveyed, leased, occupied, and used subject to the following easements, restrictions, covenants, charges, liens, and conditions which are for the purpose of protecting the values and desirability of, and which will touch and concern and run with title to, the real properties subjected to this Declaration and which will be binding on all parties having any right, title, or interest in the described properties or any portion thereof, and their respective heirs, successors, successors-in-title, and assigns, and will inure to the benefit of each owner thereof.

ARTICLE 1

DEFINITIONS

1.1 Definitions. When used in this Declaration, unless the context will prohibit or otherwise require, the following words will have all the following meanings, and all definitions will be applicable to the singular and plural forms of such terms:

(a) Architectural Review Committee. "Architectural Review Committee" or "ARC" will mean and refer to the committee established herein to approve exterior and structural improvements, the siting thereof, and the additions and changes thereto, within the Development as provided herein.

(b) Assessment. "Assessment" will mean and refer to an Owner's share of the Common Expenses or other charges from time to time assessed against an Owner by the Association in the manner herein provided.

(c) Association. "Association" will mean and refer to The Ridge Leicester Property Owners' Association, its successors and assigns, which Association may or may not be incorporated.

(d) Board of Directors or Board. "Board of Directors" or "Board" will mean and refer to the Board of Directors of the Association, which is the governing body of the Association.

(e) Bylaws of the Association or Bylaws. "Bylaws of the Association" or "Bylaws" will mean and refer to those Bylaws of the Association which govern the administration and operation of the Association, and as the same may be amended from time to time.

(f) Common Areas. "Common Areas" will mean and refer to any and all real and personal property now or hereafter deeded or leased to, or which is the subject of a use agreement with, the Association, and wherein the property therein described is specifically denominated to be a part of the Common Areas. The Common Areas include the Association's private roads, streets, road and street shoulders, street lighting, signage, and such maintenance and drainage areas and easements located within the Property which are not maintained by governmental authority. The designation of any land and/or improvements as a Common Area will not mean or imply that the public at large acquires any easement or use of enjoyment therein. All Common Areas are to be devoted to and intended for the common use and enjoyment of the Declarant, Owners, and their respective guests and invitees.

(g) Common Expenses. "Common Expenses" will mean and refer to all expenditures lawfully made or incurred by or on behalf of the Association, together with all funds lawfully assessed for the creation or maintenance of reserves, pursuant to the provisions of this Declaration, for the maintenance, repair and management of the Common Areas, and for the maintenance, repair and management of other property, whether owned by the Association or not and set forth in this Declaration or incorporated herein by a Supplemental Declaration, for which the Association has responsibility.

(h) Declarant. "Declarant" will mean and refer to MBBB, LLC, a North Carolina limited liability company, or any successor-in-title to the entire interest of such entity with respect to the Property at the time of such transfer to said successor-in-title, or any party designated Of Record to succeed to the rights of Declarant hereunder as to the matters set forth in such writing.

(i) Declarant Control Period. "Declarant Control Period" will mean the time period commencing on the date this Declaration is filed Of Record and ending on the earlier of:

(i) December 31, 2030; or

(ii) Three (3) months after the conveyance by the Declarant, in the ordinary course of business to persons other than a successor Declarant, property representing ninety-five percent (95%) of the total number of Lots intended for development on all of the Property; or

(iii) Three (3) months following the date the Declarant surrenders its authority to appoint directors of the Association by an express amendment to this Declaration executed and filed Of Record by the Declarant.

(j) Declaration. "Declaration" will mean and refer to this Declaration of Covenants, Conditions, and Restrictions for The Ridge Leicester, as amended, from time to time, by any Supplemental Declaration filed Of Record.

(k) Development. "Development" will mean and refer to the Property and all improvements located or constructed thereon, and being a part of the overall plan, from time to time existing hereunder, for the real estate development known as The Ridge Leicester.

(l) Dwelling. "Dwelling" will mean and include, but shall not be limited to, both the main portion of a structure built for permanent occupancy and all projections from or extensions thereof, including but not limited to, patios, garages, outside platforms, canopies, decks, porches and outbuildings, whether or not attached to the main structure. All references to a Dwelling shall include the Lot upon which such Dwelling is constructed unless the context clearly requires to the contrary.

(m) Lot. "Lot" will mean and refer to any unimproved portion of the Property upon which a Dwelling will be constructed as such Lot is shown on the Site Plan. A parcel of land will be deemed unimproved and thus considered to be a Lot, rather than a Dwelling, until the improvements constructed thereon are sufficiently complete to reasonably permit habitation thereof. Upon such completion, such parcel and the improvements thereon will collectively be considered to be a Dwelling for purposes of this Declaration.

(n) Member. "Member" will mean and refer to an Owner with appurtenant membership in the Association as defined above.

(o) Mortgage. "Mortgage" will mean and refer to a mortgage, security deed, deed of trust, or other similar security instrument granting, creating, or conveying a first priority lien upon, a security interest in, or a security title to a Lot or Dwelling.

(p) Mortgagee. "Mortgagee" will mean and refer to the holder of a Mortgage, its successors and assigns.

(q) Occupant. "Occupant" will mean and refer to any person, including, without limitation, any Owner, occupying or otherwise using a Dwelling within the Development, and their respective families, agents, guests, and invitees.

(r) Of Record. "Of Record" will mean and refer to the place of filing a writing in the applicable public records, currently being the Buncombe County Register of Deeds, Buncombe County, North Carolina, as will give legal notice to the world of the matters set forth in the writing so filed.

(s) Owner. "Owner" will mean and refer to one or more persons, including Declarant, who or which owns fee simple title to any Lot or Dwelling, its respective heirs,

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executors, legal representatives, successors, and assigns, excluding, however, those persons having such an interest under a mortgage.

(t) Property . “Property” will mean and refer to those pieces, parcels and lots of land described on Exhibit “A,” or any portion thereof, together with all improvements thereon.

(u) Site Plan . “Site Plan” will mean and refer to that certain subdivision plat or plats further described in Exhibit “A”, and all re-subdivisions, modifications, revisions and additions thereto.

(v) Supplemental Declaration. “Supplemental Declaration” will mean and refer to any amendment to this Declaration filed Of Record, which makes any changes hereto.

## ARTICLE 2

### THE GENERAL PLAN FOR THE RIDGE LEICESTER

2.1 Plan of Development of the Property. The Property initially contains seventy (70) Lots as shown on the Site Plan, upon each of which one Dwelling may be constructed. The Property will also include Common Areas, including recreational facilities as may, but shall not be required to, be developed, and such private roads, utility systems, drainage systems, and other improvements serving the Property and as are, from time to time, designated as such in this Declaration or by the Declarant on the Site Plan or in any deed, lease, use agreement, Supplemental Declaration or memorandum thereof filed Of Record. All Lots and Dwellings within the Development will be and are hereby restricted exclusively to single-family residential use and will be subject to the standards and restrictions set forth herein. Without the consent of any person, Declarant will have the right, but not the obligation, during the Declarant Control Period, to make improvements and changes to all Common Areas and to all such properties owned by Declarant, including, without limitation, (a) installation and maintenance of any improvements, (b) changes in the location of the boundaries of any such properties owned by Declarant, and (c) installation and maintenance of any water lines and other utility systems and facilities.

2.2 Withdrawal of Property by Declarant. The Declarant reserves the right to amend this Declaration during the Declarant Control Period for the purpose of removing any portion of the Property from the coverage of this Declaration, provided the withdrawal is not contrary to the overall, uniform scheme of development for the Property. Such amendment will not require the consent of any person other than the Owner of the property to be withdrawn, if not the Declarant. If the property is Common Area, the Association will consent to the withdrawal.

2.3 Conveyances Of Common Areas. All parcels of land shown as Common Areas on the Site Plan or which are identified herein as Common Areas will be deeded or an easement will be granted with respect thereto to the Association by Declarant, at such time as Declarant determines appropriate. Upon any such conveyance or grant of easement, the Association will immediately become responsible for all maintenance, repair and replacements therefore, the operation thereof and such additional construction of improvements as may be authorized by the Board of Directors.

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In consideration of the benefits accruing to the Association and to the Members under this Declaration and in consideration of the covenants and agreements of the Declarant hereunder, the Association hereby agrees to accept title to any property, or to any interest in property, now or hereafter conveyed to it pursuant to the terms and conditions of this Declaration. Upon the due recording of a deed, easement, lease or other instrument or memorandum of conveyance Of Record to the Association, title or such other interest in property conveyed will vest in and to the Association without the necessity of any further act, deed or approval of any person, including the grantor, lessor and/or Association.

2.4 Owner's Interest Subject to Plan of Development. Every purchaser of a Lot and Dwelling will purchase such property, and every mortgagee and lienholder holding an interest therein will take title, or hold such security interest with respect thereto, subject to the plan of development for The Ridge Leicester and this Declaration.

### ARTICLE 3

#### OWNERS' COVENANTS AND USE RESTRICTIONS

3.1 Building Restrictions. Except as may be otherwise set forth in this Declaration, in the Site Plan, in any Supplemental Declaration, in any agreement with Declarant, or by specific deed restriction, the following building restrictions will apply with respect to the properties subject to this Declaration:

(a) Number of Buildings on Lots. No structure will be constructed on a Lot other than one (1) detached, single-family Dwelling and one (1) accessory building, which may include a detached private garage, guest house or pool house, provided a single structure may incorporate all of said uses and provided such Dwelling or accessory building does not overcrowd the Lot and is not used for any activity normally conducted as a business. Such accessory building may not be constructed prior to the construction of the main building. A guest suite or like facility may be included as part of the main Dwelling or accessory building, but said suite may not be rented or leased except as part of the entire premises including the main Dwelling.

(b) Square Footage Requirements. Unless otherwise provided in a Supplemental Declaration, all one-story Dwellings constructed on the Lots shall have a minimum of One Thousand (1,600) square feet of heated living space, and all two-story Dwellings shall have a minimum of Two Thousand (2,000) square feet of heated living space, being the enclosed and covered areas within the Dwelling, exclusive of garages, carports, porches, terraces, balconies, decks, patios, courtyards, greenhouses, atriums, storage areas, attics, and basements. A minimum of One Thousand (1,200) square feet of such living space shall be required on the first floor of a Dwelling with more than one floor. Any accessory building shall not be larger than fifty per cent (50%) of the size of the Dwelling located on said Lot. Even though there is no maximum square footage requirement set forth in this Section, approval by the Architectural Review Committee may be conditioned upon a determination, made in its sole discretion or pursuant to design criteria, that the Dwelling will not crowd the Lot and will not be aesthetically out of character with the Lot's surroundings, which Architectural Review Committee and design criteria are, or will be, established as set forth herein.

(c) Completion of Improvements. The exterior of all Dwellings and other structures constructed upon any Lot must be completed within fifteen (15) months after the construction of same shall have commenced, except where such completion is impossible or would result in great hardship to the Owner or builder thereof due to strikes, fires, national emergencies or natural calamities. No Dwelling under initial construction shall be occupied until construction is completed and all necessary approvals of any governmental authorities have been obtained.

3.2 Trees. No Owner, other than Declarant, shall be entitled to cut, remove, or mutilate any trees, shrubs, bushes, or other vegetation having a trunk diameter of six (6) inches or other significant vegetation as designated, from time to time, by the ARC, without obtaining the prior approval of the ARC, provided that dead or diseased trees which are inspected and certified as dead or diseased by the ARC or its representatives, as well as other dead or diseased shrubs, bushes, or other vegetation, shall be cut and removed promptly from any property by the Owner thereof. Nothing herein shall be construed so as to limit any applicable law or ordinance.

3.3 Alteration of Setback Lines in the Best Interest of Development. Where because of size, natural terrain, or any other reason in the opinion of the Declarant, it should be in the best interest of the Development that the setback lines of any Lot should be altered or changed, then the Declarant reserves unto itself, its successors or assigns, and no other, the right to change said setback lines to meet such conditions. The Declarant specifically reserves the right to transfer and assign this right of approval to the ARC hereinafter established.

3.4 Use of Lots and Dwellings. Each Lot and Dwelling will be used for residential purposes only, and no trade or business of any kind may be carried on therein. The use of a portion of a Dwelling as an office by an Owner or Occupant will not be considered to be a violation of this covenant if such use does not create regular customer, client, or employee traffic; provided that in no event will any Lot or Dwelling be used as the office of or storage area for any building contractor, real estate developer or real estate broker, except as may be on a temporary basis, with the express written approval of the Declarant during the Declarant Control Period, and thereafter by the Board of Directors, and in accordance with reasonable rules and regulations promulgated therefore. Nothing contained herein shall be construed so as to prohibit the construction of houses to be sold on a Lot or the showing of Dwellings for the purpose of selling houses in the Development; and nothing herein shall be construed to prevent the Declarant or its permittees from erecting, placing or maintaining signs, structures and offices as it may deem necessary for its operation and sales in the Development. Lease or rental of a Dwelling for residential purposes will also not be considered to be a violation of this covenant so long as the lease (a) is for not less than the entire Dwelling and all the improvements thereon, and (b) is otherwise in compliance with rules and regulations as may be promulgated and published from time to time by the Declarant and the Board of Directors. Any Occupant will in all respects be subject to the terms and conditions of this Declaration and the rules and regulations adopted hereunder.

3.5 Antennas. No television antenna, radio receiver, or other similar device will be attached to or installed on any portion of the Development; provided, however, the Declarant and the Association will not be prohibited from installing equipment necessary for master antenna, security, cable television, mobile radio, or other similar systems within the Development.

Satellite dishes not to exceed 36 inches in diameter may be placed by an Owner on his Lot with prior approval by the ARC of the location of such satellite dish.

3.6 Clotheslines. No clotheslines or drying yards shall be located upon any part of the Property.

3.7 Propane Gas Tanks. Any propane gas tanks shall be buried underground on the Lot and the lid shielded from the view from any road or other Lot or Common Area by plantings or other means approved by the ARC.

3.8 Firearms and Fireworks. No firearms or fireworks of any variety shall be discharged upon the Lots, in any Dwelling or upon any Common Area. The term "firearms" shall include, without limitation, guns, "B-B" guns and pellet guns.

3.9 Exclusion of Above Ground Utilities. All electrical service and telephone lines shall be placed underground, and no outside electrical lines shall be placed overhead. Provided, however, that the normal service pedestals and like structures used in conjunction with such underground utilities shall be permitted within the Development. Overhead utilities shall be permitted during the construction period and until utility companies can place them underground.

3.10 Signs. Except for one "For Sale" sign that does not exceed forty (40) square inches and except as may be required by law or by legal proceedings, no other signs or advertising posters of any kind, including, but not limited to, "For Rent," "For Sale," and other similar signs, shall be erected by an Owner, the Association, or any agent, broker, contractor or subcontractor thereof, nor shall any sign or poster be maintained or permitted on any window or on the exterior of any improvements or on any unimproved portion of property located within the Development, without the express written permission of the ARC. The approval of any signs and posters, including, without limitation, name and address signs, shall be upon such conditions as may be from time to time determined by the ARC and may be arbitrarily withheld. Notwithstanding the foregoing, the restrictions of this Section shall not apply to the Declarant or to any person having the prior written approval of the Declarant. In addition, the Association shall have the right to erect reasonable and appropriate signs on any portion of the Common Areas in accordance with architectural design standards adopted therefore by the ARC and approved by governmental authority with jurisdiction thereof.

3.11 Animals. No animals of any kind shall be kept by any Occupant upon any portion of the Development, provided that a reasonable number of generally recognized house pets, not to exceed four (4), may be kept in a Dwelling, subject to rules and regulations adopted by the Association, and further provided that such pet or pets are kept or maintained solely as domestic pets and not for any commercial purpose; provided further, however, dog houses, kennels, fenced runs or pens for the outside housing of any pet shall be subject to the approval of the ARC, which it may grant or deny in its sole discretion. No pet shall be allowed to make an unreasonable amount of noise or to become a nuisance. Pets shall be under leash at all times when walked or exercised in any portion of the Common Areas, and the owner of such pet shall clean up after such pet. Upon the written request of any Occupant, the Board of Directors may conclusively determine, in its sole and absolute discretion, whether, for purposes of this Section, a particular pet is a generally recognized house pet or such pet is a nuisance, and the Board shall have the right to require the owner of a particular pet to remove such pet from the Development



if such pet is found to be a nuisance or to be in violation of these restrictions. The Board of Directors shall have the further right, subject to Section 12.2, to fine any Occupant for the violation of these pet restrictions by such Occupant, and the Occupant shall be liable to the Association for the cost of repair of any damage to the Common Areas caused by the Occupant's pet. Any such fine or cost of repair shall be added to and become a part of that portion of any Assessment next coming due to which such Dwelling and its Owner are subject.

3.12 Drainage. No Owner shall channel or direct drainage water onto another Lot or onto Common Area or onto property outside the Development except in accordance with a drainage plan approved by Declarant. No Owner shall make any change to or modification of the originally established grades, swales and slopes of his or her Lot in any way that changes or impedes the originally established flow of storm water drainage.

3.13 Nuisances. No rubbish or debris of any kind will be dumped, placed, or permitted to accumulate upon any portion of the Development, nor will any nuisance or odors be permitted to exist or operate upon or arise from the Development, so as to render any portion thereof unsanitary, unsightly, offensive, or detrimental to persons using or occupying any other portions of the Development. Noxious or offensive activities will not be carried on in any part of the Development, and the Association and each Owner and Occupant will refrain from any act or use which could cause disorderly, unsightly, or unkempt conditions, or which could cause embarrassment, discomfort, annoyance, or nuisance to the Occupants of other portions of the Development or which could result in a cancellation of any insurance for any portion of the Development, or which would be in violation of any law or governmental code or regulation. Without limiting the generality of the foregoing provisions, no exterior speakers, horns, whistles, bells, or other sound devices, except security and fire alarm devices used exclusively for such purposes, will be located, used, or placed within the Development, except as may be permitted pursuant to terms, conditions, rules and regulations adopted therefore by the Board of Directors. Any Owner or Occupant who dumps or places any trash or debris upon any portion of the Development will be liable to the Association for the actual costs of removal thereof plus an administrative fee of \$100.00, or such other sum set therefore by the Board as a recoupment of administrative costs in administering the cleanup and notices to the Owner and Occupant, and such sum will be added to and become a part of that portion of any Assessment next becoming due to which such Owner and his Lot is subject.

3.14 Prohibited Structures and Motor Vehicles, Trailers, Boats, Etc. No trailer, mobile home, basement, tent, shack, garage or other outbuilding shall be permitted to be used as a residence, either temporarily or permanently. Each Owner will provide for parking of automobiles off the streets and roads within the Development. There will be no outside storage or parking upon any portion of the Development of any mobile home, trailer (either with or without wheels), motor home, tractor, truck (other than pick-up trucks), commercial vehicles of any type, camper, motorized camper or trailer, boat or other watercraft, boat trailer, motorcycle, motorized bicycle, motorized go-cart, or any other related forms of transportation devices, except in a Dwelling's garage. Any permitted parking of a motor home within a garage will not be construed as to permit any person to occupy such motor home, which is strictly prohibited. No Owners or other Occupants of any portion of the Development will repair or restore any vehicle of any kind upon or within a property subject to this Declaration except (a) within enclosed garages, or (b) for emergency repairs, and then only to the extent necessary to enable the movement thereof to a proper repair facility.

3.15 Garbage Disposal. Each Lot Owner shall provide garbage receptacles or similar facilities in accordance with reasonable standards established by the Declarant, or a roll-out garbage rack of the type approved by the Declarant, which shall be visible from the streets on garbage pickup days only. No garbage or trash incinerator shall be permitted upon the Property. No burning, burying or other disposal of garbage on any Lot or within the Development shall be permitted (except licensed contractors may burn construction debris if, and only if, permitted to do so by the ARC, but only during the period of construction of improvements on the Lot); provided, however, the Declarant shall be permitted to modify the requirements of this Section where necessary to comply with orders of governmental bodies.

3.16 Development, Sales and Construction Activities of Declarant. Notwithstanding any provisions or restrictions contained in this Declaration to the contrary, the Declarant and its agents, employees, successors, and assigns are permitted to maintain and carry on such facilities and activities as may be reasonably required, convenient, or incidental to the development, completion, improvement, and sale of the whole or any portion of the Property, including, without limitation, the installation and operation of development, sales and construction trailers and offices, signs and models, provided that the location of any such trailers of any assignees of Declarant's rights under this Section are subject to Declarant's prior written approval. The right of Declarant to maintain and carry on such facilities and activities will include specifically the right of Declarant to use Dwellings as models and as offices for the sale or lease of Lots and Dwellings and for related activities.

3.17 Owner Recording Additional Restrictions on Property. No Owner may impose additional restrictive covenants on any lands within the Property beyond those contained in this Declaration without approval of the Declarant during the Declarant Control Period, and thereafter without consent of the Board of Directors. However, the Declarant may impose additional restrictive covenants on property then owned by the Declarant without the consent of any other Owner or the Association.

3.18 Assignment of Declarant's Rights to the Association. The Declarant reserves the right to assign to the Association, at its sole discretion, its rights reserved in this Declaration. The Association hereby agrees to accept any and all assignments of rights hereunder, and no further action will be required by it.

ARTICLE 4

ARCHITECTURAL GUIDELINES - APPROVALS

4.1 Purpose. In order to enhance the beauty of the Development, to establish and preserve harmonious and aesthetically pleasing designs incorporated into the Development, and to protect and promote values for the Development and the Lots and improvements located therein or thereon, no Lot site plan will be undertaken (including staking, clearing, excavation, grading and other site work, exterior alteration of existing improvements, and planting or removal of landscaping materials) nor any structures placed, erected, or installed upon any Lot or adjacent to any Lot where the purpose of the structure is to service the Lot, except in accordance with this Article and upon approval as herein provided, unless specifically exempted from the

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application and approval requirements hereof by specific terms and conditions hereof pursuant to this Declaration or pursuant to a writing signed by Declarant in recordable form.

4.2 Architectural Review Committee. The Declarant will establish an Architectural Review Committee ("ARC") to administer the architectural and aesthetic approval process for the Development. The ARC under this Declaration will consist of not more than five (5) nor less than three (3) members, who need not be Lot Owners. The terms of office for each member and other matters of governance to be applicable to the ARC, will be established by the Declarant prior to the time any review and approval process hereunder would otherwise have to take place. A member appointed by the Declarant may be removed with or without cause by the Declarant at any time by written notice to the appointee, and any successor appointed to fill the vacancy will serve the remainder of the term of the former member. Notwithstanding the foregoing to the contrary, any member appointed to the ARC following assignment of the whole or any portion of ARC functions pursuant to Section 4.2(a) below is subject to the prior approval of Declarant until that date which is one (1) year following the termination of the Declarant Control Period. The ARC is responsible for administering the Design Guidelines, adopted and amended from time to time as hereinafter provided, and for the review and approval process conducted in accordance with this Article. The ARC is authorized to retain the services of consulting architects, landscape architects, urban designers, engineers, inspectors, and/or attorneys in order to advise and assist the ARC in performing its functions set forth herein. The ARC may establish and charge reasonable fees for review of applications hereunder and may require such fees to be paid in full prior to review of any application. Such fees may include the reasonable costs incurred by the ARC in having any application reviewed by architects, engineers or other professionals.

(a) Right to Assign ARC Functions. The Declarant reserves the right to assign to the Association, at its sole discretion at any time during the Declarant Control Period, the whole or any portion of its rights reserved in this Declaration, which are exercisable by the ARC. The Association does hereby agree to accept any such assignment of rights without the necessity of any further action by it. Upon the expiration of one (1) years following the termination of the Declarant Control Period, any then remaining rights are deemed assigned to the Association, which will succeed to all the rights of Declarant over the ARC then remaining unassigned without further action on the part of either the Declarant or the Association.

(b) Liability of ARC Members. No member of the ARC, or any assignee of rights hereunder, will be liable to any Lot Owner for any decision, action or omission made or performed by the ARC member in the course of his duties unless the member acted in bad faith or in reckless disregard of the rights of any Person or of the terms of this Declaration.

(c) Indemnification. Until all the ARC functions are assigned, the Declarant will, to the full extent permitted by law, indemnify all Persons designated from time to time by the Declarant to serve as members of the ARC exercising unassigned rights hereunder from and against any liability, including attorney fees, as may be incurred by the members contrary to the provisions of this Section 4.2(c). Following any such assignment by the Declarant, members of the ARC or successor board exercising rights so assigned are indemnified by the Association to which the exercised right was assigned.

4.3 Design Guidelines. The Declarant will prepare the initial design and development guidelines, as well as the form of application and review procedures therefore (the "Design Guidelines"), which will apply to all development and construction activities within the Development.

(a) Interior Improvements. Generally speaking, the Design Guidelines will not cover interior improvements, which will, generally, not be subject to review and approval by the ARC, unless the review and approval may otherwise be required because the interior improvements are made within an area plainly within view of adjacent properties. All interior improvements shall comply with the codes and ordinances of any governmental jurisdiction having authority therefore.

(b) Drainage. The Design Guidelines may provide that, in connection with the ARC's approval and to prevent excessive drainage or surface water runoff, the ARC may have the right to establish a maximum percentage of property which may be covered by buildings, structures, or other improvements, which guidelines may be promulgated on the basis of topography, percolation rates of the soil, soil types and conditions, vegetation cover, and other environmental factors, or to impose guidelines for the installation of storm water management facilities deemed appropriate to limit or control runoff.

(c) Siting and Setbacks. Unless otherwise specifically provided or allowed in writing by the Declarant or by applicable zoning, the siting of improvements and setbacks from other properties may, pursuant to the Design Guidelines, be vested solely in the ARC.

(d) Other Guidelines. The Development's Design Guidelines may, in the sole discretion of Declarant, and, following the Declarant Control Period, the ARC, provide applicable guidelines (i) prohibiting or restricting the erection and use of temporary structures; (ii) setting permissible times of construction and requirements concerning construction debris; (iii) covering the allowance of and, where allowed, the content, size, style and placement location for signage; (iv) establishing exterior lighting design and location criteria; and (vi) setting conditions for property subdivision or consolidation, and for subjecting Development property to further covenants, conditions, restrictions and easements; provided, however, Declarant's activities may be excepted or exempted from any and all such guidelines. The within listing of possible guidelines is not an exhaustive listing and is intended merely to provide an example of the diversity of guidelines as may be incorporated in the Design Guidelines, and will not act as a limitation upon guidelines.

(e) Guidance - Final Authority of ARC. The Design Guidelines are intended to provide guidance, and will not be the exclusive basis for decisions of the ARC, and compliance with the Design Guidelines may not guarantee approval of any application. The ARC will have the sole discretion to determine whether plans and specifications submitted for approvals are acceptable to it, and the refusal of approval of any plans and specifications may be based by the ARC upon any ground which is consistent with the objects and purposes of this Declaration, as may be supplemented by the Design Guidelines, including purely aesthetic considerations, so long as such grounds are not arbitrary or capricious.

(f) Inspections and Permit and Certificate Issuance. The Design Guidelines may also provide procedures for ARC inspection of work, for the issuance of a permit to

commence work and for the issuance of a certificate following completion thereof, in addition to any such permits and certificates as may be issued by governmental authority with jurisdiction thereof, which may constitute conditions precedent to use or occupancy.

(g) Fees and Charges. In addition to application fees and charges, the Design Guidelines may provide a schedule of fees, charges, required damage or other deposits, fines for noncompliance, and other amounts due and payable by an Owner as part of the application, review and approval processes, which schedule the ARC may increase, modify and amend at any time. All fees and charges provided herein will constitute specific Assessments and a lien upon the Lot to which the fees and charges relate.

4.4 ARC Landscaping Approval. To preserve the architectural and aesthetic appearance of the Development, no landscaping, grading, excavation, or filling of any nature whatsoever, and no construction of improvements of any nature whatsoever, will be commenced or maintained by the Association or any Owner, other than Declarant, on any portion of the Development, including, without limitation, the construction or installation of sidewalks, driveways, parking lots, decks, patios, courtyards, amenities and recreational facilities, walls, fences, or exterior lights, nor will any building construction, exterior addition, change or alteration, be made (including, without limitation, painting or staining of any exterior surface), unless and until application is made to the ARC pursuant to the Design Guidelines and the plans and specifications therefore are approved by the ARC.

4.5 Approval Not a Guarantee. No approval of plans and specifications and no publication of Design Guidelines and architectural guidelines thereunder will be construed as representing or implying that the plans, specifications, or guidelines will, if followed, result in properly designed improvements. Such approvals and guidelines will in no event be construed as representing or guaranteeing that any dwelling or other improvement built in accordance therewith will be built in a good and workmanlike manner. Neither Declarant nor the Association, nor the ARC will be responsible or liable for any defects in any plans or specifications submitted, revised, or approved pursuant to the terms of this Declaration, or any defects in construction undertaken pursuant to the plans and specifications.

ARTICLE 5

PROPERTY RIGHTS

5.1 General Rights of Owners. Each Lot and Dwelling will for all purposes constitute real property which will be owned in fee simple and which, subject to the provisions of this Declaration, may be conveyed, transferred, and encumbered the same as any other real property. Each Owner will be entitled to the exclusive ownership and possession of his said property, subject to the provisions of this Declaration, including without limitation, the provisions of this Article 5. The ownership of each property subject to this Declaration will include, and there will pass with each property as an appurtenance thereto, whether or not separately described, all of the right and interest in and to the Common Areas as established hereunder, and the limitations applicable, which will include, but not be limited to, membership in the Association. Each Owner will automatically become a Member of the Association and will remain a Member thereof until such time as his ownership ceases for any reason, at which time his membership in the Association will automatically pass to his successor-in-title to his property.

5.2 Owner's Easement of Enjoyment. Subject to the provisions of this Declaration and the rules, regulations, fees, and charges from time to time established by the Board of Directors in accordance with the Bylaws and the terms hereof, every Owner and Occupant will have a nonexclusive right, privilege, and easement of use and enjoyment in and to the Common Areas, to the extent so entitled hereunder, such easement to be appurtenant to and to pass and run with title, subject to the rights, restrictions, reservations, covenants, easements and obligations reserved, granted or alienable in accordance with this Declaration, including, but not limited to:

(a) Declarant's Reserved Rights and Easements. The rights and easements specifically reserved to Declarant in this Declaration.

(b) Association's Rights to Grant and Accept Easements. The right of the Board of Directors to grant and accept easements as provided in Section 5.8 and to dedicate or transfer fee simple title to all or any portion of the Common Areas to any public agency or authority, public service district, public or private utility, or other person, provided that any such dedication or transfer must be approved by Declarant during the Declarant Control Period and thereafter for so long as Declarant owns any of the Property primarily for the purpose of development or sale.

(c) Association's Rights and Easements. The rights and easements specifically reserved in this Declaration for the benefit of the Association, its directors, officers, agents, and employees.

5.3 Access, Ingress and Egress - Roadways. All Owners, by accepting title to property conveyed subject to this Declaration, waive all rights of uncontrolled and unlimited access, ingress, and egress to and from such property and acknowledge and agree that such access, ingress, and egress will be limited to roads, sidewalks, walkways, and paths located within the Development from time to time, provided that pedestrian and vehicular access to and from all such property will be provided at all times. Subject to the right of the Declarant to dedicate any roadways within the Development as set forth herein, there is reserved unto Declarant, the Association, and their respective successors and assigns the right and privilege, but not the obligation, to maintain guarded or electronically-monitored gates controlling vehicular access to and from the Development, provided that access to the Property may be granted to any person who gives reasonable evidence satisfactory to entry guards, if there are any, that entry is with the specific permission of the Owner, or his duly authorized agent. Neither the Declarant nor the Association will be responsible, in the exercise of its reasonable judgment, for the granting or denial of access to the Property in accordance with the foregoing.

5.4 Easements Over Private Roadways for Public and Service Vehicles. Police, fire, water, health and other authorized municipal officials, employees and their vehicles; paramedic, rescue and other emergency personnel and their vehicles and equipment; school bus and U.S. Postal Service delivery drivers and their vehicles; private delivery or courier service personnel and their vehicles; and persons providing garbage collection services within the Development and their vehicles and equipment will each have a perpetual, non-exclusive easement for access, ingress and egress over the private roadways constituting a portion of the Common Areas, solely for the performance of their official duties.

5.5 Development Easements for Declarant. During the period that Declarant owns any of the Property for sale, Declarant will have an alienable and transferable right and easement on, over, through, under, and across the Common Areas for the purpose of constructing improvements in and to the Lots and for installing, maintaining, repairing and replacing other improvements to the Property contemplated by this Declaration or as Declarant desires, in its sole discretion, including, without limitation, any improvements or changes permitted and described herein, and for the purpose of doing all things reasonably necessary and proper in connection therewith, provided in no event will Declarant have the obligation to do any of the foregoing.

5.6 Changes in Boundaries - Additions to Common Areas. Declarant expressly reserves for itself and its successors and assigns, the right to change and realign the boundaries of the Common Areas and any Lots or Dwellings between such adjacent properties owned by Declarant, provided that any such change or realignment of boundaries will not materially decrease the acreage of the Common Areas and will be evidenced by a revision of or an addition to the Site Plan which will be filed Of Record. In addition, Declarant reserves the right, but will not have the obligation, to convey to the Association at any time and from time to time any portion of the Property as an addition to the Common Areas.

5.7 Fire Breaks. During the Declarant Control Period, the Declarant, and thereafter, the Association, shall have a perpetual, alienable and releasable easement and right on and over and under any property to cut fire breaks and other activities which in the opinion of the holder are necessary or desirable to control fires on any property, or any improvements thereon. Entrance upon property pursuant to the provisions of this Section will not be deemed a trespass.

5.8 Easements for Utilities. There is hereby reserved for the benefit of Declarant, the Association, and their respective successors and assigns, the alienable, transferable, and perpetual right and easement, as well as the power to grant and accept easements to and from any public authority or agency, public service district, public or private utility, or other person, upon, over, under, and across (a) all of the Common Areas in accordance with this Declaration; (b) those strips of land, twenty feet (20') in width, running adjacent to and parallel with the front and rear lines of Lots, (c) those strips of land, ten feet (10') in width, running adjacent to and parallel with the side and rear lines of Lots, and (d) such other such easement areas shown on the Site Plan or set forth in any Supplemental Declaration for the purpose of installing, replacing, repairing, maintaining, and using master television antenna and/or cable systems, security and similar systems, and all utilities, including, but not limited to, storm sewers and drainage systems and electrical, gas, telephone, water, and sewer lines. Such easements may be granted or accepted by Declarant, its successors or assigns, or by the Board of Directors; provided, however, that during the Declarant Control Period and thereafter for as long as the Declarant owns any of the Property primarily for the purpose of development and sale, the Board of Directors must obtain the written approval of Declarant prior to granting and accepting any such easements. To the extent practical, in Declarant's sole discretion, all utility lines and facilities serving the Development and located therein will be located underground. By virtue of any such easement and facilities, it will be expressly permissible for the providing utility company or other supplier or servicer, with respect to the portions of the Development so encumbered, (i) to erect and maintain pipes, lines, manholes, pumps, and other necessary equipment and facilities, (ii) to cut and remove any trees, bushes, or shrubbery, (iii) to grade, excavate, or fill, or (iv) to

take any other similar action reasonable necessary to provide economical and safe installation, maintenance, repair, replacement, and use of such utilities and systems.

5.9 Easements for the Association. There is hereby reserved a general right and easement for the benefit of the Association, and to any manager employed by the Association and any employees of such manager, to enter upon any Lot, Dwelling, or any portion thereof in the performance of their respective duties. Except in the event of emergencies, this easement is to be exercised only during normal business hours and then, whenever practicable, only upon advance notice to and with permission of the Owner directly affected thereby.

5.10 General Maintenance Easement. There is hereby reserved for the benefit of Declarant and the Association an alienable, transferable, and perpetual right and easement to enter upon any Property subject to this Declaration for the purpose of providing insect and pest control, mowing, removing, clearing, cutting, or pruning underbrush, weeds, stumps, or other unsightly growth and removing trash, so as to maintain reasonable standards of health, fire safety, and appearance within the Development, provided that such easements will not impose any duty or obligation upon Declarant or the Association to perform any such actions, or to provide garbage or trash removal services. The costs thereof incurred as a result of the action or inaction of any Owner will be paid by such Owner, and until paid will be a continuing lien upon the Owner's Lot or Dwelling.

5.11 Environmental Easement. There is hereby reserved for the benefit of Declarant and the Association an alienable, transferable, and perpetual right and easement on, over, and across all unimproved portions of properties subject to this Declaration for the purpose of taking any action necessary to effect compliance with environmental rules, regulations, and procedures from time to time promulgated or instituted by the Board of Directors, or by any governmental entity, such easement to include, without limitation, the right to drain standing water and the right to dispense pesticides.

5.12 Building Setbacks. Building setbacks and the location of all improvements on a Lot must be approved by the ARC.

5.13 Easements Deemed Granted and Reserved. All conveyances of a Lot hereunder, whether by the Declarant or otherwise, will be deemed to have granted and reserved, as the context will require, all easements set forth in this Declaration, including, but not limited to, those set forth in this Article.

ARTICLE 6

MEMBERSHIP

6.1 Membership. Every Owner, including the Declarant, of a Lot will be a Member of the Association. Ownership of a Lot will be the sole qualification for such membership. In the event that fee title to a Lot or Dwelling is transferred or otherwise conveyed, the membership in the Association which is appurtenant thereto will automatically pass to such transferee, notwithstanding any failure of the transferor to endorse to his transferee any certificates or other evidences of such membership. The foregoing is not intended to include mortgagees or any other persons who hold an interest merely as security for the performance of an obligation, and the



giving of a security interest will not terminate or otherwise affect an Owner's membership in the Association.

6.2 Voting Rights. The Association will initially have two (2) types of voting memberships which are as follows:

(a) Type A Member. Type A Members will be Owners (including the Declarant) of Lots. A Type A Member will be entitled to one (1) vote for each Lot owned.

(b) Type B Member. The Type B Member will be the Declarant or its designated assign. The Type B Member will be entitled to three (3) votes for each vote held by Type A Members, plus one (1) vote during the Declarant Control Period. After the expiration of the Declarant Control Period, the Type B Memberships will terminate and all memberships will be Type A memberships.

(c) Members in Good Standing Entitled to Vote. Only those Members in good standing and eligible to vote pursuant to the Bylaws shall be entitled to cast any vote required or permitted hereunder, and only the votes of Members in good standing and eligible to vote shall be considered in any calculation of votes or any required percentage thereof.

(d) Voting By Multiple Owners. When any Lot is owned Of Record in the name of two or more persons, other than husband and wife, either of whose vote will bind both, by an entity, or in any other manner of joint or common ownership, the Owner who is present at said meeting of the Association is entitled to vote on behalf of such Lot. If more than one Owner is present at an Association meeting, the vote for such Lot will be exercised as such co-Owners determine among themselves and advise the Secretary of the Association in writing prior to any meeting; or the vote will be exercised by such co-Owner, or his duly appointed proxy, as will be designated in a writing by all co-Owners filed Of record, a copy of which will be delivered to the Secretary of the Association and will remain effective for all meetings until revoked by the co-Owners in a similar writing or until such designation terminates pursuant to the terms of such writing.

6.3 Association Governance by Board. A Board of Directors consisting of three (3) or five (5) members will govern the Association. Initially, during the Declarant Control Period, the Board will consist of three (3) members appointed by the Declarant, and following expiration of the Declarant Control Period, the Board will consist of five (5) members elected as provided in the Bylaws of the Association.

6.4 Meetings and Membership Voting. Except as otherwise provided in this Declaration, rules and procedures of the Association, including, but not limited to, conducting elections, meetings (both regular and special), and for casting of votes by members, and the number thereof required for quorums and approval or ratification, shall be as set forth in the Bylaws.

ARTICLE 7

MAINTENANCE

7.1 Responsibilities of Owners. Unless specifically identified herein as the responsibility of the Association, all maintenance and repair of Lots and Dwellings together with all other improvements thereon or therein and all lawns, landscaping, and grounds on and within such property will be the responsibility of the Owner thereof. Each Owner will be responsible for maintaining his or its property in a neat, clean, and sanitary condition, and such responsibility will include the maintenance and care of all exterior surfaces of all Dwellings, buildings, and other structures and all lawns, trees, shrubs, hedges, grass, and other landscaping. Except as provided in Section 7.2(b) hereof, each Owner will also be obligated to pay for the costs incurred by the Association for repairing, replacing, maintaining, or cleaning any item which is the responsibility of such Owner, but which responsibility such Owner fails or refuses to discharge. Such costs and expenses, including reasonable costs and expenses of collection and such fines as may be established by the Association, from time to time, to reimburse the Association for the administrative costs incurred thereby, or otherwise, will be a Specific Assessment under Section 11.7. No Owner will (a) decorate, change, or otherwise alter the appearance of any portion of the exterior of a Dwelling, building or other structure, or the landscaping, grounds, or other improvements within his or its property unless such decoration, change, or alteration is first approved, in writing, by the ARC, as provided in this Declaration, or (b) do any work which, in the reasonable opinion of the Board of Directors, would jeopardize the soundness and safety of the Development, reduce the value thereof, or impair any easement or hereditament thereto, without in every such case obtaining the written approval of the Board of Directors and the Owners, and the mortgagees of property directly affected thereby or benefiting from such easement or hereditament.

7.2 Association's Responsibility.

(a) General. Except as may be herein otherwise specifically provided, the Association will maintain and keep in good repair all portions of the Common Areas and any easement area encumbering properties of Owners for which the Association is responsible under this Declaration, or under any Supplemental Declaration, which responsibility will include the maintenance, repair, and replacement of (i) all drainage not under the expressly specified jurisdictional care and maintenance of any governmental authority, and walking, ingress and egress easements shown and noted on the Site Plan, (ii) all private roads, road shoulders, walks, parking lots, landscaped areas, and other improvements situated within the Common Areas or easements, (iii) utility lines, pipes, plumbing, wires, conduits, and related systems which are a part of its said properties and which are not maintained by a public authority, public service district, public or private utility, or other person, and (iv) all lawns, trees, shrubs, hedges, grass, and other landscaping situated within or upon its said properties. The Association will not be liable for injury or damage to any person or property (A) caused by the elements or by any Owner or any other person, (B) resulting from any rain or other surface water which may leak or flow from any portion of its properties, or (C) caused by any pipe, plumbing, drain, conduit, appliance, equipment, or utility line or facility, the responsibility for the maintenance of which is that of the Association, becoming out of repair. Nor will the Association be liable to any Owner for loss or damage, by theft or otherwise, of any property of such Owner which may be stored in or upon any portion of its properties or any other portion of the Property. No diminution or abatement of Assessments will be claimed or allowed by reason of any alleged failure of the Association to take some action or to perform some function required to be taken or performed by the Association under this Declaration, or for inconvenience or discomfort arising from the making of improvements or repairs which are the responsibility of the Association, or from any

action taken by the Association to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority, the obligation to pay such Assessments being a separate and independent covenant on the part of each Owner.

(b) Work In Behalf of Owners. In the event that Declarant or the Board of Directors determines that: (a) any Owner or Occupant has failed or refused to discharge properly his obligations with regard to the maintenance, cleaning, repair, or replacement of items for which he is responsible hereunder, or (b) that the need for maintenance, cleaning, repair, or replacement which is the responsibility of the Association hereunder is caused through the willful or negligent act of an Owner or Occupant, and is not covered or paid for by insurance in whole or in part, then, in either event, Declarant or the Association, except in the event of an emergency situation, may give such Owner written notice in accordance with Section 14.13 of Declarant's or the Association's intent to provide such necessary maintenance, cleaning, repair, or replacement, at the sole cost and expense of such Owner, and setting forth with reasonable particularity the maintenance, cleaning, repairs, or replacement deemed necessary. Except in the event of emergency situations, such Owner will have fifteen (15) days within which to complete the same in a good and workmanlike manner, or in the event that such maintenance, cleaning, repair, or replacement is not capable of completion within said fifteen-day period, to commence said maintenance, cleaning, repair, or replacement and diligently proceed to complete the same in a good and workmanlike manner. In the event of emergency situations or the failure of any Owner to comply with the provisions hereof after such notice, Declarant or the Association may provide (but will not have the obligation to so provide) any such maintenance, cleaning, repair, or replacement at the sole cost and expense of such Owner and said cost will be added to and become a part of the Assessment to which such Owner and his property is subject and will become a lien against such property. In the event that Declarant undertakes such maintenance, cleaning, repair, or replacement, the Association will promptly reimburse Declarant for Declarant's costs and expenses.

ARTICLE 8

INSURANCE AND CASUALTY LOSSES

8.1 Insurance.

(a) Association's Property Insurance. The Board of Directors will have the authority to obtain and continue in effect adequate property insurance, in such form as the Board deems appropriate, for the benefit of the Association. Such coverage will insure all insurable improvements in and to the Common Areas against loss or damage by fire or other hazards, including, without limitation, extended coverage, flood, vandalism, and malicious mischief. Such coverage shall be in an amount sufficient to cover, after application of any deductibles, not 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. If adequate property insurance can not be obtained at reasonable rates, the Board of Directors shall promptly cause notice of that fact to be hand delivered or mailed first class, postage prepaid, to all Owners.

(b) Association's Liability Insurance. The Board will have the authority to and will obtain and continue in effect a public liability policy covering all the Common Areas and all

damage or injury caused by the negligence of the Association, its Members, its directors and officers, or any of its agents. Such public liability policy will provide such coverages as are determined to be necessary by the Board of Directors. If adequate liability insurance can not be obtained at reasonable rates, the Board of Directors shall promptly cause notice of that fact to be hand delivered or mailed first class, postage prepaid, to all Owners.

(c) Fidelity Bonds. After the Declarant Control Period expires, the Association will obtain, maintain and pay the premiums, as a Common Expense, upon a blanket fidelity bond for all officers, directors, trustees and employees of the Association and all other persons handling or responsible for funds belonging to or administered by the Association, including any professional management company assisting with the administration of the Association. The total amount of the fidelity bond coverage required will be based upon the best business judgment of the Board of Directors. Fidelity bonds will meet the following requirements: the Association will be named as an obligee; the bonds will contain waivers of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees" or similar terms or expressions; and the bond will provide that it may not be canceled or substantially modified (including cancellation for nonpayment of a premium) without at least ten (10) days prior written notice to the Association and each mortgagee listed as a scheduled holder of a first mortgage in the fidelity bond.

(d) Association's Other Insurance. The Board will have the authority and may obtain (i) workers' compensation insurance to the extent necessary to comply with any applicable laws and (ii) other types and amounts of insurance as may be determined by the Board to be necessary or desirable, including, but not limited to, fidelity and directors' and officers' liability coverage.

(e) Association's Policies. All such insurance coverage obtained by the Board of Directors will be written in the name of the Association as trustee for each of the Owners to the extent of his insurable interest and costs of all such coverage will be a Common Expense. Exclusive authority to adjust losses under policies obtained by the Association and hereafter in force with respect to the Development will be vested in the Board of Directors; provided, however, that no mortgagee or other security holder of the Common Areas having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto. Insofar as permitted by law, the Association will be required to make every effort to secure insurance policies with the provisions hereinafter set forth:

(i) All policies will be written with a company holding a rating of A+ in a financial category of 10, or a better rating and financial category, as established by Best's Insurance Reports, if such a company is available or, if not available, its equivalent rating or the best possible rating.

(ii) All property insurance policies will be for the benefit of the Owners and their mortgagees as their interests may appear.

(iii) All policies will contain a waiver of the insurer's right to cancel without first giving thirty (30) days' prior written notice of such cancellation to the Association and to any mortgagee to which a mortgagee endorsement has been issued.

(vii) All policies will contain a provision that the insurer issue certificates or memoranda of insurance to the Association and, upon written request, to any lot owner, mortgagee, or beneficiary under a deed of trust; provided further, however, the insurer issuing the policy may not cancel or refuse to renew it until 30 days after notice of the proposed cancellation or nonrenewal has been mailed to the Association, each lot owner, and each mortgagee or beneficiary under a deed of trust to whom certificates or memoranda of insurance have been issued at their respective last known addresses.

(f) Owner's Insurance. It will be the individual responsibility of each Owner at his own expense and election to provide public liability, property damage, title, and other insurance with respect to his or its own Lot and Dwelling. The Board of Directors may require all Owners to carry public liability and property damage insurance with respect to their respective properties and to furnish copies or certificates thereof to the Association.

8.2 Damage or Destruction to Common Areas; Insurance Recovery. Immediately after damage or destruction by fire or other casualty to all or any part of the Common Areas covered by insurance written in the name of the Association, the Board of Directors or its duly authorized agent will proceed with the filing and adjustment of all claims arising under such insurance, and, in any such event, the Board will obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed property. Repair or reconstruction, as used in this Article 8, means repairing or restoring the damaged property substantially to the same condition in which it existed prior to the fire or other casualty. Unless the Association is terminated, or repair or replacement would be illegal under any State or local health or safety statute or ordinance, or the Owners, by a vote of eighty percent (80%) or more of the votes of the entire Association, at a duly held meeting of Members (which percentage will also constitute the quorum required for any such meeting), and to which the Declarant consents during the Declarant Control Period, vote not to rebuild or restore, then within sixty (60) days following any damage or destruction to all or a part of the Common Areas, the Association will restore or replace such damaged improvements. If any insurance proceeds for such damage or destruction are not sufficient to defray the cost thereof, including any amount attributable to Association's insurance deductible, and such deficiency cannot be appropriated from a reserve fund as may have been established for such purpose, the Board of Directors may levy a Special Assessment against all Owners, without the necessity of a vote pursuant to Section 11.4 hereof, such Special Assessment to be in an amount sufficient to provide funds to pay such excess cost or repair or reconstruction. Such a Special Assessment will be levied against the Owners equally in the same manner as Annual Assessments are levied, and additional Special Assessments may be made at any time during or following the completion of any repair or reconstruction. If it is determined that the damage or destruction for which the insurance proceeds are paid will not be repaired or reconstructed, such proceeds will be used to restore the damaged or destroyed Common Areas to a condition compatible with the remainder of the subdivision. Any remaining insurance proceeds will be distributed to the Owners or lienholders, as their interests may appear, in proportion to the common expense liabilities of all Lots.

8.3 Damage or Destruction to Owners' Properties. In the event of damage or destruction by fire or other casualty to any property subject to this Declaration, or the improvements thereon, and in the further event that the Owner responsible for the repair and replacement of such property elects not to repair or rebuild, such Owner will promptly clear away the ruins and debris of any damaged improvements or vegetation and leave such property

in a clean, orderly, safe, and sightly condition. Should such Owner elect to repair or rebuild such property or other improvements thereon, such Owner will repair or rebuild substantially to the same condition as existed prior to such fire or other casualty and in accordance with all applicable standards, restrictions, and provision of this Declaration (including, without limitation, the procedures and architectural guidelines provided for herein) and all applicable zoning, subdivision, building, and other governmental regulations. All such work or repair or construction will be commenced promptly following such damage or destruction and will be carried through diligently to conclusion.

8.4 Damage or Destruction to Common Areas by Owners. If an Owner is responsible for damage inflicted on any Common Area, the Association may direct such Owner to repair such damage, or the Association may itself cause the repairs to be made and recover the amount from the Owner.

8.5 Damage to an Owner's Lot by Association. If damage is inflicted on any Lot by an agent of the Association in the scope of the agent's activities as such agent, the Association is liable to repair such damage or to reimburse the Owner for the cost of repairing such damages. The Association shall also be liable for any losses to the Owner.

## ARTICLE 9

### CONDEMNATION

9.1 Condemnation of Common Areas. Whenever all or any part of the Common Areas of the Development will be taken by any authority having the power of condemnation or eminent domain, or is conveyed in lieu thereof by the Board acting on the affirmative vote of seventy-five percent (75%) or more of the votes of the entire Association, by a duly held meeting of Members, which percentage will also constitute the quorum required for any such meeting, and following written approval by the Declarant for so long as Declarant owns any of the Property primarily for development or sale, the award or proceeds made or collected for such taking or sale in lieu thereof will be payable to the Association and will be disbursed or held as follows:

(a) Common Areas With Improvements. If the taking or sale in lieu thereof involves a portion of the Common Areas on which improvements have been constructed, then, unless within sixty (60) days after such taking the Declarant, for so long as Declarant owns any of the Property primarily for development or sale, and the Board, acting on the vote of seventy-five percent (75%) or more of the votes of the entire Association, at a duly held meeting of Members (which percentage will also constitute the quorum required for any such meeting), will otherwise agree, the Association will restore or replace such improvements so taken, to the extent practicable, on the remaining lands included in the Common Areas which are available therefore, in accordance with the plans approved by the Board of Directors, the ARC, and by Declarant during the Declarant Control Period. If the awards or proceeds are not sufficient to defray the cost of such repair and replacement and such deficiency cannot be appropriated from a reserve fund as may have been established for such purpose, the Board of Directors may levy a Special Assessment against all Owners, without the necessity of a vote pursuant to Section 11.4, such Special Assessment to be in an amount sufficient to provide funds to pay such excess cost or repair or reconstruction. Such a Special Assessment will be levied against the Owners equally

in the same manner as Annual Assessments are levied, and additional Special Assessments may be made at any time during or following the completion of any repair or reconstruction. If such improvements are not to be repaired or restored, the award or proceeds will be retained by and for the benefit of the Association.

(b) Common Areas Without Improvements. If the taking or sale in lieu thereof does not involve any improvements to the Common Areas, or if there are net funds remaining after any such restoration or replacement of such improvements is completed, then such award, proceeds, or net funds will be retained by and for the benefit of the Association.

(c) Including Owner's Property. If the taking or sale in lieu thereof includes all or any part of an Owner's property and also includes any part of the Common Areas, then a court of competent jurisdiction will apportion such award or proceeds and such award or proceeds will be disbursed to the Association and the Owners so affected so as to give just compensation to the Owners for their interest in such property; provided, however, such apportionment may instead be resolved by the agreement of (i) the Board of Directors, (ii) the Owners of all properties wholly or partially taken or sold, together with the mortgagees for each such property, and (iii) Declarant, for so long as Declarant owns any of the Property primarily for development or sale.

## ARTICLE 10

### FUNCTIONS OF THE ASSOCIATION

10.1 Board of Directors and Officers. The Association, subject to the rights of Declarant and the rights and duties of the Owners set forth in this Declaration, will be responsible for the exclusive management and control of the Common Areas and all improvements thereon (including furnishings and equipment related thereto) and will keep the same in a good, clean, attractive, and sanitary condition, order, and repair, pursuant to the terms and conditions thereof. Except to the extent otherwise required by the provisions of the North Carolina Planned Community Act, this Declaration, or the Bylaws, the powers herein or otherwise granted to the Association shall be exercised by the Board of Directors, acting through the officers of the Association and their duly authorized delegates, without any further consent or action on the part of the Owners. As provided in Section 14.1 hereof and notwithstanding any other provision to the contrary contained in any instruments evidencing or establishing the Development, Declarant will have the right to appoint or remove any member or members of the Board of Directors or any officer or officers of the Association during the Declarant Control Period. Each Owner, by acceptance of a deed to or other conveyance of a Lot or Dwelling vests in Declarant such authority to appoint and remove directors and officers of the Association as provided by this Section 10.1 and by Section 14.1 hereof.

10.2 Duties and Powers. The duties and powers of the Association will be those set forth in the provisions of the North Carolina Planned Community Act and the Bylaws, together with those reasonably implied to effect the purposes of the Association; provided; however, that if there are conflicts or inconsistencies between the North Carolina Planned Community Act, this Declaration, or the Bylaws, the provisions of the North Carolina Planned Community Act, this Declaration, and the Bylaws, in that order, will prevail, and each Owner of a property within the Development, by acceptance of a deed or other conveyance therefore, covenants to vote in favor

of such amendments as will remove such conflicts or inconsistencies. The Association may exercise any other right or privilege given to it expressly by this Declaration or the Bylaws, together with every other right or privilege reasonable to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege. Such powers of the Association will include, but will not be limited to, the power to purchase one or more properties subject to this Declaration and to hold, lease, mortgage, sell, and convey the same. Such duties may include, but will not be limited to, arranging with governmental agencies, public service districts, public or private utilities, or others, as a Common Expense or by billing directly to the Owners, to furnish trash collections, utilities, and/or security service for the properties subject to this Declaration. Notwithstanding the foregoing provision of this Section 10.2 or any other provision of this Declaration to the contrary, during the Declarant Control Period the Association will not, without the written approval of Declarant, borrow money or pledge, mortgage, or hypothecate all or any portion of the Common Areas.

(a) Ownership of Properties. The Association will be authorized to own, purchase, lease, use under any use agreement, and maintain Common Areas, equipment, furnishings, and improvements devoted to the uses and purposes expressed and implied in this Declaration.

(b) Services. The Association will be authorized (unless prohibited by the requirements of any Federal, State or local governing body) to provide such services required to promote the uses and purposes for which the Association is formed as expressed or implied in this Declaration, including, but not limited to, the following services:

(i) Cleanup and maintenance of all private roads, roadways, road shoulders, roadway medians, parkways, drainage areas and easements and Common Areas within the Property and also all public properties which are located within or in a reasonable proximity to the Property such that their deterioration would affect the appearance of the Property as a whole;

(ii) Landscaping of Common Areas and walking paths within or constituting a Common Area;

(iii) Lighting throughout the Property;

(iv) Maintenance of any installed electronic and other access and control devices for the protection of the Property, if any such devices are ever installed;

(v) Insect and pest control to the extent that it is necessary or desirable in the judgment of the Board of Directors to supplement any service provided by the state and local governments;

(vi) The services necessary or desirable in the judgment of the Board of Directors to carry out the Association's obligations and business under the terms of this Declaration and to collect Annual Assessments, Special Assessments, Emergency Special Assessments, Specific Assessments, and other fees and charges collectable from the Owners hereunder;



(vii) To take any and all actions necessary to enforce these and all covenants and restrictions affecting the Property and to perform any of the functions or services delegated to the Association in any covenants or restrictions applicable to the Property;

(viii) To set up and operate an architectural review board in the event that the Association is assigned the whole or any portion of the function of the ARC by the Declarant, pursuant to this Declaration;

(ix) To construct improvements on Common Areas for use for any of the purposes or as may be required to provide the services as authorized in this Section;

(x) To provide administrative services including but not limited to legal, accounting and financial, and communications services informing Members of activities, notice of Meetings, etc., incident to the above listed services;

(xi) To provide liability and hazard insurance covering improvements and activities on Common Areas;

(xii) To provide any or all of the above listed services to another Association or Owners of real property under a contract, the terms of which must be approved by the Board of Directors; and

(xiii) To provide for hearings and appeal process for violations of rules and regulations.

10.3 Agreements. Subject to the prior approval of Declarant during the Declarant Control Period, all agreements and determinations lawfully authorized by the Board of Directors will be binding upon the Association and all Owners, their heirs, legal representatives, successors, and assigns, and all others having an interest in the Development or the privilege of possession and enjoyment of any part of the Development will comply with and be subject to the authorized actions of the Board of Directors. In performing its responsibilities hereunder, the Board of Directors, will have the authority to delegate to persons of its choice such duties of the Association as may be determined by the Board of Directors. In furtherance of the foregoing and not in limitation thereof, the Association may obtain and pay for the services of any person or entity to manage its affairs or any part thereof, to the extent it deems advisable, as well as such other personnel as the Association will deem necessary or desirable for the proper operation of the Development, whether such personnel are furnished or employed directly by the Association or by any person or entity with whom or with which it contracts. All costs and expenses incident to the employment of a manager will be a Common Expense. During the term of such management agreement, such manager may, if authorized by the Board of Directors, exercise all of the powers and will be responsible for the performance of all the duties of the Association, excepting any of those powers or duties specifically and exclusively reserved to the directors, officers, or Members of the Association by this Declaration or the Bylaws. Such manager may be an individual, corporation, or other legal entity, as the Board of Directors will determine, and may be bonded in such a manner as the Board of Directors may require, with the cost of acquiring any such bond to be a Common Expense. In addition, the Association may pay for, and the Board of Directors may hire and contract for, such legal and accounting services as are

necessary or desirable in connection with the operation of the Development or the enforcement of this Declaration, the Bylaws, or the rules and regulations of the Association.

10.4 Rules and Regulations. As provided in Article 12 hereof, the Board of Directors, may make, amend, revoke and enforce reasonable rules and regulations governing the use of the Lots, Dwellings, and Common Areas, which rules and regulations will be consistent with the rights and duties established by this Declaration.

ARTICLE 11

ASSESSMENTS

11.1 Purpose of Assessments. The Assessments for Common Expenses provided for herein will be used for the general purposes of promoting the recreation, health, safety, welfare, common benefit, and enjoyment of the Owners and Occupants of the Development, and maintaining the Development and improvements therein, all as may be more specifically authorized from time to time by the Board of Directors.

11.2 Creation of Lien and Personal Obligation of Assessments. Each Owner, by acceptance of a deed or other conveyance thereof, whether or not it will be so expressed in such deed or conveyance, is deemed to covenant and agree to pay to the Association: (a) Annual Assessments, such Assessments to be established and collected as provided in Section 11.3, (b) Special Assessments, such Assessments to be established and collected as provided in Section 11.4, (c) Emergency Special Assessments, such Assessments to be established and collected as provided in Section 11.5, and (d) Specific Assessments pursuant to Section 11.7. Any such Assessments remaining unpaid for thirty (30) days, together with late charges, simple interest at a rate established from time to time by the Board of Directors, and court costs and attorneys' fees incurred to enforce or collect such Assessments, will be an equitable charge and a continuing lien when a claim of lien is filed of record in the office of the Clerk of Superior Court in Buncombe County, North Carolina. A claim of lien shall set forth the name and address of the Association, the name of the record Owner of the Lot at the time of the claim of lien is filed, a description of the Lot and the amount of the lien claimed. Each Owner will be personally liable for Assessments, coming due while he is the Owner of a property, and his grantee will take title to such property subject to the equitable charge and continuing lien therefore, but without prejudice to the rights of such grantee to recover from his grantor any amounts paid by such grantee therefore; provided, however, the lien for unpaid Assessments will be subordinate to (i) liens and encumbrances (specifically including, but not limited to, a Mortgage on the Lot or Dwelling) recorded before the docketing of the claim of lien in the office of the Clerk of Superior Court, and (ii) liens for real estate taxes and other governmental assessments and charges against the Lot or Dwelling. Sale or transfer of a Lot or Dwelling shall not affect the lien of the Assessments. However, where the holder of a Mortgage, or other purchaser of a Lot or Dwelling obtains title thereto as a result of foreclosure of a Mortgage, such purchaser and its heirs, successors, and assigns, shall not be liable for the Assessments against such Lot or Dwelling which became due prior to the acquisition of title to such Lot or Dwelling by such purchaser. Such unpaid Assessments shall be deemed to be Common Expenses collectible from all the Owners including such purchaser, its heirs, successors, and assigns. In the event of co-ownership of any property subject to this Declaration, all of such co-Owners will be jointly and severally liable for the entire amount of such Assessments. Assessments will be paid in such manner and

on such dates as may be fixed by the Board of Directors in accordance with Section 11.3(d), provided that unless otherwise provided by the Board, the Annual Assessments will be paid in equal monthly installments. A lien for unpaid assessments is extinguished unless proceedings to enforce the lien are instituted within three years after the docketing of the claim of lien in the office of the Clerk of Superior Court in Buncombe County, North Carolina. A judgment, decree, or order in any action brought under this Section shall include costs and reasonable attorney's fees for the prevailing party.

### 11.3 Establishment of Annual Assessment.

(a) It will be the duty of the Board of Directors at least ninety (90) days prior to the first day of the Association's first full fiscal year, and each fiscal year thereafter, to prepare a budget covering the estimated Common Expenses during the coming year, such budget to include a reserve account, if necessary, for the capital needs of the Association. In calculating the budget, the Board shall have the power to either reduce the budgeted expenses for the fiscal year being budgeted or to set aside such surplus in such operating and/or capital reserve account as the Board, in its sole discretion, shall determine. The Board will cause notice of the budget and the proposed total of the Annual Assessments to be levied against properties subject to this Declaration for the following year to be delivered to each Owner at least thirty (30) days prior to the first day of the fiscal year for which the budget and Assessments are established. Such notice shall set a date for a meeting of the Owners to consider ratification of the budget, such meeting to be held not less than ten (10) nor more than sixty (60) days after mailing of said notice. The total Annual Assessments will be divided among Lots and Dwellings equally, each unimproved Lot bearing the same Assessment as a Dwelling.

(b) Board Authority to Increase. If the Board of Directors determines that the important and essential functions of the Association budgeted for the year will not be properly funded by the Annual Assessment herein provided, it may increase such Assessment; provided, however, an increase in Assessments in any year pursuant to special Board action as aforesaid will in no way affect Annual Assessments for subsequent years.

(c) Initial Annual Assessments. The initial Annual Assessment for all Owners of Lots and Dwellings for the calendar year in which this Declaration is filed Of Record will be established by the Board of Directors within ninety (90) days following the date this Declaration is filed Of Record. Notwithstanding the establishment of such initial budget and initial Annual Assessments, the Board of Directors may charge a lesser amount until such time as improvements constituting Common Areas have been substantially completed.

(d) Billing of Annual Assessments. The Annual Assessments may, in the sole discretion of the Board of Directors, be billed monthly, quarterly, semiannually or annually, and will be due and payable on or before the last day of the month in which billed.

(e) Rounding. All Annual Assessments charged by the Association will be rounded off to the nearest dollar.

(f) For Common Expenses. The Common Expenses to be funded by the Annual Assessments may include, but will not necessarily be limited to, the following:

- (i) management fees and expenses of administration, including legal and accounting fees;
- (ii) utility charges for utilities serving the Common Areas and charges for other common services for the Development, including trash collection and security services, if any such services or charges are provided or paid by the Association;
- (iii) the cost of any policies of insurance purchased for the benefit of all the Owners and the Association as required or permitted by this Declaration, including fire, flood, and other hazard coverage, public liability coverage, and other insurance coverage determined by the Board to be in the interests of the Association and the Owners;
- (iv) the expenses of maintenance, operation, and repair of those portions of the Common Areas which are the responsibility of the Association under the provisions of this Declaration;
- (v) the expenses of any architectural review board established to receive and administer the whole or any portion of the ARC functions transferred and conveyed to the Association pursuant to this Declaration which are not defrayed by plan review charges;
- (vi) ad valorem real and personal property taxes assessed and levied against the Common Areas;
- (vii) such other expenses as may be determined from time to time by the Board of Directors to be Common Expenses, including, without limitation, taxes and governmental charges not separately assessed against Lots or Dwellings; and
- (viii) the establishment and maintenance of a reasonable reserve fund or funds (i) for maintenance, repair, and replacement of those portions of the Common Areas which are the responsibility of the Association and which must be maintained, repaired, or replaced on a periodic basis, (ii) to cover emergencies and repairs required as a result of casualties which are not funded by insurance proceeds, and (iii) to cover unforeseen operating contingencies or deficiencies arising from unpaid Assessments or liens, as well as from emergency expenditures and other matters, all as may be authorized from time to time by the Board of Directors.

11.4 Special Assessments for Improvements and Additions.

- (a) Purposes. In addition to the regular, Annual Assessments authorized by Section 11.3 hereof, the Association may levy Special Assessments, for the following purposes:
  - (i) Construction, Reconstruction, and Repair. For the construction, reconstruction, unexpected repair or replacement of a damaged capital improvement upon the Common Areas, including the necessary fixtures and personal property related thereto as well as any insurance policy deductible if the damage is an insured loss;
  - (ii) Provide Essential Facilities and Equipment. For the unexpected and unbudgeted acquisition of necessary facilities and equipment required for the Association to offer the services authorized herein;

(iii) Extraordinary Expenditures. To provide funding for such other extraordinary and unbudgeted expenditures of the Association as the Board shall determine to be required for the efficient discharge of the Association duties and responsibilities hereunder, and which cannot, in the Board's reasonable judgment, be delayed until the next budget is prepared.

(b) Approval by Declarant and Disapproval by Members. Except as otherwise permitted in this Declaration, any Special Assessment will only be levied if: (a) during the Declarant Control Period the Declarant approves, in writing, such Special Assessment; and (b) after the Declarant Control Period the Special Assessment is not disapproved by sixty-seven percent (67%) or more of the votes of the entire Association at a special meeting of Members called therefore and held pursuant to the provisions of the Bylaws, which percentage will also constitute the quorum required for any such meeting.

(c) Apportionment. Special Assessments will be apportioned among the Lots and Dwellings equally in the same manner as Annual Assessments.

11.5 Emergency Special Assessments. In addition to the Annual Assessments authorized by Section 11.3 and the Special Assessment authorized by Section 11.4 hereof, the Association may levy Assessments for repairs, reconstruction, alterations or improvements due to emergencies of any type, as determined by the Declarant during the Declarant Control Period, and/or by the Board of Directors, in their sole discretion ("Emergency Special Assessment"). Any Emergency Special Assessment may be imposed without a vote of the Members. Emergency Special Assessments will be apportioned among the Lots and Dwellings equally in the same manner as Annual Assessments unless it is determined by the Declarant and/or Board that another apportionment thereof is more reasonable and more equitably justified by the circumstances giving rise to such emergency.

11.6 Declarant's Properties. Anything contained herein to the contrary notwithstanding, Declarant will be exempt from the payment of Annual Assessments, Special Assessments and Emergency Special Assessments with respect to unimproved Lots and unoccupied Dwellings owned by the Declarant and subject to this Declaration.

11.7 Individual Specific Assessments. Any expenses incurred by the Association or the Declarant because of the negligence or misconduct of one or more Owners or Occupants, and with respect to which such expenses are chargeable thereto and recoverable therefrom pursuant to any provision of this Declaration, and any fines as may be imposed against an Owner in accordance with Article 12, and any Common Expense or portion thereof benefiting fewer than all of the Lots, and chargeable therefore, will be specially assessed as a specific Assessment against each such Owner and the Owner's Lot or Dwelling to whom and to which such expense or fine is chargeable. Assessments to pay a judgment against the Association shall be made only against the Lots in the Development at the time the judgment was entered, in equal proportions, as an individual specific Assessment.

11.8 Effect of Nonpayment - Remedies of the Association. An Assessment shall be due in full not later than the last day of the month in which the Assessment is billed, and any Assessment or portions thereof which are not paid when so due will be delinquent. Any delinquent Assessment will incur a late charge in an amount as may be determined by the Board

from time to time and, upon adoption of a policy therefore by the Board of Directors, will also commence to accrue simple interest at the rate set by the Board of Directors from time to time not to exceed eighteen percent (18%) per year. A claim of lien may be filed as set forth in Section 11.2 for each Assessment installment remaining unpaid for thirty (30) days as the same will become due and payable, and if an Assessment installment has not been paid as aforesaid, the entire unpaid balance of the Assessment installments remaining to be paid during the fiscal year may be accelerated by the option of the Board and be declared due and payable in full. The continuing lien and equitable charge of such Assessment will include all costs of collection (including reasonable attorneys' fees and court costs), and any other amounts provided or permitted hereunder or by law, subordinate only to liens as provided in Section 11.2 above. In the event that the Assessment remains unpaid sixty (60) days following the date when so due, the Association may institute suit to collect such amounts and to foreclose its lien within three years from the docketing of the claim of lien in the office of the Clerk of Superior Court for Buncombe County, North Carolina, otherwise said lien will be extinguished. The equitable charge and lien provided for in this Section will be in favor of the Association, and each Owner, by his acceptance of a deed or other conveyance to a Lot, vests in the Association and its agents the right and power to bring all actions against him personally for the collection of such Assessments as a debt and/or to foreclose the aforesaid lien in like manner as a mortgage of real property. The Association will have the power to bid on the Lot or Dwelling at any foreclosure sale and to acquire, hold, lease, mortgage, and convey the same. No Owner may waive or otherwise escape liability for the Assessments provided for herein, including by way of illustration but not limitation, non-use of the Common Areas or abandonment of his Lot, and an Owner will remain personally liable for Assessments, including interest and late charges which accrue prior to a sale, transfer, or other conveyance of his Lot.

11.9 Certificate. The Treasurer, any Assistant Treasurer, or the manager of the Association will, within ten (10) days of a written request furnish to any Owner or such Owner's mortgagee which requests the same, a certificate signed by the Treasurer, Assistant Treasurer, or manager setting forth whether the Assessments for which such Owner is responsible have been paid, and, if not paid, the outstanding amount due and owing, together with all fines, accrued interest, and other penalty charges. Such certificate will be conclusive evidence against the Association, the Board, and every Lot Owner of payment of any Assessments stated therein to have been paid.

11.10 Date of Commencement of Assessments. The Assessments provided for herein will commence on the date on which a Lot is conveyed to a person other than Declarant and will be due and payable in such manner and on such schedule as the Board of Directors may provide. Annual Assessments, Special Assessments and Emergency Special Assessments will be adjusted for such property according to the number of months then remaining in the then fiscal year of the Association and the number of days then remaining in the month in which such property is first conveyed.

11.11 Working Capital Collected At Initial Closing. Notwithstanding anything to the contrary in this Declaration, a working capital fund will be established for the Association by collecting from each Owner who acquires title to his Lot from the Declarant a working capital amount equal to 2/12ths of the Annual Assessment then in effect, which Assessment will be due and payable, and will be transferred to the Association, at the time of transfer of each Lot by the Declarant to any other Owner. Such sum is and will remain distinct from the Annual Assessment

and will not be considered advance payment of the Annual Assessment. The working capital receipts may be used by the Association in covering operating expenses as well as any other expense incurred by the Association pursuant to this Declaration and the Bylaws.

ARTICLE 12

RULE MAKING

12.1 Rules and Regulations. Subject to the provisions hereof, the Board of Directors may establish reasonable rules and regulations concerning the use of Lots, Dwellings, and the Common Areas, and facilities located thereon. In particular, but without limitation, the Board of Directors may promulgate, from time to time, rules and regulations that will govern activities that may, in the judgment of the Board of Directors, be environmentally hazardous, such as application of fertilizers, pesticides, and other chemicals. The Association will furnish copies of such rules and regulations, and amendments thereto, to all Owners prior to the effective date of such rules and regulations and amendments thereto. Such rules and regulations will be binding upon the Owners and Occupants until and unless any such rule or regulation is specifically overruled, cancelled, or modified by the Board of Directors or any such rule or regulation is disapproved by a majority or more of the votes of the entire Association at a special meeting of Members called therefore and held pursuant to the provisions of the Bylaws, which percentage will also constitute the quorum required for any such meeting. Any action by the Board to adopt, overrule, cancel or modify any rule or regulation, or any vote of Members disapproving any rule or regulation, will not be effective and binding upon the Owners and Occupants until and unless the same is approved by the Declarant during the Declarant Control Period.

12.2 Authority and Enforcement. Subject to the provisions of Section 12.3 hereof, upon the violation of this Declaration, the Bylaws, or any rules and regulations duly adopted hereunder, including, without limitation, the failure to timely pay any Assessments, the Board will have the power (a) to impose reasonable monetary fines which will constitute an equitable charge and a continuing lien as a specific Assessment, (b) to suspend an Owner-Member's right to vote in the Association, or (c) to suspend an Owner's or Occupant's right to use any of the Common Areas. The Board will have the power to impose all or any combination of these sanctions, and may establish each day a violation remains uncured as a separate violation for which a fine is due; provided, however, an Owner's access to its property over the private roads and streets constituting Common Areas will not be terminated hereunder. An Owner or Occupant will be subject to the foregoing sanctions in the event of such a violation by such Owner or Occupant. Any such suspension of rights may be for the duration of the infraction and for any additional period thereafter, not to exceed thirty (30) days.

12.3 Procedure. Except with respect to the failure to pay Assessments, the Board will not impose a fine, suspend voting rights, or infringe upon or suspend any other rights of an Owner or other Occupant of the Development for violations of the Declaration, Bylaws, or any rules and regulations of the Association, unless and until the following procedure is followed:

- (a) Demand to Cease and Desist. Written demand to cease and desist from an alleged violation will be served upon the Owner responsible for such violation specifying:
  - (i) The alleged violation;

(ii) The action required to abate the violation; and

(iii) A time period of not less than ten (10) days during which the violation may be abated without further sanction, if such violation is a continuing one, or if the violation is not a continuing one, a statement that any further violation of the same provision of this Declaration, the Bylaws, or of the rules and regulations of the Association may result in the imposition of sanctions after notice and hearing.

(b) Notice of Hearing. Within twelve (12) months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty, or if the same violation subsequently occurs, the Board may serve such Owner with written notice, in accordance with Section 14.13 of a hearing to be held by the Board in executive session. The notice will contain:

(i) The nature of the alleged violation;

(ii) The time and place of the hearing, which time will be not less than ten (10) days from the giving of the notice;

(iii) An invitation to attend the hearing and produce any statement, evidence, and witnesses on his behalf; and

(iv) The proposed sanction to be imposed.

(c) Hearing. The hearing will be held pursuant to the notice and will afford the alleged violator a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard will be placed in the minutes of the meeting. Such proof will be deemed adequate if a copy of the notice together with a statement of the date and matter of delivery is entered by the officer, director, or other individual who delivered such notice. The notice requirement will be deemed satisfied if an alleged violator appears at the meeting. The minutes of the meeting will contain a written statement of the results of the hearing and the sanction imposed, if any.

ARTICLE 13

MORTGAGE PROVISIONS

The following provisions are for the benefit of holders, insurers and guarantors of first mortgages on Lots and Dwellings in the Properties. The provisions of this Article apply to both this Declaration and to the Bylaws, notwithstanding any other provisions contained therein.

13.1 Notice of Action. An institutional holder, insurer, or guarantor of a first mortgage who provides written request to the Association (such request to state the name and address of such holder, insurer, or guarantor and the street address of the Lot or Dwelling to which its mortgage relates, thereby becoming an "Eligible Holder"), will be entitled to timely written notice of:



(a) Condemnation or Casualty. Any condemnation loss or any casualty loss which affects a material portion of the Property or which affects any Lot or Dwelling on which there is a first mortgage held, insured, or guaranteed by such Eligible Holder;

(b) Assessment Payment Delinquency. Any delinquency in the payment of assessments or charges owed by an Owner of a Lot or Dwelling subject to the mortgage of such Eligible Holder, where such delinquency has continued for a period of sixty (60) days, or any other violation of the Declaration or Bylaws relating to such Lot or Dwelling or the Owner or Occupant which is not cured within sixty (60) days. Notwithstanding this provision, any holder of a first mortgage is entitled to written notice upon request from the Association of any default in the performance by an Owner of a Lot or Dwelling of any obligation under the Declaration or Bylaws, which is not cured within sixty (60) days;

(c) Insurance Change. Any lapse, cancellation, or material modification of any insurance policy maintained by the Association; and

(d) Matter Requiring Vote. Any, proposed action that would require the consent of a specified percentage of Eligible Holders.

13.2 No Priority. No provision of this Declaration or the Bylaws gives or shall be construed as giving any Owner or other party priority over any rights of the first mortgagee of any Lot or Dwelling in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Areas.

13.3 Notice to Association. Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any mortgage encumbering such Owner's Lot or Dwelling.

13.4 Applicability. Nothing contained in this Article shall be construed to reduce the percentage vote that must otherwise be obtained under the Declaration, Bylaws, or North Carolina law for any of the acts set out in this Article.

13.5 Failure of Mortgagee to Respond. Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within thirty (30) days of the date of the Association's request, provided such request is delivered to the Mortgagee by certified or registered mail, return receipt requested.

## ARTICLE 14

### GENERAL PROVISIONS

14.1 Control of Declarant. Notwithstanding any other language or provision to the contrary in this Declaration, in the Articles of Incorporation, or in the Bylaws of the Association, Declarant hereby retains for the duration of the Declarant Control Period the right to appoint and remove any, member or members of the Board of Directors and any officer or officers of the Association. Every grantee of any interest in the Development, by acceptance of a deed or other conveyance of such interest, agrees that Declarant will have the authority to appoint and remove

directors and officers of the Association in accordance with the foregoing provisions of this Section. The provisions of this Section are supplemental to, and not in substitution of, other rights retained by Declarant pursuant to this Declaration.

(a) Creation of New Board Following Control Period. Upon the expiration of the Declarant Control Period, election of the Board will pass to the Owners as provided in the Bylaws. Following election of a new Board of Directors, Declarant will deliver all books, accounts, and records, if any, which Declarant has kept on behalf of the Association and any agreements or contracts executed by or on behalf of the Association during such period and which Declarant has in its possession.

14.2 Amendments by Declarant. During the Declarant Control Period, the Declarant may amend this Declaration or the Bylaws by an instrument in writing filed Of Record without the approval of any Owner or Mortgagee; provided, however, that, (a) in the event that such amendment has a material adverse effect upon any Owner's rights hereunder or adversely affects the title to any Lot or Dwelling, such amendment will be valid only upon the written consent thereto by a majority in number of the then existing Owners affected thereby; and (b) in the event that such amendment would materially and adversely affect the security title and interest of any Mortgagee, such amendment will be valid only upon the written consent thereto of all such Mortgagees so affected. Any amendment made pursuant to this Section 14.2 will be certified by Declarant as having been duly approved by Declarant, and by such Owners and Mortgagees if required, and will be effective only upon it being filed Of Record or at such later date as will be specified in the amendment itself. Furthermore, following the Declarant Control Period, this Declaration and the Bylaws may be amended solely by the Declarant filing same Of Record if such amendment is necessary, in the reasonable determination of the Declarant, (i) to bring any provision hereof or thereof into compliance or conformity with the provisions of any applicable governmental statute, rule, or regulation or any judicial determination which will be in conflict therewith, (ii) to enable any reputable title insurance company to issue title insurance coverage with respect to any properties subject to this Declaration, or (iii) to enable any governmental agency or reputable private insurance company to insure Mortgages on the properties or other improvements subject to this Declaration. Each Owner by acceptance of a deed or other conveyance of a Lot or Dwelling agrees to be bound by amendments permitted by this Section, and further agrees, if requested by the Declarant, such Owner will consent to such amendment.

14.3 Amendments by the Association. Amendments to this Declaration or the Bylaws, other than those authorized by Section 14.2 hereof, will be proposed and adopted in the following manner:

(a) Notice. Notice of the subject matter of the proposed amendment will be included in the notice of the meeting of the Association at which such proposed amendment is to be considered and will be delivered to each Member of the Association.

(b) Resolution to Amend and Vote to Approve. At such meeting, a resolution adopting a proposed amendment may be proposed by either the Board of Directors or Members of the Association. Such amendment must be approved by sixty-seven percent (67%) or more of the votes of the entire Association, at a duly held meeting of Members called for the purpose of approving a proposed amendment, which percentage will also constitute the quorum required for any such meeting; provided, however, (i) that any amendment which materially and adversely

affects the security title and interest of any Mortgagee must be approved by such Mortgagee; (ii) during the Declarant Control Period, such amendment must be approved by Declarant; and (iii) in the event that such amendment also is an amendment to the Bylaws, the amendment will be adopted pursuant to the applicable procedures of the North Carolina Nonprofit Corporation Act.

(c) Execution and Delivery of Approved Amendment. The agreement of the required percentage of the Owners and, where required, Declarant and any Mortgagee, to any amendment of this Declaration pursuant to this Section will be evidenced by their execution of such amendment, or, in the alternative, the executed by the President along with a sworn statement of the Secretary of the Association attached to or incorporated in the amendment executed by the Association, which sworn statement will state unequivocally that the agreement of the required parties was lawfully obtained. Any such amendment of this Declaration will become effective only when filed Of Record or at such later date as may be specified in the amendment itself.

(d) Required Approval of Declarant. Anything contained in this Section 14.3 to the contrary notwithstanding, no amendment under this Declaration shall be made, or any vote therefore effective, if the result or effect thereof would have a material adverse effect upon Declarant or any right, limitation, approval or easement of Declarant without the prior written approval of the Declarant.

14.4 Duration. The provisions of this Declaration will run with and bind title to the Property, will be binding upon and inure to the benefit of all Owners and mortgagees, and will be and remain in effect for a period of thirty (30) years from and after the date this Declaration is filed Of Record, provided that rights and easements which are stated herein to have a longer duration will have such longer duration. Upon the expiration of said thirty-year period, this Declaration will be automatically renewed for successive ten-year periods. The number of ten-year renewal periods will be unlimited, with this Declaration being automatically renewed and extended upon the expiration of each ten -year renewal period for an additional ten -year period; provided, however, that there will be no renewal or extension of this Declaration, if, within the last year of any term (initial or renewal), eighty percent (80%) or more of the votes of the entire Association, at a duly held meeting of Members called for the purpose of approving the proceeding, which percentage will also constitute the quorum required, approve terminating this Declaration at the end of the then current term. In the event that the Association votes to terminate this Declaration, an instrument evidencing such termination will be filed Of Record, such instrument to contain a certificate wherein the President of the Association swears that such termination was duly adopted by the requisite number of votes. Every purchaser or grantee of any interest in any Property, by acceptance of a deed or other conveyance therefore, thereby agrees that the provisions of this Declaration will run with and bind title to the Property as provided hereby.

14.5 Interpretation. In all cases, the provisions set forth or provided for in this Declaration will be construed together and given that interpretation or construction which, in the opinion of Declarant or the Board of Directors will best effect the intent of the general plan of development. The provisions hereof will be liberally interpreted and, if necessary, they will be so extended or enlarged by implication as to make them fully effective. The provisions of this Declaration will be given full force and effect notwithstanding the existence of any zoning ordinance or building codes that are less restrictive. The effective date of this Declaration will be

the date of its filing Of Record. The captions of each Article and Section hereof as to the contents of each Article and Section are inserted only for convenience and are in no way to be construed as defining, limiting, extending, or otherwise modifying or adding to the particular Article or Section to which they refer. This Declaration will be construed under and in accordance with the laws of the State of North Carolina.

14.6 No Affirmative Obligation Unless Stated. Any reservation or right of the Declarant which is stated in or implied from this Declaration will not give rise to any affirmative obligation or duty on the part of the Declarant unless expressly stated in this Declaration.

14.7 No Implied Liabilities or Duties. Any rules or regulations established by the Declarant pursuant to this Declaration will not expressly or impliedly create any duty of care to any property owner.

14.8 Gender and Grammar. The singular wherever used herein will be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporations or other entities or to individuals, men or women, will in all cases be assumed as though in each case fully expressed.

14.9 Severability. Whenever possible, each provision of this Declaration shall be interpreted in such manner as to be effective and valid, but if the application of any provision of this Declaration to any person or to any property will be prohibited or held invalid, such prohibition or invalidity will not affect any other provision or the application of any provision which can be given effect without the invalid provision or application, and to this end the provisions of this Declaration are declared to be severable.

14.10 Rights of Third Parties. This Declaration will be filed Of Record for the benefit of Declarant, the Owners, and their Mortgagees as herein provided, and by such recording, no adjoining property owner or third party will have any right, title or interest whatsoever in the Development, except as provided herein, or in the operation or continuation thereof or in the enforcement of any of the provisions hereof, and, subject to the rights of Declarant and Mortgagees as herein provided, the Owners will have the right to extend, modify, amend, or otherwise change the provisions of this Declaration without the consent, permission, or approval of any adjoining owner or third party.

14.11 Notice of Sale, Lease, or Mortgage. In the event an Owner sells, leases, mortgages, or otherwise disposes of any Lot, the Owner must promptly furnish to the Association in writing the name and address of such purchaser, lessee, mortgagee, or transferee.

14.12 No Trespass. Whenever the Association, Declarant, or the ARC are permitted by this Declaration to enter upon, correct, repair, clean, maintain, preserve, or do any other action within any portion of the Development, the entering thereon and the taking of such action will not deem to be trespass.

14.13 Notices. Notices required hereunder will be in writing and will be delivered by hand or sent by United States Mail, postage prepaid. All notices to Owners will be delivered or sent to such addresses as have been designated in writing to the Association, or if no address has been so designated, at the addresses of such Owners' respective Lots. All notices to the

Association will be delivered or sent in care of Declarant to Declarant's main office at 69 Old Newfound Road, Leicester, NC 28748, or to such other address as the Association may from time to time notify the Owners. All notices to Declarant will be delivered or sent to Declarant's main office at 69 Old Newfound Road, Leicester, NC 28748, or to such other address as Declarant may from time to time notify the Association. Notices to Mortgagees will be delivered or sent to such addresses as such Mortgagees specify in writing to the Association. Notices to any other person or persons entitled to same hereunder will be delivered or sent to such address or addresses as such person or persons specify, from time to time, in writing to the sender, or, in the absence thereof, to such address or addresses as will, in the exercise of reasonable judgment by the sender, reasonably expected to be received by such person or persons. Notice shall be deemed given upon (a) delivery in person to the party, or (b) three (3) days after the mailing of said Notice by certified mail, return receipt requested, in a postage prepaid envelope.

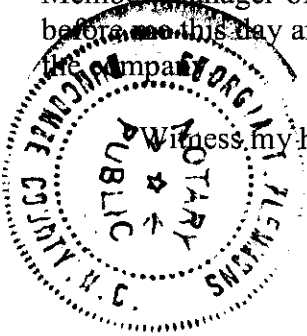
IN WITNESS WHEREOF, this Declaration has been executed by the Declarant, as of the day and year first above written.

MBJB, LLC, a North Carolina limited liability company

By: [Signature]  
Title: Mark Dorsey, Member-Manager

STATE OF NORTH CAROLINA  
COUNTY OF BUNCOMBE

I, a Notary Public of the County and State aforesaid, certify that Mark Dorsey, who is Member-Manager of MBJB, LLC, a North Carolina limited liability company, personally came before me this day and acknowledged the due execution of the foregoing instrument on behalf of

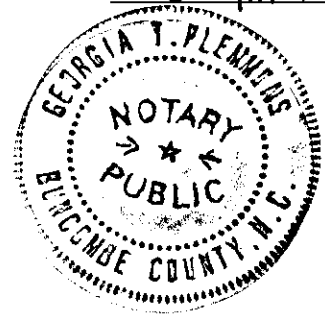


Witness my hand and official stamp or seal, this 19 day of April, 2007.

Georgia T. Plemmons  
NOTARY PUBLIC  
Printed Name: Georgia T. Plemmons

My Commission Expires:  
9/18/09

[NOTARIAL SEAL]



**EXHIBIT A**

Being all of the property shown on a plat entitled "Survey of The Ridge Subdivision, Lots 1-70" prepared by W. Edwin Holmes, PLS, dated December 6, 2006, a copy of which is recorded in Plat Book 110, at Page 32 in the Office of the Register of Deeds for Buncombe County, N. C., reference to which is hereby made for a more particular description.

aw



Doc ID: 020799760010 Type: CRP  
Recorded: 02/26/2008 at 11:32:57 AM  
Fee Amt: \$41.00 Page 1 of 10  
Workflow# 2430516  
Buncombe County, NC  
Otto W. DeBruhl Register of Deeds

BK 4527 PG 1100-1109

10

**PREPARED BY AND RETURN TO:** Rebecca J. Reinhardt, Roberts & Stevens, P.A., P.O. Box 7647, Asheville, NC 28802.

**STATE OF NORTH CAROLINA**  
**COUNTY OF BUNCOMBE**

**FIRST AMENDMENT TO THE  
DECLARATION OF COVENANTS,  
CONDITIONS AND RESTRICTIONS  
FOR THE RIDGE LEICESTER**

**THIS FIRST AMENDMENT TO THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE RIDGE LEICESTER** (the "Amendment") is made and entered into this the 4th day of February, 2008, by and between **MBJB, LLC, A NORTH CAROLINA LIMITED LIABILITY COMPANY** (hereinafter "Declarant") and **ALL PRESENT AND FUTURE OWNERS OF THE LOTS WITHIN THE RIDGE LEICESTER SUBDIVISION** (hereinafter "Owners"), collectively referred to as the "Parties."

**WITNESSETH:**

**WHEREAS**, the Declarant is the developer of that subdivision known as The Ridge Leicester, as shown on the plat recorded in Plat Book 110 at Page 32, Buncombe County Registry (the "Subdivision"); and

**WHEREAS**, the Declarant executed and recorded a Declaration of Covenants, Conditions, and Restrictions for The Ridge Leicester, applicable to the Subdivision, dated April 19, 2007, and recorded in Book 4391 at Page 612, Buncombe County Registry (the "Declaration"); and

**WHEREAS**, the Declaration provides in paragraph 14.2 that during the Declarant Control Period, the Declarant may amend the Declaration by an instrument in writing recorded in the Buncombe County Registry without the approval of the owners within the Subdivision provided that if the amendment has a material and adverse effect upon any owner's rights or adversely affects title to any lot therein, such amendment must be consented to in writing by a majority of the owners affected thereby; and

**WHEREAS**, the Declarant's Control Period as defined in the Declaration has not expired; and

**WHEREAS**, the Declarant desires to amend and modify the Declaration as set forth below; and

**WHEREAS**, the undersigned are each owners of lots within the Subdivision, representing a majority of the owners affected by this Amendment, and by executing this instrument hereby consent to the terms stated herein.

**NOW THEREFORE**, for and in consideration of the premises, and for the mutual advantage and benefit of the undersigned, the Subdivision, and all future owners of property within the Subdivision, the parties hereby amend the Declaration as follows:

1. Paragraph 3.1(b) shall be hereby amended to add the following sentence at the end of the second sentence in the paragraph:

"Any log cabins which have been approved by the Architectural Review Committee, as defined in paragraph 4.2 herein, shall have a minimum of Two Thousand Four Hundred (2,400) square feet of heated living space."

2. Paragraph 3.19 shall be added as follows:

"3.19 Tree Height Control. No trees, shrubs or other vegetation shall be permitted to exceed twenty five (25) feet in height above the ground level immediately adjoining the location of the plantings or twenty five (25) feet in height above the finished floor elevation of the first floor of the Dwelling located on the Lot, whichever is higher, unless prior written approval is obtained from the affected neighboring Owners and the Architectural Review Committee, as defined in paragraph 4.2. Under no circumstances shall any such trees, shrubs, or other vegetation be permitted to exceed forty five (45) feet above the ground level immediately adjoining the location of the plantings or forty five (45) feet in height above the finished floor elevation of the first floor of the Dwelling located on the Lot, whichever is higher. This provision is intended to protect the views of neighboring Lots and maintain the continuation of open light for Lots within the Subdivision."

3. This Amendment to the Declaration shall run with the land and be binding and inure to the benefit of the Parties hereto, their heirs, successors, and assigns.

4. Except as so amended, the Declaration shall be and remain the same.

**IN WITNESS WHEREOF**, the undersigned, being owners of a portion of the real property lying within the Subdivision, have executed this instrument under seal and, as to the



corporation, signed in the ordinary course of business pursuant to authorization from its board of directors, to be effective the day and year first written above.

DECLARANT AND OWNER OF LOTS 1-8, 13,14, 16, 19, 21-24, 26-34, 37-41, 43-48, 50-59, 61, 64, 66-67, and 69-70:

MBJB, LLC

By: [Signature]  
Mark Dorsey, Member/ Manager

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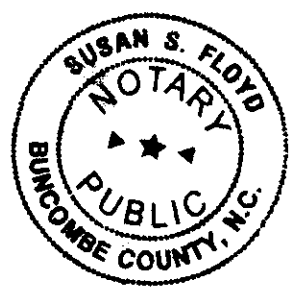
STATE OF North Carolina  
COUNTY OF Buncombe

I, a Notary Public of the State of North Carolina and the County of Buncombe, certify that Mark Dorsey, who is a Member/ Manager of MBJB, LLC, a North Carolina limited liability company, personally appeared before me this day and by authority duly given in the ordinary course of business, acknowledged the execution of the foregoing instrument on behalf of the company.

WITNESS my hand and official stamp or seal this 22 day of February, 2008.

[Signature]  
NOTARY PUBLIC  
Print name: Susan S. Floyd

My Commission Expires:  
04-29-2009  
(NOTARIAL SEAL)



OWNER OF LOT 9:

[Signature] (SEAL)  
Kelly S. DeBruhl

[Signature] (SEAL)  
Miranda DeBruhl

\*\*\*\*\*

STATE OF North Carolina  
COUNTY OF Buncombe

I, a Notary Public of the State of North Carolina and the County of Buncombe, certify that Kelly S. DeBruhl and Miranda DeBruhl, personally appeared before me this day and acknowledged the execution of the foregoing instrument.

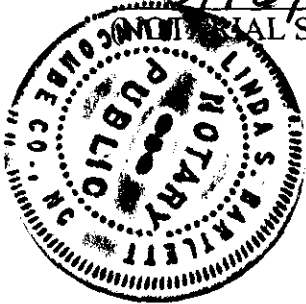
WITNESS my hand and official stamp or seal this 21<sup>st</sup> day of February, 2008

[Signature]  
NOTARY PUBLIC  
Print name: Linda S Bartlett

My Commission Expires:

3/16/08

(OFFICIAL SEAL)



**OWNER OF LOTS 15, 17, and 62:**

The Western Carolina Home Place, Inc.

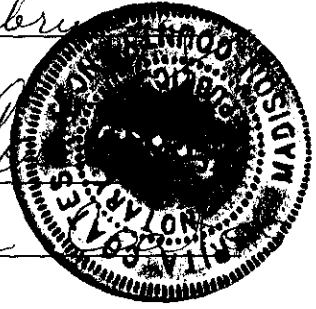
By: The Western Carolina Home Place  
Wendell Steve Walker President

\*\*\*\*\*

STATE OF North Carolina  
COUNTY OF Madison

I, a Notary Public of the State of North Carolina and the County of Madison, certify that Wendell Steve Walker personally appeared before me this day acknowledged that she is the said President of The Western Carolina Home Place, Inc., a North Carolina corporation, and that she as the President, being authorized to do so in the ordinary course of business, executed the foregoing instrument on behalf of the corporation.

2007/8  
RC  
WITNESS my hand and official stamp or seal this 04 day of Febru

Rita  
NOTARY PUBLIC  
Print name: Rita  


My Commission Expires:  
Dec 19, 2011  
(NOTARIAL SEAL)

OWNERS OF LOT 25:

[Signature] (SEAL)  
Jeffrey T. Pruitt

[Signature] (SEAL)  
Donna C. Pruitt

\*\*\*\*\*

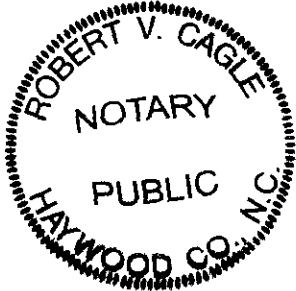
STATE OF NORTH CAROLINA  
COUNTY OF HAYWOOD

I, a Notary Public of the State of NORTH CAROLINA and the County of HAYWOOD, certify that Jeffrey T. Pruitt and Donna C. Pruitt, personally appeared before me this day and acknowledged the execution of the foregoing instrument.

WITNESS my hand and official stamp or seal this 6<sup>TH</sup> day of February, 2008.

[Signature]  
NOTARY PUBLIC  
Print name: ROBERT V. CAGLE

My Commission Expires:  
10/5/08  
(NOTARIAL SEAL)



OWNERS OF LOT 63:

[Signature] (SEAL)  
Eric Taylor

Wendy Taylor (SEAL)  
Wendy Taylor

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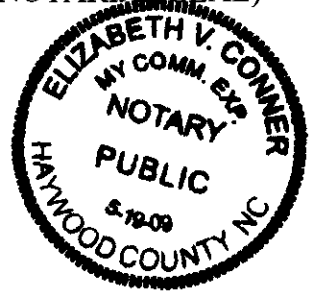
STATE OF NC  
COUNTY OF \_\_\_\_\_

I, a Notary Public of the State of NC and the County of Burke, certify that Eric Taylor and Wendy Taylor, personally appeared before me this day and acknowledged the execution of the foregoing instrument.

WITNESS my hand and official stamp or seal this 20 day of Feb 08.

Elizabeth V. Conner  
NOTARY PUBLIC  
Print name: Elizabeth V. Conner

My Commission Expires:  
5-19-09  
(NOTARIAL SEAL)



OWNER OF LOT 49:

B&J HUB, Inc.

By Vincent A Owenby  
Vincent A. Owenby, President

\*\*\*\*\*

STATE OF North Carolina  
COUNTY OF Beaufort

I, a Notary Public of the State of North Carolina and the County of Beaufort, certify that Vincent A Owenby, personally appeared before me this day acknowledged that s/he is the President of B&J Hub, Inc., a North Carolina corporation, and that s/he as President, being authorized to do so in the ordinary course of business, executed the foregoing instrument on behalf of the corporation.

WITNESS my hand and official stamp or seal this 20<sup>th</sup> day of February, 2007.

Gloria M Hamlin  
NOTARY PUBLIC  
Print name: Gloria M. Hamlin

My Commission Expires: 10-01-08  
(ORIGINAL SEAL)



OWNERS OF LOTS 11, 20, 65, and 68:

Donald M. Young (SEAL)  
Donald M. Young

Vicky M. Young (SEAL)  
Vicky M. Young

Richard B. Cramer, Jr. (SEAL)  
Richard B. Cramer, Jr., ~~is~~ married

\*\*\*\*\*

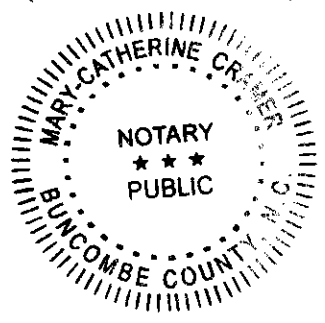
STATE OF North Carolina  
COUNTY OF Buncombe

I, a Notary Public of the State of North Carolina and the County of Buncombe, certify that Donald M. Young, Vicky M. Young, and Richard B. Cramer, Jr., personally appeared before me this day and acknowledged the execution of the foregoing instrument.

WITNESS my hand and official stamp or seal this 07 day of February, ~~2007~~ 2008

Mary-Catherine Cramer  
NOTARY PUBLIC  
Print name: Mary-Catherine Cramer

My Commission Expires:  
5-23-2012  
(NOTARIAL SEAL)



Mary C. Cramer (SEAL)  
Mary C. Cramer, wife of Richard B. Cramer, Jr.

\*\*\*\*\*

STATE OF North Carolina  
COUNTY OF Buncombe

I, a Notary Public of the State of North Carolina and the County of Buncombe, certify that Mary C. Cramer personally appeared before me this day and acknowledged the execution of the foregoing instrument.

WITNESS my hand and official stamp or seal this 26<sup>th</sup> day of February, 2008.

Sarah C. Hayden  
NOTARY PUBLIC  
Print name: Sarah C. Hayden

My Commission Expires:  
11-28-2009  
(NOTARIAL SEAL)

