

NORTH CAROLINA

**DECLARATION OF RESTRICTIONS
AND PROTECTIVE COVENANTS**

BUNCOMBE COUNTY

THIS DECLARATION is made on the ____ day of November, 2006, by WNC Mountain Land Corporation, LLC, as follows:

W I T N E S S E T H:

WHEREAS, WNC Mountain Land Corporation, LLC is the owner of certain real property in Buncombe County, as described hereinbelow;

WHEREAS, WNC Mountain Land Corporation, LLC desires for the benefit of said property and for the benefit of future purchasers and owners of lots within the subdivision, that said property and subdivision shall be developed, used, and restricted as hereinafter set forth.

NOW THEREFORE, WNC Mountain Land Corporation, LLC hereby declares that said property and subdivision, and any portion thereof, shall be held, sold and conveyed subject to the following easements, restrictions, covenants, and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with, the real property and be binding on all parties having any right, title or interest in said property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I
DEFINITIONS

Section 1. "Property" or "Subdivision" shall refer to that certain real property as described in:

Being all of Tracts 2 through 5 as shown on a plat entitled "Survey for Lowell Cooper, Jr.", said plat recorded in Plat Book 96, Page 197, to which reference is made for a more perfect description.
Being all of Tracts 2 through 6 as shown on a plat entitled "Survey for Allen Helmick and Walter Tamagni", said plat recorded in Plat Book 98, Page 112, to which reference is made for a more perfect description. Being all of Lots 1 through 3 as shown on a plat entitled "Survey for WNC Mountain Land Corporation, LLC", said plat recorded in Plat Book 121, Page 18, to which reference is made for a more perfect description.

Section 2. "Developer" shall mean WNC Mountain Land Corporation, LLC, and its successors and assigns designated as such, in writing, by Developer.

Section 3. "Lot" shall mean and refer to any plot or parcel of land which is a portion of Property, with distinct boundary lines identified and platted by Developer, or any subsequent Owner in a manner consistent with the restrictions and covenants contained herein. Developer may have caused one or more plats to be recorded in the Buncombe County Register of Deeds, said plat(s) showing the subdivision of various portions of the Property into lots of various size and dimension, and Developer may cause additional plats to be recorded in the Buncombe County Register of Deeds, said plats to show further subdivision of the Property or portions thereof into lots, or changes in the size and/or dimension of previously surveyed lots.

Section 4. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of any fee interest in any Lot, but excluding those entities having any such interest merely as security for the performance of an obligation.

Section 5. "Common Properties" shall be defined as the private roads, hiking trails, and picnic areas as shown on any plat of the Property recorded by Developer at the present time or in the future, which said roads are not and shall not be included within the state-maintained road system.

ARTICLE II GENERAL PROVISIONS

Single-Family Residential Use

All Lots shall be used solely for single-family residential purposes. Only one single-family residence shall be built upon any Lot. The minimum floor space of any main residence shall be 2500 square feet of heated space, exclusive of porches, decks, garages, and unfinished basements.

No Owner shall allow the placement on any Lot of any commercial or manufacturing establishment or structure, factory, apartment house, lodging house, rooming house, hospital, sanitarium, mobile/manufactured home, multi-unit dwelling or structure designed for the use of more than one family.

No trailer, basement, tent, shack, garage or other outbuilding or structure of a temporary character shall be used at any time as a residence, either temporarily or permanently.

Nothing in this Article shall be construed to prohibit the placement of a modular home on any Lot, as long as said home is not otherwise in violation of any provisions in these restrictions, and the modular home is constructed by a licensed general contractor and is subject to and inspected pursuant to Section 7 of the North Carolina Building Code.

Nothing in this Article shall be construed to prohibit the operation by an Owner of a home office from the Owner's residence, meaning the kind of home business that does not increase the burden on any subdivision right of way by use of customers, employees, suppliers, salesmen, or courier/delivery vehicles, and does not involve the use of signs on the Lot or the right of way to identify or promote the business.

Resubdivision

No further subdivision of any Lot shall be allowed, except that an Owner who purchases adjoining Lots directly from Developer, said Lots with combined acreage of at least eight (8) acres, may subdivide or reconfigure the total acreage into no more than three (3) Lots, as long as each resulting Lot is approved by Developer, and Owner otherwise complies with all laws, ordinances and regulations of Buncombe County and the State of North Carolina. All resulting Lots shall be subject to all provisions of this Declaration as if they were separate Lots of the Subdivision from the inception of the Subdivision.

Aesthetics

No metal or temporary outbuildings are allowed.

All concrete block must be covered with brick, stone, wood or stucco.

No Lot shall be used in whole or in part for the storage of rubbish of any character whatsoever, nor for the storage of any property or thing (including but not limited to junk or unlicensed motor vehicles) that will cause such Lot to appear in an unclean or untidy condition or that will be offensive to the eye; nor shall any substance, thing, or material be kept upon any Lot that will emit foul or obnoxious odors, or that will cause any noise that may disturb the peace, quiet, comfort, or serenity of

the occupants of surrounding Lots.

No junk or abandoned or unlicensed motor home, automobile, boat, travel trailer, recreational vehicles, machines, equipment or other item of personal property of comparable size shall be placed or retained upon any Lot. For purposes of this restriction, any item of personal property requiring licensing and/or registration by proper authorities for its intended use shall be deemed to be abandoned upon lapse of such licensing and/or registration by more than thirty (30) days.

All Lots shall at all times be kept clear of debris that may be or become either a health or fire hazard to the neighborhood.

Trash, garbage, or other waste shall be kept in sanitary containers until disposed of by Owner, which must be done no less often than a weekly basis.

Unsightly objects (including, but not limited to, garbage and trash containers, fuel tanks, bottled gas tanks, or similar fuel storage receptacles) placed on any Lot must be situated so as not to be visible from adjoining Lots or from any subdivision roads. In addition, all tanks must be buried.

No motorcycles, minibikes, or other motorized vehicles shall be allowed within the Property other than duly licensed vehicles which are used exclusively for transportation purposes, and then only if properly managed, with it being further understood and agreed that such motorcycles, minibikes, or other motorized vehicles so licensed shall be allowed to operate within the Property only upon platted subdivision roads.

No trade materials or inventories may be stored upon any Lot or subdivision road. No truck, boat, trailer, camper, bus, motorized camping vehicle, tractor or similar vehicle may be stored or regularly parked on a Lot except in a garage or well-screened enclosure approved by Developer. No commercial trucks (tractor trailer, buses etc.) may be parked or stored on any Lot or subdivision road. No trucks greater than 13,000 lbs are allowed in the subdivision unless approved by Developer.

No noxious or offensive trade or activity shall be carried on upon any Lot, nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood.

No unlawful, improper, or immoral use shall be made of any Lot.

No living tree greater than twelve (12") inches in diameter shall be cut without the written permission of Developer. No clear-cutting shall be allowed on any Lot unless approved by Developer. Each Lot must maintain its native appearance in order to preserve its natural rustic beauty. This covenant shall not restrict the cutting of trees or limbs where such cutting is necessary for the safe installation and maintenance of any dwelling, driveway or parking areas constructed upon any Lot.

No television or CB antenna or other tower used for reception and transmission of communication signals shall be placed on any Lot, except for regular television antennas and satellite dish antennas having a diameter of not more than thirty (30") inches, placed only in the rear yard of the Lot.

No window-type heating or air conditioning units shall be installed which shall be visible from any subdivision road or any neighboring house.

No hunting or shooting of firearms or fireworks shall be allowed within the Property.

No sign of any kind shall be placed in public view on any Lot, except: (1) one sign per Lot of not more than five (5) square feet advertising the property for sale; (2) signs used by Developer to

advertise the property during the construction and sales period; and (3) a name and address sign that has been approved by Developer. The top of any sign may not be more than five (5) feet above ground. Nothing in this paragraph shall be construed to prevent Developer from erecting Subdivision and street signs and display signs designed to designate areas within a subdivision.

An Owner may fence a portion of a Lot to secure the safety of children and pets, subject to the following limitations: No fence, hedge or wall shall be erected on any Lot without Developer's written approval of its location, height, and composition. Fencing shall not be allowed of the following types: (1) any fencing which inhibits the free passage of wildlife; (2) any fencing with a height of more than five feet; (3) chain-link fences; (4) perimeter or border fencing; (5) barb wire or razor wire; or (6) fencing that does not maintain the aesthetic integrity of the subdivision.

No animals, livestock, or poultry of any kind shall be raised or bred on any Lot except that dogs, cats, other common household pets may be kept so long as the owners of such animals do not keep, breed, or maintain such animals for any commercial purposes. All such animals must be kept in fenced areas to the rear of the main residence, and when taken out for exercise, the animals must be kept on a leash at all times and not allowed to become a nuisance to other residents.

No commercial operations, such as kennels, boarding and grooming houses, or commercial farming operations, may be maintained within the property. Kennel operations, defined as housing for more than two dogs or cats, are not permitted.

So that everyone might enjoy the brilliant night sky available in a low-density rural residency area, Developer desires low levels of artificial outdoor nighttime lighting. In this connection, no exterior artificial lighting shall be placed on a pole or on the exterior of any building or any structure except small lamps of less than 100 watts that are typically used on porches and doorposts and small floodlights typically used under the eaves of houses and accent lights directed at trees or other architectural features, or path lights along walkways, driveways, or other areas of travel, provided that no exterior lighting shall be set to come on automatically at dark, or left on for extended periods so as to be a nuisance to neighbors.

In the event that Developer deems that a Lot has any item of personal property or any condition that is unsightly or otherwise in violation of these restrictions, Developer shall notify Owner in writing at Owner's last known address of said offending property or condition, and Owner shall have ten (10) calendar days to take such steps as are necessary either to remove said personal property or abate said condition, or to screen said personal property or condition from view from any and all roadways and adjoining Lots. In the event that Owner fails to remove the offensive personal property or otherwise abate the condition, Developer reserves the right and easement to enter the Lot, and Developer shall be authorized to remove the offensive personal property, or perform all work necessary to abate the condition, without further notice to Owner. Developer shall then present an invoice to Owner for all costs incurred in the removal of the personal property, or the abatement of the condition, which invoice Owner shall pay within thirty (30) days of presentment. Said invoice shall constitute a lien on the Lot, and is subject to foreclosure by Developer, all as set forth hereinbelow under "Assessments and Liens".

Construction/Architectural Control

Each Owner is responsible for the job-related conduct of building contractors and landscape contractors employed by said Owner, as said conduct relates to the use or degradation of the subdivision roadways or the maintenance or condition of any Lot; and said Owner shall be responsible for any and all damage caused by or resulting from traffic to and from the Owner's lot.

Grading is to be conducted in an environmentally sensitive fashion so as not to subject streams,

waterways, ditches and adjoining property to silt and other runoff from the grading and construction process. Each Owner is responsible for compliance with all sedimentation and erosion control laws and for installation and maintenance of all necessary silt screens and sedimentation basins.

Once construction has commenced for a structure (defined as the removal of trees after approval by the Developer), Owner shall complete construction within one year. Completion of construction is defined as the date that the final inspection is performed and passed. Owner agrees to pay to Developer a penalty of \$100.00 per day for each day after one year that construction is not complete. Any such penalty assessed shall constitute a lien on the Lot, and if unpaid, shall be subject to foreclosure by Developer, all as set forth hereinbelow under "Assessments and Liens".

No construction, removal of trees, grading, landscaping, fencing, driveway placement or driveway construction, or any remodeling, reconstruction, or alteration thereof, shall be begun or performed on any lot, until a duplicate set of plans, elevations, and specifications for said work, showing the location, scope, materials, and schedule for said work, have been submitted to, and approved in writing by, Developer. Developer shall have sole authority to determine whether said plans, elevations, and specifications are consistent with the scheme of development in the Subdivision and in compliance with any applicable restrictions contained within this Declaration, and that the external design of the proposed construction is in harmony with the natural surroundings of the Lot and the Subdivision. No structure of any kind, the plan, elevations, and specifications which have not received the written approval of Developer and which does not comply fully with such approved plans and specifications shall be erected, constructed, placed, or maintained upon any lot. Approval of such plans, elevations, and specifications shall be evidenced by written endorsement on such documents by Developer, a copy of which shall be delivered to Owner prior to the beginning of such construction. Developer shall have no responsibility for any structural defect in such plans or specifications or in any building or structure erected according to such plans and specifications.

House numbers, entry signs, mail boxes and tier posts and fences shall be subject to approval by Developer prior to installation. Developer will establish uniform standards for same.

At no time shall Developer be required to obtain approval of any plans and specifications for improvements on any lot owned by Developer.

Notwithstanding anything herein to the contrary, Developer shall have no authority to review or reject construction details that pertain only to the interior of any structure.

Each dwelling constructed on a Lot shall have sufficient parking spaces to accommodate all vehicles owned or regularly used by any occupant or frequent visitor of the Lot.

No fence, wall, hedge, or shrub planting which obstructs sight lines at roadway corners shall be placed or permitted to remain on any corner Lot. No tree shall be permitted to remain at or near any road intersection unless the foliage line is maintained at sufficient height to prevent obstruction of such sight lines. The Owner of each Lot shall keep the grass cut and shrubs trimmed along the area of the Lot visible from any subdivision road. In the event that an Owner fails to keep this area maintained as required, Developer may hire the required work done. The expense incurred for such work by Developer shall be added to the annual assessment provided for in hereinbelow that is due from said Owner.

No individual sewage disposal system shall be permitted on any Lot unless said system is designed in accordance with the requirements, standards and recommendations of Buncombe County Health Department. Approval of such system as installed shall be obtained from such authority, or its successors.

Subdivision roads and other common areas

There shall be a 15 MPH speed limit on all subdivision roads.

The rights-of-way easements over and upon the platted subdivision roads shall be appurtenant to the Lots for ingress, egress, and regress. Said rights of way shall not be constructed to any particular standard or specification, and shall not be constructed to the specifications which would allow their inclusion within the state-maintained road system. Developer does not warrant the condition, construction standards, or longevity of any subdivision roads. Before Developer has established the Homeowners' Association as set forth hereinbelow, Developer shall bear the obligation for the repair and maintenance of all subdivision roads. Once Developer has established the Homeowners' Association, the Association shall bear said obligation.

Notwithstanding anything to the contrary herein, if any portion of any subdivision road serves as access for only one Lot, then said portion shall be maintained by the Owner of said Lot so benefitted, and said maintenance shall not be the obligation of Developer or the Homeowners' Association.

During the construction of improvements upon any Lot, the Owner thereof shall be responsible for any damage caused to the subdivision roads by Owner or his contractors, subcontractors, laborers, or material suppliers. Owner must also maintain a neat and orderly appearance of the Lot during construction, which includes, but is not limited to, no dumping of trees, logs, stumps, debris, or other unsightly materials on the lot. Owner shall, prior to commencement of construction of such improvements, post with Developer a cash bond in the amount of Five Thousand Dollars (\$5,000.00) to guarantee the repair of any damage done to subdivision roads during such construction, and to guarantee that the Lot will be maintained in a neat and orderly appearance. Upon the occurrence of such damage to a subdivision road, or Owner's failure to maintain the Lot in a neat and orderly appearance, Developer shall send written notice thereof to Owner, at Owner's last known address. Upon Developer's sending of such notice, Owner shall have fourteen (14) days to repair such damages or cure such condition. In the event that Owner fails to repair such damages or cure such condition, Developer shall have the right to utilize the amount so deposited for the purpose of correcting any such damage to subdivision roads or to maintain the Lot in a neat and orderly appearance. If the amount of the cash deposit is not sufficient to pay for the repair of all such damages or the curing of such conditions, Developer shall assess the Owner for the amount remaining due, and such assessment shall constitute a lien upon the Lot, as set forth hereinbelow.

Except as to Developer, the private roadways within the subdivision shall not be used to provide access to any property except the lots within the subdivision. No part of a lot shall be used for any access to any property which lies outside of the Subdivision. No other easements, rights of way or rights of access shall be deeded, granted or in any way given by any lot owner to any other person through or over any lot so as to permit any portion of a lot or subdivision property to be used for access to or from any adjoining property.

Common areas, such as hiking trails and picnic areas, may be designated by Developer in its discretion. Such common areas shall be maintained by the Developer until such time as Developer establishes the initial Homeowners' Association, at which time said association shall be responsible for maintenance and upkeep of said common areas.

Assessments and liens

Each Owner (excepting Developer), by acceptance of a conveyance of a Lot, whether or not it shall be expressed in any such deed or conveyance, shall be deemed to covenant and agree to pay an annual fee of \$500.00 per Lot owned, for maintenance of subdivision roads and common areas, and for

any expenses and fees, including attorneys' fees, incurred by Developer in the enforcement of these restrictions, payable to Developer.

All assessments as provided for in these restrictions, together with such interest thereon and all costs of collection, including attorneys' fees, shall be a charge on the Lot and shall be a continuing lien upon the Lot assessed. Any assessments not paid within thirty (30) days of the due date shall bear interest from the due date of twelve percent (12%) per annum. Developer may bring an action against Owner, or foreclose the lien of such assessment against the Lot on which the assessment has been levied. Any such lien for assessments shall be subordinate to the lien of any first deed of trust lien held by a lending institution. Sale or transfer of any lot shall not affect the assessment lien; however, the foreclosure on a first lien deed of trust shall extinguish the lien, upon the recording of a Trustee's Deed, but only to the extent that the amount due accrued after the recording of said deed of trust and before the recording of the Trustee's deed.

The annual assessment provided for herein shall be on a fiscal year basis of June 1-May 31, and the obligation for payment thereof begins at the time each lot is conveyed to the Owner. Annual assessments shall be payable in advance and shall be adjusted for partial year ownership based on the number of days remaining in the fiscal year as of the day of closing.

Annual assessments as herein provided shall be collected and disbursed for the purposes aforesaid by Developer, until such time as the Homeowners' Association is established, as set forth hereinbelow. From and after that time, all assessments shall be levied, collected, and disbursed by the Homeowners' Association. The Homeowners' Association shall have the authority to alter the amount and other terms of the periodic assessment.

Easements

Developer reserves the right to subject the Property or any Lot therein to a right of way easement with Progress Energy for the installation of underground electric power lines.

Developer reserves easements for itself and for the benefit of any public authorities and utility companies to which Developer may choose to grant such easements, over and through all areas designated as roads, streets, walkways, buffer areas, and such additional portions of the property as may be necessary in order to provide water, sewerage, power, gas, television cable, surface water drainage and other utility and common services to owners of any portion of the property.

All Lots are also subject to a surface water drainage and utility easement twenty feet in width along and inside all Lot lines. For any adjacent lots owned by the same Owner, no right of easement shall be recognized along the common line between said adjacent Lots unless and until one or both Lots are sold and they are no longer owned by a common Owner.

The easements reserved to Developer above, and the easements which Developer may grant to appropriate public authorities and utilities, shall include the right to go upon, over, across, and under any area of the property for ingress, egress, erection, maintenance, installation and use of underground electrical and telephone lines, wires, cables, conduits, sewers, water mains, gas lines and other suitable equipment for the conveyance, movement, and use of electricity, telephone equipment, television cable, gas, water, sewer, surface water, and other public conveniences and utilities. Said easements shall also allow Developer or any appropriate utility or other authority to cut drainways for surface water wherever and whenever such action may be necessary in order to maintain reasonable standards of health, safety and appearance. Said easements include the right to cut any trees, bushes, or shrubbery, and to make any gradings of the soil or take similar actions reasonably necessary to provide safe and effective utility and road installation and maintenance.

ARTICLE III
HOMEOWNERS' ASSOCIATION

Once Developer has sold the entire acreage in the Subdivision, Developer shall create an interim Homeowners' Association, with the Board of Directors to consist of Developer and three (3) lot owners chosen by Developer. Said interim Board shall organize the Homeowners' Association for the purposes as above specified and for the adoption of bylaws and the promulgation of rules and regulations pertaining to the improvements and/or use of the Subdivision.

Every person or entity who purchases any Lot shall be a member of the Homeowners' Association, provided that any such person or entity who holds such ownership or interest merely as security for the performance of an obligation shall not be a member. There shall be one class of voting membership in the Association. Voting members shall be all those members who own a Lot. When any Lot is owned by more than one person or entity, all such persons or entities shall be members in the Association, but they shall be entitled to only one combined vote concerning all Association business, which one vote the joint owners shall exercise as they among themselves determine.

The Association may operate as an unincorporated Association or as a non-profit Corporation, as the members shall determine by majority vote.

Once the Association is established, all rights and obligations of Developer shall accrue and inhere to the Association. This includes, but is not limited to, architectural control; maintenance of subdivision roads to the satisfaction of the Association and the Owners; maintenance of erosion control measures to the satisfaction of all applicable governmental authorities, the right to determine the amount, due date, and uses of the annual dues payable by Owners, and the right to collect and spend said dues.

At such time that Developer is released by the Buncombe County Erosion Control from any further responsibility for erosion control measures within the Subdivision, Developer shall have no further responsibility or obligation for erosion control measures, and the Homeowners' Association shall assume full responsibility for said measures, the expense of which shall be paid from assessments received by the Association.

ARTICLE IV
GENERAL PROVISIONS

Section 1. Enforcement. Developer, any Owner, or the Homeowners' Association 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 Developer, any Owner, or the Homeowners' Association to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. Enforcement of these restrictive covenants shall be by proceeding at law or in equity against any person or persons violating or attempting to violate any covenant either to restrain violation or to recover damages, including reasonable attorneys' fees and other costs reasonably incurred to enforce these provisions.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no wise affect any other provisions, which other provisions 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 twenty (20) years, they shall be automatically extended for successive periods of ten (10) years, unless amended or rescinded by a recorded instrument signed by Owners of at least 50% of the Lots.

Developer reserves the right to amend or modify these restrictions unilaterally until such time as Developer has conveyed all Lots. After such time, this Declaration may be amended at any time by a recorded instrument signed by Owners of at least 66% of the Lots.

Section 4. Notices. Any notice required to be sent to any Owner under the provision of this Declaration shall be deemed to have been properly sent when mailed, postage paid, to the last known address of the person who appears as an owner on the records of the Developer or the Homeowners' Association at the time of such mailing.

Section 5. Assignment. Developer reserves the right to assign all rights, powers, obligations and privileges of Developer under this Declaration, to any other corporation, association or person.

IN WITNESS WHEREOF, the Grantor has caused this instrument to be signed in the name of the limited liability company by its duly authorized member-managers by authority of its Board of Directors, the day and year first above written.

WNC Mountain Land Corporation, LLC

_____(SEAL)
By: Walter Tamagni, member-manager

_____(SEAL)
By: Allen Helmick, member-manager

North Carolina, Buncombe County.

I, a Notary Public of the County and State aforesaid, certify that Walter Tamagni and Allen Helmick personally appeared before me this day and each acknowledged that he is a member-manager of WNC Mountain Land Corporation, LLC, and that he executed the foregoing instrument as a member of said LLC and in behalf of said LLC. Witness my hand and official stamp or seal, this the ___day of November, 2006.

NOTARY PUBLIC
My commission expires:

Notary seal