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SECOND AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS OF THE HUNDRED ACRE WOOD

This instrument prepared by and,
after recording, mail to:
LYMAN J. GREGORY, III (Box No. 77)
MARSHALL & ROTH, P.C.
P.O. BOX 769
ASHEVILLE, NC 28802

NORTH CAROLINA

BUNCOMBE COUNTY

THIS SECOND AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS OF THE HUNDRED ACRE WOOD (the "Declaration") is entered into this 15th day of June, 2006, between ALLEN EUGENE KEIL and wife, LUCY KEIL ("Keils"), as the owners of 85% of the lots in the Hundred Acre Wood, and ALLEN EUGENE KEIL and LUCY KEIL as Declarant, and all parties hereafter acquiring any of the described property.

RECITALS

1. Declarant entered into and recorded a Declaration of Covenants, Conditions, and Restrictions of the Hundred Acre Wood, dated July 27, 2004, and recorded in Book 3729 at Page 667, Buncombe County Registry (the "First Declaration").

2. Declarant recorded an Amended and Restated Declaration of Covenants, Conditions, and Restrictions of the Hundred Acre Wood, dated April 6, 2005, and recorded in Book 3977 at Page 364, said Registry (the "First Restated Declaration").

3. Pursuant to Section 3 of Article XI of the First Restated Declaration, the Declaration may be amended in the first 20 years by an instrument signed by not less than 85% of the Lot Owners. The Keils are the current record owners of Tracts 1, 3, 4, 5, 6, and 7, of the

subdivision and such ownership comprises greater than 85% of the lots in the subdivision. Declarant also joins in this Second Amended and Restated Declaration of Covenants, Conditions, and Restrictions of the Hundred Acre Wood.

4. This Declaration applies to all lots within a subdivision in the County of Buncombe, State of North Carolina, known as The Hundred Acre Wood, and being that certain 98.88-acre tract or parcel of land more particularly described by a map and survey recorded in Plat Book 92 at Page 146, Buncombe County Registry

5. It is in the best interest of the Declarant and to the benefit, interest and advantage of every party hereafter acquiring any of the described property that certain covenants, conditions, easements, assessments, liens and restrictions governing and regulating the use and occupancy of the property be established.

6. Declarant desires to provide for the preservation of the values and amenities and the desirability and attractiveness of said property; and for the continued maintenance and operation of any recreational and/or common area. Declarant intends for The Hundred Acre Wood to be a neighborhood of homes that provides privacy for all of its residents in a setting that respects both the human and natural communities.

TERMS

NOW THEREFORE, in consideration of the premises, the Declarant agrees with all parties hereafter acquiring any of the property hereinafter described, that it shall be and is hereby subject to the following restrictions, covenants, conditions, easements, assessments and liens relating to the use and occupancy thereof, which shall be construed as covenants running with the land which shall be binding on all parties acquiring any right, title or interest in any of the properties and which shall inure to the benefit of each Owner thereof.

ARTICLE I
PROPERTIES SUBJECT TO THIS DECLARATION

The property which shall be held, transferred, sold, conveyed and occupied subject to this Declaration is located in the County of Buncombe, State of North Carolina, and is more particularly described as being all of that property shown on a map and survey recorded in Plat 92 at Page 146, Buncombe County Registry, plus all the utility and access easements as shown on the aforesaid map. The Declarant hereby subjects the heretofore described property, including the lot to be retained by Declarant, to this Declaration and the jurisdiction of the Association.

ARTICLE II
DEFINITIONS

Section 1. "Association" shall mean and refer to The Hundred Acre Wood Community Association, Inc., its successors and assigns.

Section 2. "Owner" shall mean and refer to the record owner, whether one or more

persons or entities, of a fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 3. "Properties" shall mean and refer to that certain real property hereinbefore described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 4. "Common Areas" shall consist of those areas designated on recorded plats of The Hundred Acre Wood as such. With respect to all 50-foot private rights-of-way shown in Plat Book 92 at Page 46, the following sections only of such private rights-of-way shall be Common Areas to be conveyed to the Association for ongoing maintenance:

(a) a 50-foot private right-of-way for the entire length of Brittain Cove Road as shown in Plat Book 92 at Page 46;

(b) a 50-foot private right-of-way for Gentian Trail lying 25 feet on both sides of, perpendicular to and radially from that easement centerline which begins at an unmarked point in the eastern line of that tract owned, now or formerly, by Whitted Knob, LLC as described in Book 2847 at Page 123, Buncombe Registry, said unmarked point being located South 15 deg. 37 min. 58 sec. East 1,533.04 feet from a 5/8" rebar with i.d. cap (set) at the northeast corner of said Whitted Knob, LLC tract and in the southern line of that tract owned, now or formerly, by Bobby Ramsey as described in Book 885 at Page 197, Buncombe Registry; and runs thence North 76 deg. 20 min. 45 sec. East 47.86 feet to a point; thence South 78 deg. 19 min. 14 sec. East 87.71 feet to a point; thence North 74 deg. 48 min. 01 sec. East 111.31 feet to a point; thence North 63 deg. 27 min. 13 sec. East 255.32 feet to a point; thence North 76 deg. 53 min. 10 sec. East 417.39 feet to a point; thence North 54 deg. 42 min. 32 sec. East 211.32 feet to a point; thence North 67 deg. 00 min. 22 sec. East 185.31 feet to a point; thence North 50 deg. 09 min. 46 sec. East 159.97 feet to a point; thence North 62 deg. 57 min. 28 sec. East 142.01 feet; thence South 53 deg. 42 min. 29 sec. East 19.73 feet to a point; thence South 48 deg. 55 min. 15 sec. West 165.33 feet to a point; thence South 18 deg. 05 min. 47 sec. West 168.81 feet to a point; thence South 42 deg. 28 min. 37 sec. West 113.85 feet to a point; thence South 03 deg. 15 min. 14 sec. East 104.80 feet to a point; thence South 01 deg. 11 min. 52 sec. East 42.16 feet to a point; thence South 22 deg. 52 min. 53 sec. West 84.11 feet to a point; thence South 34 deg. 29 min. 55 sec. West 149.53 feet to a point; thence South 01 deg. 59 min. 18 sec. West 148.57 feet to a point; thence South 20 deg. 18 min. 27 sec. West 148.87 feet to a point; thence South 52 deg. 05 min. 25 sec. West 64.68 feet to a point; thence North 63 deg. 14 min. 19 deg. West 86.25 feet to a point; thence North 84 deg. 30 min. 52 sec. West 58.86 feet to a point; thence South 52 deg. 38 min. 24 sec. West 78.26 feet to a point; thence South 29 deg. 03 min. 06 sec. West 183.14 feet to a point; thence South 02 deg. 57 min. 58 sec. East 154.33 feet to a point; thence South 33 deg. 28 min. 24 sec. East 40.00 feet to the point of ending.

Such areas shall be dedicated in perpetuity to the common use and enjoyment of the Owners. The Declarant will convey all Common Areas shown on the various plats of the subdivision to the Association. The Association shall be responsible for the repair, maintenance and repaving as set

forth in this Declaration.

Section 5. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Areas.

Section 6. "Declarant" shall mean and refer to Eugene Keil and wife, Lucy Keil, their successors and assigns if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

Section 7. "Common Expense" shall mean and include:

(a) All sums lawfully assessed by the Association against its members;

(b) Expenses of the common area and administration, maintenance, repair, or replacement of the Common Areas;

(c) Expenses declared to be common expenses by the provisions of this Declaration or the By-Laws;

(d) Hazard, liability, or such other insurance premiums as the Declaration or the By-Laws may require the Association to purchase;

(e) Ad valorem taxes and public assessment charges lawfully levied against Common Areas; and

(f) Expenses agreed by the members to be common expenses of the Association.

ARTICLE III
PROPERTY RIGHTS

Section 1. Owner's Easements of Enjoyment. Every owner shall have a right and easement of enjoyment in and to the Common Areas and over the common open spaces for access, ingress and egress from and to public streets, walkways and parking areas and such easement shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

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

(b) the right of the Association to dedicate or transfer all or any part of the Common Areas to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members;

No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer signed by two-thirds (2/3) of each class of members has been recorded, and any public agencies, including but not limited to, federal administrative agencies, administrative agencies of the State of North Carolina, and any political subdivisions of the State of North Carolina, have agreed to such conveyance when their approval is required;

(c) the right of the Association, in accordance with its Articles and By-Laws, to borrow money for the purpose of improving the Common Areas and facilities and in aid thereof to mortgage said property, and the rights of such mortgagee in said Properties shall be subordinate to the rights of the homeowners hereunder; and

(d) the right of the Association to adopt, publish and enforce rules and regulations as provided in Article IX.

Every owner and the Association shall have also a right and easement of enjoyment in and to those 50-foot private rights-of-way shown in Plat Book 92 at Page 146, which are not defined as Common Areas in this Declaration, and to the 100-foot easement shown on said plat, for

recreational activities.

Section 2. Delegation of Use. Any Owner may delegate, in accordance with the By-Laws, his right of enjoyment to the Common Areas and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

Section 3. Title to the Common Areas. The Declarant hereby covenants for itself, its successors and assigns, that it will convey such title as it possesses in the Common Areas to the Association, free and clear of all encumbrances and liens, except utility and storm drainage easements.

Section 4. Parking Rights. The Association may regulate the parking of boats, trailers and other such items on the Common Areas.

ARTICLE IV
MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a Lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 2. The Association shall have two classes of voting membership:

Class A. Class A members shall be all Owners, with the exception of the Declarant, and shall be entitled to one vote for each Lot owned, provided, however, that Declarant shall be considered a Class A member for the Lot it retains for a personal residence. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot. Fractional voting with respect to any Lot is hereby prohibited.

Class B. The Declarant shall be a Class B member and shall be entitled to one vote as Declarant plus one vote for each Lot owned. The Class B membership shall cease on the happening of either of the following events, whichever occurs earlier:

(a) when the Declarant sells its last Lot and no longer owns any Lots, except for the Lot it retains as its personal residence with voting rights as a Class A member; or

(b) on December 31, 2010.

ARTICLE V
COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges; and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly

assumed by them. All assessments relating to Common Areas shall be shared equally by the Owners of each Lot.

Section 2. Purpose of Assessments. The assessment levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents in the Properties and in particular for the acquisition, improvement and maintenance of the Common Areas, including the maintenance, repair and reconstruction of private streets, driveways, walks, and parking areas situated either on the Common Areas, on the private rights-of-way for access, or on fire department access and hiking trails within the 100' easements shown on the Plat of the Properties, such maintenance to include the cutting and removal of weeds and grass and the removal of trash and rubbish or any other maintenance or for the use and enjoyment of the Common Areas, rights-of-way, and trails, including but not limited to, the cost of repairs, replacements and additions, the cost of labor, equipment, materials, management and supervision, the payment of taxes and public assessments assessed against the Common Areas owned in fee by the Association, the procurement and maintenance of insurance in accordance with this Declaration, the employment of attorneys to represent the Association when necessary, the provision of adequate reserves for the replacement of capital improvements including, without limiting the generality of the foregoing, signs, paving, grading, landscaping and any other major expense for which the Association is responsible, and such other needs as may arise. The use of assessments for the maintenance of private rights-of-way and portions of the 100' easements shown on the Plat for fire department access and hiking trails shall not be construed to obligate the Association to pay for any other expenses of the Owner of the underlying fee interest which such rights-of-way and 100' easements burden.

For the section of Brittain Cove Road from the end of State Road No. 2131 to the split between Brittain Cove Road and Gentian Trail, the Association shall commit itself, in this Declaration, to paying the full cost of maintenance for as long as necessary. However, the Association shall also enter into negotiations with the other holders of easement access rights to this section of road to decide and agree on the fractional share of maintenance to be paid by the Association and the other holders of easement access rights to this section of road.

Section 3. Reserves. The Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of improvements to the Common Areas and those other portions of the Properties which the Association may be obligated to maintain. Such reserve fund is to be established out of regular assessments for common expenses.

Section 4. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be $250.00 per Lot.

(a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased effective January 1 of each year without a vote of membership by up to five percent (5%) of the previous year's assessment.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased above the increase permitted in Section 4(a) above by a vote of two-thirds (2/3) of each class of Members who are voting in person or by proxy, at a meeting duly called for this purpose, written notice of which shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting setting forth the purpose of the meeting. The limitations hereof shall not apply to any change in the maximum and basis of the assessments undertaken as an incident to a merger or

consolidation in which the Association is authorized to participate under its Articles of Incorporation.

(c) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

Section 5. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Areas, and in connection with exterior maintenance, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting setting forth the purpose of the meeting.

Section 6. Notice and Quorum for Any Action Authorized Under Sections 4 and 5. Written Notice of any meeting called for the purpose of taking any action authorized under Section 4 or 5 shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (½) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 7. Uniform Rate of Assessment. Both annual and special assessments shall, except as herein otherwise specifically provided, be fixed at a uniform rate for all Lots and shall be collected on a semi-annual basis, provided, however, that the assessment for Lots owned by Declarant which are not occupied as a residence, may be a lesser amount as fixed by the Board of Directors of the Association, but shall not be less than twenty-five percent (25%) of the regular assessments for other Lots.

Any cost necessitated by the intentional, reckless, or negligent conduct of one of the Owners shall be assessed exclusively against the Owner whose conduct necessitated such cost.

Section 8. Date of Commencement of Annual Assessments; Due Dates. The annual assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance of the Common Areas. Such annual assessments shall be paid ratably on a semi-annual basis. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth the assessments on a specified Lot have been paid. Any certificate so given shall be conclusive evidence of payment of the assessments stated therein.

Section 9. Effect of Nonpayment of Assessments; Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of six percent (6%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property in the same

manner in which Deeds of Trust may be foreclosed under Power of Sale pursuant to Chapter 45 of the N.C. General Statutes, or its successors, and in either event interest, costs and reasonable attorney's fees of any such action shall be added to the assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Areas or abandonment of his Lot. Should any deficiency remain after the foreclosure, the Association may also bring an action against the Owner for said deficiency.

Section 10. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage and ad valorem taxes. Sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 11. Exempt Property. All Properties dedicated to, and accepted by, a local public authority and all Properties owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of North Carolina shall be exempt from the assessments created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

Section 12. Working Capital Fund. At the time of closing of the initial sale of each unit a sum of $200.00 shall be collected and transferred to the Association to be held as a working capital fund. The purpose of said fund is to insure that the Association Board will have adequate cash available to meet unforeseen expenses, and to acquire additional equipment or services deemed necessary or desirable. Amounts paid into the fund shall not be considered advance payment of regular assessments.

ARTICLE VI
ARCHITECTURAL CONTROL

No building or other structure shall be commenced upon the Properties, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association. In the event said Board fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with. Such approval shall not be unreasonably withheld.

ARTICLE VII
ANNEXATION OF ADDITIONAL PROPERTIES

Section 1. Annexation of additional property shall be required to meet the requirements of any applicable local government subdivision and other ordinances, and shall be required to occur within ten (10) years from the date of this instrument, provided, however, that all annexations of additional properties to the original development described in Article I hereof must contain a minimum of five (5) acres, be contiguous to the property described in Article I hereof or property

previously annexed. Provided further, that no annexation of additional property shall have the effect of placing the original development in violation of any applicable local government zoning ordinances.

Section 2. Annexation of additional Properties shall be accomplished by recording in the Buncombe County Registry a Declaration of Annexation, duly executed, describing the lands annexed and incorporating the provisions of this Declaration, either by reference or by fully setting out said provisions of this Declaration. The additional lands shall be deemed annexed to the Properties on the date of recordation of the Declaration of Annexation, and in the case of an annexation by the Declarant, no action or consent on the part of the Association or any other person or entity shall be necessary to accomplish the annexation, except any approvals that may be required by any local governments.

Section 3. Prior to the conveyance of the first Lot in any newly annexed area, the Declarant shall deliver to the Association one or more deeds conveying fee simple title to any Common Areas within the lands annexed free and clear of all encumbrances and liens except utility, storm drainage.

ARTICLE VIII
INSURANCE

Section 1. Insurance coverage on the Property shall be governed by the following provisions:

(a) Ownership of Policies. All insurance policies upon the Common Areas shall be purchased by the Association for the benefit of the Association and all the Owners.

(b) Coverage. The Common Areas shall be covered by a commercial general liability policy in a form and amount to be determined with the assistance of the insurance company providing coverage. Such insurance shall include an endorsement to cover liability of the Owners as a group to a single Owner. There shall also be obtained such other insurance coverage as the Association shall determine from time to time to be desirable and necessary.

(c) Premiums. Premiums for insurance policies purchased by the Association shall be paid by the Association and charged to the Owners as an assessment according to the provisions of Article V above.

(d) Proceeds. All insurance policies purchased by the Association shall be for the benefit of the Association and the Owners and their mortgagees as their interest may appear, and shall provide that all proceeds thereof shall be payable to the Association as insurance trustees under this Declaration. The sole duty of the Association as insurance trustees shall be to receive such proceeds as are paid and to hold the same in trust for the purposes stated herein or stated in the By-Laws and for the benefit of the Owners and their mortgagees in the following shares:

(i) Proceeds on account of damage to Common Areas and facilities held for the Association.

(ii) In the event a mortgagee endorsement has been issued for any Lot, the share of the Owner shall be held in trust for the mortgagee and the Owner as their interests may appear.

Section 2. Distribution of Insurance Proceeds. Proceeds of insurance policies received by the Association as insurance trustee shall be distributed to or for the benefit of the beneficial Owners in the following manner:

(a) Expense of the Trust. All expenses of the insurance trustees shall be first paid or

provisions made therefor.

(b) Reconstruction or Repair. The remaining proceeds shall be paid to defray the cost of repairs. Any proceeds remaining after defraying such cost shall be distributed to the beneficial Owners as above provided.

ARTICLE IX
USE RESTRICTIONS

Section 1. Rules and Regulations. The Board of Directors of the Association shall have the power to formulate, amend, publish, and enforce reasonable rules and regulations concerning the use and enjoyment of the Common Areas. Such rules and regulations may provide for imposition of fines or penalties for the violation thereof, or for the violation of any of the covenants and conditions contained in this Declaration.

Section 2. Use of Properties. No portion of the Properties shall be used except for residential purposes, for purposes incidental or accessory thereto, or for home office purposes as specified in rules adopted by the Board of Directors pursuant to Section 1 above.

Section 3. Quiet Enjoyment. No obnoxious or offensive activity shall be carried on upon the Properties, nor shall anything be done which may be or may become a nuisance or annoyance to the neighborhood. No hunting shall be permitted on any of the Properties.

Section 4. Animals. No animals, livestock, or poultry of any kind shall be kept or maintained on any Lot or in any dwelling except that dogs, cats, or other household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes. Owners shall be responsible for controlling their pets while on the Common Areas.

Section 5. Dwelling Specifications.

(a) No buildings shall be erected, altered, placed or permitted to remain on any Lot other than (1) one detached single-family dwelling not to exceed two and one-half (2 ½) stories in height, (2) a private garage for not more than three cars, but not less than two, and/or (3) an accessory building or structure for storage or other appropriate use, not in excess of two hundred fifty (250) square feet in area. Private garages, either attached or detached, as provided herein, shall be required. In addition to a garage, each Lot may have a parking area for up to two vehicles.

(b) An Owner may let or rent his entire dwelling unit, but no portion of any dwelling unit shall be leased separately from the rest of the unit. No detached garage, or accessory building, shall at any time be used for human habitation, either temporarily or permanently, except that an Owner may live in a detached garage or accessory building during the period his dwelling is under construction as such period is defined in this Declaration.

(c) No basement homes shall be permitted.

(d) No residence shall have more than two exterior down-focused lights. Motion-activated exterior lights that shut off after a brief period of time shall not count toward this limitation on exterior lights. No residence shall be permitted to have more than two exterior lights that can remain lit for extended periods of time at the choice of the Owner.

(e) Total construction time, from the date of final approval of Plans by the Board to the completion of the dwelling unit for occupancy, shall not exceed one year, unless unforeseen circumstances require more time. If more time is required, the Owner shall request the Board of Directors to approve only the amount of time reasonably believed to be necessary to complete

construction. The Board of Directors shall not unreasonably withhold approval for a reasonable extension of time.

(f) Stick-built homes are expressly required. No mobile homes, trailers, doublewides, modular homes, or manufactured homes shall be allowed. For purposes of this restriction, mobile homes, trailers, doublewides, modular homes, and manufactured homes include any manufactured buildings which have at any time been delivered to the site instead of being built on the site. The facts that a building may have to comply with the building code during erection or placement on the site, that it may be attached to a permanent foundation, that it may only be moved in the future like a site-built home, or that it may only be conveyed by a real property deed shall not change the conclusion that it is a mobile home, trailer, doublewide, modular home, or manufactured home.

Section 6. Temporary Structures.

(a) No mobile homes, doublewides, or travel trailers shall be installed or parked on any Lot, except for a period of one year during construction of the permanent residence. Any such structure installed or parked shall be serviced by an approved septic system.

(b) Except as hereinbefore set forth, no trailer, tent, shack, barn or other out building, except a private garage for not more than three (3) cars, nor less than two (2), and/or an out building not more than two hundred fifty (250) square feet in size, as provided for above, shall be erected or placed on any Lot covered by these covenants.

Section 7. Lots

(a) No Lot shall be subdivided.

(b) No more than one acre of land shall be cleared of its natural vegetation on any Lot.

(c) All ditches along the common rights-of-way shall be left open and unobstructed. One culvert, of a size recommended by a civil engineer or licensed grading contractor, sufficient to carry the anticipated water flow, may be installed in any ditch along the common rights-of-way to provide ingress, egress, and regress to any individual Lot.

(d) No signs shall be erected or allowed to remain on any Lot except for signs showing the Owners name and address or "For Sale" signs of a type customarily erected by licensed real estate agents.

Section 8. Accessory Buildings and Other Outdoor Structures and Equipment.

(a) No accessory building of any nature whatsoever (including, but not limited to, detached garages, storage buildings, doghouses, and greenhouses) shall be placed on any Lot without the prior written approval of the Board of Directors, with said Board to have the sole discretion relating to the location and type of accessory building which shall be permitted on any Lot. Under no circumstances shall metal storage buildings be permitted. All accessory buildings must conform to the same architectural style as the residence located on the same Lot.

(b) No motorcycles, supplies, tractors, boats, trucks (other than one pick-up truck rated one-half ton or less), trailers, vans (other than one noncommercial van owned and operated on a regular daily basis by the owner-occupant of the Lot), campers or other equipment or vehicles, except for operative licensed automobiles, shall be regularly parked or stored in any area on a Lot except inside an enclosed building. No inoperable motor vehicles may be parked on any Lot except inside an enclosed building.

(c) Except for the span of one year during construction of the permanent residence, no construction or maintenance equipment shall be parked or kept on any Lot, unless kept inside a building.

(d) No trash shall be accumulated on any Lot or burned openly. All trash awaiting removal shall be stored in closed animal proof containers.

Section 9. Appearance.

(a) Communication towers are expressly prohibited.

(b) All primary fuel storage tanks must be placed underground.

(c) All driveways must be paved with permeable materials.

Section 10. Conservation.

(a) Residences and outbuildings shall be designed to blend into the natural environment. All buildings shall be designed to impact the environment as little as possible. All siting and construction shall occur in a manner that minimizes impairment of and interference with conservation values. In locating any construction, particular emphasis should be placed on protecting steep slopes, ridges, and special natural areas.

(b) All Lots on which a dwelling unit is approved and built shall be landscaped in harmony with native flora. No invasive plants shall be used, and native plants, and their hybrids, are encouraged in all planting on private Lots.

(c) All surface water shall be controlled to prevent erosion of soil and shall be returned to the ground on the Owner's Lot. Each Owner shall comply with any required erosion and sedimentation control plan required by any governmental authority with jurisdiction over such plans. Each Owner shall comply with best management practices for the control of erosion and sedimentation during construction. Each Owner shall return surface water to his or her Lot at the same volume and velocity as occurred pre-construction.

(d) There shall be no filling, excavating, dredging, mining, or drilling; no removal of topsoil, sand, gravel, rock, minerals, or other materials; nor any dumping or changing of the topography of the land in any manner, except as reasonably necessary to construct and maintain the allowed permanent residences and accessory buildings, and their attendant landscaping, and to combat erosion or flooding.

(e) Pollution of or discharge into waters, springs, seeps, or wetlands is prohibited. No spring, stream, or seep shall be impounded to form ponds.

ARTICLE X
EASEMENTS

Section 1. All of the Properties, including Lots and Common Areas, shall be subject to such easements for access roads, driveways, walkways, parking areas, water lines, sanitary sewers, storm drainage facilities, gas lines, telephone and electric power lines and other public utilities as shall be established by the Declarant or by its predecessors in title, prior to the subjecting of the Properties to this Declaration; and the Association shall have the power and authority to grant and establish upon, over, under, and across the Common Areas conveyed to it, such further easements as are requisite for the convenience, use and enjoyment of the Properties. In addition, there is hereby reserved in the Declarant and its agents and employees an easement and right of ingress, egress and regress across all Common Areas, now or hereafter owned by the Association, for the purpose of construction of improvements within the Properties.

Section 2. An easement is hereby established over the Common Areas and facilities for the benefit of applicable governmental agencies, public utility companies and public service agencies as necessary for setting, removing and reading of meters, replacing and maintaining water, sewer

and drainage facilities, electrical, telephone, gas and cable antenna lines, fire fighting, garbage collection, postal delivery, emergency and rescue activities and law enforcement activities.

Section 3. As determined by Declarant, a portion of the 100' easements at the ridgelines of the Properties shall be kept clear for fire department access in the event construction of a fire break is necessary. Also, as determined by Declarant, or later by the Association, portions of the 100' easements may be developed as hiking trails for all Owners. Upon its creation, the Association shall take over the maintenance of the fire department access and hiking trails.

ARTICLE XI
GENERAL PROVISIONS

Section 1. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended at any time during the first twenty (20) year period by an instrument signed by not less than eighty-five percent (85%) of the Lot Owners, and thereafter at any time by an instrument signed by not less than seventy percent (70%) of the Lot Owners.

Section 4. If any amendment to these covenants, conditions, and restrictions is executed, each such amendment shall be delivered to the Board of Directors of this Association. Thereupon, the Board of Directors shall, within thirty (30) days, do the following:

(a) Reasonably assure itself that the amendment has been executed by the Owners of the required number of Lots. (For this purpose, the Board may rely on its roster of members and shall not be required to cause any title to any Lot to be examined.)

(b) Attach to the amendment a certification as to its validity, which certification shall be executed by the Association in the same manner that deeds are executed.

Section 5. Management and Contract Rights of Association. Declarant may enter into a contract with a management company for the purposes of providing all elements of the operation, care, supervision, maintenance, and management of the property. However, no such contract shall be binding upon the Association except through express adoption, or ratification of the terms and conditions of such contract. Any contract or lease entered into by Declarant or by the Association while Declarant is in control thereof shall contain a provision allowing the Association to terminate such contract without justification or penalty after transfer of management by Declarant to the Association.

ARTICLE XII
ELECTRICAL SERVICE

Declarants reserve the right to subject the above-described Property to a contract with an electrical service utility company for the installation of underground electric cables, which may require an initial payment and/or a continuing monthly payment to that electrical service utility company by the Owner of each Lot within said Property.

IN WITNESS WHEREOF, the undersigned Owners and Declarant have caused this instrument to be executed this 15th day of June, 2006.

Owners of Lots 1, 3, 4, 5, 6, and 7

(SEAL)
ALLEN EUGENE KEIL

Lucy Keil (SEAL)
LUCY KEIL

Declarant

(SEAL)
ALLEN EUGENE KEIL

Lucy Keil (SEAL)
LUCY KEIL

NORTH CAROLINA

BUNCOMBE COUNTY

I, Martha Hope Harmell, a Notary Public for said County and State, do hereby certify that ALLEN EUGENE KEIL and LUCY KEIL, as owners of Lots 1, 3, 4, 5, 6, and 7, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal, this the 15th day of June, 2006.

Martha Hope Trammell
Notary Public Martha Hope Trammell

My commission expires 4/26/2011.

Martha Hope Trammell
Notary Public
Buncombe County, N.C.

NORTH CAROLINA

BUNCOMBE COUNTY

I, Martha Hope Trammell, a Notary Public for said County and State, do hereby certify that ALLEN EUGENE KEIL and LUCY KEIL, as Declarant, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal, this the 15th day of June, 2006.

Martha Hope Trammell
Notary Public Martha Hope Trammell

My commission expires 4/26/2011.

Martha Hope Trammell
Notary Public
Buncombe County, N.C.

Notary Public
Buncombe County, N.C.