STATE OF NORTH CAROLINA,

COUNTY OF TRANSYLVANIA.

KNOW ALL MEN BY THESE PRESENTS, that FRENCHBROAD INVESTMENTS, INC., a corporation organized and existing under the laws of the State of North Carolina, with its principal office in the Town of Brevard, North Carolina, does hereby mutually covenant and agree to and with all other persons, firms or corporations now owning or hereafter acquiring any property in the following described tracts of land, lying and being in Brevard Township, Transylvania County, North Carolina:

Being those certain lots designated as Lots 116 - 128, 328 and 329, Section C., Lots 304 - 313, Section C and Lots 314 - 327, Section C of Illahee Hills Subdivision, plat of which said lots is recorded in the office of the Register of Deeds for Transylvania County, North Carolina, in Map File 1, Slides 73 - 73A and 74, Records of Transylvania County, North Carolina, reference to which is hereby made for a more complete description.

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That the said property hereinabove described is hereby subject to the restrictions as to the use thereof running with the said property by whomsoever owned, to-wit:

RESIDENTIAL AREA COVENANTS

A-1. LAND, USE AND BUILDING TYPE: No lot shall be used except for residential purposes. No building shall be erected, altered, placed or permitted to remain on any lot other than one detached, single-family dwelling, not to exceed two and one-half stories in height, and a private garage for the family's cars. However, it is specifically understood and agreed that: (1) there may be constructed on any lot having an area of two acres or more a guest house, in addition to the private dwelling, and (2) an aesthetically designed and located utility building, on a lot of any size; both of which shall be subject to the provisions of C-1, entitled "Architectural Control Committee."

A-2. ARCHITECTURAL CONTROL: No building shall be erected, placed or altered on any lot until the construction plans, specifications and site plans showing the location of the structure have been approved by the Architectural Control Committee as to quality of workmanship and materials, harmony of external design with existing structures and as to location with respect to topography and finish grade elevation. No fence or wall shall be erected, placed or altered on any lot nearer to any street than the minimum building setback line unless similarly approved. Approval shall be as provided in part "C" hereof.

A-3. DWELLING COST, QUALITY AND SIZE: No dwelling shall be permitted on any lot of said subdivision at a cost of less than TWENTY THOUSAND AND NO/100 DOLLARS ($20,000.00) based upon the

cost levels prevailing on the date these covenants are recorded, it being the intention and purpose of the covenants to assure that all dwellings shall be of a quality of workmanship and materials substantially the same or better than that which can be produced on the date these covenants are recorded at the minimum cost stated herein for the minimum permitted dwelling size. The ground floor of the main structure, exclusive of one story open porches and garages, shall be not less than fifteen hundred (1500) square feet for one story dwellings, nor less than twelve hundred (1200) square feet for a structure of more than one story.

A-4. BUILDING LOCATION: No building shall be located on any lot nearer to the front lot line or nearer to the side street line than the minimum building setback line shown on the recorded plat. In any event no building shall be located on any lot nearer than thirty-five (35) feet to the front lot line. No building shall be located nearer than fifteen (15) feet to an interior lot line. No dwelling shall be located on any interior lot nearer than fifteen (15) feet to the rear lot line.

A-5. LOT WIDTH AND AREA: No dwelling shall be erected or placed on any lot having a width of less than eighty (80) feet at the building setback line, nor shall any dwelling be placed on any lot having an area of less than twelve thousand (12,000) square feet.

A-6. EASEMENTS: Easements for installations and maintenance of the utilities and drainage facilities are reserved as shown on the recorded plat.

A-7. NUISANCES: No noxious or offensive activity shall be carried on upon any lot, nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood.

A-8. TEMPORARY STRUCTURES: No structure of a temporary character, trailer, basement, tent, shack, garage, or other outbuilding shall be used on any lot at any time as a residence, either temporary or permanently.

A-9. SIGNS: No sign of any kind shall be displayed to the public view on any lot except one professional sign of not more than one square foot, one sign of not more than five square feet advertising the property for sale or rent, or signs used by a builder to advertise the property during the construction and sales period.

A-10. LIVESTOCK AND POULTRY: No animals, livestock or poultry of any kind shall be raised, bred or kept on any lot, except that dogs, cats or other household pets may be kept, provided that they are not kept, bred or maintained for any commercial purposes.

A-11. GARBAGE AND REFUSE DISPOSAL: No lot shall be used or maintained for a garbage dumping ground for rubbish. Trash, garbage or other waste shall not be kept except in sanitary containers. All incinerators or other equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition.

A-12. COMPLETION OF STRUCTURES: Construction of any building shall be completed within seven (7) months of the date that construction was begun.

AESTHETIC PROVISIONS AND COVENANTS

B-1. SIGHT DISTANCE AND INTERSECTIONS: No fence, wall, hedge or shrub planting which obstructs sight lines at elevations between two and six feet above the roadways shall be placed or permitted to remain on any corner lot within the triangular area formed by the street property lines and a line connecting them at points twenty-five (25) feet from the intersection of the street lines, or in the case of a rounded property corner, from the intersection of the street property lines extended. The same sightline limitations shall apply on any lot within ten (10) feet of the intersection of a street property line with the edge of a driveway or alley pavement. No tree shall be permitted to remain within such distance of such intersections unless the foliage line is maintained at sufficient height to prevent obstruction of such lines.

ARCHITECTURAL CONTROL COMMITTEE

C-1. MEMBERSHIP: The Architectural Control Committee shall be composed of from two (2) to five (5) members duly elected by the lot owners in said subdivision, it being understood and agreed that every firm, person or corporation owning one or more lots shall have one vote in selecting the Architectural Control Committee. Members shall be elected annually by a written ballot each December and shall serve for the next calendar year. In the event of the death or resignation of any member of the Committee during his term of office, the remaining members of the Architectural Control Committee shall have the authority to designate his successor. No member of the Architectural Control Committee shall be entitled to any compensation for services performed pursuant to this covenant.

C-2. PROCEDURE: The Committee's approval or disapproval as required by the covenants shall be in writing. In the event the Committee, or its designated representative, fails to approve or disapprove within thirty (30) days after plans and specifications have been submitted to it, or in any event, if no suit to enjoin the construction has been commenced prior to the completion therof, approval will not be required and the related covenants shall be deemed to have been fully complied with.

GENERAL PROVISIONS

D-1. TERMS: These covenants are to run with the land and shall be binding on all parties and all persons claiming under them for a period of twenty-five (25) years from the date these covenants are recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years unless an instrument signed by a majority of the then owners of the lots has been recorded, agreeing to change said covenants in whole or in part.

D-2. ENFORCEMENT: Enforcement shall be by proceedings at law or in equity against any person or persons violating or attempting to violate any covenant either to restrain violations or to recover damages.

D-3. SEVERABILITY: Invalidation of any one of these covenants by judgment or court order shall in no wise affect any of the other provisions which shall remain in full force and effect.

220 328

IN TESTIMONY WHEREOF, FRENCHBROAD INVESTMENTS, INC., has caused this instrument to be executed in its corporate name by its President and attested to by its Secretary all by order of the Board of Directors, the day and year first above written.

FRENCHBROAD INVESTMENTS, INC.,

By: Hamill Bagwell
President

ATTEST:

Robert W Melton
Secretary

STATE OF NORTH CAROLINA,
COUNTY OF TRANSYLVANIA.

This the 21 day of October, 19__, personally came before me, Bernice M Babb, a Notary Public for said State and County, Hamill Bagwell, who, being by me duly sworn, says that he (or she) is the President (or Vice President) of FRENCHBROAD INVESTMENTS, INC., and that the seal affixed to the foregoing instrument in writing was signed and sealed by him and attested to by its Secretary, in behalf of said corporation, by its authority duly given. And the said Hamill Bagwell acknowledged the said writing to be the act and deed of said corporation.

WITNESS my hand and Notarial Seal, this the 21 day of Oct., 19X.

Bernice M. Babb
Notary Public

My Commission Expires: 1-19-81

STATE OF NORTH CAROLINA,
COUNTY OF TRANSYLVANIA.

The foregoing certificate of Bernice M. Babb, a Notary Public, is certified to be correct. This instrument was

presented for registration and recorded in this office in Book 220, Page 325.

This the 22 day of October, 1976, at 10:45 o'clock, A.M.

Fred H Jewell
Register of Deeds

By: _____
Deputy Register of Deeds