

DECLARATION OF RESTRICTIVE COVENANTS

FOR

LAKE HONDAH SUBDIVISION

Amended and Restated, March, 1996

This Declaration was originally recorded on October 10, 1990, in book 333, page 194, Records of Deeds for Transylvania County, North Carolina and was subsequently rerecorded in book 378, page 808, for the purpose of attaching a portion of said Declaration, which by mistake was not attached to it at the time it was originally recorded.

This revised and amended Declaration, which shall delete and replace the original Declaration as amended and all other covenants to which any portion of the land hereinafter described may be subject, shall become effective when it has been approved by the affirmative vote of two-thirds (2/3) of the membership of the Lake Hondah Property Owners Association and has already been approved by the lot owners whose signatures appear on Exhibit "A" which is attached hereto and incorporated herein by reference.

Now, therefore, the undersigned lot owners whose signatures appear on the pages which are attached hereto, designated as Exhibit A and incorporated herein by reference, do hereby reaffirm, restate and declare that all of the lots which are encompassed within the boundaries of the tracts of land which are described on the pages which are attached hereto, designated as Exhibit "B" and incorporated herein by reference, are held and shall be held, conveyed, hypothecated or encumbered, leased, rented, used, occupied and improved, subject to the provisions of this Declaration, all of which are declared and agreed upon for the purpose of enhancing and protecting the value, desirability and attractiveness thereof. The provisions of this Declaration are intended to create mutual equitable servitudes upon each of said lots in favor of each and all other lots; to create reciprocal rights between the respective owners of all such lots; to create privity of contract and estate between the grantees of such lots, their heirs, successors and assigns; and shall, to the owner of each such lot, his heirs, successors or assigns operate as covenants running with the land for the benefit of each and all other such lots in Lake Hondah Subdivision and their respective owners, present and future.

PART A-RESTRICTIVE COVENANTS

A-1. LAND USE AND BUILDING TYPE:

No lot shall be used except for residential purposes. No building shall be erected, altered, placed, or permitted to remain on any lot other than one detached, single-family dwelling, not to exceed two and one-half stories in height, and a private garage for the family's use. Each such single-family dwelling shall have a minimum of 1,200 square feet of living space, exclusive of garage area, porches, and decks. A utility building or garage may be located on the same lot as the residence house or on any adjacent lot belonging to the same owner(s). No building of any type may be constructed on any lot until the plans for such building have been approved by the Architectural Review Committee as hereinafter set forth in Part A, Section 14.

A-2. LAKES AND PARK AREAS:

The lakes and the park areas surrounding the lakes belong to the Property Owners Association and are exclusively for the use of its members and their guests. No one who is not a member of the Property Owners Association may use the lakes or park areas unless they are accompanied by a member of the Property Owners Association.

A-3. NUISANCES:

No noxious or offensive activity shall be carried on upon any lot or any road or any community property such as the lakes or parks within the Lake Hondah Subdivision, nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood. The Board of Directors of the Property Owners Association shall from

time to time establish and enforce rules and regulations for the use of any of the above mentioned community property and any other community property as may be acquired by the property owners association.

A-4. TEMPORARY STRUCTURES:

No structure of a temporary character, basement, tent, garage, shack, or other outbuilding, travel trailer, or recreational vehicle shall be used on any lot at any time as a residence. Mobile or modular homes will not be permitted on any lot. A construction shed may be used for tool storage only during the period of construction and must be removed on or before the date of issuance of a Certificate of Occupancy by the Transylvania County Building Inspections Department.

A-5. PETS, LIVESTOCK, AND POULTRY:

Dogs, cats, and other household pets may be kept, provided that they are not maintained for any commercial use. Pit bulls, hounds or any animal determined by the Board of Directors of the Property Owners Association to be dangerous will not be permitted. Dogs must be confined to their owner's property except when leashed. Dogs whose barking has been determined by the Board of Directors to be excessive to the point of being a nuisance must be removed from the subdivision. Livestock may be kept on those lots where pasture areas already exist and may not be kept for any commercial use. Hogs will not be permitted. No poultry of any kind will be permitted.

A-6. OUTDOOR AND SECURITY LIGHTING:

All outdoor lighting or security lighting must be equipped with on/off switches. No outdoor lighting or security lighting may be located in any area where it becomes a nuisance to any other resident.

A-7. SUBDIVISION OF LOTS:

No lot shall be subdivided, sold or divided into an additional lot or lots for the purpose of creating another home site.

A-8. GARBAGE AND REFUSE DISPOSAL:

No part of any lot in the Lake Hondah Subdivision shall be used for dumping without the approval of the Board of Directors. In any case, only naturally degradable trash such as leaves or tree trimmings shall be dumped. No nondegradable or toxic material of any kind shall be dumped or buried on any lot.

A-9. UTILITIES:

All power and telephone lines must be laid underground from the nearest or most convenient pole, transformer, or junction box.

A-10. HUNTING AND FIREARMS:

There shall be no hunting or recreational use of firearms on Lake Hondah property.

A-11. TIME FOR COMPLETION OF BUILDINGS:

Within one year from the time construction has begun, the outer portions of all buildings must be completed to the extent that they appear to be finished. It shall be the responsibility of the owner of the lot to keep the construction site as clean as possible at all times and to remove from view all construction materials after the building has been completed.

A-12. LIABILITY FOR DAMAGE TO COMMUNITY PROPERTY AND ROADS:

The Board of Directors of the Property Owners Association shall have the right to assess the cost for correcting damages against any property owner who is determined to be responsible for damage to any community property or any road within the Lake Hondah Subdivision and shall have the right to collect such assessments plus any costs incurred from the collection thereof in any manner permitted by law or to have such assessments and costs actually incurred in the attempt to collect such assessments recorded as liens against the property of the owner who has been

found to be responsible for the damage. In any such case, the property owner who is alleged to be responsible for damage to any community property or road within the subdivision must be given written notice of the intent to assess costs for such damage. Any property owner who has been thus notified shall have the right to a hearing before the Board as hereinafter set fourth in Part D of these Covenants. (It should be noted that road damage is most likely to occur during the winter after periods of hard freezing and thawing. Property owners are advised to avoid ordering heavy loads during these times.)

A-13. PROPERTY MAINTENANCE:

Property owners are responsible for the maintenance of their lots. Mowing must be kept up on the sections of lots that can be mowed. Due to the fast summer growth, the first mowing must be done no later than June 15th of each year. Also, trash and debris, including fallen limbs and trees, which can be seen from the roads or from any residence, must be removed as soon as possible.

A-14. ARCHITECTURAL REVIEW:

Before construction begins on any lot, the Board of Directors of the Property Owners Association shall have the right to review the plans and to reject any construction which may be in violation of these Restrictive Covenants or which in their judgment would be so unusual in appearance as to be an eyesore or tend to devalue any other property in the community. If a plan for construction is rejected by the Board of Directors, the property owner in question shall have the right to a hearing before the Board of Directors as hereinafter set fourth in Part D to express his or her objections to the decision of the Board.

PART B - AESTHETIC PROVISIONS AND COVENANTS

B-1. SIGHT DISTANCE AT INTERSECTIONS:

No fence, wall, tree, hedge, or shrub planting which obstructs sight at intersections shall be placed or permitted to remain on any lot.

B-2. TREES:

With the exception of those trees which must be removed in the preparation of a building site and driveways, no trees greater than six (6) inches in diameter and more than twenty (20) feet from a building may be removed without the permission of the Board of Directors except those which are dead, damaged, or which pose a threat to nearby buildings or roads or driveways.

B-3. EROSION:

Erosion of soil during construction must be prevented or minimized. No culvert, water break, or other such structure shall be made, installed, or positioned in any way as to cause damage to other property or to create a nuisance to any resident.

B-4. VEHICLES:

No automobile, truck, trailer, or other vehicle which is inoperative (such as wrecked or junk cars) shall be permitted to remain on any lot.

B-5. PARKING:

No on-street parking will be permitted except when it is otherwise impossible to park in an off-street location such as during construction, or during periods of excessive snow or ice, at which time a vehicle may be parked where convenient provided that it does not block traffic.

B-6. TRAFFIC REGULATIONS:

The Board of Directors of the Property Owners Association shall have the right to set speed limits, designate one-

way streets, parking areas, or any other traffic regulations as they may deem necessary and shall have the authority to enforce any such regulations and to set fines for the violation thereof. No fine shall be assessed against any property owner unless violation continues after written notice of such violation has been given. If a property owner has been assessed a fine for a traffic violation, he or she must be given a hearing before the Board of Directors to present any objections to the decision of the Board at which hearing the said property owner has the right to be represented by an attorney. Any fines actually assessed against a property owner together with any costs actually incurred in the collection thereof shall become the obligation of the property owner in question, and any such fines together with any costs incurred in the attempt to collect such fines may be filed as a lien against the property of the owner who has not paid the fine. It should be noted that in times of snow or ice, the one-way traffic pattern may have to be altered. In any such situations, downhill traffic will have the right-of-way over up-hill traffic. Persons walking on the road shall have the right-of-way over vehicular traffic.

PART C - PROPERTY OWNERS ASSOCIATION

C-1. MEMBERSHIP:

Every person or entity who is the record owner of a fee interest of any property that is subject to these restrictive Covenants shall be deemed to have a membership in the LAKE HONDAH PROPERTY OWNERS ASSOCIATION INC. Membership shall be appurtenant to and may not be separated from such ownership. Voting shall be limited to one (1) vote per ownership entity whether that entity be one or more persons, associations, corporations or the like. Each owner agrees to comply with all rules and regulations promulgated by the Property Owners Association and further agrees to pay all assessments, fines, or penalties levied by the said Property Owners Association in accordance with these Restrictive Covenants and the Bylaws of the Property Owners Association. Any such assessments, together with interest, costs, and reasonable attorney's fees, shall also be the obligation of the owner or owners of such lot. Assessments shall be paid in such manner and on such dates as fixed by the Board of Directors of the Property Owners Association. All sums assessed against any lot pursuant to the rules and regulations and Bylaws of the Property Owners Association, together with late charges, interests, costs, and reasonable attorney's fees actually incurred, shall be secured by a lien on such lot in favor of the Property Owners Association, and such lien shall attach upon the filing thereof by the Property Owners Association in the office of the Register of Deeds for Transylvania County, North Carolina. In the event that the assessment remains unpaid, the Property Owners Association may take such action, as it may deem necessary to collect such assessments, by personal action or by enforcing and foreclosing said lien in like manner as a deed of trust or mortgage of real property or both. Interest on late payment of assessments shall be at the rate of one percent (1%) per month beginning thirty (30) days after the date such assessment shall be due. In no case shall the transfer of ownership of any lot exempt an owner from a debt owed to the Property Owners Association.

PART D - GENERAL PROVISIONS

D-1. TERM:

These Covenants are to run with the land and shall be binding on all parties and all persons claiming under them for a period of twenty-five (25) years from the date these Covenants are recorded, after which time said Covenants shall be automatically extended for successive periods of ten (10) years unless an instrument signed by a two-thirds (2/3) majority of the then owners of the lots has been recorded, agreeing to change said Covenants in all or in part.

D-2. RULES AND REGULATIONS:

The Board of Directors of the Property Owners Association may establish reasonable rules and regulations concerning the use of the subdivisions roads, parks, lakes, or any other community property and any facilities located thereon. Copies of such regulations and amendments thereto shall be furnished by the Association to all property owners prior to their effective date. Such regulations shall be binding upon the Property Owners, their families, tenants, guests, invitees, and agents until and unless such regulations, rules, or requirements shall have been specifically overruled, cancelled, or modified by the Board of Directors or by the Association in a regular or special meeting by a majority of the members entitled to vote at such meeting. The Board of Directors shall have the authority to impose reasonable monetary fines and other sanctions, including but not limited to restricting individuals from the use of community property, and monetary fines together with any attorneys fees or other costs actually incurred shall be a debt of the property owner to the Property Owners Association and may be collected in

any manner permitted by law including lien and foreclosure.

D-3. POWER, AUTHORITY, AND NOTICE OF ENFORCEMENT:

The power and authority for the enforcement of these Restrictive Covenants together with any rules or regulations pertaining thereto is given to the Board of Directors of the Property Owners Association who pursuant thereto may take whatever action is necessary and permissible by law to carry out and enforce the said Restrictive Covenants, rules or regulations by proceedings at law or in equity against any person or persons violating or attempting to violate any Covenant, rule, or regulation either to restrain violation or to recover damages. However, failure of the Board of Directors to enforce any covenant, rule, or regulation shall not prevent any Property Owner from seeking enforcement thereof by action at law. Prior to the taking of any action of enforcement, the Board of Directors must give written notice to any person or persons against whom it intends to take such action not less than thirty (30) days prior to the time such action is to be taken within which time the said person or persons must be granted a hearing before the Board of Directors, after which the decisions of the Board of Directors resulting from and appurtenant to that hearing shall be final.

D-4. RIGHT OF PARTICIPATION:

Each property owner shall have the right to attend all meetings of the Property Owners association, whether regular or special, not including the meetings of the Board of Directors unless by invitation of the Board or pursuant to the granting of a hearing, and to petition the Board of Directors for a hearing; however, property owners whose deeds have not been recorded in the office of the Registrar of Deeds of Transylvania County prior to the Record Date for Voting for any meeting and/or whose dues to the Property Owners Association have not been paid prior to the same date shall not be eligible to vote at that meeting.

D-5. HEARING BEFORE THE BOARD OF DIRECTORS:

Any person subject under these Restrictive Covenants is entitled to a hearing before the Board of Directors as provided for under Section D-3 above or whenever he or she has a matter of concern that the Board of Directors agrees to consider. A request for a hearing must be by letter to any Board member. The letter must clearly state the matters of concern to be heard. The Board shall seriously consider all such requests and shall not refuse to grant a hearing except when in their judgment the request has no reasonable merit. The Board of Directors must respond in writing to any request for a hearing, either stating the reasons for refusing to grant the hearing or giving the time and place for a hearing. No matters unrelated to the particulars stated in the request shall be considered at any hearing. All decisions of the Board of Directors resulting from and appurtenant to any hearing shall be final.

D-6. SUPERIORITY TO THE BYLAWS:

These Restrictive Covenants are separate from and superior to any Bylaws of the Lake Hondah Property Owners Association, and if at any time there is or appears to be a conflict between the two documents, the Restrictive Covenants shall prevail.

D-7. SEVERABILITY:

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

D-8. AMENDMENTS:

These Covenants may be amended by a two-thirds (2/3) affirmative vote of the members of the Property Owners Association at any regular meeting of the membership, at a special meeting called for that purpose, or by mailed ballot. Notice of such proposed amendment or amendments must be given to each property owner not less than sixty (60) days prior to the date such proposed amendment or amendments shall be voted upon. To be in force, any amendment or amendments approved by the membership must be recorded in the office of Registrar of Deeds for Transylvania County.