

DECLARATION OF
RESTRICTIVE COVENANTS
FOR
KNOB CREEK PROPERTIES, INC.

THIS DECLARATION is made on July 11, 1974, by KNOB CREEK PROPERTIES, INC., a North Carolina corporation.

RECITALS

Knob Creek Properties, Inc. is the owner and developer of that certain real property located in Transylvania County, State of North Carolina, known as KNOB CREEK (the Development), described in the Supplemental Declaration, attached hereto as Exhibit "A" and made a part hereof.

Knob Creek Properties, Inc. intends to sell and convey the Lots and Parcels situated within the Development and before doing so, desires to impose upon them mutual and beneficial restrictions, covenants, equitable servitudes and charges under a general plan or scheme of improvements for the benefit of all of the Lots and Parcels in the Development and the owners and future owners thereof.

NOW, THEREFORE, Knob Creek Properties, Inc. declares that all of the Lots and Parcels in the Development 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 to be in furtherance of a plan for the development, improvement and sale of said Lots and Parcels and are established and agreed upon for the purposes 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 and Parcels in favor of each and all other Lots and Parcels; to create reciprocal rights between the respective owners of all such Lots and Parcels; to create privity of contract and estate

between the grantees of such Lots, their heirs, successors and assigns; and shall, as to the owner of each such Lot or Parcel, his heirs, successors or assigns operate as covenants running with the land for the benefit of each and all other such Lots and Parcels in the Development and their respective owners, present and future.

I. Definitions. The following terms as used in this Declaration are defined as follows:

(a) "Board" means the Board of Directors of Knob Creek Home Owners' Association.

(b) "By-Laws" means the By-Laws of the Association.

(c) "Common Area" means all of the real property designated as such in the Supplemental Declaration; all real property which may be later annexed to the Development as Common Area; and, all real property acquired by the Association whether from the Declarant or otherwise, together in each instance with all improvements which may be at any time constructed thereon, including, but not limited to, recreational and community facilities, lakes, parks, and streets.

(d) "Association" means the Knob Creek Home Owners' Association, a North Carolina not-for-profit corporation.

(e) "Declarant" means Knob Creek Properties, Inc., its successors and assigns.

(f) "Declaration" means this Declaration of Restrictive Covenants for Knob Creek, dated the 11th day of July, 1974, as the same may be supplemented or amended from time to time.

(g) "Developer" means Knob Creek Properties, Inc.

(h) "Development" means Knob Creek as the same may be shown on the maps thereof recorded from time to time.

(i) "Improvement" means all buildings, outbuildings, streets, roads, driveways, parking areas, fences, retaining and other walls, hedges, poles, antennae and any other structure of any type or kind.

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(j) "Lot" means any numbered lot designated on the plat or any apartment or living unit in a multiple family dwelling.

(k) "Multiple Family Dwelling" means a residential dwelling, such as a duplex, apartment house or condominium complex containing two or more individual apartments or living units and constructed on a lot or parcel whose use is designated in the Supplemental Declaration as multi-family residential.

(l) "Owner" means:

1. Any person, including Knob Creek Properties, Inc., who holds fee simple title to any lot.
2. Any person or legal entity who has contracted to purchase fee simple title to a lot pursuant to a written agreement, in which case seller under said agreement shall cease to be the owner while said agreement is in effect.

(m) "Parcel" means any named, lettered tract shown on the plat.

(n) "Plat" means the maps or plats of Knob Creek as they are from time to time recorded.

(o) "Single Family Dwelling" means a residential dwelling for one or more persons, each related to the other by blood, marriage or legal adoption, or a group of not more than three (3) adult persons not so related together with his or their domestic servants maintaining a common household in such dwelling, which dwelling is constructed on a lot designated in the Supplemental Declaration as a single family residential lot.

(p) "Supplemental Declaration" means:

1. The recorded Supplemental Declaration of the Declarant attached hereto as Exhibit "A" or,
2. In the case of real property being annexed to Knob Creek, the recorded Supplemental Declaration of Declarant which incorporates the provisions of this Declaration therein by reference.

In either event the Supplemental Declaration shall include a description of the real property in Knob Creek, subject to the provisions of this Declaration and shall designate the permissive uses of such property.

II. Land Use. Lots and Parcels in the Development shall be designated in the Supplemental Declaration as to their permissible uses and shall thereupon become subject to the restrictive or other provisions of this Declaration relating to such uses. In the event a use is designated for which no such provisions are contained herein (e.g., commercial, governmental, school, etc.), the same may be set forth in such Supplemental Declaration.

A. Single Family Residential. Only single family dwellings and such outbuildings as are usually accessory thereto shall be permitted on any Lot designated as single family residential. Lot size and set back requirements shall be as designated on each recorded plat and/or any supplemental plat but in all events shall be controlled by any county zoning requirements appearing of record at that time.

1. Set Backs. Each such dwelling shall be controlled by the plat plan filed for each area.

B. Multiple Family Residential. Only multiple family dwellings and such outbuildings as are usually accessory thereto shall be permitted on any Lot or Parcel designated as multiple family residential, and shall be subject to existing zoning and land use regulations of Transylvania County.

1. Carport or garage. A carport, garage or parking space shall be constructed for each dwelling unit constructed.

2. Type of Construction. Subject to the approval of the Developer, multiple family dwellings may be of single or multiple story construction, and may be detached or joined by common walls.

3. Set-backs and elevations. Set-backs and elevations for multiple family dwellings shall be the same as for single family dwellings as set forth in recorded plats from time to time placed of record.

C. Common Areas. All Lots or Parcels in the Development designated as Common Areas are and shall remain private property and Declarant's recordation of a Plat shall not be construed as a dedication to the public or any such Common Areas located therein.

1. Ownership. Subject to the provisions of an agreement dated _____, Declarant from time to time will convey all Common Areas to the Association free and clear of all liens and encumbrances (other than liens for taxes) but subject to such easements, rights-of-way and restrictions as then appear of record.

2. Use. The use and enjoyment of Common Areas and improvements thereon, whether before or after conveyance to the Association, shall be subject to the powers of the Association as set forth in its Articles and By-Laws and to rules and regulations governing the use of such property and improvements as may from time to time be adopted by the Association. Provided, however, Declarant reserves the right to reasonable use in connection with its sales and development programs.

3. Maintenance. Maintenance of common property and repairs to any improvements thereon shall be the obligation and responsibility of Declarant until conveyance to the Association; thereafter the Association shall have sole responsibility therefor.

4. Improvements. All improvements must be approved by the Developer as hereinafter provided.

III. Residential Restrictions. The following shall be applicable to all Lots and Parcels within the Development designated as residential in character, whether single family or multiple family, and each Owner, as to his Lot or Parcel, covenants to observe and perform the same:

A. Accessory outbuildings. Without the approval of the Developer no accessory outbuildings shall be erected on any Lot or Parcel prior to the erection thereon of a dwelling. In no event shall any such accessory outbuildings, partially completed or temporary structure ever be used for human occupancy or habitation.

B. Completion of construction. Construction of any improvements, once commenced, shall be completed within nine months. Improvements not so completed or upon which construction has ceased for 90 consecutive day or which have been partially or

totally destroyed and not rebuilt within nine months shall be deemed nuisances. Declarant or the Association may remove any such nuisance or repair or complete the same at the cost of the Owner.

C. Prohibition against used structures. Without the approval of the Developer no used buildings or structures, intended for use as a dwelling, shall be placed on any Lot.

D. Maintenance of Lots. All Lots and Parcels, whether occupied or unoccupied, and any improvements placed thereon, shall at all times be maintained in such manner as to prevent their becoming unsightly, unsanitary or a hazard to health. If not so maintained, the Association shall have the right, through its agents and employees, to do so, the cost of which shall be added to and become a part of the annual assessment to which such Lot is subject. Neither the Association nor any of its agents, employees or contractors shall be liable for any damage which may result from any maintenance work as performed.

E. Disposal of sanitary waste. No outside toilet shall be constructed on any lot. All plumbing fixtures, dishwashers, toilets or sewage disposal systems shall be connected to a septic tank or other sewage system approved by the Developer and the appropriate governmental authority.

F. Fences. All property lines shall be kept free and open and no fences, hedges or walls shall be permitted thereon without Developer's approval.

G. Nuisances. No noxious or offensive activities or nuisances shall be permitted on any Lot.

H. Signs. No person, except the Declarant, shall erect or maintain upon any Lot or Improvement any sign or advertisement.

I. Animals. No animals shall be kept or maintained on any lot except the usual household pets which shall be kept reasonably confined so as not to become a nuisance.

J. Garbage and refuse disposal. No owner shall burn trash, garbage or other like household refuse without a permit from the

Association, nor shall any owner accumulate on his Lot junked vehicles, or litter, refuse or garbage, except in receptacles provided for such purposes.

K. Concealment of fuel storage tanks and trash receptacles.

Fuel storage tanks on any Lot shall be either buried below the surface of the ground or screened to the satisfaction of the Developer. Every receptacle for ashes, rubbish, or garbage shall be installed underground or be so placed and kept as not to be visible from any street or Common Area within the Development except at the times when refuse collections are made.

L. Restrictions on temporary structures. No travel trailers, mobile home or tent shall be placed or erected on any Lot nor shall any overnight camping be permitted on any Lot.

M. Removal of Trees. No tree over four inches in Diameter may be removed from any Lot without the prior written consent of the Developer.

N. Limited access. There shall be no access to any Lot on the perimeter of the Development except from designated streets or roads within the Development.

O. Ditches and swales. Each owner shall keep drainage ditches and swales located on his Lot free and unobstructed and in good repair and shall provide for the installation of such culverts upon his Lot as may be reasonably required for proper drainage.

P. Resubdivision of Lots. No Lot or Parcel shall be further subdivided except those designated multiple family residential and then only to the extent required or permitted by governmental authority.

Q. Drilling and mining. No drilling, refining, quarrying or mining operations of any kind shall be permitted on any Lot.

R. Water Services and Sewage Disposal Services. Subject to the approval of the appropriate governmental agencies, Declarant intends to construct or cause the construction of a waterworks system in the Development. Declarant intends that said waterworks system shall be owned and operated by a Privately Owned Public

Utility authorized by a Certificate of Public Convenience and Necessity issued by the North Carolina Utilities Commission in accordance with the provisions of Article I of Chapter 62 of the General Statutes of North Carolina, as now or hereafter amended, revised or superseded, to acquire, maintain and/or operate a waterworks system and conduct a public utility business in the area occupying the Knob Creek Development.

In consideration therefor, the Owners of each Lot agree to pay to said Privately Owned Public Utility, its successors, assigns, lessees and/or licensees, a MINIMUM MONTHLY AVAILABILITY CHARGE OF FIVE DOLLARS (\$5.00) for water, water service and the accommodations afforded said Owners by said waterworks system commencing upon availability of water in a waterworks system distribution main provided for the Lot and continuing thereafter so long as water is available for use, whether or not tap or connection is made to a waterworks system distribution main and whether or not said Owners actually use or take water. Said AVAILABILITY CHARGE shall and will be charged for each Lot of each said Owner and will be the only charges for water except as otherwise herein provided. However, it is understood that the Developer shall not be charged for water under these provisions unless houses using water are constructed on lots. The aforesaid amount of said AVAILABILITY CHARGES, including special provisions for said AVAILABILITY CHARGES with respect to contiguous Lots or the same Owner, times and methods of payment thereof by said Owners and other matters shall be provided in Schedules of Rates and Rules.

Regulations and Conditions of Service for water services filed and published by said Public Utility with said North Carolina Utilities Commission or any successor regulatory body in the State of North Carolina in accordance with law and passed of file or formally approved by said Commission as the then effective Schedule of Rates and Rule, Regulations and Conditions of Service of said Public Utility. Upon any said owner making a written request therefor, and paying said Public Utility not less than Two Hundred Fifty Dollars (\$250.00) in cash therewith in accordance with said Rules, Regulations and Conditions of Service for Water Service, or such other amount as is approved or passed to file therefor by said North Carolina Utilities Commission or its successor, a tap to a waterworks system distribution main in connection to Owner's lot line will be installed. The amount of said AVAILABILITY CHARGES and other charges are subject to change hereafter by order of the North Carolina Utilities Commission or its successor in accordance with then existing law, and the structure of said AVAILABILITY CHARGES are likewise and in the same manner subject to change from Availability Rates to another type of rate or rates. Unpaid charges shall become a lien upon the Lot or Lots to which they are applicable as the date the same become due. Nothing in this paragraph set forth shall be construed as a limitation on the rights of any Public Utility to sell and assign in accordance with law its property and assets to a North Carolina municipal corporation or to a governmental subdivision of the State of North Carolina.

Subject to approval of the appropriate governmental agencies, Declarant further intends to construct or cause the construction within the Development, to serve some of the Lots in the Development, a sewage disposal system. Declarant intends that said sewage disposal system shall be owned and operated by a Privately Owned Public Utility

authorized by a Certificate of Public Convenience and Necessity issued by the North Carolina Utilities Commission in accordance with the provisions of Article 1 of Chapter 62 of the General Statutes of North Carolina, as now or hereafter amended, revised or superseded, to acquire, maintain and/or operate a sewage disposal system and conduct a public utility business in the area occupying the Knob Creek.

In the event that a Lot is one served by said central sewage disposal system, the Owners of such Lot agree to pay to said Privately Owned Public Utility, its successors and assigns, lessees and/or licensees a MINIMUM MONTHLY AVAILABILITY CHARGE OF TEN DOLLARS (\$10.00) for sewage disposal and treatment and the accommodations afforded said Owners by said sewage disposal system commencing upon the availability for use of a sewage collection main provided for that Lot which leads to an operable sewage treatment facility and continuing thereafter so long as such sewage collection main is so available for use, irrespective of whether or not connection is made to or use made of said sewage collection main in connection with or for the purposes of any said Lot. Said AVAILABILITY CHARGES shall and will be charged for each Lot of said Owner and will be the only charge for sewage disposal and treatment except as otherwise herein provided, provided that no charge shall be made to Developer until a house is constructed on any lot by it. The aforesaid amount of said AVAILABILITY CHARGES including special provisions for said AVAILABILITY CHARGES with respect to contiguous Lots of the same Owner, times and methods of payment thereof by said Owners, and other matters shall be provided in schedules of Rates and Rules, Regulations and Conditions of Service For Sewer Service files and published by said public utility with said North Carolina Utilities Commission, or any successor regulatory body of the State of North Carolina, in accordance with law or passed to file or formally approved by said Commission as the then effective Schedule of Rates and Rules, Regulations and Conditions of Service of said Public

Utility. Upon any said Owner making written request therefor and paying said Public Utility not less than Three Hundred Fifty Dollars (\$350.00) in cash therewith in accordance with said Rules, Regulations and Conditions of Service for sewer service, or such other amount as is approved or passed to file therefor by the North Carolina Utilities Commission or its successors, a tap to a sewage collection made and connection to said Owner's Lot line will be made. All sewer lines and appliances necessary in connection therewith, such as sewage ejectors, on each Owner's Lot or Lots shall be installed, repaired, and replaced at the sole expense of each said Owner under supervision and with approval of designated agents of said Public Utility. The amount of said AVAILABILITY CHARGES and other charges are subject to change by order of the North Carolina Utilities Commission or its successors in accordance with then existing law and the structure of said AVAILABILITY CHARGES are likewise and in the same manner subject to change from AVAILABILITY RATES to another type of rate or rates. Unpaid charges shall become a lien upon the Lot or Lots to which they are applicable as of the date the same become due. Nothing in this paragraph set forth shall be construed as a limitation on the rights of any Public Utility to sell and assign in accordance with law its property and assets to a North Carolina municipal corporation or to a governmental subdivision of the State of North Carolina.

V. Architecture And Environmental Control By Developer.

A. General Powers. All improvements constructed or placed on any Lot must first have the written approval of the Developer. Such approval shall be granted only after written application has been made to the Developer in the manner and form prescribed by it. The application, to be accompanied by two sets of plans and specifications, shall show the location of all improvements, if any, existing upon said Lot, the location of the improvement proposed to be constructed,

the color and composition of all exterior material to be used, proposed landscaping, and any other information which the Developer may require, including soil, engineering and geologic reports and recommendations.

B. Grounds for Disapproval. The Developer may disapprove any application:

1. If such application does not comply with this Declaration;
2. Because of the reasonable dissatisfaction of the Developer with grading plans, location of the proposed improvements on a Lot, finished ground elevation, color scheme, finish, design proportions, architecture, shape, height or style of the proposed improvement, the materials used therein, the kind, pitch or type of roof proposed to be placed thereon; or
3. If, in the judgment of the Developer, the proposed improvement will be inharmonious with the Development, or with the improvements erected on other Lots.

D. Variances. The Developer may grant reasonable variances or adjustments from the provisions in this Declaration where literal application thereof results in unnecessary hardship and if the granting thereof will not be materially detrimental or injurious to owners of other Lots.

E. Certification of Compliance. At any time prior to completion of construction of an improvement, the Developer may require a certification, upon such form as it shall furnish, from the contractor, owner or a licensed surveyor that such improvement does not violate any set-back, ordinance or statute, nor encroach upon any easement or right-of-way of record.

F. Liability. Notwithstanding the approval by the Developer of plans and specifications or its inspection of the work in progress, neither it, Declarant, the Association, nor any person acting in behalf of any of them shall be

responsible in any way for any defects in any plans or specifications or other material submitted to the Developer, nor for any defects in any work done pursuant thereto. Each person submitting such plans or specifications shall be solely responsible for the sufficiency thereof and the adequacy of improvements constructed pursuant thereto.

G. Restriction on Construction of Model Homes. Model or exhibit homes shall be built only with the prior written permission of the Developer.

VI. KNOB CREEK Home Owner's Association

A. General. The Association is a North Carolina not-for-profit corporation organized to further and promote the common interest of property owners in the Development. The Association shall have such powers in the furtherance of its purposes as are set forth in its Articles and By-laws.

B. Membership. Membership in the Association shall be as set out in its By-laws, but all lot owners must be members.

C. Rights, privileges and obligations. The rights, duties, privileges and obligations of membership in the Association are as set forth in its Articles and By-laws.

VII. Assessments.

A. General. Pursuant to the powers granted to it in its Articles and By-laws, the Association is hereby expressly authorized and empowered to levy annual assessments against all Lots in the Development. Provided, however, except as may be otherwise indicated, no assessment shall be levied against Lots owned by Declarant.

B. Collection and Lien. The amount of the assessment levied by the Association shall be paid to it on or before the date or dates fixed by resolution of the Board. If not so paid to it on or before the date or dates fixed by resolution of the Board, the amount of such assessment, plus any other charges thereon, including interest at the maximum

limit provided by law per annum from date of delinquency and costs of collection, including attorney's fees, if any, shall constitute and become a lien on the Lot so assessed when the Board causes to be recorded in the office of the appropriate County Recorder Deeds, a notice of assessment which shall state the amount of such assessment and such other charges and a description of the Lot which has been assessed. Such notice shall be signed by the Secretary of the Association on behalf of the Association. Upon payment of said assessment and charges, or other satisfaction thereof, the Board shall, within a reasonable time, cause to be recorded a further notice stating the satisfaction and the release of said lien.

C. Priority of Lien. Conveyance of any Lot shall not affect any lien for assessments provided herein. Such lien shall be prior to all other liens recorded subsequent to said notice of assessment.

D. Enforcement. The lien provided for herein may be foreclosed by suit by the Association in like manner as a mortgage and, in such event, the Association may be a bidder at the foreclosure sale. The Association may also pursue any other remedy against any owner owing money to it which is available to it by law or equity for the collection of debt.

E. Proof of Payment. Upon request, the Association shall furnish a statement certifying that all assessments then due have been paid or indicating the amount then due.

F. Suspension. The Association shall not be required to transfer memberships on its books or to allow the exercise of any rights or privileges of membership on account thereof to any owner or to any persons claiming under them unless or until all assessments and charges to which they are subject have been paid.

VIII. EASEMENTS.

A. Reservations. The following easements over each Lot

or Parcel and the right to ingress and egress to the extent reasonably necessary to exercise such easements, are reserved to Declarant and its licensees:

1. Utilities. A five foot wide strip running along the inside of all Lot lines except those Lot lines coincident with street right of way lines, in which case such strip shall be 10 feet wide, for the installation, maintenance and operation of utilities, including radio and TV transmission cables, and the accessory right to locate guy wires, braces or anchors or to cut, trim or remove trees and plantings wherever necessary upon such Lots in connection with such installation, maintenance and operation.

2. The Developer assumes no responsibility for any drainage problems affecting any lot.

3. Slope and Drainage. A 30 foot wide easement running along the inside of all Lot lines coincident with street right of way lines for the purpose of cutting, filling, drainage and maintenance of slopes and drainage courses.

4. Private Streets. An easement on, over and under all streets in the Development for the purpose of installing, maintaining and operating utilities thereon or thereunder; for purposes of drainage control; for access to any Lot or Parcel; and for purposes of maintenance of said streets.

5. Other easements. Any other easements shown on the Plat.

B. Use of and Maintenance by Owners. The areas of any Lots affected by the easements reserved herein shall be maintained continuously by the Owner of such Lot, but no structures, plantings or other material shall be placed or permitted to remain or other activities undertaken thereon which may damage or interfere with the use of said easements for the purpose herein set forth. Improvements within such areas shall be maintained by the Owner except those for which a public authority or utility company is responsible.

C. Liability for use of easements. No Owner shall have any claim or cause of action against Declarant or its licensees arising out of the exercise or non-exercise of any easement reserved hereunder or shown on the Plat except in cases of willful or wanton misconduct.

IX. RETAINED PARCELS.

Declarant may retain ownership of certain parcels within the Development shown on the Plats, for use for commercial purposes. Declarant reserves the right and privilege to develop said Parcels for such commercial purposes as it may deem appropriate and compatible with the Development. It further reserves the right to conduct all commercial enterprises of any type or kind whatsoever which may at any time be lawfully conducted within the Development. This reservation shall include the right to conduct commercial enterprises on Common Areas both before and after transfer to the Corporation and the right to free and unrestricted access thereto for such purposes. These rights may be exercised by Declarant or assigned by it to whomever it may see fit. At the sole election of Declarant, those rights may be assigned to the Association at any time hereafter upon such terms and conditions as Declarant may deem appropriate at the time of assignment, but unless the Corporation acting through its Board, shall otherwise agree, such assignment shall be without cost to the Association and shall be free and clear of all liens and encumbrances (other than liens for taxes), but subject to such easements, rights-of-way, and restrictions as then appear of record. Any assignment of these rights, whether to the Corporation or otherwise may be of all or any part of said rights and, may, include transfer or conveyance of some of all of said Parcels.

Declarant reserves for itself, agents, employees, successors and assigns full rights of access across all Common Areas required to implement this reservation. By

reservation of these rights, Declarant assumes no affirmative duties to establish or maintain any commercial enterprise whatsoever.

X. ANNEXATION.

A. Property to be Annexed. Declarant may, from time to time and in its sole discretion, annex to the Development any other real property owned by Declarant which is contiguous or adjacent to or in the immediate vicinity of the Development.

B. Manner of Annexation. Declarant shall effect such annexation by recording a Plat of the real property to be annexed and by recording a Supplemental Declaration which shall:

1. Describe the real property being annexed and designate the permissible uses thereof;
2. Set forth any new or modified restrictions or covenants which may be applicable to such annexed property, including limited or restrictive uses of Common Areas; and
3. Declare that such annexed property is held and shall be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied and improved subject to the provisions of this Declaration. Upon the recording of such Plat and Supplemental Declaration, the annexed area shall become a part of the Development, as fully, as if such area were part of the Development on the date of recording of this Declaration.

XI. REMEDIES.

A. Enforcement. Declarant and each person to whose benefit this Declaration inures, including the Association, may proceed at law or in equity to prevent the occurrence, continuation or violation of any provisions of this Declaration, and the court in such action may award the successful party reasonable expenses in prosecuting such action, including attorney's fees.

B. Suspension of Privileges. The Board may suspend, all

voting rights, if any, and all rights to use the Association Common Areas of any Owner for any period during which any Association assessment against such Owner remains unpaid, or during the period of any continuing violation of the provisions of this Declaration by such Owner after the existence thereof has been declared by the Board.

C. Cumulative Rights. Remedies specified herein are cumulative and any specifications of them shall not be taken to preclude an aggrieved party's resort to any other remedy at law or in equity. No delay or failure on the part of an aggrieved party to invoke an available remedy in respect of a violation of any provision of this Declaration shall be held to be a waiver by that party of any right available to him upon the recurrence or continuance of said violation or the occurrence of a different violation.

XII. GRANTEE'S ACCEPTANCE.

Each grantee or purchaser of any Lot or Parcel shall, by acceptance of a deed conveying title thereto, or the execution of a contract for the purchase thereof, whether from Declarant or a subsequent Owner of such Lot or parcel, accept such deed or contract upon and subject to each and all of the provisions of this Declaration and to the jurisdiction, rights, powers, privileges and immunities of Declarant and of the Association. By such acceptance such grantee or purchaser shall for himself, his heirs, devisees, personal representatives, grantees, successors and assigns, lessees and/or lessors, covenant, consent and agree to and with Declarant and the grantee or purchaser of each other Lot to keep, observe, comply with and perform the covenants, conditions and restrictions contained in this Declaration.

XIII. SUSPENSION OF RESTRICTIONS. The provisions on improvements, use and occupancy set forth herein shall be suspended as to any Lot Parcel or other area while and so long as the same is owned by or leased to the State of North Carolina or any governmental agency, public or private utility, whenever and to the extent, but only to the extent, that such provisions shall prevent the reasonable use of

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such Lot, Parcel or area for said purposes. On cessation of such use, such provisions shall become applicable again in their entirety. While owning or leasing and using, such Owner shall have no rights as a member of the Association, nor shall it be liable for any Association assessments.

XIV. SEVERABILITY. Every provision of this Declaration is hereby declared to be independent of and severable from every other provision hereof. If any provision hereof shall be held by a court of competent jurisdiction to be invalid, or unenforceable, all remaining provisions shall continue unimpaired and in full force and effect.

XV. CAPTIONS. Paragraph captions in this Declaration are for convenience only and do not in any way limit or amplify the terms or provisions hereof.

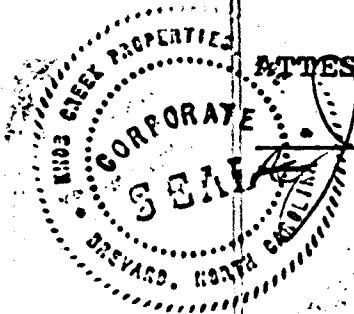
XVI. TERM AND AMENDMENT. The provisions of this Declaration shall affect and run with the land and shall exist and be binding upon all parties claiming an interest in the Development until January 1, 2000, after which time the same shall be extended for successive periods of 10 years each. This Declaration may be amended by the affirmative vote of a majority of the Owners of all Lots in the Development entitled to vote recording an amendment to this Declaration duly executed by (a) the requisite number of such Owners required to effect such amendment or (b) by the Association, in which latter case such amendment shall have attached to it a copy of the resolution of the Board attesting to the affirmative action of the requisite number of such Owners to effect such Amendment, certified by the Secretary of the Association.

IN WITNESS WHEREOF, Declarant has executed this Declaration this 11th day of July, 1974.

KNOB CREEK PROPERTIES, INC.

By: *John E. Spant*
President

ATTEST:
Janice J. Bryant
Secretary

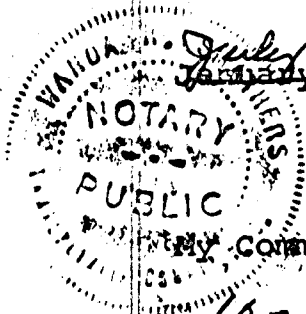


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STATE OF NORTH CAROLINA,
COUNTY OF TRANSYLVANIA.

This 11th day of July, 1974, personally came before me, Wanda R. Smathers, a Notary Public for said County, JACK E. BRYANT, who, being by me duly sworn, says that he is President of KNOB CREEK PROPERTIES, INC., and that the seal affixed to the foregoing instrument in writing is the corporate seal of the Corporation, and that said writing was signed and sealed by him in behalf of said Corporation, by its authority duly given. And the said JACK E. BRYANT acknowledged the said writing to be the act and deed of said Corporation.

WITNESS my hand and Notarial Seal, this the 11th day of July, 1974.



Wanda R. Smathers
Notary Public

My Commission expires:
10-27-75

STATE OF NORTH CAROLINA,
COUNTY OF TRANSYLVANIA.

The foregoing certificate of Wanda R. Smathers Notary Public, is certified to be correct. This instrument was presented for registration and recorded in this office in Book 208, Page 82.

This 11 day of July, 1974, at 4:00 o'clock P.M.

Fred H. Israel
Register of Deeds

By: _____
Deputy Register of Deeds

EXHIBIT "A"

SUPPLEMENTAL DECLARATION OF RESTRICTIVE COVENANTS

OF

KNOB CREEK PROPERTIES, INC.

SUPPLEMENTAL DECLARATION NO. I

This Supplemental Declaration is made, this the 11th day of July, 1974, by KNOB CREEK PROPERTIES, INC., (Declarant).

Declarant has recorded on the 11th day of July, 1974, in the office of the Register of Deeds of Transylvania County, North Carolina, in Deed Book 208 at page _____ et. seq. a certain Declaration of Restrictive Covenants for Knob Creek Properties, Inc.; and said Declaration of Restrictive Covenants subjects Knob Creek Properties, Inc., (The Development) to the provisions thereof pursuant to an incremental plan of development.

NOW, THEREFORE, DECLARANT DECLARES THAT:

1. The development includes all of the real property set forth in that certain plat entitled "Section 1, Knob Creek Subdivision", recorded in the office of the Register of Deeds for Transylvania County, North Carolina, on the 24th day of June, 1974, in File Number 1 at Slide 4A, except for Lot No. 27, which is specifically excluded from the provisions of the said restrictive covenants.

2. All of the real property described in the plat, except for Lot No. 27, as aforesaid, is made subject to the provisions of the Declaration of Restrictive Covenants, as and for and to the extent applicable, the provisions of which are incorporated herein by reference.

3. Pursuant to the provisions of the Declaration of Restrictive Covenants, all of the numbered lots shown on the plat, except for Lot No. 27 in Section 1, as aforesaid, are designated single family residential as to permitted use. The minimum fully enclosed floor area of each dwelling con-

structed thereon shall be not less than 1000 square feet. In the case of one story dwelling, all 1000 square feet shall be situated on the first floor of said dwelling. In the case of a multi-storied dwelling, there shall be a minimum of 850 square feet on the first floor. Except with the express approval of the committee in determining the amount of square footage contained within a dwelling, there shall not be taken into consideration any area which is wholly or substantially below ground level.

4. Each of said lots shall carry with it as an appertenance a membership in the Knob Creek Homeowner's Association subjecting said lot and the owner thereof to the privileges and obligations pertaining to such membership as set forth in the association's articles and by-laws.

5. Pursuant to the provisions of the Declaration of Restrictive Covenants, the following property in the development as shown on the plat is designated as common green areas and shall be used as such, and, likewise, the following shall be used as streets and roads:

- Knob Creek Road
- Cherry Ridge Road
- Holly Ridge Road
- Willow Ridge Road

6. Pursuant to the provisions of the Declaration of Restrictive Covenants, the following property in the development as shown on the plat is designated as common green areas:

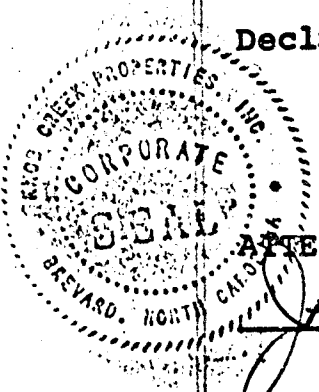
- Green Area D.D.
- Green Area E.E.
- Green Area C.C.
- Green Area B.B

IN WITNESS WHEREOF, Declarant has executed this Supplemental Declaration of Restrictive Covenants this 11th day of July, 1974.

KNOB CREEK PROPERTIES, INC.

BY: John E. [Signature] President

ATTEST: Janice S. Bryant Secretary



STATE OF NORTH CAROLINA,)
COUNTY OF TRANSYLVANIA.)

This 11th day of July, 1974, personally came before me, Wanda R. Smathers, a Notary Public for said County, JACK E. BRYANT, who, being by me duly sworn, says that he is President of KNOB CREEK PROPERTIES, INC., and that the seal affixed to the foregoing instrument in writing is the corporate seal of the Corporation, and that said writing was signed and sealed by him in behalf of said Corporation, by its authority duly given. And the said JACK E. BRYANT acknowledged the said writing to be the act and deed of said corporation.

WITNESS my hand and Notarial Seal, this the 11th day of _____ 1974.



Wanda R. Smathers
Notary Public

October 27, 1975
My Commission Expires

STATE OF NORTH CAROLINA,)
COUNTY OF TRANSYLVANIA.)

The foregoing certificate of Wanda R. Smathers, Notary Public, is certified to be correct. This instrument was presented for registration and recorded in this office in Book 208, page 82 CONTINUED

This 11 day of July, 1974, at 4:00 o'clock P. M.

Frank H. Israel
Register of Deeds

2009003766
TRANSLYVANIA CO, NC FEE \$228.00
NON-STANDARD DOC FEE \$25.00
PRESENTED & RECORDED:
07-01-2009 09:59:44 AM
CINDY M OWNBEY
REGISTER OF DEEDS
BY: D REE MCCALL
DEPUTY REGISTER OF DEEDS
BK: DOC 504
PG: 367-430

BY LAWS
OF
THE KNOB CREEK HOMEOWNERS ASSOCIATION
As Amended and revised 10/15/2008

Article I

Definitions

The following terms as used in these By-Laws are defined as follows:

- a. Board means the Board of Directors of the Knob Creek Homeowners Association
- b. By-Laws means the By-Laws of the Association
- c. Common Area means all of the real property designated as such in the Supplemental Declaration: all real property which may be later annexed to the Developmental as Common Area; and, all real property acquired by the Association whether from the Declarant or otherwise, together in each instance with all improvements which may at any time be constructed thereon, including, but not limited to, recreational and community facilities, lakes, parks, and streets.
- d. Association means the Knob Creek Homeowners Association, a North Carolina not-for-profit Corporation.
- e. Declaration means the Declaration of Restrictive Covenants for Knob Creek, dated the 1st day of September, 2007, as the same may be supplemented or amended from time to time.
- f. Declarant means Knob Creek Homeowners' Association., its successors and assigns.

- g. Development means Knob Creek as the same may be shown on the maps thereof recorded from time to time.
- h. Improvement means all buildings, out buildings, streets, roads, driveways, parking areas, fences, retaining and other walls, hedges, poles, antennae and any other structure of any type.
- i. Lot means any numbered lot designated on the plat or any apartment or living unit in the multiple family dwelling.
- j. Multiple Family Dwelling means a residential dwelling, such as a duplex, apartment house, or condominium complex containing two or more individual apartments or living units and constructed on a lot or parcel whose use is designated in the Supplemental Declaration as multi-family residential.
- k. Owner means:
 - 1. Any person including Knob Creek Homeowners Association, who holds fee simple title to any Lot.
 - 2. Any person or legal entity who has contracted to purchase fee simple title to a lot pursuant to a written agreement, in which case seller under said agreement shall cease to be the owner while said agreement is in effect.
- l. Parcel means any named, lettered tract shown on the plat.
- m. Plat means the maps or plats of Knob Creek as they are from time to time recorded.
- n. Single Family Dwelling means a residential dwelling for one or more persons each related to the other by blood, marriage, civil union or legal adoption, or a group of not more than three (3) adult persons not so related together with his or their domestic employees maintaining a common household in such dwelling, which dwelling is constructed on a lot designated in the Supplemental Declaration as a single family residential lot.

Article II

Association Membership

Section 1. Classes of Members. There shall be Members and Associate Members.

Section 2. Members. Each Owner shall by reason of ownership, become a member of the Association. There shall be one vote and one voting member for each Lot regardless

of the number of persons who may have an ownership interest in such Lot, or the manner in which title is held by them. The voting member shall be designated at the request of the Association.

Section 3. Associate Members. If not otherwise a member, each of the following shall be entitled to associate membership in the Association:

- (a) The spouse and children of a member who have the same principal residence as the member shall be associate members of the Association.
- (b) Those persons who are tenants and regular occupants of any dwelling and who are not otherwise entitled to be members or associate members.
- (c) Any lot owner whose property is not included in the platted Knob Creek subdivision, but who is required to pay the annual Association dues, shall be designated as an Associate Member.

Associate members shall have no vote or right to notice of any regular or special meeting of members.

Section 4. Privileges of Members. Members and associate members shall have a license to use the Common Areas subject to the provisions of the Declaration and subject to the other rules and conditions as may be established by the Board.

Section 5. Suspension of Privileges of Membership. The Board may suspend the voting privileges of any member and license of any member to use the Common Area for:

- (a) Any period during which any Association charge on such members lot remains unpaid.
- (b) The period of any continuing violation by such member of the provisions of the Declaration after the existence thereof shall have been declared by the Board.
- (c) A period to be determined by the Board for repeated violations of the By-Laws or the rules and regulations of the Association. This suspension must be acted on by the Board of Directors with the suspended party being notified by mail.

Article III Evidence of Membership and Transfer

Section 1. Membership Certificates. Certificates of membership in the Association may be issued to members and associate members. Such certificates shall be in such form as the Board shall from time to time designate and shall be issued over the signature of the president or other officer of the Association. Such certificates shall indicate whether or not the holder is a member or an associate member and shall also indicate the Lot, the Ownership of which gives rise to membership. Such certificates shall also clearly state on its face that the Association is a non-profit corporation. Adequate records shall be maintained by the Association, showing the names of the members and associate

members of the Association, the type of membership and the date of membership. A driver's license may substitute for the aforementioned certificates if proof of membership is requested by the Association at the Annual Meeting.

Section 2. Transfer. When a member ceases to be an Owner, such person's membership, and those associated memberships existing through relationships in such person, shall cease, but such person shall remain liable for all Association charges incurred prior to the giving of written notice to the Association that such person no longer is an Owner

Article IV

Meetings of Members

Section 1. Place of Meetings. Any meeting of the members of the Association shall be held in the state of North Carolina, within the boundaries of Transylvania County, at such place therein as may be stated in the notice of such meeting.

Section 2. The Annual Meeting. The Annual Meeting of the Association shall be held in August of each year on a date determined by the Board. The annual meeting is a general meeting and shall be conducted in accordance with Roberts Rules of Order, latest edition.

Section 3. Special Meeting of the Association. Special meetings of the Association may be called by the Board at any time in the manner herein provided. A special meeting may also be called upon the written petition of twenty (20) percent of the members of the Association who would have the right to vote at such meeting. Such petition shall set forth the purpose of the special meeting. Special meetings shall be conducted in accordance with Roberts Rules of Order, latest edition.

Section 4. Notice of Meetings of the Association. Written notice of the place, date and hour of the meeting, and in the case of a special meeting, the purpose or purposes for which the meeting is called shall be delivered not less than the (10) days no more than fifty (50) days before the date of the meeting, either personally or by mail, to each member entitled to vote at such meeting. If mailed, such notice shall be deemed to have been delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Association, with postage prepaid; or such notice may be published in any newspaper or publication printed under the auspices of the Association and distributed generally among members of the Association. At a special meeting, no business shall be conducted except that stated in the notice of said meeting.

Section 5. Quorum. A quorum at either a special meeting, or the annual meeting shall be twenty-five percent (25%) of the members entitled to vote at such meeting in person or by proxy. The vote of a majority of the votes entitled to be cast at any meeting at

which a quorum is present shall be necessary for the adoption of any matter voted upon by the members, unless a greater proportion is required by law, or in a specific By-Law, or in the Restrictive Covenants.

Article V

Board of Directors

Section 1. Powers. The Board shall:

- a. Manage and control the affairs of the Association.
- b. Adopt a corporate seal as the seal of the Association.
- c. Designate a banking institution or institutions, as a depository for the Association's funds and the officer or officers authorized to make withdrawals therefrom and to execute Obligations on behalf of the Association.
- d. Perform other acts the authority for which has been granted herein or by law, including the borrowing of money for Association purposes. A resolution by the Board that the interests of the Association require the borrowing of money shall be sufficient evidence for any person that the borrowing is for proper corporate purpose. The Board may, if it determines that the same shall be reasonably necessary, assign, pledge, mortgage, or encumber any Association property as security for such borrowings, and they may pledge or assign future revenues of the Association as security therefor.
- e. Adopt such rules and regulations relating to the use of Association property, and sanctions for non-compliance therewith, as it may deem reasonably necessary for the best interest of the Association and its members. The Board may also establish and levy reasonable fees for the issuance of permits for erecting or placing improvements on any lot, and also for the use of Association property.
- f. Cause the Association to employ sufficient personnel to adequately perform the responsibilities of the Association.
- g. Adopt reasonable rules of order for the conduct of the meetings of the Association, and with reference thereto, on procedural questions upon which no rules have been adopted, the ruling of the chairman of the meeting shall be final.

- h. Select the Officers of the Association. It may establish committees of the Association and appoint the members thereof. It may assign to such committees such responsibilities and duties not inconsistent with the provisions of these By-Laws or with law as it may deem appropriate.

- i. The Board shall adopt an operating budget on an annual basis to be presented to the members at the annual General meeting. The Board at that time shall, taking into consideration other sources of income the Association may have, levy the annual assessment for each lot for the following year. The assessment will be the sum of three parts (more detailed descriptions of each appear in Article VI, Sections 8 and 9):
 - 1. Contribution to the Association operating expenses.
 - 2. Contribution to the Association Emergency fund.
 - 3. Contribution to the appropriate Area Road Maintenance fee.The contribution to the appropriate road maintenance fund will be determined annually by each Area's representatives and adjusted as required. Area assessments may differ based upon the respective Area's road maintenance needs. If this should occur, each property owner within that same Area shall be assessed equally. Assessments shall be due on an annual basis by September 15 of every year.

Section 2. The number of Directors shall be not less than five and not more than eight.

Section 3. Term of Office. All Area representatives shall be elected to serve for two years with each Area electing its two representatives so that the terms are staggered , and not concurrent. If, during a term in office, a director shall cease to function, the Board of Directors shall have the right to appoint a replacement to serve the remainder of the unexpired term. In order to provide continuity of leadership, the President shall serve for one year and then the Vice-President, following his/her first one-year term, shall assume the duties of President for a one-year term in the second year. Each Area shall nominate its own candidate for Vice-President on a rotating basis every two years, but all members of the Association may vote for the position of Vice-President. In order to achieve this rotation, the President shall be selected from Area II in the August, 2007 election and shall serve a two year term. In the election of August, 2008, Area I shall nominate a candidate for Vice President who shall then become President in August, 2009 for a one-year term, with this process then continuing on an alternating basis each year.

Section 4. Qualifications of Directors. A Director shall be at least twenty-one years of age and a member in good standing of the Association.

Section 5. Election of the Directors of the Board.

- a. By July 1 of each year, the membership shall be notified of the need to elect members to the Board of Directors. Any member in good standing may submit names to be included on the ballot. These must be submitted

to the Board of Directors not later than July 15, along with a biographical sketch and qualifications for office of the person being nominated. Each Area shall elect a minimum of two representatives who will act both as Board members and constitute the operating committee for the respective Area, but the terms of these representatives are to be staggered as outlined in Section 3 above. In the year when an Area is to nominate the Vice-President, the Area shall submit a slate with a minimum of two (2) candidates, one for Area representative and the other for the Area's nomination for Vice-President; otherwise, an Area must submit a minimum of one (1) candidate for Area representative.

The full list of qualified candidates, along with a biographical sketch and qualifications for office, shall be circulated to all Association members not later than August 1. Additional nominations from the floor during the Annual Meeting will not be permitted. Voting shall take place at the Annual meeting of the Association. Each property owner in good standing shall have the number of votes equal to the number of Directors being elected from his/her Area. Members only vote for representatives for their own area. Only one vote shall be cast for each candidate. Members owning multiple lots shall receive ballots for each lot. No matter of the number of Directors elected from each Area, each Area will have only two votes (plus the President's vote, if needed) on Board decisions. The Vice-President may vote on any Board decision in the President's absence.

- b. Absentee Ballots. Lot owners not resident in Knob Creek shall be mailed a ballot. The ballot must be returned to the Association and received by the secretary on or before the date of the Annual Meeting in order to be valid.

Association members who are residents in Knob Creek, but cannot be present at the Annual Meeting may also vote by mail. A ballot must be requested of the secretary in writing, giving the reason for non-attendance at the Annual Meeting. The ballot must be in the hands of the secretary prior to the Annual Meeting. Each ballot must be signed by the property owner, otherwise it will be disqualified.

- c. All elections to the Board shall be made on written ballots which shall:
 - a. Describe the vacancy to be filled.
 - b. Set forth the names of those persons who are candidates for the office of Director in alphabetical order.

Section 6. Proxies. Except in connection with the election of Directors, every member entitled to vote or execute consents shall have the right to do so either in person or by an

agent, or agents authorized by a written proxy executed by such member or his duly authorized agent and filed with the secretary of the Association provided that no such proxy shall be valid after the expiration of eleven (11) months from the date of its execution unless the person executing it specifies therein the length of time for which such proxy is to continue in force, which in no event shall exceed three (3) years from the date of its execution. The Board may decide, in some circumstances, to issue ballots via United States mail for some matters in lieu of a Special Meeting and where the interests of the Association would benefit from the widest participation in the voting process.

Section 7. Meetings of the Board of Directors. Regular and special meetings of the Board shall be held at place and time, in Transylvania County, the state of North Carolina, as the Board shall from time to time determine. Special meetings of the Board may be called by a majority of the Board and shall be held at such place as the call or notice of the meeting shall designate. Notice of a special meeting may be given in writing, or orally, at least twenty-four (24) hours prior to the date of said special meeting, or notice thereof may be waived by the Directors in writing. After adoption of a resolution setting forth the times of regular meetings, no notice of such meetings shall be required or waived, but notice of special meetings of the Board shall be given.

Section 8. Action without meeting. Unless prohibited by law, any action which may be taken at a meeting of the Board may be taken without a meeting if authorized in writing, signed by a majority of the directors who would be entitled to vote upon said action at a meeting, and filed with the Secretary of the Association.

Section 9. Quorum. A majority of the Directors shall constitute a quorum to transact business for the Board and the act if the majority of the Directors present at any meeting shall be deemed to be the act of the entire Board.

Section 10. Vacancies. If any vacancy exists on the Board, such vacancy shall be filled by the remaining Directors from the appropriate Area even though those remaining Directors might be less than a quorum. Any person so appointed a Director shall serve out the unexpired term of the Director whom he/she has replaced. Any Director who fails to attend three (3) consecutive regular and/or special meetings of the Board without notification to the Board of reason for absence satisfactory the Board, shall be deemed to have resigned and the Board shall appoint a new Director from the appropriate Area to serve in his/her place, serving the unexpired term of his/her office. At the discretion of the Board, an acting Director can be named in case of a protracted excused absence of a Director. At no time shall the number of active members of the Board be allowed to fall below a quorum.

Article VI
The Officers

Section 1. Officers. The officers of the Association shall be the President, the Vice-President, the Secretary, the Treasurer and such other officers and assistant officers as the Board may from time to time elect. Officers (other than the President and Vice-President) shall serve at the will of the Board. Any two (2) or more offices may be held by the same person, except the offices of President and Secretary. Officers must be members in good standing and their dwelling in Knob Creek must be their primary residence.

Section 2. President. The President shall be the general managerial officer of the Association, and he shall be vested with the powers and duties generally incident to the office of President of a non-profit corporation, except as otherwise determined by the Board, or as may be otherwise set forth in these By Laws. He is an ex-officio member of all committees. He shall preside at all meetings of the Board.

Section 3. Vice President. In the absence of the President, or in the event of his inability or refusal to act, the Vice President is empowered to act and shall thereupon be vested with the powers and duties of the President. The Vice-President, following his/her first one-year term, will assume the position of President during the second one-year term.

Section 4. Secretary. The secretary of the Association shall keep the minutes of the business and other matters transacted at the meetings of the members and of the Board. He/she shall mail, or cause to be mailed, all notices required under the By-Laws. He/she shall have the custody of the corporate seal and records and maintain a list of the members and their addresses and perform all other duties incident to the office of Secretary.

Section 5. Treasurer. The Treasurer shall have custody of the funds of the Association, collect monies due, pay the obligations of the Association out of its funds, and perform such other duties as are incident to the office of Treasurer. The Board may require that the Treasurer be bonded for such amount and under such conditions as the Board may require. He/she shall report at monthly intervals, and shall explain any unbudgeted expense. Any budgeted expense in excess of 10% above budget must be approved by the Board.

Section 6. Removal of Officers. Any officer may be removed when, in the judgement of the Board, the best interests of the Association will be served by such removal.

Section 7. Organization of the Board. Board of Directors Structure: President, Vice-President, plus two (2) representatives from each Area, along with a Secretary and Treasurer. Presidency of the Association shall rotate annually beginning in August 2009 as per Article V, Section 3.

Section 8. Annual Assessment Allocation. The annual assessments that are payable each September by all members shall be allocated to three separate Areas. 1) the General Fund which shall be used to cover general maintenance (mowing, snow plowing, etc.), administrative expenses, and any other expenses not directly related to road maintenance or emergencies; 2) the respective road maintenance funds for each Area (Willow Ridge Road Maintenance for Area I and the Oak Ridge Road Maintenance for Area II, with the monies for these two funds being allocated proportionately to each fund based upon the number of properties paying dues in each Area and with these funds to be used for the cost of repair to the roads in each respective Area, except when such repairs are necessitated by an emergency as declared by the Board as per Section 9 below); 3) the Emergency Fund which is governed by the provisions of Section 9 below. The Board has the authority to adjust the allocation to the various funds annually based upon the budget adopted at the Annual Meeting.

Section 9. Emergency Fund.

- a. Establishment. The Emergency Fund has been established to pay for costs resulting from a specific, unanticipated event and for when such expenses would not normally be considered part of the regular maintenance of the Association roads or Common Areas. This fund is to be used as specified in the sections below. The Board shall review the size of this fund annually to see whether it is adequate to meet the needs of the Association. Additionally, if the size of the fund reaches a point where the Board feels that it is more than adequate, the Board may elect to transfer some of the fund back to the respective Area road funds on a pro-rata basis (as per the allocation method specified in Section 8). Interest of the fund is to be reinvested in the fund.
- b. Definition of Emergency. This fund can only be used to help repair a fault caused by a true emergency as defined by a three-fourths ($\frac{3}{4}$ ths) vote of all the members of the Board of Directors.
- c. Declaration of Emergency. The Board of Directors is responsible for determining an "Emergency" and approving the use of funds from this account. Use must be approved by at least a three fourths ($\frac{3}{4}$ ths) majority of the entire Board (including the vote of the Board President). In these instances each Area has two (2) votes regardless of the number of representatives on the Board at that time, plus one (1) vote by the Board President.
- d. Use of Emergency Fund. This fund can only be used to repair areas where normal maintenance would not have prevented failure. This fund cannot be used to pave the dirt roads. Once a failure occurs, it could be used to affect a repair which would help prevent future failure. This fund is for the repair of any dedicated common area in Knob Creek. By Common Areas, we mean the roads and other dedicated areas available for use by all property owners. For instance, the pond on Willow Ridge Road is a common area, as is Three Mile Knob Road hill, and both would qualify for use of the fund if failure would occur. The emergency fund shall not be used for the final or top coating of any road repair. The final top coating will come from the regular maintenance budget of the respective Area.

Article VII

Duties of Members

Section 1. Payment of Assessments. The charges or assessments levied by the Association as provided in Article VII of the Declaration shall be paid to the Association on or before the date fixed by resolution of the Board. Written notice of the charge and the date of payment shall be sent to each Owner at the address last given by the Owner to the Association.

Section 2. Collection and Lien. The amount of the assessment levied by the Association shall be paid to it on or before the date or dates fixed by resolution of the Board. If not so paid, the amount of such assessment, plus any other charges thereon, including interest at the maximum limit provided by law per annum from the date of delinquency and costs of collection, including attorney fees, if any, shall constitute and become a lien on the Lot so assessed when the Board causes to be recorded in the office of the appropriate County Recorder of Deeds, a notice of assessment which shall state the amount of such assessments and such other charges and a description of the Lot which has been assessed. Such notice shall be signed by the Secretary of the Association on behalf of the Association. Upon payment of said assessment and charges, or other satisfaction thereof, the Board shall, within a reasonable time, cause to be recorded a further notice stating the satisfaction and the release of said lien.

Section 3. Priority of Lien. Conveyance of any Lot shall not affect any lien for assessments provided herein. Such lien shall be prior to all other liens recorded subsequent to said notice of assessment.

Section 4. Enforcement. The Lien provided for herein may be foreclosed by suit by the Association in like manner as mortgage and, in such event, the Association may be a bidder at the foreclosure sale. The Association may also pursue any other remedy against any Owner owing money to it which is available to it by law or equity for the collection of debt.

Section 5. Proof of Payment. Upon request, the Association shall furnish a statement certifying that all assessments then due have been paid or indicating the amount then due.

Section 6. Suspension. The Association shall not be required to transfer memberships on its books or to allow the exercise of any rights or privileges of membership on account thereof to any owner or to any person claiming under them unless or until all assessments and charges to which they are subject have been paid.

Article VIII

Indemnification of Directors and Officers

Section 1. The Association shall indemnify and hold harmless each person who shall serve as a Director or Officer of the Association from and against all claims and liabilities to which said person shall become subject by some reason of his/her having been a Director or Officer of the Association, or by reason of any action alleged to have been taken or committed by him (or to him), as such, Director or Officer, and shall reimburse each person for all legal and other expense reasonably incurred by him in connection with any claim or liability arising out of his own negligence or willful misconduct.

Section 2. The right accruing to any person hereunder shall not exclude any other right to which he may be lawfully entitled, nor shall anything herein contained restrict the right of the Association to indemnify or reimburse such person in any proper case, even though not specifically herein provided for. The Association, its Directors, Officers, Employees, and Agents, shall be fully protected in taking any action or making any payment hereunder, or in refusing to do so, in reliance upon the advise of council.

Article IX

Standing Committees and Advisory Council

Section 1. The Board shall, as required, create or dissolve standing or ad hoc committees to serve specified duties and purposes. The Board shall create a permanent standing committee called the Environmental Control Committee. This Committee shall consist of two to three members of the Association, appointed by the Board, with responsibilities as outlined in Section IV (a) of the Declaration of Restrictive Covenants for Knob Creek Homeowners Association.

Section 2. Qualifications. Chairpersons of standing or ad hoc committees shall be members or associate members of the Association in good standing. When chairpersons are unable to attend Advisory Council meetings, or their regular committee meetings, they shall assign a qualified vice-chairperson to serve in their stead.

Section 3. Recommendations and actions of all standing and ad hoc committees and the Advisory Council shall be forwarded to the Board for appropriate action as required.

Article X

Amendments

These By Laws may be amended by a majority of the quorum present at the annual meeting, a special meeting, or by majority vote of those members who, after receiving the proposed change(s) along with a ballot via United States mail, return those ballots to the Association by the date specified in the ballot and/or cover letter. In the case of ballots issued by mail, however, it is understood that in order for the results to be binding, such mailings shall require a response from at least the same number of members as would constitute a quorum at a general meeting.

Amended: October 15, 2008
Nita Padgett, Secretary
Knob Creek Homeowners Association

DECLARATION OF RESTRICTIVE COVENANTS
FOR KNOB CREEK PROPERTIES, INC.

This Declaration is made on October 15, 2008, by Knob Creek Homeowners' Association, a North Carolina Corporation.

RECITALS

Knob Creek Homeowners' Association is the owner of that certain real property located in Transylvania County, State of North Carolina, known as KNOB CREEK (the Development), described in the Supplemental Declaration, attached hereto as Exhibit "A" and made a part hereof.

Knob Creek Properties, Inc. intends to sell and convey the Lots and Parcels situated within the Development and before doing so, desires to impose upon them mutual and beneficial restrictions, covenants, equitable servitudes and charges under a general plan or scheme of improvements for the benefit of all of the Lots and Parcels in the Developments and the owners and future owners thereof.

- I. Definitions.** The following terms as used in the Declaration are defined as follows:
- a. *Board* means the Board of Directors of Knob Creek Homeowners' Association.
 - b. *By Laws* mean the By Laws of the Association.
 - c. *Common Area* means all the real property designated as such in the Supplemental Declaration; all real property which may be later annexed to the Development as Common Area; and, all real property acquired by the Association whether from the Declarant or otherwise, together in each instance with all including, but not limited to, recreational and community facilities, lakes, parks and streets.
 - d. *Association* means Knob Creek Homeowners' Association a not-for profit corporation.
 - e. *Declarant* means Knob Creek Homeowners' Association.
 - f. *Declaration* means this Declaration of restrictive Covenants for Knob Creek, dated the 11th day of July, 1974, as the same may be supplemented or amended from time to time.
 - g. *Development* means Knob Creek as the same may be shown on the maps thereof recorded from time to time.
 - h. *Improvement* means all buildings, outbuildings, streets, roads, driveways, parking areas, fences, retaining and other walls, hedges, poles, antennae and any other structure of any type or kind.
 - i. *Lot* means any numbered lot designated on the plot or any apartment or living unit in a multiple family dwelling.
 - j. *Multiple Family Dwelling* means a residential dwelling, such as a duplex, apartment house or condominium complex containing two or more individual apartments or living units and constructed on a lot or parcel whose use is designated in the Supplemental Declaration as multi-family residential.
 - k. *Owner* means
 1. any person who holds fee simple title to any lot
 2. any person or legal entity who has contracted to purchase fee simple title to a lot pursuant to a written agreement, in which case seller under said

- agreement shall cease to be the owner while said agreement is in effect
- l. *Parcel* means any named, lettered tract shown on the plat.
 - m. *Plat* means the maps or plats of Knob Creek as they are from time to time recorded.
 - n. *Single Family Dwelling* means a residential dwelling for one or more persons, each related to the other by blood, marriage, civil union or legal adoption, or a group of not more than three adult persons not so related together with his or their domestic employees maintaining a common household in such dwelling, which dwelling is constructed on a lot designated in the Supplemental Declaration as a single family residential lot.
 - o. *Supplemental Declaration* means:
 - 1. The recorded Supplemental Declaration of the Declarant attached hereto as Exhibit "A" or,
 - 2. In the case of real property being annexed to Knob Creek, the recorded Supplemental Declaration of Declarant which incorporates the provisions of this Declaration therein by reference. In either event the Supplemental Declaration shall include a description of the real property in Knob Creek, subject to the provisions of this Declaration and shall designate the permeative uses as such property.

II. Land Use. Lots and Parcels in the Developments shall be designated in the Supplemental Declaration as to their permissible uses and shall thereupon become subject to the restrictive or other provisions of this Declaration relating to such uses. In the event a use is designated for which no such provisions are contained herein (e.g., commercial, governmental, school, etc.), the same may be set forth in such Supplemental Declaration.

- a. *Single Family Residential.* Only single family dwellings and a single such outbuilding as are usually accessory thereto shall be permitted on any lot designated as single family residential. No additional such accessory outbuildings shall be permitted without approval of the Board. Lot size and set back requirements shall be as designated on each recorded plat and/or any supplemental plat but in all events shall be controlled by any county zoning requirements appearing on record at that time.
 - 1. Set Backs. Each such dwelling shall be controlled by the plat plan filed for each area..
- b. *Multiple Family Residential.* Only multiple family dwellings and such outbuildings as are usually accessory thereto shall be permitted on any Lot or Parcel designated as multiple family residential, and shall be subject to existing zoning and land use regulations of Transylvania County.
 - 1. Carport or garage. A carport, garage or parking space shall be constructed for each dwelling unit constructed.
 - 2. Type of Construction. Subject to the approval of the Board, multiple family dwellings may be of single or multiple story construction, and may be detached or joined by common walls.
 - 3 Set backs and elevations. Set Backs and elevations for multiple family dwellings shall be the same as for single family dwellings as set forth in

recorded plats from time to time placed of record.

- c. *Common Areas.* All lots or parcels in the Development designated as Common Areas are and shall remain private property and Declarant's recordation of the Plat shall not be construed as a dedication to the public or any such Common Areas located therein.
 - 1. *Use.* The use and enjoyment of Common Areas and improvements thereon, whether before or after conveyance to the Association, shall be subject to the powers of the Association as set forth in its Articles and By Laws and to rules and regulations governing the use of such property and improvements as may from time to time be adopted by the Association.
 - 2. *Maintenance.* Maintenance of common property and repairs to any improvements thereon shall be the obligation and responsibility of the Association.
 - 3. *Improvements.* All improvements must be approved by the Association.

III. Residential Restrictions. The following shall be applicable to all Lots and Parcels within the Development designated as residential in character, whether single family or multiple family, and each owner, as to his Lot or Parcel, covenants to observe and perform the same.

- a.. *Accessory outbuildings.* Without the approval of the Association no accessory outbuildings shall be erected on any Lot or Parcel prior to the erection thereon of a dwelling. In no event shall any such accessory outbuildings, partially completed or temporary structure ever be used for human occupancy or habitation.
- b. *Completion of construction.* New home construction including lot preparation, construction of any improvements, once commenced, shall be completed within nine months. Any exception to this time limit is subject to the approval of the Board. Improvements not so completed or upon which construction has ceased for 90 consecutive days or which have been partially or totally destroyed and not rebuilt within nine months shall be deemed nuisances. The Association may remove any such nuisance or repair or complete the same at the cost of the owner.
- c. *Prohibition against used structures.* Without the approval of the Board, no used buildings or structures shall be placed on any Lot.
- d. *Maintenance of Lots.* All Lots and parcels, whether occupied or unoccupied, and any improvements placed thereon, shall at all times be maintained in such a manner as to prevent their becoming unsightly, unsanitary or a hazard to health. If not so maintained, the Association shall have the right, through its agents and employees to do so, the cost of which shall be added to and become a part of the annual assessment to which such Lot is subject. Neither the Association nor any of its agents, employees or contractors shall be liable for any damage which may result from any maintenance work as performed.
- e. *Disposal of sanitary waste.* No outside toilet shall be constructed on any lot. All plumbing fixtures, dishwashers, toilets or sewage disposal systems shall be connected to a septic tank or other sewage system approved by the Board and the appropriate governmental authority. Portable chemical toilets may be permitted on a lot during construction of a new home.

- f. *Fences.* All property lines shall be kept free and open and no fences, hedges or walls shall be permitted thereon without Board approval, other than decorative split rail fences. Decorative split rail fences may be erected on the street side of a property with Board approval.
- g. *Nuisances.* No noxious or offensive activities or nuisances shall be permitted on any Lot.
- h. *Signs.* No person, except the Board, shall erect or maintain upon any Lot or Improvement any sign or advertisement except as follows: Natural wood signs no greater than 180 square inches in area may be posted when
 - 1. a home or property is for sale, stating "for sale" along with a telephone number.
 - 2. during construction, builders may erect a sign as above stating name and lot number.
- i. *Animals.* No animals shall be kept or maintained on any lot except the usual household pets which shall be kept reasonably confined so as not to become a nuisance.
- j. *Burns.* Under no circumstance shall any property owner burn brush or other debris on his/her property within the development without being present until the fire is extinguished and without the means available to extinguish the fire should it become necessary. In addition, said owner shall be required to possess any appropriate burn permits as required by law.
- k. *Garbage and refuse disposal.* No owner shall burn trash, garbage or other like household refuse without a permit from the Association, nor shall any owner accumulate on his Lot junked vehicles, or litter, refuse or garbage, except in receptacles provided for such purposes.
- l. *Concealment of fuel storage tanks and trash receptacles.* Fuel storage tanks on any Lot shall be either buried below the surface of the ground or screened to the satisfaction of the Board. Every receptacle for ashes, rubbish, or garbage shall be installed underground or be so placed and kept as not to be visible from any street or Common Area within the Development except at the times when refuse collections are made.
- m. *Restrictions on temporary structures.* No travel trailers, RVs, mobile home or tent shall be placed or erected on any lot nor shall any long term (longer than seven days) camping be permitted on any Lot without Board approval.
- n. *Removal of trees.* No tree over four inches in diameter may be removed from any Lot without the prior written consent of the Board.
- o. *Limited access.* There shall be no access to any Lot on the perimeter of the Development except from designated streets or roads within the Development.
- p. *Ditches and swales.* Each owner shall keep drainage ditches and swales located on his Lot free and unobstructed and in good repair and shall provide for the installation of such culverts upon his Lot as may be reasonably required for proper drainage. The Board shall notify the homeowner if drains, ditches and culverts are in disrepair and the homeowner will have 30 days to repair.
- q. *Re-subdivision of Lots.* No Lot or Parcel shall be further subdivided except those designated multiple family residential and then only to the extent required or permitted by governmental authority. As of September 1, 2007, all lots

- (including combined lots) as currently platted shall continue as single lots. Any request to combine multiple lots must be approved by the Board and shall require a fee based upon a factor of ten times the current Association annual assessment for each lot to be combined. Further, any lots once combined into a single lot may not be resubdivided.
- r. *Drilling and mining.* No drilling, refining, quarrying or mining operations of any kind shall be permitted on any lot. Water wells for personal use are permitted.
 - s. *Water services.* A waterworks system shall be owned and operated by a Privately Owned Public Utility authorized by a Certificate of Public Convenience and Necessity issued by the North Carolina Utilities Commission in accordance with the provisions of Article I of Chapter 62 of the General Statutes of North Carolina, as now or hereafter amended, revised or superseded, to acquire, maintain and/or operate a waterworks system and conduct a public utility business in the area occupying the Knob Creek Development.
 - t. *Road Impact Fees.* Upon the written application of a property owner to construct a new home in the Knob Creek Development and following approval by the Board of that request, the owner must pay a non-refundable Impact Fee to the Association in the amount of One Thousand Five Hundred (\$1,500) prior to the start of any lot preparation or construction. Upon the written application of a property owner to make any major improvement to his/her property or residence (this would include excavation or exterior renovation/additions requiring the use of heavy trucks or equipment) in the Knob Creek Development and following approval by the Board of that request, the owner must pay a non-refundable Impact Fee to the Association in an amount up to a maximum of One Thousand Dollars (\$1,000) prior to the start of any lot preparation or construction. This Impact Fee can be lowered by the Board, depending on the scope and nature of the improvement, etc., and could, in some cases, be waived entirely.
 - u. *Fines.* Fines will be charged per offence: 1) Tree removal and/or fence erection without Board approval - \$200. 2) Failure to get Board approval for lot preparation - \$1,000 [new construction] 3) Failure to get Board approval for new house plans - \$5,000.

In consideration therefore, the owners of each Lot agrees to pay to said Privately Owned Public Utility, its successors, assigns, leasees and/or licensees, a MINIMUM MONTHLY AVAILABILITY CHARGE OF FIVE DOLLARS (\$5.00) for water, water service and the accommodation afforded said Owners by said waterworks system commencing upon availability of water in a waterworks system distribution main provided for the Lot and continuing thereafter so long as water is available for use, whether or not tap or connection is made to a waterworks system distribution main and whether or not said owners actually use or take water. Said AVAILABILITY CHARGE shall and will be charged to each Lot of each said Owner and will be the only charge for water except as otherwise herein provided. However, it is understood that the Developer shall not be charged for water under these provisions unless houses using water are constructed on lots. The afore said amount of said AVAILABILITY CHARGES, including special provisions for said AVAILABILITY CHARGES with respect to contiguous lots or the same Owner, times and method of payment thereof by said

owners and other matters shall be provided in Schedules of Rates and Rules.

Regulations and Conditions of Service for water services are filed and published by said Public Utility with said North Carolina Utilities Commission or any successor regulatory body in the State of North Carolina in accordance with law and passed of file or formally approved by said Commission as the then effective Schedule of Rates and Rule, Regulations and Conditions of Service of said Public Utility. Upon any said owner making a written request therefor, and paying said Public Utility not less than Two Hundred Fifty Dollars (\$250.00) in cash therewith in accordance with such other amount as is approved or passed to file therefor by said North Carolina Utilities Commission or its successor, a tap to a waterworks system distribution main in connection to Owner's Lot line will be installed. The amount of said AVAILABILITY CHARGES and other charges are subject to change here after by order of the North Carolina Utilities Commission of said AVAILABILITY CHARGES are likewise and in the same manner subject to change from AVAILABILITY CHARGES to another type of rate or rates. Unpaid charges shall become a lien upon the Lot or Lots to which they are applicable as the date the same become due. Nothing in this paragraph set forth shall be construed as a limitation on the rights 'of any Public Utility to sell and assign in accordance with law its property and assets to a North Carolina municipal corporation or to a governmental subdivision of the State of North Carolina.

IV. Architecture and Environmental Control by Board.

- a. *General Powers.* The Environmental Control Committee, as appointed by the Board of Directors shall assist the Board in the oversight and enforcement of the following restrictive covenants as well as those in Section III above. All improvements constructed or placed on any Lot, including excavation or removal of trees greater than four inches in diameter, must first have the written approval of the Board. Such approval shall be granted only after written application has been made to the Board in the manner and form prescribed by it. For new homes or improvements/additions, the application, to be accompanied by two sets of plans and specifications, shall show the location of all improvements, if any, existing upon said Lot the location of the improvement proposed to be constructed, the color and composition of all exterior material to be used, proposed landscaping, and any other information which the Board may require, including soil, engineering and geologic reports and recommendations.
1. As a means of defraying its expenses, the Board may institute and require a reasonable filing fee to accompany the submission of plans and specifications, to be not more than one-tenth of one percent of the estimated cost of the proposed improvement, subject to a minimum of \$300.00. No additional fee shall be required for re-submissions.
- b. *Grounds for Disapproval.* The Board may disapprove the application:
1. If such application does not comply with this Declaration.
 2. Because of the reasonable dissatisfaction of the Board with grading plans, location of the proposed improvements on a Lot, finished ground elevation, color scheme, finish, design proportions, architecture, shape, height or style of the proposed improvement, the materials used therein the kind, pitch or

type of roof proposed to be place thereon;

3. If, in the judgement of the Board, the proposed improvement will be inharmonious with the Development, or with the improvements erected on other Lots.
 - c. *Variances.* The Board may grant reasonable variances or adjustments from the provisions in this Declaration where literal application thereof will not be materially detrimental or injurious to owners of other Lots.
 - d. *Certification of Compliance.* At any time prior to completion of construction of an improvement, the Board may require a certification upon such form as it shall furnish from the contractor, owner or a licensed surveyor that such improvement does not violate any setback, ordinance or statute, nor encroach upon any easement or right-of-way of record.
 - e. *Liability.* Notwithstanding the approval by the Board of plans and specifications or its inspection of the work in progress, neither it the Association, nor any person acting in behalf of them shall be responsible in any way for any defects in any plans or specifications or other material submitted to the Board, nor for any defects in any work done pursuant thereto. Each person submitting such plans or specifications shall be solely responsible for the sufficiency thereof and the adequacy of improvements constructed pursuant thereto.
 - f. *Restriction on Construction of Model Homes.* As of January 1, 1999 and thereafter, no Modular, Mobile, or non "Stick Built" home may be placed on any lot.
 - g. *Exterior Color Scheme.* All changes in exterior paint color require Board approval. All exterior colors, including those for roof and siding materials, shall be of a muted earth tone nature.

V. Knob Creek Homeowners Association

- a. *General.* The association of a North Carolina not-for-profit corporation organized to further and promote the common interest of property owners in the Development. The Association shall have such powers in the furtherance of its purposes as are set forth in its Articles and Bylaws.
- b. *Membership.* Membership in the Association shall be as set out in its Bylaws, but all lot owners must be members.
- c. *Rights, privileges and obligations.* The rights, duties, privileges and obligations of membership in the Association are as set forth in its Articles and Bylaws.

VI. General Assessments

- a. *Assessments.* Pursuant to the powers granted to it in its Articles and Bylaws, the Association is hereby expressly authorized and empowered to levy annual assessments against all Lots in the Development.
- b. *Collection and Lien.* The amount of the assessment levied by the Association shall be paid to it on or before the date or dates fixed by resolution of the Board. If not so paid to it on or before the date or dates fixed by resolution of the Board, the amount of such assessment, plus any other charges thereon, including interest at the maximum limit provided by law per annum from date of delinquency and costs of collection including attorney's fees, if any, shall constitute and become a

lien on the Lot so assessed when the Board causes to be recorded in the office of the appropriate County Recorder Deeds, a notice of assessment which shall state the amount of such other charges and a description of the Lot which has been assessed. Such notice shall be signed by the Secretary of the Association on behalf of the Association. Upon payment of said assessment and charges, or other satisfaction thereof, the Board shall, within a reasonable time, cause to be recorded a further notice stating the satisfaction and the release of said lien.

- c. *Priority of Lien.* Conveyance of any Lot shall not affect any lien for assessments provided herein. Such lien shall be prior to all other liens recorded subsequent to said notice of assessment.
- d. *Enforcement.* The lien provided for herein may be foreclosed by suit by the Association in like manner as a mortgage and, in such event, the Association may be a bidder at the Foreclosure sale. The Association may also pursue any other remedy against any owner owing money to it which is available to it by law or equity for the collection of debt.
- e. *Proof of Payment.* Upon request, the Association shall furnish a statement certifying that all assessments then due have been paid or indicating the amount then due.
- f. *Suspension.* The Association shall not be required to transfer memberships on its books or to allow the exercise of any rights or privileges of membership on account thereof to any owner or to any persons claiming under them unless or until all assessments and charges to which they are subject have been paid.

VII. Easements

- a. *Reservations.* The following easements over each Lot or Parcel and the right to ingress and egress to the extent reasonably necessary to exercise such easements, are reserved to Knob Creek Homeowners' Association and its licensees.
 - 1. *Utilities.* A five foot wide strip running along the inside of all Lot lines except those Lot lines coincident with street right of way lines, in which case such strip shall be 10 feet wide, for the installation, maintenance and operation of utilities, including radio and TV transmission cables, and the accessory right to locate guy wires, braces or anchors or to cut, trim or remove trees and plantings wherever necessary upon such Lots in connection with such installation, maintenance and operation.
 - 2. *Responsibility.* The Association assumes no responsibility for any drainage problems affecting any lot.
 - 3. *Slope and Drainage.* A 30 foot wide easement running along the inside of all Lot lines coincident with street right of way lines for the purpose of cutting, filling, drainage and maintenance of slopes and drainage courses.
 - 4. *Private Streets.* An easement on, over and under all streets in the Development thereon or thereunder; for purposes of drainage control; for access to any Lot or Parcel; and for purposes of maintenance of said streets.
 - 5. *Other easements.* Any other easements shown on the Plat.
- b. *Use of and Maintenance by Homeowners.* The areas of any Lots affected by the easements reserved herein shall be maintained continuously by the Owner of such Lot, but no structures, planting or other material shall be placed or permitted to

remain or other activities undertaken thereon which may damage or interfere with the use of said easements for the purpose herein set forth. Improvements within such areas shall be maintained by the owner except those for which a public authority or utility company is responsible.

- c. *Liability for use of easements.* No owner shall have any claim or cause of action against Knob Creek Homeowners' Association or its licensees arising out of the exercise or non-exercise of any easement reserved hereunder or shown on the Plat except in cases of willful or wanton misconduct.

VIII. Remedies

- a. *Enforcement.* Knob Creek Homeowners' Association and each person to whose benefit this Declaration inures including the Association, may proceed at law or in equity to prevent the occurrence, continuation or violation of any provisions of this Declaration, and the court in such action may award the successful party reasonable expenses in prosecuting such action, including attorney fees.
- b. *Suspension of Privileges.* The Board may suspend, all voting rights, if any, and all rights to use the Association Common Areas of any Owner for any period during which any Association assessment against such Owner remains unpaid, or during the period of any continuing violation of the provisions of this Declaration by such Owner after the existence thereof has been declared by the Board.
- c. *Cumulative Rights.* Remedies specified herein are cumulative and any specifications of them shall not be taken to preclude an aggrieved party's resort to any other remedy at law or in equity. No delay or failure on the part of an aggrieved party to invoke an available remedy in respect of a violation of any provision of the declaration shall be held to be a waiver by that party of any right available to him upon the recurrences of continuance of said violation or the occurrence of a different violation.

IX. Grantee's Acceptance

Each grantee or purchaser of any Lot or Parcel shall, by acceptance of a deed conveying title thereto, or the execution of a contract for the purchase thereof, whether from the original developer or a subsequent Owner of such Lot or Parcel accept such deed or contract upon and subject to each and all of the provisions of this Declaration and the Jurisdiction rights powers, privileges and immunities of the Association. By such acceptance such grantee or purchaser shall for himself, his heirs, devisees, personal representatives, grantees, successors and assigns, lessees and/or lessors, covenant consent and agree to and with Knob Creek Homeowners' Association and the grantee or purchaser of each other Lot to keep observe, comply with and perform the covenants, conditions and restrictions contained in the Declaration.

X. Suspension of Restrictions

The provisions on improvements, use and occupancy set forth herein shall be suspended as to any Lot, Parcel, or other area while and so long as the same is owned by or leased to the State of North Carolina or any governmental agency, public or private utility whenever and to the extent, but only to the extent, such provisions shall prevent the reasonable use of such Lot, Parcel or area for said purposes. On cessation of such use

such provisions shall become applicable again in their entirety. While owning or leasing and using, such Owner shall have no rights as a member of the Association, nor shall it be liable for any Association assessments.

XI. Severability

Every provision of this Declaration is hereby declared to be independent of and severable from every other provision hereof. If any provision hereof shall be held by a court of competent jurisdiction to be invalid, or unenforceable, all remaining provisions shall continue unimpaired and in full force and effect.

XII. Captions

Paragraph captions in this Declaration are for convenience only and do not in any way limit or amplify the terms or provisions hereof.

XIII. Term and Amendment

These Covenants may be amended by a majority of the quorum present at the annual meeting, a special meeting, or by majority vote of those members who, after receiving the proposed change(s) along with a ballot via United States mail, return those ballots to the Association by the date specified in the ballot and/or cover letter. In the case of ballots issued by mail, however, it is understood that in order for the results to be binding, such mailings shall require a response from at least the same number of members as would constitute a quorum at a general meeting.

amended October 15, 2008
Nita Padgett, Secretary

STATE OF NORTH CAROLINA
COUNTY OF TRANSYLVANIA

I, Carla D'Ree McCall, a Notary Public of the County and State
aforesaid, certify Melissa Robinson personally appeared before me this day and acknowledged
the due execution of the foregoing instrument.

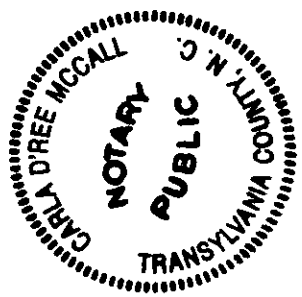
WITNESS my hand and notarial seal this 1 day of July, 2009

(Official seal)

Carla D'Ree McCall
Notary Public

My Commission Expires:

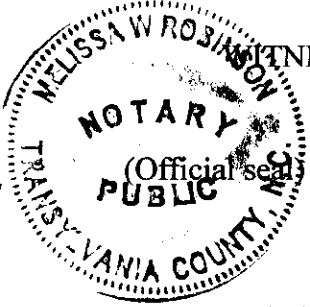
5/18/2013



STATE OF NORTH CAROLINA
COUNTY OF TRANSYLVANIA

I, Melissa Robinson, a Notary Public of the County and State aforesaid, certify Lenore Saunders, Marion Eikeland, Gary Padgett, Tim Posey, Philippa Hackett, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and notarial seal this 15th day of October, 2008.



Melissa W. Robinson
Notary Public
Melissa W. Robinson

My Commission Expires:

June 9th 2013

Knob Creek Homeowners' Association

Ballot

I/We agree to the amended By Laws and Restrictive Covenants as presented.

✓ Yes

_____ No

Denise Lauritzen

Signature of Homeowner

10/15/08,

Date

Knob Creek Homeowners' Association

Ballot

I/We agree to the amended By Laws and Restrictive Covenants as presented

 X Yes

_____ No

 Maria Ekelund
Signature of Homeowner

 10-15-08
Date

Knob Creek Homeowners' Association

Ballot

I/We agree to the amended By Laws and Restrictive Covenants as presented

Yes

No

Bany Padgett
Signature of Homeowner

10-15-08
Date

Knob Creek Homeowners' Association

Ballot

I/We agree to the amended By Laws and Restrictive Covenants as presented

Yes

No


Signature of Homeowner

10/15/08
Date

STATE OF NORTH CAROLINA
COUNTY OF TRANSYLVANIA

I, Melissa Robinson, a Notary Public of the County and State aforesaid, certify Ann Martin personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and notarial seal this 19th day of October, 2008.



Melissa W. Robinson
Notary Public

Melissa W. Robinson

My Commission Expires:

June 9, 2013

Knob Creek Homeowners' Association

Ballot

I/We agree to the amended By Laws and Restrictive Covenants as presented

_____ Yes

_____ No

Rachel Ann Martin
Signature of Homeowner

00-19-00
Date

Knob Creek Homeowners' Association

Ballot

I/We agree to the amended By Laws and Restrictive Covenants as presented.

_____ Yes X No

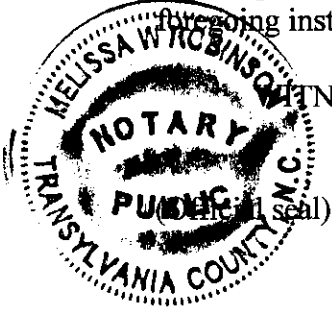
Signature of Homeowner

Henry C. Hehlke
Date

10/20/08

STATE OF NORTH CAROLINA
COUNTY OF TRANSYLVANIA

I, Melissa Robinson, a Notary Public of the County and State aforesaid, certify Henry Gehlke personally appeared before me this day and acknowledged the due execution of the foregoing instrument.



WITNESS my hand and notarial seal this 20th day of October 2008.

Melissa W. Robinson
Notary Public
Melissa W. Robinson

My Commission Expires:

June 9, 2013

Knob Creek Homeowners' Association

Ballot

I/We agree to the amended By Laws and Restrictive Covenants as presented

_____ Yes

_____ No

Signature of Homeowner

Date

[Handwritten Signature]
11/5/2018

Knob Creek Homeowners' Association

Ballot

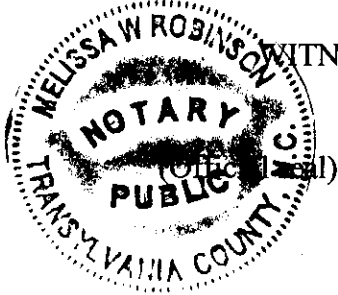
I/We agree to the amended By Laws and Restrictive Covenants as presented

Edward F Imhoff
Cerome W Imhoff Yes

_____ No
Edward F Imhoff
Cerome W Imhoff
Signature of Homeowner
11/5/08
Date

STATE OF NORTH CAROLINA
COUNTY OF TRANSYLVANIA

I, Melissa Robinson, a Notary Public of the County and State aforesaid, certify Joe DeGregorio and Edward Imoff personally appeared before me this day and acknowledged the due execution of the foregoing instrument.



WITNESS my hand and notarial seal this 5th day of November, 2008

Melissa W. Robinson
Notary Public
Melissa W. Robinson.

My Commission Expires:

June 9, 2013

Knob Creek Homeowners' Association

Ballot

I/We agree to the amended By Laws and Restrictive Covenants as presented.

✓ Yes

_____ No

Winnie E. Haysen
Signature of Homeowner

6 Nov 08
Date

Knob Creek Homeowners' Association

Ballot

I/We agree to the amended By Laws and Restrictive Covenants as presented

✓ Yes

_____ No

George Bauer
Signature of Homeowner

11/6/08
Date

Knob Creek Homeowners' Association

Ballot

I/We agree to the amended By Laws and Restrictive Covenants as presented

_____ Yes

_____ No
Harry Cook

Signature of Homeowner

11-6-08
Date

Knob Creek Homeowners' Association

Ballot

I/We agree to the amended By Laws and Restrictive Covenants as presented.

✓ Yes

_____ No

WMA [Signature]

Signature of Homeowner

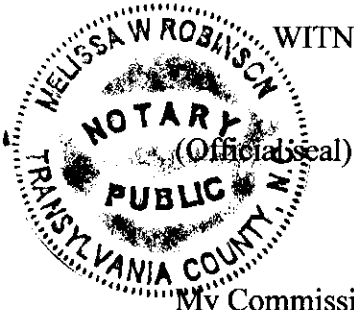
11-6-08

Date

STATE OF NORTH CAROLINA
COUNTY OF TRANSYLVANIA

I, Melissa Robinson, a Notary Public of the County and State aforesaid, certify Winnie Nofsinger, George Bauer, Harry Fisher and William Taylor personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and notarial seal this 6TH day of November, 2008



Melissa W Robinson
Notary Public

My Commission Expires:

June 9, 2013

Knob Creek Homeowners' Association

Ballot

I/We agree to the amended By Laws and Restrictive Covenants as presented

 ✓ Yes

_____ No

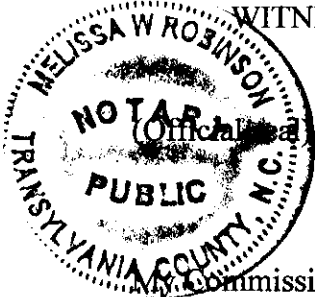
Elizabeth R. Clatter
Signature of Homeowner

11/7/08
Date

STATE OF NORTH CAROLINA
COUNTY OF TRANSYLVANIA

I, Melissa Robinson, a Notary Public of the County and State aforesaid, certify Dolores Hattendorf, Patrice Todd and Elizabeth Platter personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and notarial seal this 7TH day of November, 2008



Melissa W. Robinson
Notary Public
Melissa W. Robinson

My Commission Expires:
June 9, 2013

Knob Creek Homeowners' Association

Ballot

I/We agree to the amended By Laws and Restrictive Covenants as presented

 X Yes

_____ No

Frank J. Mammari
Signature of Homeowner

November 8, 2008
Date

Knob Creek Homeowners' Association

Ballot

I/We agree to the amended By Laws and Restrictive Covenants as presented

Yes

No

Charles Wallis

Signature of Homeowner (CHARLES WALLIS)

11/8/08

Date

Knob Creek Homeowners' Association

Ballot

I/We agree to the amended By Laws and Restrictive Covenants as presented

Yes

No

Johna Buntler
Signature of Homeowner

11/8/08
Date

STATE OF NORTH CAROLINA
COUNTY OF TRANSYLVANIA

I, Melissa Robinson, a Notary Public of the County and State aforesaid, certify Frank Marianacci, Charles Wallis and John Bintzler personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and notarial seal this

8th day of November, 2008



Melissa W. Robinson

Notary Public

Melissa W. Robinson

My Commission Expires:

June 9, 2013

Knob Creek Homeowners' Association

Ballot

I/We agree to the amended By Laws and Restrictive Covenants as presented

 ✓ Yes

_____ No

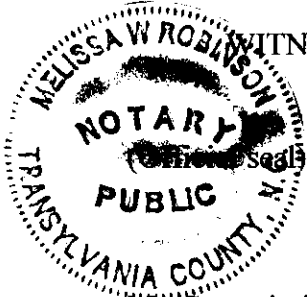
 Jeryl W. Wischard
Signature of Homeowner

 11/11/2008
Date

STATE OF NORTH CAROLINA
COUNTY OF TRANSYLVANIA

I, Melissa Robinson, a Notary Public of the County and State aforesaid, certify Jerolyn Hirschkind personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and notarial seal this 11th day of November, 2008



Melissa W. Robinson
Notary Public

Melissa W. Robinson

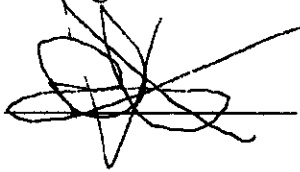
My Commission Expires:

June 9, 2013

Knob Creek Homeowners' Association

Ballot

I/We agree to the amended By Laws and Restrictive Covenants as presented

 _____ Yes

_____ No



Signature of Homeowner

11/15/08

Date

STATE OF NORTH CAROLINA
COUNTY OF TRANSYLVANIA

I, Melissa Robinson, a Notary Public of the County and State aforesaid, certify Lem Miller personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and notarial seal this 15th day of November, 2008



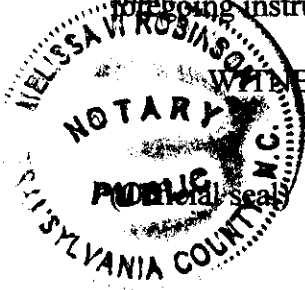
Melissa W. Robinson
Notary Public
Melissa W. Robinson

My Commission Expires:

June 9, 2013

STATE OF NORTH CAROLINA
COUNTY OF TRANSYLVANIA

I, Melissa Robinson, a Notary Public of the County and State aforesaid, certify Betsy Galloway personally appeared before me this day and acknowledged the due execution of the foregoing instrument.



WITNESS my hand and notarial seal this 20th day of November 2008

Melissa W. Robinson
Notary Public
Melissa W. Robinson

My Commission Expires:
June 9, 2013

Knob Creek Homeowners' Association

Ballot

I/We agree to the amended By Laws and Restrictive Covenants as presented

Yes

No

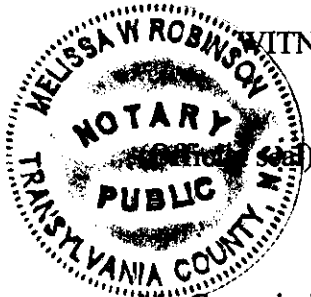
Ann M. Grant
Signature of Homeowner

11-24-2008
Date

STATE OF NORTH CAROLINA
COUNTY OF TRANSYLVANIA

I, Melissa Robinson, a Notary Public of the County and State aforesaid, certify Anna Yount personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and notarial seal this 24th day of November, 2008.



Melissa W. Robinson
Notary Public
Melissa W. Robinson

My Commission Expires:

June 9, 2013

Knob Creek Homeowners' Association

Ballot

I/We agree to the amended By Laws and Restrictive Covenants as presented

 X Yes

_____ No



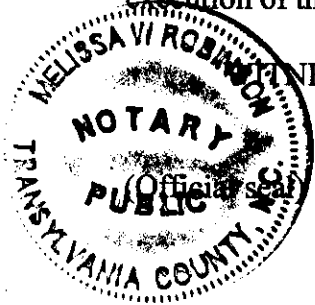
Signature of Homeowner

11/30/2008

Date

STATE OF NORTH CAROLINA
COUNTY OF TRANSYLVANIA

I, Melissa Robinson, a Notary Public of the County and State aforesaid, certify Pamela Weitzel and Phillip Davis personally appeared before me this day and acknowledged the due execution of the foregoing instrument.



WITNESS my hand and notarial seal this 30th day of November 2008

Melisse W. Robinson
Notary Public
Melisse W. Robinson

My Commission Expires:

June 9, 2013

Knob Creek Homeowners' Association

Ballot

I/We agree to the amended By Laws and Restrictive Covenants as presented.

✓ Yes

_____ No

Theresa Bell Suzanne Bell
Signature of Homeowner

1-24-09
Date

STATE OF NORTH CAROLINA
COUNTY OF TRANSYLVANIA

I, Melissa Robinson, a Notary Public of the County and State aforesaid, certify Thomas Bell personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and notarial seal this 24th day of January, 2009.



Melissa W. Robinson
Notary Public
Melissa W. Robinson.

My Commission Expires:
June 9, 2013