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Prepared by and return to: Cogburn Goosmann Brazil & Rose, PA

Box 81

The Wildes at Chunns Cove Cm 05-0004

STATE OF NORTH CAROLINA
COUNTY OF BUNCOMBE

DECLARATION OF TERMS, CONDITIONS, RESTRICTIONS AND PROTECTIVE COVENANTS FOR THE WILDES AT CHUNNS COVE

THIS DECLARATION OF TERMS, CONDITIONS, RESTRICTIONS AND PROTECTIVE COVENANTS FOR THE WILDES AT CHUNNS COVE (the "Declaration") is made to be effective as of this 25th day of January, 2005 by CHUNNS VIEW, LLC, a North Carolina limited liability company ("Declarant").

RECITALS:

Declarant is the owner of certain property in the City of Asheville, Buncombe County, North Carolina and which shall be referred to as "The Wildes at Chunns Cove" and being all of that certain parcel of property containing 10.361 acres, more or less, as shown on that plat recorded in Plat Book 96, at Page 36 and being a portion of that deed recorded in Deed Book 3807, at Page 206 and in Record Book 3900, at Page 257 all of Buncombe County, NC Register's Office (herein referred to as the "Property"). Said Property will be plated identifying individual lots, which lots are subject to the restrictions herein, which plated lots shall comprise the "Subdivision". Declarant may add additional property or Phases to this Subdivision.

Declarant in anticipation of the development of the Lot or Lots as shown on the Plat and in furtherance of its development of the project to be known as The Wildes at Chunns Cove for residential use, desires to establish an integrated complex and desires to provide for certain reciprocal rights, easements and restrictions affecting the Subdivision.

AGREEMENT:

NOW, THEREFORE, for and in consideration of the mutual covenants existing or hereafter to exist between the Declarant and the future owners (collectively the "Owners") of any Subdivision Lot, the Declarant does hereby declare and impose and place the following restrictions and easements upon the Subdivision while reserving certain rights and privileges, all as more particularly set forth as follows:

ARTICLE I

Definitions

1. "Act" shall mean and refer to the North Carolina Planned Community Act as set forth and contained in Chapter 47F of the North Carolina General Statutes.
2. "Association" shall mean and refer to The Wildes at Chunns Cove Property Owner's Association, Inc., a non-profit corporation organized under the laws of the State of North Carolina, its successors and assigns.
3. "Board" shall mean and refer to the Executive Board of Directors of the Association, its successors and assigns.
4. "Common Elements" shall mean all of the Subdivision except that property designated or to be designated as a Lot on any plat recorded or to be recorded and shall refer to all real property owned by the Association for the common use and enjoyment of the Owners. All easements, utility connections and rights of way, including those existing within areas designated as Lots, shall be included under the definition of Common Elements hereunder.
5. "Declarant" shall mean and refer to Chunns View, LLC, its successors and assigns.
6. "Limited Common Elements" shall mean a portion of the common elements allocated by the Declaration or by operation of law for the exclusive use of one or more but fewer than all of the Lots.
7. "Lot" shall mean and refer to any parcel of land designated by number shown upon any recorded subdivision map of the Declarant's property.
8. "Member" shall mean and refer to every person or entity who holds membership in the Association.
9. "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 Subdivision, but excluding those having such interest merely as security for the performance of an obligation.
10. "Property" shall mean and refer to that certain real property as shown on the Plat for The Wildes at Chunns Cove.
11. "Special Declarant Rights" shall mean and refer to those rights granted to the Declarant herein and in the Bylaws, including but not limited to those rights defined in Chapter 47F-1-103-(28) of the Act.
12. "Subdivision" shall mean and refer to that certain real property as shown on the Plat or future Plats to be recorded and designated as The Wildes at Chunns Cove.
13. "Unit" shall mean and refer to an improvement or building situated upon a Lot designed and intended for use and occupancy as a residence by a single family. There will be a maximum of forty (40) Units.

ARTICLE II

Submission of the Property and Creation of a Planned Community

1. Submission of the Property and Creation of the Subdivision. Pursuant and subject to the terms and provisions of the Act, Declarant hereby creates a planned community subdivision initially comprised of the Property and Lots as shown on the Plat. Declarant hereby submits all of such Property to the Act and the terms of this agreement.

2. Designation of Lots and Common Elements. The Declarant does hereby designate that real property as shown on the Plat as separate Lots and Common Elements.

ARTICLE III

Special Declarant Rights

1. General Special Declarant Rights. Declarant hereby reserves unto itself and its successors in interest as Special Declarant Rights, all those rights as provided under the Act.

2. Declarant's Right to Amend, Change, and Modify Restrictions. Declarant reserves the right to unilaterally amend, change and modify all or any part of these Restrictions without the joinder or consent of any Owner or the Association, pursuant to Chapter 47F-2-117 of the Act.

3. Declarant's Rights relating to the Property and Lots. Declarant reserves the following rights, which may be exercised without the joinder or consent of any Owner or the Association, with respect to Property and Lot boundaries and designations;

- i. Declarant may increase, decrease, modify, relocate or re-designate any Lot, Common Elements, right of way and easement within the Subdivision, excepting any Lot which has been conveyed to an Owner or any easement or right of way specifically appurtenant thereto. In the event that the desired act shall involve or have direct impact on any such previously conveyed Lot, only the Owner(s) of such affected Lot(s) shall be required to join therein.
- ii. Declarant may add additional property to the Subdivision and subject the same to these Restrictions, including any reallocation of voting rights and interests in Common Elements.
- iii. Declarant may subdivide or add additional Lots to the Subdivision.
- iv. Declarant may establish, terminate and grant rights to third parties in easements and rights of way within or appurtenant to the Subdivision.

4. Declarant Control of the Association and Board. Declarant reserves the right to unilaterally enter into binding agreements and contracts on behalf of the Association, or to exercise any power of the Association provided hereunder or in the Act, without the joinder of any Owner, the Association, or Board. Furthermore, the Declarant reserves the right to appoint and remove Officers and Members of the Board.

5. Declarant Right to Determine Budget and Assessments. Declarant reserves the right to unilaterally determine the budget of the Association and to determine the amount of Assessments, including the right to impose fines and suspend privileges and services provided for in this Declaration under Chapter 47F-3-107.1 of the Act.

6. Limitation Upon Special Declarant Rights. The Declarant may not exempt itself from paying the pro-rata share of Assessments or Common Expenses attributable to Lots owned by the Declarant or to exempt any other Owner from payment of Assessments or Common Expenses. In the exercise of any Special Declarant Right, the Declarant has a fiduciary duty to act in good faith, in accord with all laws, and in the best interest of the Association.

7. Termination or Transfer of Special Declarant Rights. The Special Declarant Rights reserved herein shall transfer upon the recording of a Transfer of Special Declarant Rights, executed by the Declarant, in the Office of the Register of Deeds. The Declarant Control Period shall end or terminate upon the first of the following to occur: (i) that date which is five (5) years from the recording hereof; or (ii) that day that all Lots within the Subdivision as shown on the Plat or any future Plat of any additional Phase of The Wildes at Chunns Cove have been sold or transferred to parties other than the Declarant; or (iii) or such date the Declarant releases the Special Declarant or Developer Rights reserved herein or in the Declaration in a document signed by the Declarant delivered to the Board and recorded with the Buncombe County, NC Register's Office

ARTICLE IV **Property Rights**

1. Owner's Easement of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Elements which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) The right of Declarant to modify the lot lines and adjacent Common Elements shown on any plat of the property. Any modification to Lots and Common Elements pursuant to this section shall not alter the general category of the Lot if the plat or Declaration has designated any such category. All structures erected on Lots within a particular phase shall be in harmony architecturally with the surrounding structures. (For the purpose of construing the remaining Articles of this Declaration, the number of Lots in a particular phase of the Subdivision shall be the number of Lots shown on the earliest recorded plat of a phase until the final plat is recorded which may show a different number of Lots.);

(b) The right of the Association to permit the use of and charge reasonable admission and other fees for the use of any recreational facility, structure, right of way or other uses as deemed necessary by the Association, hereinafter constructed upon any Common Elements;

(c) The right of the Association to suspend the voting rights and rights to the use of the recreational facilities and other non-essential Common Elements of an Owner for any period during which any assessment against the Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations;

(d) The right of the Association to dedicate or transfer all or any part of the Common Elements 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 signed by at least eighty percent (80%) of the membership of the Association agreeing to such dedication or transfer has been recorded;

(e) The right of the Association to mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(f) The right of the Association to impose regulations for the use and enjoyment of the Common Elements and Improvements thereon, which regulations may further restrict the use of the Common Elements.

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

3. Vehicles and Parking. Each Lot Owner will have a paved driveway for parking and a one (1) or two (2) car garage. On street parking is not prohibited but is not encouraged and will be allowed or prohibited in the exclusive discretion of the Board. Temporary on street parking for Lot Owners guests, family, and other persons authorized to be on the premises may be allowed as determined by the Board. A Lot Owner's use of such areas for parking will not be allowed to interfere with the collective use of the road rights of way. To this end, the Board is authorized to adopt rules and regulations governing parking of vehicles on the Property, including, but not limited to, designation of areas to be used for parking, limitation of the number of vehicles any one Lot Owner may park, and designation of specific areas for particular Owners to park.

No recreational vehicles or commercial vehicles, including, but not limited to, boats, boat trailers, house trailers, trailers, campers, trucks in excess of 1 ton (including pickup trucks in excess of 1 ton), camping trailers, and motor driven cycles shall be kept or parked within or on the Property except in areas designated and for such time periods as set by the Board in its sole discretion.

No un-licensed, gas operated vehicle shall be operated within the Subdivision, and no other vehicles or gas powered devices may be operated in any way which constitutes a nuisance, as determined by the Board. This provision does not prohibit the use of lawn mowers for regular lawn maintenance. Any lawn mower used for the upkeep of the Lot shall be stored within a garage located on the Lot or in such place so as not to be a nuisance, as determined by the Board, to other Lot Owners.

No inoperable vehicle shall be stored anywhere on the Property. For purposes of this section, the term "inoperable vehicle" means any vehicle which cannot move under its own power or whose license plate registration is not current and up-to-date. The Association has the authority to have towed at the Owner's expense any inoperable vehicle which remains parked on the Property in violation of these restrictions or any rules adopted by the Board. This provision does not prohibit the storing of inoperable vehicles strictly within a garage located on the Lot, however, no maintenance or repair shall be conducted upon any drive way or other visible area outside such

garage.

A Lot Owner may be allowed to perform short term maintenance on a vehicle on his/her Lot, provided such maintenance occurs entirely with a garage located on the Lot. However, a Lot Owner may wash and polish their vehicle on the Lot outside of any garage, provided such does not impede traffic, or otherwise constitute a nuisance. In the event a Lot Owner misuses this provision, then in the exclusive discretion of the Board, this provision may be revoked from a Lot Owner.

The Board may promulgate additional rules and regulations in order to regulate further both Lot Owner and visitor parking.

ARTICLE V

Membership and Voting Rights

1. Every Owner of a Lot which is subject to a lien for assessments 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.

2. Members shall be entitled to one (1) vote for each Lot owned. When more than one (1) person holds an interest in any Lot, all such persons shall be Members, but in no event shall more than one (1) vote be cast with respect to any Lot, and said vote may not be split or otherwise apportioned.

3. All voting rights and procedures shall conform to Chapter 47F-3-110 of the Act.

ARTICLE VI

Covenants for Maintenance Assessments

1. Creation of the Lien and Personal Obligations of Assessments. The Declarant hereby covenants, for each Lot owned within the Property, and the 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; (i) annual regular assessments or charges for the general maintenance, repair and upkeep and welfare of the Subdivision (which assessments and charges shall be due and payable as the Board deems appropriate and reasonable); and (ii) special assessments which such special assessments are to be established and collected as hereinafter provided in Section 5.

Any assessment levied against a Lot remaining unpaid for a period of thirty (30) days or longer shall constitute a lien on that Lot when filed of record in the office of the Clerk of Superior Court in the county in which the Lot is located in the manner provided therefore by Article 8 of Chapter 44 of the North Carolina General Statutes. The Association's lien, including fees, charges, late charges, fines and interest charged may be foreclosed in a like manner as a mortgage on real estate under power of sale under Articles 2A of Chapter 45 of the North Carolina General Statutes.

The annual and special assessments, together with interest, costs, and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of such property at the

7

time when the assessment fell due. The obligation for the delinquent assessments shall pass to successors in title, and the lien shall remain an encumbrance against the Lot.

2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Property and in particular may be used for the acquisition, improvement, and maintenance of the Common Elements, services, and facilities devoted to this purpose and related to the use and enjoyment of the Common Elements, including, but not limited to, the cost of repairs, replacement and additions, the cost of labor, equipment, materials, management and supervision, lawn maintenance, the payment of taxes assessed, if any, against the Common Elements, the payment of electric bills for providing lighting to the Common Elements and as electricity may otherwise be utilized in the Common Elements by the Board, and the payment of any other utility bills for services deemed necessary or desirable by the Board, to serve the Common Elements, the employment of attorneys and accountants to perform professional services for the Association when necessary, and such other needs as may arise or as may be deemed desirable by the Board in its discretion. The assessments may also be used for maintenance of the dedicated streets, to the extent said streets are considered private and not maintained by a state or municipal authority.

3. Computation of Operating Budget and Annual Assessment. It shall be the duty of the Board to prepare a budget covering the estimated costs of operating the Association during the coming fiscal year and amounts necessary to provide working capital, a general operating reserve, and reserves for contingencies and replacements. The Board shall cause the budget and the assessments to be levied against each Lot for the coming fiscal year. Based on the budget, each Lot Owner shall pay a pro-rata share as determined by the Association.

4. Special Assessments.

(a) If the annual assessment proves inadequate for any year or in the event of an emergency, the Board may at any time levy a special assessment against all Owners.

(b) If the reserves are inadequate for any reason for the payment of necessary expenditures, the Board may at any time levy Special Assessments against the Lot Owners in accordance with the percentage of Common Expenses allocated to each Lot by this Declaration (equal based upon the number of Lots in the Subdivision), which special assessments may be payable in a lump sum or in installments as the Board may determine. The Board shall serve notice of any such special assessment on all Lot Owners by a statement in writing giving the amount of the assessment and the reason therefor, and such special assessment shall, unless otherwise specified in the notice become effective with the next monthly installment of the annual assessment which is due more than seven (7) days after delivery or mailing of such notice of special assessment. All Lot Owners shall thereafter be obligated to pay the adjusted monthly amount or if not payable in installments, the entire amount of the special assessment as provided for in the notice of special assessment.

(c) In the event that any maintenance expense is incurred by the Association in the provision of services relating to any Limited Common Elements, or to complete maintenance which is the obligation of an Owner, then the Board may levy an Individual Special Assessment against the

Owner or Owners using said Limited Common Elements, or against the Owner who failed to fulfill their maintenance obligation.

5. Insurance Assessments

(a) Physical Damage Insurance. The Association may, in its sole discretion, obtain and maintain physical damage insurance for the Common Elements.

(b) Payment of Insurance Assessments. The premiums for insurance obtained by the Association attributed to the Common Elements shall be a part of the maintenance assessments.

(c) Individual Insurance Policies. Lot Owners shall be responsible for obtaining and maintaining adequate hazard and homeowners' insurance on their individual lots; and if a party wall be shared, each Lot Owner's hazard and homeowners' insurance must cover the Unit from the Units exterior walls to the interior wall of the adjoining Unit Owner. The Association shall not be responsible for obtaining and/or maintaining the Lot Owners individual hazard and homeowner's insurance. All Owners are required to maintain insurance on his/her Unit located upon a Lot in such amounts as may be necessary to repair and reconstruct his/her Unit in the event of Damage or Destruction thereof. Each Owner of a Unit with a party wall with any other Owner shall, upon request, provide a copy of his/her individual insurance policy to the adjoining Unit Owner.

(d) Damage to or Destruction of the Units. In the event of damage to or destruction of any Unit located on a Lot as a result of fire or other casualty, the Owner shall have the responsibility to repair or reconstruct said Unit.

(e) Public Liability Policy. The Association shall obtain a public liability policy to protect the Association against damage or actionable injury caused by the Association, Board, its Members, agents or employees.

(f) Directors and Officers Liability Policy; Other Insurance. The Association shall acquire a Directors' and Officers' Liability policy and the Board shall be authorized to obtain such other types of insurance as it might require or deem reasonably necessary or prudent during its operation, including, without limitation, worker's compensation and fidelity bonds.

6. Rate of Annual Assessment. Annual assessments must be fixed at a uniform rate for all improved Lots and unimproved Lots, respectively, and may be collected on a monthly basis (or such other basis as the Board reasonably determines). Both annual and special assessments must be fixed in such a manner that Owners of Lots which may be added in additional phases of the Subdivision are not assessed for such portions of the Association's expenditures as are related to matters which are for the exclusive benefit of Owners of Lots of earlier phases, and vice versa.

7. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for herein, if collected on a monthly basis, shall be due on the first day of each calendar month. Such assessments shall commence for each Lot conveyed to an Owner on the first day of the month following the conveyance of such Lot. The first annual assessment shall be adjusted according to the number of months remaining in the fiscal year.

At least thirty (30) days prior to the end of a fiscal year, the Board shall affix the amount of the annual assessment against each Lot for the ensuing fiscal year and shall send written notice of each assessment to every Owner subject thereto. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid.

8. Personal Liability of Owners. The Owner of a Lot at the time any common expense assessment or portion thereof is due and payable is personally liable for such assessment, for any interest, if applicable, and for all costs of collection including, but not limited to, reasonable attorneys' fees actually incurred.

The grantee of a Lot shall be jointly and severally liable with the grantor Owner for all unpaid assessments against the latter for the proportionate share of the Common Expenses up to the time of the grant or conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor.

Unless otherwise provided by the Board, in its exclusive discretion, the annual assessments shall be paid in monthly installments due on the first day of the month, and such monthly installments shall be late and the Lot Owner in default if not paid on or before the tenth (10th) day of the month due.

9. No Waiver of Liability for Common Expenses. No Lot Owner may exempt himself or herself from liability for payment of the common expenses by waiver of the use or enjoyment of the Common Elements or by abandonment of the Lot against which the assessments are made.

10. Interest, Late Charges, and Payments. The Association hereby establishes that any past due common expense assessment or installment thereof shall bear interest at the maximum rate allowed by law in connection with the collection of common expense assessments such as levied by homeowners or condominium associations. The Board may set a commercially reasonable late charge to be assessed against Lot Owners for late payment of any common expense assessments or installment thereof.

Any payments received by the Association in the discharge of a Lot Owner's obligation may be applied to the oldest balance due.

11. Surplus Funds. Any surplus funds of the Association remaining after payment of or provisions for common expenses and any prepayment shall be retained in the general operating funds or long range fund of the Association in the sole discretion of the Board, and no such surplus funds shall be paid to Lot Owners nor shall such surplus funds be used as a credit to reduce future common expense assessments.

12. Acceleration. If the Lot Owner shall be in default in payment of any assessment as defined in Section VI, Paragraph 8 above, including, but not limited to, the monthly installments based on the annual budget, the Board may accelerate the remaining assessments, including monthly installments based on the annual budget, special assessments, and specific assessments, upon ten

(10)

(10) days written notice to such Lot Owner, whereupon the entire unpaid balance shall become due and payable upon the date stated in such notice.

ARTICLE VII
Architectural Control

Without first obtaining the written approval of the Board or its designee (which approvals may be granted or withheld in the exclusive discretion of the Board) no Owner, occupant, lessee or lessor, or any other person may; (i) make any encroachment onto the Common Elements; nor (ii) make any exterior change, alteration, or construction (including planting or landscaping in any form) to or on the Lot; nor (iii) erect, place, or post any sign, object, light, fence, or anything to or on the Lot or buildings or any other common area; nor (iv) erect, place or post anything whatsoever within an improvement located on a Lot which is visible from the exterior (notwithstanding common household furnishings). The Board may establish general exceptions or waivers to this article in duly adopted Rules and Regulations.

To obtain such permission for any aforementioned change or alteration, the plans and specifications showing the nature, kind, shape, height, materials, and location shall be submitted in writing to the Board or its designee. The Board or its designee may promulgate written guidelines for the review of such plans. The Board or its designee, in its exclusive discretion, may hire an architect, professional designer, engineer or other licensed professional, to analyze the plans and specifications as part of the review process. All costs incurred for these services will be paid by the Lot Owner proposing such plans.

The Board or its designee shall be the exclusive arbiter of such plans and may withhold approval for any reason, including purely aesthetic considerations, and it shall be entitled to stop any construction in violation of these restrictions. Any member of the Board or its designee shall have the right, during reasonable hours, to enter upon any Lot to inspect any Lot and any improvements thereon for the purpose of ascertaining whether these restrictive covenants have been or are being complied with. Such person or persons shall not be deemed guilty of trespass by reason of such entry. In the event said Board or its designee fails to approve or to disapprove such design and location within sixty (60) days after the 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.

An Owner, on behalf of himself and his successors-in-interest, shall assume all responsibilities for maintenance, repair, and replacements and for insurance to and on such change, modification, addition, or alteration.

In the event of destruction of a Unit, it will be re-built to the previous plans and specifications and approved in writing by the Architectural Committee.

ARTICLES VIII
Obligation to Mortgagees

The following provisions are established for the benefit of the holders of mortgages (the definition of mortgage to include deeds of trust or other security instruments) encumbering any Lots

located within the Subdivision:

1. The Association shall be obligated to notify the holder of any first mortgage on a Lot, upon request of such holder, of any default by the Lot Owner in the performance of any of such Owner's obligations described herein (including failure to pay assessments as and when due) which is not cured within sixty (60) days from the date of such default.

2. Upon request by the holder of any first mortgage on a Lot, the Association shall send written notice to the holders of all first mortgages encumbering any of the Lots located within the Subdivision setting forth the purpose of the special meeting not less than thirty (30) days in advance of any special meeting being called for the purpose of amending, extending or renewing any of the provisions of this Declaration or the Articles of Incorporation or By-Laws of the Association. No such amendment, extension or renewal shall alter, modify, change or rescind any right, title, interest or privilege herein granted or accorded to the holder of any mortgage encumbering any Lot located within the Subdivision unless such mortgage holder shall consent thereto in writing.

3. Unless at least sixty-seven percent (67%) of the first mortgagees (based upon one vote for each first mortgage owned) and Owners (other than the Declarant) of the Lots in the Subdivision have given their prior written approval, the Association shall not be entitled to:

a) By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Common Elements owned, directly or indirectly by the Association for the benefit of the Lots in the Subdivision. The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements by the Association shall not be deemed a transfer within the meaning of this clause;

b) Change the method of determining the obligations, assessments, dues or other charges which may be levied against Lot Owner;

c) By act or omission change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design or the exterior appearance of Lots, the exterior maintenance of Lots, the maintenance of the Common Elements, party walls or common fences and driveways, or the upkeep of lawns and plantings in the Subdivision;

d) Fail to maintain fire and extended coverage on any insurable Common Elements on a current replacement costs basis in an amount not less than one hundred percent (100%) of the insurable value (based on current replacement cost); or

e) Use Hazard insurance proceeds for losses to any Common Elements property for other than the repair, replacement or reconstruction of such Common Elements property.

4. First mortgagees of Lots may, jointly or singularly, pay taxes or other charges which are in default and which may or have become a charge against any of the Common Elements and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for such Common Elements and first mortgagees making such payments shall

be owed immediate reimbursement therefor from the Association. Entitlement to such reimbursement shall be reflected in an agreement in favor of all first mortgagees of Lots in the Subdivision duly executed by the Association, and an original or certified copy of such agreement shall be furnished to Declarant, so long as Declarant shall be the record owner of any Lot.

5. No provision hereof shall be construed to give a Lot Owner or any other party, priority over any rights of first mortgagees of Lots in the Subdivision pursuant to their mortgages in the case of a distribution to Lot Owners of insurance proceeds or condemnation awards for losses to or a taking of Common Elements property.

ARTICLE IX
Party Walls

1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the Unit upon the Property and placed on the dividing line between Units shall constitute a party wall, and, to the extent not inconsistent with the provisions of the Article, the general rules of law regarding party walls and liability for property damage due to negligence, or willful acts or omissions shall apply thereto. If no party wall exists on a particular Lot, this Article will not apply.

2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

3. Destruction by Fire or other Causality. If a party wall is destroyed or damaged by fire or other causality, any Owner who has used the wall may restore it, and if the other Owner thereafter makes use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, subject however to the right of any of such Owner to call for a larger contribution from the others under any rules of law regarding liability for negligent or willful acts or omissions.

4. Weatherproofing. Notwithstanding any other provision of this Article, an Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

5. Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner, under this Article, shall be appurtenant to the land and shall pass to such Owner's successors in title.

ARTICLE X
Exterior Maintenance

1. Units. Each Owner of a Unit located upon a Lot will be responsible for all exterior maintenance and upkeep of his own Unit. In the event the Owner of a Unit located upon a Lot fails to maintain the exterior of his dwelling, in a manner consistent with the requirements set forth below, then the Association may intervene and undertake any necessary repairs or maintenance to insure

proper upkeep of all Units. The cost of any repairs made by the Association shall be chargeable to the Unit Owner and shall constitute a lien upon that Unit until paid; which lien shall be enforceable in the manner described for assessment liens in Article V. The exterior maintenance, for which each Owner is responsible, shall include but not be limited to the following: (i) siding repair or replacement; exterior painting, masonry repairs to chimneys, planters, and lamppost lights; (ii) wood deck sealing as directed by the Association, in its exclusive discretion; (iii) gutters and downspout repairs and replacement; concrete repairs to patios, stoops, sidewalks, and driveways; water line leaks from meter to exterior foundation, and sewer connection leaks from exterior foundation to MSD line; glass surfaces, screens for windows and doors, routine cleaning of gutters and downspouts, or detached fences. Any exterior maintenance items not specifically identified herein shall remain the responsibility of the Lot Owners.

2. Grounds. The Association shall maintain the Common Elements, including grass cutting, shrub planting, weed removal, and replacement, trees, shrubbery, and flowers. Low maintenance requirements regarding care and watering will be the guideline and replacement plantings will meet this requirement. Lot Owners shall be responsible for the upkeep of his/her Lot, including but not limited to, grass cutting and tree, shrub and lawn maintenance. If Lot Owner does not keep up his/her Lot, the Association shall perform the necessary maintenance and shall charge the costs of such maintenance as an Individual Special Assessment against the Lot Owner.

3. Costs Subject to Assessments. In the event that the need for maintenance, repair, or replacement of the Common Elements are caused through the willful or negligent act of a Lot Owner, his family, guests, invitees, or tenants, or is caused by fire, lightning, windstorm, hail, explosion, riot attending a strike, civil commotion, aircrafts, vehicles or smoke, as the foregoing are defined and explained in the North Carolina Standard Fire and Extended Coverage insurance policies, the cost of such maintenance, replacement or repairs shall be added to and become a part of the assessment to which such Lot is subject.

ARTICLE XI
Use Restrictions

1. Land Use and Building Types. All Lots shall be utilized only for permanent, full time residential purposes by a single family. Units are not to be used for business or commercial purposes. However this does not prohibit private home offices that do not involve commercial traffic of any nature.

2. Declarant Requirements.

(a) Within thirty (30) days of the signing of a sales contract, the Owner shall notify the Association of the purchaser's name, mailing address, and telephone number.

(b) Landscaping requirements shall be determined by the Association.

(c) Lot closings will not take place until electric power, water, and sewer connections have been completed to the Lot. The road serving the Lot will also be complete with curbs and asphalt surface past the Lot driveway.

(d) Storage, collection and disposal of trash shall be in compliance with rules set by the Association and by the City of Asheville's requirements.

(e) Mailbox receptacles must meet the design standards set by the Architectural Committee.

3. Nuisance. No noxious or offensive activity shall be conducted upon any Lot nor shall anything be done thereon which may become an annoyance or nuisance to the neighborhood.

4. Animals. No animals, livestock, or poultry of any kind shall be kept or maintained on any Lot or in any dwelling except that subject to the limitations set forth herein dogs, cats, or other ordinary household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes and further provided that such pets are housed within the dwelling Unit and are not permitted to run loose at any time. Dogs, cats, or other ordinary household pets may be kept or maintained subject to the limitation that (i) in no event shall more than two (2) dogs be kept, not weighing more than seventy-five (75) pounds each, on a Lot; and (ii) in no event shall more than any combination of dogs, cats, or other ordinary household pets exceeding three (3) in number be allowed or kept on Lot or as the Board, in its exclusive discretion, shall permit. Owners are responsible for collecting excrement and proper disposal thereof and the failure to comply with this requirement will subject such Owner to a fine as is reasonably determined by the Board.

5. Outside Antennas. No outside radio or television antennas, satellite dishes, or any other telecommunication equipment shall be erected on any Lot or dwelling unless approved by and at the sole discretion of the Board.

6. Signs. No sign, advertisement, notice, or other lettering shall be exhibited, inscribed, painted, or affixed by any Owner on any portion of the exterior or interior (if visible from the outside) of any Lot or on any portion of the Common Elements. As an exception hereto: (i) signs for Owner's names may be permitted but must be applied for and approved in accordance with the architectural control procedures set forth in this Declaration; and (ii) signs offering the Unit for sale or identifying contractor and/or lender not exceeding two (2) square feet in size may be placed by the Owner. In its sole discretion, the Board may have signs erected on the Property for identification or for such other purposes as the Board finds necessary.

7. Rentals. No Unit can be rented for a term of less than six (6) months nor for a term of more than one (1) year without Board approval. Rental by a parent to a child or rental by a child to a parent is not considered a rental under this section.

ARTICLE XII
Easements

Utilities. Easements for installation and maintenance of utilities and drainage facilities are reserved as may be shown on the recorded plat. Within these easements, no structure, planting, or other material shall be placed or permitted to remain which may interfere with the installation or maintenance of utilities, or which may change the direction or flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements. Easements are likewise reserved for such utilities as may be actually installed in the

Common Elements or within the boundaries of any Lot prior to conveyance of the Common Elements or of the affected Lot by the Declarant regardless of whether the same are shown on a recorded plat or referred to in a deed.

ARTICLE XIII
Management

The Declarant reserves the right to enter into a contract with a management firm, which said contract shall provide for payments to said firm for services rendered on behalf of the Association. The contract shall have terms not to exceed one (1) year and shall be cancellable by the Homeowners Association upon the giving to said management firm of ninety (90) days written notice prior to such cancellation. The contract shall be terminable for cause upon thirty (30) days notice.

ARTICLE XIV
General Provisions

1. Enforcement Powers.

(a) Rule Making Authority. The Subdivision shall be used only for those uses and purposes set out in the Declaration and Bylaws. The Board shall have the authority to make, modify, repeal, and to enforce reasonable Rules and Regulations governing the conduct, use, and enjoyment of Lots and the Common Elements so long as copies of all such Rules and Regulations are furnished to all Owners; provided, however, any Rule or Regulation may be repealed by the affirmative vote or written consent of a majority of the total Association vote at an annual or special meeting.

(b) Fining Powers. After notice to and an opportunity of an Owner to be heard, the Board shall have the power to impose fines in an amount not to exceed one hundred fifty dollars (\$150.00) per violation (such amount to be assessed per day for a continuing violation) for any violation of any duty imposed under the Declaration, Bylaws, or Rules and Regulations duly adopted pursuant thereto against Lot Owners (not to include and excluding the Declarant) or occupants, which fine(s) shall constitute a special assessment against the Lot, a personal obligation of the Lot Owner, and a lien upon the property; and may suspend a Lot Owner's right to vote. In the event that any occupant of a Unit violated the Declaration, Bylaws, or the Rules and Regulations and a fine is imposed, the fine first shall be assessed against such occupant; provided, however, if the fine is not paid by the occupant within the time period set by the Board, the Lot Owner shall pay the fine upon notice from the Association. The failure of the Board to enforce any provision of the Declaration, Bylaws, or Rules and Regulations shall not be deemed a waiver of the right of the Board to do so thereafter.

(c) Abatement and Enjoyment of Violations. In addition to any other remedies provided for herein, the Association through the Board shall have the power to enter upon a Lot or any portion of the Common Elements to abate or remove, using such force as may be reasonably necessary, any erection, thing, or condition which violates the Declaration, Bylaws, or Rules and Regulations. Unless an emergency situation exists, the Board shall give the violating Lot Owner ten (10) days written notice of its intent to exercise such abatement and an Owner to be heard. All costs of abatement, including reasonable attorneys' fees actually incurred, shall be assessed against the violating Lot Owner and shall be collected as provided for herein for the collection of assessments.

Additionally, the Association through the Board shall have the power to enjoin or to remedy by appropriate legal proceeding, either at law or in equity, the continuance of any violation of the Declaration, Bylaws, or Rules and Regulations. All costs of any such legal action, including reasonable attorneys' fees actually incurred, shall be assigned against the violating Lot Owner and shall be collected as provided for herein for all collections of assessments.

2. Severability. Invalidation of any one of the covenants or restrictions by judgment or Court Order shall in no way affect any other provisions which shall remain in full force and effect.

3. Extension or Amendment and Waiver of Minor Violations.

(a) These covenants and restrictions of this Declaration shall run with and bind the land for a period of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for a successive additional period of ten (10) years.

(b) After expiration of the Declarant Control Period, these covenants may be amended at any time if an instrument signed by the then Owners of sixty-seven percent (67%) of all of the Lots executed and recorded. Except as herein provided, execution of any amendment by mortgagees or holders of liens secured by deeds of trust or by holders of any other lien shall not be required for any amendment adopted hereunder to be effective.

(c) Waiver of Minor Violations. Until such time as Declarant Control Period has expired, and where an improvement has been erected or the construction thereof is substantially advanced and it is situated on any Lot in such manner that same constitutes a violation or violations of any provisions of this Declaration, then Declarant, in its sole discretion, reserves the right to waive minor violations. After expiration of the Declarant Control Period, then the Association, its successors and/or assigns, shall possess the ability to waive a minor violation after such violation has been determined by the Association to constitute a minor violation.

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17

IN WITNESS WHEREOF, the Declarant has hereunto caused this Declaration to be entered into as of the day and year first above written.

CHUNNS VIEW, LLC

By: [Signature]
Bruce Alexander, Member/Manager

STATE OF NORTH CAROLINA
COUNTY OF BUNCOMBE

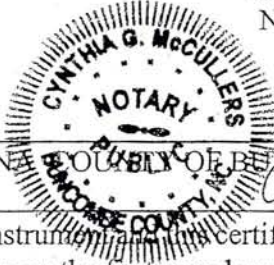
I, Cynthia G McCullers, a Notary Public for said County and State, certify that Bruce Alexander, as Member/Manager of Chunns View, LLC, personally came before me this day and acknowledged the execution of the foregoing instrument on behalf of the company.

Witness my hand and official seal, this the 25th day of Jan, 2005, ~~2003~~

[Signature]
NOTARY PUBLIC

My Commission Expires:
1-4-2009

(Notary Seal)



STATE OF NORTH CAROLINA COUNTY OF BUNCOMBE
The foregoing certificate of Cynthia G. McCullers Notary Public is certified to be correct. This instrument and this certificate are duly registered at the date and time and in the Book and Page, shown on the first page hereof.

By: Otto W. DeBruhl Register of Deeds
Delora B. Rogers, Deputy/Assistant Register of Deeds