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NORTH CAROLINA

WATAUGA COUNTY

DECLARATION OF RESTRICTIONS  
FOR ECHOTA ON THE RIDGE

THIS DECLARATION OF RESTRICTIONS, made this 15 day of November, 2005, by EDCOTR, Inc. (hereinafter referred to as "Declarant");

WITNESSETH:

WHEREAS, Declarant is the owner of the real property described in Paragraph 1 of this Declaration of Restrictions and is desirous of subjecting said real property to the protective covenants hereinafter set forth, each of which is for the benefit of such property and for each owner thereof, and each and every tract or parcel thereof, and shall apply to and bind the successors in interest and any owner thereof.

NOW, THEREFORE, the Declarant hereby declares that the real property described in and referred to in Paragraph 1 hereof is and shall be held, transferred, sold and conveyed subject to the protective covenants set forth below.

1. The real property which initially is and shall be held, transferred, sold and conveyed subject to these protective covenants set forth in the paragraphs of this Declaration of Restrictions is located in Watauga County, North Carolina, and is more particularly described as follows:

THAT CERTAIN TRACT OF LAND AS DESCRIBED IN EXHIBIT A ATTACHED HERETO AND INCORPORATED HEREIN BY REFERENCE.

2. The real property described in Paragraph 1 hereof is subjected to the protective covenants and restrictions hereby declared to insure the best use and the most appropriate development and improvement of said property; to protect the owners of parcels against such improper use of surrounding properties as would depreciate the value of their property; to preserve, so far as practicable, the natural beauty of said property; to guard against the erection thereon of poorly designed or proportioned structures, and structures built of improper or unsuitable materials, to obtain harmonious color schemes; to insure the highest and best development of said property; to encourage and secure the erection of attractive structures thereon with appropriate locations thereon; to prevent haphazard and inharmonious improvement of said property; to secure and maintain a high type and quality of improvement in said property, and thereby to enhance the values of investments made by purchasers of parcels therein. This Declaration shall initially apply to the real property described in paragraph 1. Provided, Declarant reserves for itself and its successors and assigns the right to subject additional property to the provisions of this Declaration in the manner hereinafter provided. No property of the Declarant presently owned or hereafter acquired shall be subject to these restrictions except that property now or hereafter made subject hereto as provided in these restrictions.

ARTICLE I:

DEFINITIONS

The terms in this Declaration and the attached Exhibits shall generally be given their natural, commonly accepted definitions except as otherwise specified. Terms shall be defined as set forth below.

1.1. Association: Echota on the Ridge Property Owners' Association, Inc., a North Carolina Non-Profit Incorporated Association.

1.2. Board of Directors or Board: The elected body of the Association having its normal meaning under North Carolina corporate law.

1.3. By-Laws: The By-Laws of Echota on the Ridge Property Owners' Association, Inc., a copy of which is attached as Exhibit C to this Declaration, as they may be amended.

1.4. Common Area: All real and personal property, including easement rights, which the Association owns, leases, or otherwise holds possessory or use rights in for the common use and enjoyment of the Owners. The term shall include Limited Common Area, as defined below. Said real property, including improvements thereon, shall be labeled as "Common Area" on the recorded maps and plats for Echota and shall also include all roads and streets shown thereon (except for public roads and streets).

1.5. Common Expenses: The actual and estimated expenses of operating the Association, including any reasonable reserve. Common expenses are all expenses which may be found to be necessary and appropriate by the Board acting under the authority of this Declaration and the By-Laws. Common expenses shall not include any expenses incurred for construction or installation of infrastructure, capital improvements, or other construction or development undertaken by the Declarant unless approved by a majority of the total Class "A" votes in the Association.

1.6. Community-Wide Standard. The standard of conduct, maintenance, or other activity generally prevailing throughout the Properties. Such standard may be more specifically determined by the Board and by the Declarant.

1.7. Condominiums: All condominiums created pursuant to Chapter 47C of the North Carolina General Statutes which may be developed by Declarant on the Properties.

1.8. Condominium Associations: Those certain incorporated Associations consisting of unit owners in the Condominiums created pursuant to the Condominium Declarations.

1.9. Condominium Declarations: Those certain Declarations of Condominium made by Declarant in order to create the Condominiums.

1.10. Declarant: EDCOTR, Inc., a North Carolina Corporation, or any successor, successor in title, or any assign who takes title to any portion of the property described on Exhibits A or B of this Declaration for the purpose of development and/or sale and who is designated as the Declarant in a recorded instrument executed by the immediately preceding Declarant; provided, there shall be only one entity entitled to exercise the rights of the Declarant hereunder at any time..

1.11. Declarant Control Period: The period commencing on the date of recordation of this Declaration and continuing until the earlier of (a) December 31, 2015; (b) 120 days after conveyance of 298 Units (as hereinafter defined) within the Properties to an Owner other than Declarant; or (c) the date upon which Declarant voluntarily terminates the Declarant Control Period. Provided, that Declarant shall not have the right to voluntarily terminate the Declarant Control Period prior to the conveyance of 150 Units to an owner other than Declarant unless a majority of the total Class "A" votes in the Association consent in writing to such termination.

1.12. Development: Echota on the Ridge, a residential development proposed to be developed on the Properties of the Declarant.

1.13. General Assessment. Assessments levied on all Units subject to assessment under Article V to fund Common Expenses for the general benefit of all Units and their Owners.

1.14. Governing Documents. This Declaration, the By-Laws, the Articles of Incorporation of the Association, any applicable Supplemental Declaration, the Use Restrictions and Rules, and any design guidelines which may be adopted by the Board, as they may be amended from time to time in accordance with their terms.

1.15. Limited Common Area. A portion of the Common Area intended for the primary use or benefit of one or more, but less than all, Units. Limited common Area shall be designated as such, and the Units which it is intended to benefit (the "Benefited Units") shall be identified, in the deed or other instrument granting the Association rights in such property. All costs of ownership, maintenance, repair, replacement, insurance and operation of any Limited Common Area shall be assessed as a Specific Assessment against only those Units identified as the Benefited Units in the instrument designating such Limited Common Area.

1.16. Lot: Any plot of land, with established boundary lines, described in the deeds of conveyance or appearing on the recorded plats for Echota, but excluding all common areas or any plots of land to be used or permitted by Declarant in developing any Condominiums.

1.17. Majority. A simple majority (more than 50%) of the total number comprising the subject class or group.

1.18. Maps or Plats: The maps of the Properties as recorded (either at this time or a later date) in the Watauga County, North Carolina, Public Registry.

1.19. Member: A person or entity entitled to membership in the Association.

1.20. Owner. The record owner, whether one or more persons or entities, of a fee simple title interest in any Unit which is included within the Properties, including Declarant if it owns any Unit, but excluding those having such interest merely as security for the performance of an obligation.

1.21. Person. A natural person, a corporation, a partnership, a trustee, or any other legal entity.

1.22. Planned Unit Townhomes or Townhomes: Those certain attached and detached residences constructed within the Properties which shall be arranged in planned unit clusters with designated Common Areas for the exclusive use and benefit of said planned unit clusters. Said residences may include duplexes constructed in the townhouse style with party walls.

1.23. Planned Unit Declarations: Those certain declarations of restrictions which may be created or permitted by Declarant in order to create planned unit townhomes.

1.24. Planned Unit Owners Associations': Those certain Associations of townhome lot owners which are created pursuant to the provisions of Planned Unit Declarations.

1.25. Properties: The properties which are now or may hereafter be made subject to this Declaration and brought within the jurisdiction of the Association.

1.26. Special Assessment. Assessments levied in accordance with Section 5.4.

1.27. Supplemental Declaration. An instrument filed in the Watauga County Public Registry pursuant to Article VI which subjects additional property to this Declaration and/or imposes, expressly or by reference, additional restrictions and obligations on the land described in such instrument.

1.28. Unit: A portion of the Properties, whether improved or unimproved, which may be independently owned and conveyed and which is intended for development, use, and occupancy as a residence or a place of business. For example, the term shall refer to each numbered lot shown on a subdivision plat filed in the Watauga County Public Registry with respect to any portion of the Properties, together with the structures, if any, constructed thereon. The term shall also refer to each dwelling unit within a condominium, vacant land intended for further subdivision, townhomes or townhouses, or commercial units located within a commercial condominium or townhome complex. In the case of a structure containing multiple dwelling units or multiple commercial units held for rental purposes, each unit shall be deemed a separate unit, regardless of the ownership of such property. With respect to any portion of the Properties intended for subdivision into single family lots but as to which no subdivision plat has been filed, such property shall be deemed to be a single Unit until such time as a subdivision plat is filed for record in the Watauga County Public Registry with respect to all or a portion of said property. Thereafter, the portion included on such plat as set forth above and any portion not platted shall continue to be treated as a single Unit.

1.29. Use Restrictions and Rules. Those use restrictions and rules applicable to all or any portion of the Properties which may be adopted, modified and repealed as set forth in Article VIII.

## ARTICLE II

### GOVERNANCE AND ADMINISTRATION

#### 2.1. Function of Association.

(a) General. The Association shall manage, maintain, operate, insure and control the Common Area and all improvements thereon (including, without limitation, landscaping, furnishings, equipment, and other personal property of the Association used in connection with the Common Area). In addition, the Association shall perform such maintenance and provide such services within the Properties as specifically provided or authorized in the Governing Documents. The Association shall be the primary entity responsible for enforcement of the Governing Documents. The Association is specifically authorized, but not obligated, to employ such contractors, employees, professionals and others as it deems necessary to assist in exercising its authority under this Declaration. The Association may transfer or assign any or all of its rights or responsibilities hereunder to other entities and, in such event, references to the Association in this Declaration shall be deemed to refer to such transferee or assignee, as applicable.

(b) Acceptance and Control of Common Area. The Association may acquire, hold and dispose of tangible and intangible real and personal property. The Association shall accept any real or personal property, or interests therein, which the Declarant may convey to it, and thereafter shall maintain and operate such property as Common Area for the benefit of its Members and any other persons having an interest therein, subject to any limitations and obligations contained in the deed or other instrument granting the Association an interest in such property. Any property transferred to the Association as Limited Common Area shall be maintained, operated and insured by the Association for the benefit of the Units specified in the instrument granting the Association's interest in such property (the "Benefited Units"), and all costs thereof shall be assessed equally among the Benefited Units as a specific assessment.

There shall be no restriction on the rights of the Association to sell, lease, encumber, or convey all or portions of the Common Area and to dedicate all or portions of the Common Area to any governmental or quasi-governmental body, except that the Association shall not sell, lease, encumber, convey or dedicate any portion of the Common Area upon which structures have been constructed unless the sale, lease, encumbrance or conveyance: (a) is made subject to the rights of the Association and its Members to continue using such Common Area at no greater cost than a fair allocation of the reasonable costs of maintenance, repair, replacement, operation and insurance of the property between the Association and any other persons entitled to the use thereof; or (b) is approved by at least two-thirds of the total Class "A" votes in the Association.

The Association shall not undertake any new or additional capital improvements to the Common Area, the construction, development or installation costs of which are expected to exceed

\$10,000.00 in the aggregate and are to be allocated among the Units as a common expense, unless and until approved by Owners entitled to cast at least a majority of the total Class "A" votes in the Association and by the Class "B" Member, if still in existence. This provision shall not apply to capital improvements undertaken in the course of repairing or replacing existing improvements or which are intended to replace existing capital improvements and perform substantially the same function.

(c) Implied Rights and Board Authority. The Association, acting through its Board, may exercise any right or privilege given to it expressly by the Governing Documents or reasonably implied from, or reasonably necessary to effectuate, any express right or privilege. The Board shall be authorized to exercise all rights and powers of the Association except to the extent that the Governing Documents specifically require approval of the Members.

(d) Enforcement. The Association, acting through the Board, shall have the right to enforce the Governing Documents by suit, to recover monetary damages or obtain injunctive relief, or both. In any situation requiring immediate action to avoid endangering or inconveniencing other persons or their property, the Association, acting through any director, officer, or Board designee, may enter upon a Unit and take such action as may reasonably be necessary to abate or cure any violation of the Governing Documents without such entry being deemed a trespass. The Association, acting through its Board, shall be deemed to possess all powers and authority set forth in the North Carolina Planned Community Act, set forth in Chapter 47F of the North Carolina General Statutes.

The Association, by board action, may take any of the following actions after notice to the alleged violator in an opportunity for a hearing in accordance with the procedures set forth in the By-Laws or in the North Carolina Planned Community Act: (i) impose reasonable monetary fines which shall constitute a lien upon the Unit owned or occupied by the violator, if not paid within the time specified in the notice of such sanction; (ii) suspend an Owner's right to vote; (iii) suspend the right to use any recreational facilities within the Common Area; (iv) suspend any services provided by the Association to any Unit whose Owner is more than thirty (30) days delinquent in paying any assessment or other charge owed to the Association; (v) Upon failure of the Owner to abate or cure any violation of the Governing Documents, the Board or its designee may enter upon the Unit and take steps to abate or cure the violation and any such action shall not be deemed to trespass; (vi) levy Specific Assessments as provided in Section 5.5.

All remedies set forth in the Governing Documents shall be cumulative of any remedies available at the law or in equity. In any action to enforce the Governing Documents, if the Association prevails, it shall be entitled to recover all costs, including, without limitation, attorney's fees and court costs, reasonably incurred in such action.

The Board shall use its reasonable discretion and business judgment in making a determination as to whether to take enforcement action in a particular situation and the type of action to be taken, if any. Any decision regarding enforcement of a violation in one instance shall not be construed as a waiver of the Association to enforce the same provision of the Governing Documents at a later time or under other circumstances, nor prevent the Association from enforcing any other provision of the Governing Documents.

(e) Powers of the Association Relating to Other Associations. The Association shall have the power to veto any action taken or contemplated to be taken by any condominium association or planned unit owners association having jurisdiction over any portion of the Properties if the Board reasonably determines such action to be adverse to the interests of the Association or its Members or inconsistent with the Community-Wide Standard. The Association also shall have the power to require specific action to be taken by any such condominium association or planned unit owners association in connection with its obligations and responsibilities, such as requiring specific maintenance or repairs to be made. Upon failure to comply, the Association shall have the right to take such action on behalf of said condominium association or planned unit owners association and to levy Specific Assessments against the Units subject to such Association's jurisdiction to cover the costs incurred, as well as an administrative charge and monetary fines.

(f) Provision of Services. The Association shall be authorized, but not obligated, to enter into and terminate, in the Board's discretion, contracts or agreements with other entities to provide services to and facilities for the Members and their guests, lessees and invitees and to charge use and consumption fees for such services and facilities as a part of the General Assessment, if provided to all Members or Units, or as a Specific Assessment, if provided to less than all Members or Units. Such services and facilities may include but shall not be limited to landscape maintenance, security, fire protection, utilities, and similar services and facilities. Any agreement entered into by the Association with the Declarant or a company with which Declarant or its principals is affiliated during the Declarant Control Period for the provision of services or facilities shall be on commercially reasonable terms and at commercially reasonable rates.

Section 2.2. Membership. Every Owner shall be a Member of the Association. There shall be only one membership per Unit. If a unit is owned by more than one person, all co-owners shall share the privileges of such membership, subject to reasonable Board Regulation and the restrictions on voting set forth below and in the By-Laws, and all such co-owners shall be jointly and severally obligated to perform the responsibilities of Owners. The membership rights of an Owner which is not a natural person may be exercised by any officer, director, partner or trustee, or by the individual designated from time to time by the Owner in a written instrument provided to the Secretary of the Association.

Section 2.3. Voting. The Association shall have two classes of membership, Class "A" and Class "B".

(a) Class "A". Class "A" Members shall be all Owners except the Class "B" Member, if any. Class "A" Members shall have one equal vote for each Unit in which they hold the interests required for membership under Section 2.2, except that there shall be only one vote per Unit.

(b) Class "B". The sole Class "B" Member shall be the Declarant. The Class "B" Member may appoint a majority of the members of the Board of Directors during the Declarant Control Period. Additional rights of the Class "B" Member, including the right to approve, or withhold approval of, actions proposed under this Declaration, the By-Laws and the Articles of Incorporation, are specified in the relevant sections of this Declaration, the By-Laws and the Articles.

The Class "B" membership shall terminate upon the earlier of: (i) expiration of the Declarant Control Period as defined in Article I of this Declaration and in the By-Laws; or (ii) when, in its discretion, the Declarant so determines and declares in a recorded instrument.

Upon termination of the Class "B" membership, the Declarant shall be a Class "A" Member entitled to Class "A" votes for each Unit which it owns.

(c) Exercise of Voting Rights. In any situation where there is more than one Owner of a Unit, the vote for such Unit shall be exercised as the co-owners determine among themselves and advise the Secretary of the Association in writing prior to the vote being taken. Absent such advice, the Unit's vote shall be suspended if more than one person seeks to exercise it.

### ARTICLE III

#### MAINTENANCE

##### 3.1. Maintenance Property.

(a) The Association shall maintain, operate and keep in good repair the Maintenance Property, which shall include but need not be limited to:

(i) all landscaping, signage, lighting, irrigation systems and equipment, fences, walls and other structures and improvements, including any parking areas, maintenance facilities, sidewalks, paths and trails, situated upon the Common Area;

(ii) landscaping and signage within any public rights-of-way running through or adjacent to the Properties, except to the extent such responsibility is assigned to Owners under Section 3.2;

(iii) any ponds, streams and/or wet lands located within the Properties which serve as part of the drainage and storm water retention system for the Properties, including any retaining walls, bulk heads or dams retaining water therein;

(iv) such portions of any additional property include within the Maintenance Property as may be dictated by this Declaration or any Supplemental Declaration; and

(v) any property and facilities owned by the Declarant and made available, on a temporary or permanent basis, for the primary use and enjoyment of the Owners or the primary benefit of the Units, such property and facilities to be identified by written notice from the Declarant to the Association and to remain a part of the Maintenance Property unless and until such time as the Declarant revokes such privilege of use and enjoyment by written notice to the Association; provided, nothing shall be included in the Maintenance Property hereunder which has no use or benefit to the Owners or their Units.

The Association may maintain other property which it does not own, including, without limitation, property dedicated to the public, if the Association determines that such maintenance is necessary or desirable to maintain the Community-Wide Standard.

(b) Except as otherwise specifically provided herein, all costs associated with maintenance, repair and replacement of the Maintenance Property shall be a Common Expense to be allocated among all Units subject to assessment under Article V as part of the General Assessments, without prejudice to the right of the Association to seek reimbursement for such expenses from the owners of, or other persons responsible for, certain portions of the Maintenance Property pursuant to this Declaration.

3.2. Owner's Responsibility. Each Owner shall be responsible for maintaining his or her Unit and all structures, parking areas, and other improvements comprising the Unit in a manner consistent with the Community-Wide Standard and all applicable covenants.

3.3. Responsibility of Other Associations. Any condominium association or planned unit owners association which owns or controls property for the benefit of more than one Unit shall be responsible for maintaining such property and all structures, parking areas, and other improvements on such property in a manner consistent with the Community-Wide Standard and all applicable covenants.

3.4. Standard of Performance. Unless otherwise specifically provided herein or in other instruments creating and assigning such maintenance responsibility, responsibility for maintenance shall include responsibility for repair and replacement, as necessary. All maintenance shall be performed in a manner consistent with the Community-Wide Standard and all applicable covenants. The Association shall not be liable for any damage or injury occurring on, or arising out of the condition of, property which it does not own except to the extent that it has been negligent in the performance of its maintenance responsibilities.

## INSURANCE

4.1. Association.

(a) Required Coverages. The Association shall obtain and continue in effect the following types of insurance, if reasonably available, or if not reasonably available, the most nearly equivalent coverages as are reasonably available:

(i) Blanket property insurance covering “risks of direct physical loss” on a “special form” basis (or comparable coverage by whatever name denominated) for all insurable improvements on the Common Area and on other portions of the Maintenance Property (as described in Section 3.1) to the extent that it is responsible for maintenance, repair and/or replacement in the event of a casualty. If such coverage is not generally available at reasonable cost, then “broad form” coverage may be substituted. The Association shall have the authority to and interest in insuring any property for which it has maintenance or repair responsibility, regardless of ownership. All property insurance policies obtained by the Association shall have policy limits sufficient to cover the full replacement cost of the insured improvements before application of deductibles;

(ii) Commercial general liability insurance on the Maintenance Property, insuring the Association and its members for damage or injury caused by the negligence of the Association or any of its employees, agents, or contractors while acting on its behalf;

(iii) Workers compensation insurance and employers liability insurance, if and to the extent required by law;

(iv) Directors and officers liability coverage;

(v) Fidelity insurance covering all Persons responsible for handling Association funds in an amount determined in the Board’s business judgment but not less than an amount equal to one-sixth of the annual General Assessments on all Units plus reserves on hand. Fidelity insurance policies shall contain a waiver of all defenses based upon the exclusion of Persons serving without compensation; and

(vi) Such additional insurance as the Board, in the exercise of its business judgment, determines advisable.

(b) Policy Requirements. The Association shall arrange for an annual review of the sufficiency of insurance coverage by one or more qualified Persons, at least one of whom must be familiar with insurable replacement costs in the vicinity of the Properties.

The policies may contain a reasonable deductible and the amount thereof shall not be subtracted from the face amount of the policy in determining whether the policy limits satisfy the requirements of Section 4.1(a). In the event of an insured loss, the deductible shall be treated as a Common Expense; provided, if the Board reasonably determines, after notice and an opportunity to be heard in accordance with Section 2.1, that the loss is the result of the negligence or willful misconduct of one or more Owners, their guests, invitees, or lessees, then the Association may specifically assess the full amount of such deductible against such Owner(s) and their Units pursuant to Section 5.5.

(c) Damage and Destruction. Immediately after damage or destruction to all or any part of the Properties covered by insurance written in the name of the Association, the Association or its duly authorized agent shall file and adjust all insurance claims and obtain reliable and detailed estimates of the cost of repair or reconstruction. Repair or reconstruction, as used in this paragraph, means repairing or restoring the property to substantially the condition in which it existed prior to the damage, allowing for changes or improvements necessitated by changes in applicable building codes.

Damaged improvements on the Common Area shall be repaired or reconstructed unless the Members entitled to cast at least 75% of the Class "A" votes attributable to the Units which are subject to assessment for maintenance of such portion of the Common Area (the "Benefited Units"), and the Class "B" Member, if any, decide within 60 days after the loss not to repair or reconstruct. If either the insurance proceeds or estimates of the loss, or both, are not available to the Association within such 60-day period, then the period shall be extended until such funds or information are available. However, such extension shall not exceed 60 additional days. No Mortgagee shall have the right to participate in the determination of whether the damage or destruction to the Common Area shall be repaired or reconstructed.

If a decision is made not to restore the damaged improvements, and no alternative improvements are authorized, the affected property shall be cleared of all debris and ruins and thereafter shall be maintained by the Association in a neat and attractive, landscaped condition consistent with the Community-Wide Standard.

Any insurance proceeds remaining after paying the costs of repair or reconstruction, or after such settlement as is necessary and appropriate, shall be retained by the Association and either placed in a capital improvements account for the benefit of the Benefited Units, or credited against future assessments due from the Benefited Units. This is a covenant for the benefit of Mortgagees and may be enforced by the Mortgagees of any affected Unit.

If insurance proceeds are insufficient to cover the costs of repair or reconstruction, the Association may, without a vote of the Owners, levy a Special Assessment against the Benefited Units to cover the shortfall.

4.2. Other Property. By virtue of taking title to a Unit, each Owner covenants and agrees with all other Owners and with the Association to carry property insurance for the full replacement cost of all insurable improvements on his or her Unit, less a reasonable deductible. Each Owner further covenants and agrees that in the event of damage to or destruction of structures on or comprising his Unit, the Owner shall proceed promptly to repair or to reconstruct in a manner consistent with the original construction or such other plans and specifications as are approved in accordance with Article VII, such repair or reconstruction to be completed as soon as reasonably possible but in no event later than 12 months after the event causing such damage or destruction. Alternatively, the Owner shall promptly clear the Unit of all debris and ruins and maintain the Unit in a neat and attractive, landscaped condition consistent with the Community-Wide Standard. The Owner shall pay any costs which are not covered by insurance proceeds.

## ARTICLE V

### ASSESSMENTS

#### 5.1. Creation of and Obligation for Assessments.

(a) Purposes and Types. There are hereby created, and the Association is hereby authorized to levy, assessments for expenses incurred or anticipated to be incurred by the Association in performing its responsibilities and exercising its rights and powers under this Declaration and any Supplemental Declaration, specifically including but not limited to: expenses of maintaining, repairing, replacing, improving, operating and insuring the Maintenance Property, including amounts due to third parties who performs such tasks on behalf of the Association and the costs of labor, equipment, materials, management, supervision and utilities; taxes, if any, imposed on the Association or the Maintenance Property (as defined in Section 3.1); the cost of insurance and Fidelity bond coverage obtained pursuant to Article IV; expenses of monitoring and enforcing compliance with the provisions of this Declaration and the Governing Documents; expenses arising out of any measure undertaken to enhance the safety of the Owners and occupants of Units and the Properties; out-of-pocket expenses of the Declarant and the Architectural Review Committee in exercising their responsibilities for architectural control pursuant to Article VII; and such other expenses as the Board reasonably deems necessary or desirable in connection with the exercise of its powers and performance of its obligations under this Declaration.

There shall be three types of assessments: (a) General Assessments as described in Section 5.3; (b) Special Assessments as described in Section 5.4; and (c) Specific Assessments as described in Section 5.5. Each Owner, by accepting a deed or entering into a recorded contract of sale for any portion of the Properties, is deemed to covenant and agree to pay these assessments.

(b) Personal Obligation and Lien. All assessments, together with interest (computed from the due date of such assessment at a rate of 12% per annum or such higher rate as the Board may establish, subject to limitations of North Carolina law), reasonable late charges in such amount as the Board may establish by resolution (subject to the limitations of applicable North Carolina law), costs, and reasonable attorney's fees, shall be a charge and continuing lien upon each Unit against which the assessment is made until paid, as more particularly provided in Section 5.6. Each such assessment, together with interest, late charges, costs, and reasonable attorney's fees, also shall be the personal obligation of the person who was the Owner of such Unit at the time the assessment arose. Upon a transfer of title to a Unit, the grantee shall be jointly and severally liable for any assessments and other charges due at the time of conveyance. However, no first mortgagee who obtains title to a Unit by exercising the remedies provided in its mortgage shall be liable for unpaid assessments which accrued prior to such acquisition of title.

The Association shall, upon request, furnish to any Owner liable for any type of assessment a certificate in writing signed by an officer of the Association setting forth whether such assessment has been paid, which certificate shall be binding on the Association as to any amounts stated in such certificate to be due or paid as of the date of said certificate. The Association may require the advance payment of a reasonable processing fee for issuance of such certificate.

Assessments shall be paid in such manner and on such dates as the Board may establish, which may include discounts for early payment or similar time/price differentials. The General Assessment shall be an annual assessment due and payable in advance on the first day of each fiscal year; provided, the Board may by resolution provide for payment in two or more installments. If any Owner is delinquent in paying any assessments or other charges levied on his Unit, the Association may require any unpaid installments of all outstanding assessments to be paid in full immediately.

No Owner may exempt himself from liability for assessments by non-use of Common Area, abandonment of his Unit, or any other means. The obligation to pay assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of assessments or set-off shall be claimed or allowed for any alleged failure of the Association to take some action or perform such function required of it, or for inconvenience or discomfort arising from the making of repairs or improvements, or from any other action it takes.

5.2. Declarant's Obligation for Assessments. During the Declarant Control Period, Declarant shall be obligated to pay the difference between the amount of General Assessments levied on all Units not owned by Declarant subject to assessment and the amount of actual Common Expenses incurred by the Association during the fiscal year. Upon termination of the Declarant Control Period, Declarant shall pay any assessments levied on units which it owns pursuant to Sections 5.3, 5.4, 5.5, and 5.7. The Association shall have a lien against all Units owned by the Declarant to secure the Declarant's obligations under this section, which lien shall have the same attributes and shall be enforceable in the same manner as the Association's lien against each Unit under Section 5.6.

5.3 Computation of General Assessments. At least 30 days before the beginning of each fiscal year, the Board shall prepare a budget covering the estimated Common Expenses for the coming year, including any capital contribution to establish a reserve fund in accordance with a reserve budget separately prepared by the Board. The reserve budget shall take into account the number and nature of replaceable assets within the Common Area, the expected life of each asset, and the expected repair or replacement costs. The Board shall set the required capital contribution to the reserved fund in an amount sufficient to permit meeting the project needs, with respect to both amount and timing, by General Assessments over the reserve budget.

Based upon the initial budget for the Association, the General Assessments for all units for the fiscal year beginning January 1, 2005 shall be in the amount of \$1,000.00 per year. During the

Declarant Control Period, the General Assessments may not be increased by an amount greater than 10% per year. As provided for above in Section 5.2, during the Declarant Control Period, Declarant shall be obligated to pay the difference between the amount of General Assessments levied on all units subject to assessment and the amount of actual expenses incurred by the Association during the fiscal year.

General Assessments shall be fixed at a uniform rate for all units. Such assessment rate shall be set at a level which is reasonably expected to produce total income for the Association equal to the total budgeted common expenses, including reserves. In determining the total funds to be generated through the levy of General Assessments, the Board in its discretion, may consider other sources of funds available to the Association, including any surplus from prior years, and any assessment income expected to be generated from any additional Units reasonably anticipated to become subject to partial or full assessment during the fiscal year.

Within 30 days after adoption of any proposed budget for the Association, the Board shall provide to all Owners a summary of the budget and a notice of a meeting to consider ratification of the budget, including a statement that the budget may be ratified without a quorum. The Board shall set a date for a meeting of the Owners to consider ratification of the budget, such meeting to be held not less than 10 nor more than 60 days after mailing of the summary and notice. There shall be no requirement that a quorum be present at the meeting. The budget shall be ratified unless at that meeting a majority of the Owners rejects the budget. In the event the proposed budget is rejected, the budget last ratified by the Owners or established by the Board shall be continued until such time as the Owners ratify a subsequent budget proposed by the Board.

5.4. Special Assessments. In addition to other authorized assessments, the Association may levy Special Assessments from time to time to cover Common Expenses which were not anticipated in the current budget or which exceed those budgeted. During the Declarant Control Period, no Special Assessment shall be valid unless approved by Members entitled to cast a majority of the total Class "A" votes in the Association and by the Declarant. Following termination of the Declarant Control Period, any Special Assessment levied by the Association shall automatically become valid and effective unless vetoed at a meeting by Members entitled to cast at least two-thirds of the total Class "A" votes in the Association and by the Class "B" Member, if any. Special assessments shall be payable in such manner and at such times as the Board may determine, and may be payable in installments extending beyond the fiscal year in which the Special Assessment is levied. Special Assessments shall be levied equally on all units.

5.5. Specific Assessments. The Association shall have the power to levy Specific Assessments against a particular Unit or group of Units as follows:

(a) Against a particular Unit to cover the costs, including overhead and administrative costs, of providing benefits, items, or services to the Unit or occupants thereof upon request of the Owner pursuant to a menu of special services which Board may from time to time authorize to be offered to Owners and occupants (which might include, without limitation, landscape maintenance, pest control, etc.), which assessments may be levied in advance of the provision of the requested benefit, item or service as a deposit against charges to be incurred by the Owner;

(b) Against a particular Unit to cover costs incurred in bringing the Unit into compliance with the terms of the Governing Documents, or costs incurred as a consequence of the conduct of the Owner or occupants of the Unit, their agents, contractors, employees, licensees, invitees, or guests; provided, the Board shall give the Unit Owner prior written notice and an opportunity for a hearing in accordance with Chapter 47F of the North Carolina General Statutes, before levying any Specific Assessment under this subsection (b);

(c) Against all Units subject to the jurisdiction of any condominium or planned unit owners association to reimburse the Association for costs incurred in bringing any property subject to the jurisdiction of such condominium or planned unit owners association into compliance with the terms of the Governing Documents, or upon failure of the condominium or planned unit owners association to perform its responsibilities under Section 3.3, or comply with any demand of the Association pursuant to Section 2.1(e); and

(d) Against any group of Units for the costs incurred or anticipated to be incurred by the Association in:

(i) Maintaining, repairing, replacing, insuring, or operating any Limited Common Area designed for the benefit of such Units (including contributions to reserves for capital repairs and replacements related to such Limited Common Areas), or

(ii) Providing any service to such Units which the Association does not provide to all Units within the Properties, pursuant to the authority granted in any Supplemental Declaration applicable to such Units or upon request of the Owners of a majority of the Units within the area requesting such service.

The Board shall prepare a budget for any expenses to be levied as a Specific Assessment pursuant to this subsection (d) and provide a copy of such budget, together with notice of the Specific Assessment to be levied thereunder, to each owner of a Unit subject to such assessment at least 30 days prior to the due date thereof. Such budget shall become effective unless vetoed by owners of a majority of the Units subject to assessment thereunder, except that such owners shall no right to veto any expenses relating to Limited Common Areas or which are authorized by applicable Supplemental Declaration if, in the opinion of the Board, the budget and its expenditures are necessary to maintain the Community-Wide Standard.

5.6. Lien for Assessments. The Association shall have a lien against each Unit to secure payment of delinquent assessments, as well as interest, late charges (subject to the limitations of North Carolina law), and costs of collection, including attorney's fees). Such lien shall be superior to all other liens, except (a) the liens of all taxes, bonds, assessments, and other levies which by law would be superior, and (b) the lien or charge of any first mortgage of record (meaning any recorded mortgage with first priority over other mortgages) made in good faith and for value. Such lien, when delinquent, may be enforced by suit, judgment, and foreclosure in the same manner as mortgages are foreclosed under North Carolina law.

The Association may bid for the Unit at the foreclosure sale and acquire, hold, lease, mortgage, and convey the Unit. While a Unit is owned by the Association following foreclosure, no assessment shall be levied on it and each other Unit shall be charged, in addition to its usual assessment, its prorata share of the assessment that would have been charged such Unit had it not been acquired by the Association. The Association may sue for unpaid assessments and other charges authorized hereunder without foreclosing or waiving the liens securing the same.

Except as specifically provided herein, the sale or transfer of any Unit shall not affect the assessment lien or relieve such Unit from the lien of any subsequent assessments. The sale or transfer of any Unit pursuant to foreclosure of the first mortgage shall extinguish the lien as to any assessments or installments thereof due prior to such sale or transfer. A mortgagee or other purchaser of a Unit who obtains title pursuant to foreclosure of the mortgage shall not be personally liable for assessments on such Unit due prior to such acquisition of title. Such unpaid assessment shall be deemed to be Common Expenses collectible from Owners of all Units subject to assessment under Section 5.7, including such acquirer, its successors and assigns.

5.7. Date of Commencement of Assessments. With respect to all owners other than the Declarant, the obligation to pay assessments shall commence as to each Unit on the first day of the month following:

(a) The month in which the Unit is transferred to an owner other than Declarant, or

(b) The month in which the Association first determines a budget and levies assessments pursuant to this Article, whichever is later. The first General Assessment levied on each Unit shall be adjusted according to the number of months remaining in the fiscal year at the time assessments commence on a Unit.

With respect to Declarant, during the Declarant Control Period, Declarant shall not be obligated to pay assessments but rather shall be obligated to pay the difference between the amount

of General Assessments levied on all Units not owned by Declarant subject to assessment and the amount of actual Common Expenses incurred by the Association during the fiscal year. Upon termination of the Declarant Control Period, Declarant's obligation to pay assessments shall commence as to each Unit owned by Declarant on the first day of the month following the issuance of a Certificate of Occupancy for a dwelling for said Unit.

5.8. Failure to Assess. Failure on the part of the Association to fix assessment amounts or rates or to deliver or mail each Owner an assessment notice shall not be deemed a waiver, modification, or a release of any Owner from the obligation to pay assessments. In such event, each Owner shall continue to pay assessments on the same basis as during the last year for which an assessment was made, if any, until new assessments are levied, at which time the Association may retroactively assess any short falls.

5.9. Exempt Property. The following property shall be exempt from payment of assessments:

(a) All Common Areas and such portions of the property owned by Developer as are included in the Maintenance Property pursuant to Section 3.1; and

(b) Any property dedicated to and accepted by any governmental authority or public utility, or maintained by a condominium or planned unit owners association for the benefit of the Unit subject to its jurisdiction.

## ARTICLE VI

### ANNEXATION OF PROPERTY

6.1. Annexation Without Approval of Ownership. Until all property described on Exhibit B has been submitted to the provisions of this Declaration, or 25 years after the recording of this Declaration in the Watauga County Public Registry, whichever is earlier, Declarant may from time to time, but shall not be obligated to, submit to the provisions of this Declaration (i.e., annex) all or any portion of the real property described in Exhibit B. The Declarant may transfer or assign this right to annex property, provided that the transferee or assignee is the Owner of at least a portion of the real property described in Exhibits A or B and that such transfer is memorialized in a written recorded instrument executed by the Declarant.

Such annexation shall be accomplished by filing a Supplemental Declaration in the Watauga County Public Registry describing the property being annexed and designating it as part of the Properties. Such Supplemental Declaration shall not require the consent of Owners, but shall require the consent of the Owner of the property to be annexed, if other than the Declarant. Any such annexation shall be effective upon the filing for record of such Supplemental Declaration unless otherwise provided therein.

NOTHING IN THIS DECLARATION SHALL BE CONSTRUED TO REQUIRE THE DECLARANT OR ANY SUCCESSOR TO ANNEX OR DEVELOP ANY OF THE PROPERTY DESCRIBED IN EXHIBIT B IN ANY MANNER WHATSOEVER. THE DECLARANT MAKES NO REPRESENTATION THAT THE PROPERTY DESCRIBED IN EXHIBIT B WILL EVER BECOME A PART OF THE PROPERTIES OR SUBJECT TO THE JURISDICTION OF THE ASSOCIATION, OR THAT IT WILL BE SUBJECTED TO THE SAME OR SIMILAR COVENANTS, EASEMENTS AND RESTRICTIONS AS THE PROPERTIES.

6.2. Annexation With Approval of Ownership. The Association may annex any real property to the provisions of this Declaration upon approval of Owners entitled to cast a majority of the total Class "A" votes in the Association, the consent of the Owner of such property, and the consent of the Declarant so long as the Declarant owns property subject to this Declaration or which may become subject to this Declaration in accordance with Section 6.1.

Such annexation shall be accomplished by filing in the Watauga County Public Registry a Supplemental Declaration describing the property being annexed and designating it as part of the

Properties. Any such Supplemental Declaration shall be signed by an officer of the Association, and by the owner of the annexed property, and by the Declarant, if a Declarant's consent is required. Any such annexation shall be effective upon filing unless otherwise provided therein.

6.3. Additional Covenants and Easements. The Declarant may subject any portion of the Properties to additional covenants and easements by filing a Supplemental Declaration in the Watauga County Public Registry, concurrent with or after the annexation of the subject property, setting forth such additional covenants and easements. Any such Supplemental Declaration shall require the written consent of the owner of the subject property, if other than the Declarant. Any such Supplemental Declaration may supplement, create exceptions to, or otherwise modify the terms of this Declaration as it applies to the subject property in order to reflect the different character and intended use of such property.

6.4. Amendment. This Article shall not be amended without the prior consent of the Declarant so long as the Declarant owns any property described in Exhibits A or B.

## ARTICLE VII

### ARCHITECTURAL STANDARDS

7.1. General. No structure shall be placed, erected or installed upon any portion of the Properties and no improvements (including staking, clearing, excavation, grading, and other site work, exterior alteration of existing improvements, and plantings or removal of landscaping materials) (such activities being referred to in this Article as "Work") shall take place within the Properties except in compliance with this Article and the Design Guidelines.

This Article shall not apply to the activities of the Declarant, its affiliates or subcontractors, whether such activities are engaged in on property of the Declarant or on property of an Owner, nor shall it apply to the activities of the Association during the Declarant Control Period.

This Article may not be amended without the written consent of the Declarant, so long as the Declarant owns any land subject to this Declaration or subject to annexation to this Declaration.

7.2. Jurisdiction.

(a) Declarant Review. Each Owner, by accepting a deed or other instrument conveying any interest in any portion of the Properties, acknowledges that, as the Developer of the Properties and as the owner of significant portions of the Properties and other real estate within the vicinity of the Properties, Declarant has a substantial interest in ensuring that the improvements within the Properties are consistent with the atmosphere which the Declarant is striving to create at Echota on the Ridge and do not impair the Declarant's ability to market, sell, or lease its property. Therefore, each Owner agrees that no Work shall be commenced on such Owner's Unit unless and until the Declarant has given its prior written approval for such Work, which approval may be granted or withheld in Declarant's sole discretion.

In reviewing and acting upon any request for approval, Declarant shall be acting in its own interest and shall owe no duty to any other Person. The rights reserved to Declarant under this Article shall continue so long as Declarant owns any portion of the Properties or any real property within a two-mile radius of the Properties, unless earlier terminated in a written instrument executed by Declarant and recorded in the Watauga County Public Registry.

(b) Architectural Review Committee. The Declarant may from time to time, but shall not be obligated to, delegate all or a portion of its reserved rights under this Article to an architectural review committee appointed by the Association (the "ARC"), subject to (i) the right of Declarant to revoke such delegation at any time and reassume jurisdiction over the matters previously delegated and (ii) the right of Declarant to veto any decision of the ARC which Declarant determines, in its sole discretion, to be inappropriate or inadvisable for any reason. So long as the Declarant has any rights under this Article, the jurisdiction of the ARC shall be limited to such matters as are specifically delegated to it by the Declarant.

Upon expiration or termination of the Declarant's rights under this Article, the ARC shall assume jurisdiction over architectural matters and shall be entitled to exercise all powers previously reserved to the Declarant under this Article.

The ARC, if and when appointed, shall consist of at least three, but not more than seven, persons who shall serve and may be removed and replaced in the Board's discretion. The members of the ARC need not be Owners or residents of the Properties, and may, but need not, include architects, engineers or similar professionals. The Association may compensate the members of the ARC for their service, such compensation, if any, to be in such amount as the Board may reasonably determine and to be a Common Expense.

The Declarant or the ARC may establish and charge reasonable fees for review of applications hereunder and may require such fees to be paid in full prior to review of any application. Such fees may include fees charged by any architects, engineers or other professionals which the Declarant may retain to assist in the review of any application. Such fees may be calculated as a percentage of the total cost to the Owner of construction of the improvements which are the subject of such application or may be calculated on any other reasonable basis.

### 7.3. Guidelines and Procedures.

(a) Design Guidelines. The Declarant shall prepare initial Design Guidelines which contain general provisions applicable to all of the Properties, as well as specific provisions which vary according to land use and from one parcel to another depending upon the location, unique characteristics and intended use of the parcel. The Design Guidelines are intended to provide guidance to Owners and builders regarding matters of particular concern to the Declarant in considering applications for architectural approval. The Design Guidelines are not the exclusive basis for decisions hereunder and compliance with the Design Guidelines shall not guarantee approval of any application.

The Declarant shall have the right to amend the Design Guidelines from time to time in its sole discretion. The ARC, if appointed, may propose amendments to the Design Guidelines; however, no amendment proposed by the ARC shall be effective without prior notice to and the written approval of Declarant so long as the Declarant has any rights under this Article. Amendments to the Design Guidelines shall not apply to require modifications to or removal of structures previously approved, except that if construction of the approved structure has not yet commenced, the Declarant may require modifications to the plans and specifications previously approved if the Declarant agrees to pay all reasonable costs incurred by the Owner in modifying such plans and specifications. The Declarant is expressly authorized to amend the Design Guidelines to remove requirements previously imposed or otherwise to make the Design Guidelines more or less restrictive in whole or in part; provided, no amendment shall be inconsistent with the overall general scheme of development, recognizing that such scheme of development contemplates a range of housing types and sizes being available in different areas of the community.

The Declarant or the ARC shall make copies of the Design Guidelines available to Owners, builders and Declarants who seek to engage in development or construction within the Properties. In the Declarant's discretion, such Design Guidelines may be recorded in the Watauga County Public Registry, in which event the recorded version, as it may be amended from time to time, shall control in the event of any dispute as to which version of the Design Guidelines was in effect at any particular time.

### (b) Procedures.

(i) Prior to commencing any Work within the scope of Section 7.1., the Owner of the Unit on which the Work is proposed shall (A) meet (in person or by telephone) with a representative of the Declarant, its agent, or the ARC, as appropriate (the entity having jurisdiction at any particular time is referred to in this Article as the "Reviewer") to discuss the review process and the Design Guidelines, and to address any questions; and (B) submit such application(s) and obtain such approval(s) as are required by the Design Guidelines. The review process for new construction is a three-step process: (1) a conceptual review, (2) a schematic design review, and (3)

final review of construction drawings and specifications. Each application shall include such plans and specifications ("Plans") as required by the Design Guidelines and as applicable. The Reviewer may require the submission of such additional information as it deems necessary to consider any application.

(ii) In reviewing each application, the Reviewer may consider (but shall not be restricted to consideration of ) visual and environmental impact, ecological compatibility, natural platforms and finish grade elevation, harmony of external design with surrounding structures and environment, location in relation to surrounding structures and plant life, compliance with the general intent of the Design Guidelines, and architectural merit. Decisions may be based on purely aesthetic considerations. Each Owner further acknowledges that determinations as to such matters are purely subjective and opinions may vary as to the desirability and/or attractiveness of particular improvements.

(iii) Within 21 days after receipt of conceptual plans for new construction or an application for modifications to existing structures, the Reviewer will advise the party submitting the same in writing, at an address specified by such party at the time of submission, of (A) the approval of plans, or (B) the disapproval of such Plans, specifying the segments or features of the Plans which are objectionable. The Reviewer may, in its discretion, make suggestions for the curing of such objections. In the event the Reviewer fails to advise the submitting party by written notice within the time set forth above of either the approval or disapproval of the Plans, approval shall be deemed to have been given, subject to the right of the Declarant to veto approvals by the ARC as set forth in subsection (vi) below. However, no approval, whether expressly granted or deemed granted pursuant to the foregoing, shall be inconsistent with the Design Guidelines unless a variance has been granted in writing pursuant to Section 7.5. Notice shall be deemed to have been given at the time the envelope containing such notice, properly addressed, and postage prepaid, is deposited with the U.S. Postal Service, registered or certified mail, return receipt requested. Personal delivery of such written notice, shall, however, be sufficient and shall be deemed to have been given at the time of delivery.

(iv) Upon receipt of conceptual design approval, the Owner may proceed with schematic design review and final review of construction drawings and specifications in accordance with the procedures set forth in the Design Guidelines. Within 20 days after receipt of an application for schematic design review or final review, the Reviewer shall advise the applicant of its approval or disapproval, or approval shall be deemed to have been given, subject to the right of the Declarant to veto approvals by the ARC as set forth in subsection (v) below. However, no approval, whether expressly granted or deemed granted pursuant to the foregoing, shall be inconsistent with the Design Guidelines unless a variance has been granted in writing pursuant to Section 7.5. Notices regarding approval or disapproval hereunder shall be governed by the provisions relating to notice set forth above.

(v) Within three business days after the ARC has approved any application relating to proposed Work within the scope of matters delegated to the ARC by Declarant, the ARC shall give written notice to the Declarant of such action, together with such other information as the Declarant may require, and shall provide a copy of such notice to the applicant. In the event that any application is deemed approved (subject to the Declarant's veto power hereunder) pursuant to this Section 7.3 (b), the applicant shall give the Declarant written notice, together with a copy of the application and any additional information submitted to the ARC. The Declarant shall have 10 days after receipt of either such notice to veto any such action, in its sole discretion, by written notice to the ARC and the applicant.

(vi) If construction does not commence on any Work for which final approval has been granted within 12 months of such final approval, such approval shall be deemed withdrawn, and it shall be necessary for the Owner to re-submit the Plans for reconsideration prior to commencing such Work. All Work shall be completed within two years of commencement or such other period as may be specified in the notice of approval, unless completion is delayed due to causes beyond the reasonable control of the Owner, as determined in the reasonable discretion of the Reviewer. The inability of the Owner to obtain financing shall not constitute a cause beyond the Owner's reasonable control. The Reviewer may, as a condition of approving any application hereunder, require the

applicant to provide reasonable evidence that the applicant has the financial means to complete all of the work for which the approval is granted within the time required by this subsection.

7.4. No Waiver of Future Approvals. Each Owner acknowledges that the persons reviewing applications under this Article will change from time to time and that opinions on aesthetic matters, as well as interpretation and application of the Design Guidelines, may vary accordingly. In addition, each Owner acknowledges that it may not always be possible to identify objectionable features of proposed Work until the Work is completed, in which case it may be too late to require changes to the improvements involved, but the Reviewer may refuse to approve similar proposals in the future. Approval of proposals, plans and specifications, or drawings for any Work done or proposed, or in connection with any matter requiring approval, shall not be deemed a waiver of the right to withhold approval as to any similar proposals, plans and specifications, drawings or other matters whatever subsequently or additionally submitted for approval.

7.5. Variances. The Declarant may, but shall not be required to, authorize variances from compliance with any of the provisions of the Design Guidelines when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations require, or when architectural merit warrants such variance, as the Declarant may determine in its sole discretion. Such variances shall be granted only when, in the Declarant's judgment, unique circumstances exist and no Owner shall have any right to demand or obtain a variance. No variance shall (a) be effective unless in writing, (b) be contrary to this Declaration, or (c) estop the Declarant or the ARC from denying a variance in other circumstances.

7.6. Tree Removal. No Owner shall remove any trees from any portion of the Properties without the prior written consent of Declarant, provided that Owners shall be entitled to trim trees without the prior written consent of Declarant in order to maintain any original view openings created for the benefit of said Owner, and provided that the Owner completes said tree trimming in accordance with accepted forestry practices.

7.7. Limitation of Liability. The standards and procedures established by this Article are intended to provide a mechanism for maintaining and enhancing the overall aesthetics of the Properties but shall not create any duty to any Person. Neither the Declarant nor the ARC shall bear any responsibility for ensuring the structural integrity or soundness of approved construction or modifications, nor for ensuring compliance with building codes and other governmental requirements, nor for ensuring that all structures and improvements constructed within the Properties are of comparable quality, value, or size, or of similar design. Neither the Declarant, its designees hereunder, the ARC, nor any member of the ARC shall be held liable for soil conditions, drainage problems or other general site work, nor for defects in any plans or specifications submitted, revised or approved hereunder, nor for any structural or other defects in work done according to approved plans, not for any injury, damages, or loss arising out of the manner, design or quality of approved construction on or modifications to any Unit.

7.8. Enforcement. Any Work performed in violation of this Article or in a manner which is materially inconsistent with the approved Plans shall be deemed to be nonconforming. Upon written request from the Declarant or the ARC, Owners shall, at their own cost and expense, remove any nonconforming structure or improvement and restore the property to substantially the same condition as existed prior to the nonconforming Work. Should an Owner fail to remove and restore as required, the Declarant, the ARC or their designees shall have the right to enter the property, remove the violation and restore the property to substantially the same condition as previously existed and any such action shall not be deemed a trespass. Upon demand, the Owner shall reimburse all costs incurred by any of the foregoing in exercising its rights under this Section. The Association may assess any costs incurred by the ARC in taking enforcement action under this Section, together with interest at the maximum rate then allowed by law, against the benefitted Unit as a Specific Assessment.

In addition to the foregoing, the Association and the Declarant shall have the authority and standing to pursue all legal and equitable remedies available to enforce the provisions of this Article and the decisions of the reviewing entities under this Article.

Article VIII

USE RESTRICTIONS AND RULES

8.1. Plan of Development; Applicability; Effect. This Declaration establishes a general plan of development for the Properties in order to enhance the natural beauty and vitality of the Properties, and to protect Owners against improper use of surrounding Properties. The Properties shall be used only for residential, recreational, commercial (subject to the limitations and restrictions set forth in Section 8.4(g), below), and related purposes as may be described in this Declaration, or its amendments, or subsequently recorded Supplemental Declarations. Provided, that the Declarant recognizes the need to be able to respond to changes and circumstances, conditions, needs, and desires within the Properties and to address issues which may not be foreseen at the time of recording of this Declaration. The Design Guidelines promulgated pursuant to Article VII and the Use Restrictions and Rules promulgated pursuant to this Article are established as mechanisms by which to respond to such matters. The Design Guidelines, the Use Restrictions and Rules, and the other provisions of this Declaration all establish affirmative and negative covenants, easements, and restrictions on the land subject to this Declaration.

All provisions of this Declaration and any Use Restrictions and Rules shall apply to all Owners, occupants, tenants, guests, and invitees of any Unit and any lease of a Unit shall provide that the lessee and all occupants of the leased Unit shall be bound hereby.

8.2. Authority to Promulgate Use Restrictions and Rules. Use Restrictions and Rules applicable to all of the Properties may be adopted by the Board. Such Use Restrictions and Rules may be recorded in the Watauga County Register of Deeds Office. Subject to the terms of this Article, such Use Restrictions and Rules may be modified in whole or in part, repealed or expanded as follows:

(a) The Board may adopt rules which modify, cancel, limit, create exceptions to, or expand the Use Restrictions and Rules. The Board shall send notice by mail to all Owners concerning any such proposed action at least 30 days prior to the proposed effective date. Such action shall become effective on the proposed effective date unless prior to such date Owners of at least 67% of the Units within the Properties or the Declarant veto the proposed action by sending written notice of their objection to the Board.

(b) The Members may adopt rules which modify, cancel, limit, create exceptions to, or expand the Use Restrictions and Rules previously adopted. Any such rule shall be adopted upon the written approval of Owners of 67% of the Units and, so long as it owns any property described on Exhibits "A" or "B", the consent of the Declarant. Notice thereof shall be sent to all Owners at least 30 days prior to the effective date.

(c) The Association shall provide, without cost, a copy of the Use Restrictions and Rules then in effect to any requesting Owner or Mortgagee.

(d) Nothing in this Article shall authorize the Board or the Members to modify, repeal or expand the Design Guidelines. In the event of any inconsistency between the Design Guidelines and the Use Restrictions and Rules, the Design Guidelines shall control.

8.3. Owner's Acknowledgment. All Owners and occupants of Units are given notice that use of their Units is limited by the Use Restrictions and Rules as they may be amended, expanded and otherwise modified hereunder. Each owner, by acceptance of a deed or entering into and recording a contract of sale, acknowledges and agrees that the use and enjoyment and marketability of his or her Unit can be affected and that the Use Restrictions and Rules may change from time to time.

8.4. Rights of Owners. Except as may be specifically set forth in this Declaration (either initially or by amendment), neither the Board nor the Members may adopt any rule in violation of the following provisions:

- (a) Equal Treatment. Similarly situated Owners and occupants shall be treated similarly.
- (b) Household Composition. No rule shall interfere with the freedom of occupants of Units to determine the composition of their households, except that the Association shall have the power to require that all occupants of a Unit be part of a single housekeeping unit and to limit the total number of occupants permitted in each Unit on the basis of the size and facilities of the Unit and its fair use of the Common Area.
- (c) Activities within Dwellings. No rule shall interfere with the activities carried on within the confines of dwellings, except that rules may prohibit or restrict:
- (i) activities not normally associated with property restricted to residential use which permits long term and short term rentals;
  - (ii) activities that create monetary costs for the Association or other Owners;
  - (iii) activities that create a danger to the health or safety of occupants of other Units, generate excessive noise or traffic, create unsightly conditions visible outside the dwelling, or create an unreasonable source of annoyance.
- (d) Allocation of Burdens and Benefits. No rule shall alter the allocation of financial burdens among the various Units or rights to use the Common Area to the detriment of any Owner over that Owner's objection expressed in writing to the Association. Nothing in this provision shall prevent the Association from changing the Common Area available, from adopting generally applicable rules for use of Common Area, or from denying use privileges to those who abuse the Common Area, violate rules of this Declaration, or fail to pay assessments. This provision does not affect the right to increase the amount of assessments as provided in Article V.
- (e) Alienation. No rule shall prohibit leasing or transfer of any Unit. The Association may require that Owners use lease forms approved by the Association, but shall not impose any fee on the lease or transfer of any Unit greater than an amount reasonably based on the costs to the Association of administering that lease or transfer. Nothing contained herein shall preclude another association such as a condominium association or a planned unit owners association from placing additional restrictions on properties within said association relating to leasing practices.
- (f) Abridging Existing Rights. If any rule would otherwise require Owners or occupants of Units to dispose of personal property which they maintained in or on the Unit prior to the effective date of such rule, or to vacate a Unit in which they resided prior to the effective date of such rule, and such property was maintained or such occupancy was in compliance with this Declaration and all rules previously in force, such rule shall not apply to require such Owners or occupants to dispose of such property or vacate the Unit without their consent. Nothing in this paragraph shall create an exemption from any rule which was in effect at the time such Owners or occupants acquired their interest in the Unit.
- (g) Restriction on Commercial Uses. The property described in Exhibit A, consisting of 97 acres, shall be used only for residential, recreational and related purposes as may be described in this Declaration, or its amendments, or subsequently recorded Supplemental Declarations. Declarant reserves the right to annex other properties in accordance with Article VI of this Declaration and permit commercial uses within said properties. Provided, that no properties upon which commercial uses are permitted shall be accessed over and across the road system for the parcel of land described in Exhibit A.
- (h) Reasonable Rights to Develop. No rule shall interfere with the Declarant's right to develop, market and sell the Properties.

The limitations in this Section 8.4 shall apply to rules only; they shall not apply to amendments to this Declaration adopted in accordance with Section 12.2.

## EASEMENTS

9.1. Easements for Use of Common Area. Every Owner shall have a right and nonexclusive easement of use, access, and enjoyment in and to the Common Area, subject to:

- (a) this Declaration and any other covenants and easements applicable to such property;
- (b) any easements, restrictions or limitations contained or referenced in the instrument creating the Association's interest in such property;
- (c) the Use Restrictions and Rules, as they may be modified pursuant to Article VIII, which may include rules regulating guest use of the Common Area;
- (d) the right of the Board to suspend the right of an Owner to use any recreational facilities within the Common Area (i) for any period during which any charge against such Owner's Unit remains delinquent, and (ii) for a period not to exceed 30 days for a single violation or for a longer period in the case of any continuing violation, of the Governing Documents after notice and a hearing pursuant to Section 2.1 (d);
- (e) the right of the Association to encumber, transfer or dedicate all or any part of the Common Area pursuant to Section 2.1 (b);
- (f) the right of the Declarant and the Association to restrict use of certain facilities within the Common Areas to Owners of Units in particular areas of the Properties who shall be responsible for paying the costs of operating the same, and to allocate or reallocate rights to use the various recreational facilities within the Common Area so as to avoid overutilization of some facilities and underutilization of others, so long as no Owner of a Unit is denied access to amenities of the same type as it was entitled to access prior to such reallocation.
- (g) the right of the Declarant and the Association to grant easements over and otherwise permit use of any recreational facilities situated on the Common Areas by persons other than Owners, their families, lessees and guests, including, without limitation, resort guests, upon such terms and conditions as the Declarant or the Association deems appropriate; provided, any permanent easement benefitting property outside of the Properties shall contain arrangements for the users to share in a portion of the costs of maintaining and operating the facilities which are subject to such easement;
- (h) the right of the Association to limit the number of guests or visitors within the Properties, to require authorized guests or visitors to wear or carry guest passes or similar identification, or otherwise to restrict guest or visitor access to the Properties at certain times preceding and during special events, upon prior notice to the Owners; and
- (i) the right of the Association to mortgage, pledge, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred.

Any Owner may extend his or her right of use and enjoyment to the occupants of his Unit and guests, subject to reasonable regulation by the Association. An Owner who leases his or her Unit shall be deemed to have assigned all such rights to the lessee of such Unit, subject to the terms of this Declaration and the Use Restrictions and Rules.

9.2. Easement of Encroachment. There shall be reciprocal appurtenant easements of encroachment, and for maintenance and use of any permitted encroachment, between each Unit and any adjacent Common Area and between adjacent Units due to the unintentional placement or settling or shifting of the improvements constructed, reconstructed, or altered thereon (in accordance with the terms of these restrictions) to a distance of not more than ten feet, as measured from any point on the common boundary along a line perpendicular to such boundary. However, in no event shall an easement for encroachment exist if such encroachment occurred due to willful and knowing

conduct on the part of, or with the knowledge and consent of, the Person claiming the benefit of such easement.

### 9.3 Easements for Utilities, Etc.

(a) There are hereby reserved to the Declarant, so long as the Declarant owns any property described on Exhibits "A" or "B" of this Declaration, the Association, and the designees of each (which may include, without limitation, any governmental or quasigovernmental entity and any utility company) perpetual non-exclusive easements upon, across, over, and under all of the Properties (but not through a structure) to the extent reasonably necessary for the purpose of monitoring, replacing, repairing, maintaining and operating cable television systems, master television antenna systems, and other devices for sending or receiving data and/or other electronic signals; security and similar systems; roads, walkways, pathways and trails; wetlands and drainage systems; street lights and signage; and all utilities, including, but not limited to water, sewer, telephone, gas and electricity, and utility meters; and for the purpose of installing any of the foregoing on the Properties, or within easements designated for such purposes on recorded plats.

(b) Declarant specifically grants to the local water supplier, electric company, and natural gas supplier easements across the Properties for ingress, egress, installation, reading, replacing, repairing, and maintaining utility lines, meters and boxes, as applicable, subject to the Declarant's approval as to location of the easement and subject to any requirements imposed by the Declarant as a condition of the exercise of such easement for purposes of installation, repair or replacement.

(c) There is hereby reserved to the Declarant, so long as the Declarant owns any property described on Exhibits "A" or "B" of this Declaration, the non-exclusive right and power to grant such specific easements as may be necessary, in the sole discretion of Declarant, in connection with the orderly development of any property described on exhibits "A" or "B".

(d) Any damage to a Unit resulting from the exercise of the easements described in subsections (a), (b) or (c) of this Section shall promptly be repaired by, and at the expense of, the Person exercising the easement. The exercise of these easements shall not extend to permitting entry into the structures on any Unit, nor shall it unreasonably interfere with the use of any unit and, except in an emergency, entry onto any Unit shall be made only after reasonable notice to the Owner or occupant.

9.4. Easements for Irrigation and Flood Water. There are hereby reserved for the Declarant, the Association, and their successors, assigns, and designees, a non-exclusive right and easement over the Properties for access, ingress and egress to lakes, ponds, creeks, streams, and wetlands located within the Properties for the purpose of (a) installing, keeping, maintaining, repairing, and placing pumps in order to pump water from such lakes, ponds, creeks, streams and wetlands for the irrigation of any of the Maintenance Property; (b) constructing, maintaining, and repairing any dam, bulkhead, retaining wall, levee, or other structure retaining water therein; and (c) removing trash and other debris therefrom. All persons entitled to exercise these easements shall use reasonable care in, and repair any damage resulting from, the exercise of such easements. Nothing herein shall be construed to make Declarant, the Association or any other Person liable for damage resulting from flooding due to heavy rainfall or other natural occurrences.

9.5. Right of Entry. The Association and the Declarant shall have the right, but not the obligation, to enter upon any Unit for emergency, security, and safety reasons, to perform maintenance pursuant to Article III hereof, and to inspect for the purpose of ensuring compliance with this Declaration, any Supplemental Declaration and rules. Such right may be exercised by the Declarant's or the Association's officers, agents, employees, and managers, members of the Architectural Review Committee pursuant to Article VII, and all police officers, firefighters, and ambulance personnel, and similar emergency personnel in the performance of their duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner. This right of entry shall include the right to enter upon any Unit to cure any condition which may increase the possibility of a fire or a hazard in the event an Owner fails or refuses to cure the condition within a reasonable time after requested by the Association, but shall not authorize entry

into any single family detached dwelling without permission of the Owner, except by emergency personnel acting in their official capacities.

## ARTICLE X

### DECLARANT'S RIGHTS

Any or all of the special rights and obligations of the Declarant set forth in this Declaration may be transferred or assigned in whole or in part to other Persons, provided that the transfer shall not reduce an obligation nor enlarge a right beyond that which the Declarant has under this Declaration. No such transfer or assignment shall be effective unless it is in a written instrument signed by the Declarant.

The Declarant and builders authorized by the Declarant may maintain and carry on upon portions of the Common Area such facilities and activities as, in the sole opinion of the Declarant, may be reasonably required, convenient, or incidental to the construction or sale of Units, including, but not limited to, business offices, signs, model homes, and sales offices. The Declarant and builder which it may authorize shall have easements for access to and use of such facilities.

The Declarant and its employees, agents and designees shall also have a right and easement over and upon all of the Common Area for the purpose of making, constructing and installing such improvements to the Common Area as it deems appropriate in its sole discretion.

No person shall record any declaration of covenants, conditions and restrictions, or declaration of condominium or similar instrument affecting any portion of the Properties without Declarant's review and written consent. Any attempted recordation without such consent shall result in such instrument being void and of no force and effect unless subsequently approved by written consent signed by the Declarant and recorded in the Public Records.

The Declarant shall have the right to enforce the provisions of the Governing Documents in the same manner as the Association. Any entry upon a Unit for such purpose or for the purpose of inspecting to verify compliance shall not be deemed a trespass.

Notwithstanding any contrary provision of the Declaration, no amendment to or modification of any Use Restriction and Rules or Design Guidelines shall be effective without prior notice to and the written approval of Declarant so long as the Declarant owns any portion of the property described on Exhibits "A" or "B" primarily for development and sale.

This Article may not be amended without the written consent of the Declarant. The right contained in the Article shall terminate upon the earlier of (a) 30 years from the date this Declaration is recorded, or (b) upon recording by Declarant of a written statement that all sales activity within the Properties has ceased.

## ARTICLE XI

### PROTECTION OF MORTGAGEES

The following provisions are for the benefit of holders, insurers and guarantors of first Mortgages on Units in the Properties.

11.1. Notices of Action. An institutional holder, insurer, or guarantor of a first Mortgage who provides a written request to the Association (such request to state the name and address of such holder, insurer, or guarantor and the street address of the Unit to which its Mortgage relates, thereby becoming an "Eligible Holder"), will be entitled to timely written notice of:

(a) Any condemnation loss or any casualty loss which affects a material portion of the community or which affects any Unit on which there is a first Mortgage held, insured, or guaranteed by such Eligible Holder;

(b) Any delinquency in the payment of assessments or charges owed by a Unit subject to the Mortgage of such Eligible Holder, where such delinquency has continued for a period of 60 days, or any other violation of the Governing Documents relating to such Unit or the Owner or occupant which is not cured within 60 days; and

(c) Any lapse, cancellation, or material modification of any insurance policy maintained by the Association.

11.2. No Priority. No provision of this Declaration or the By-Laws gives or shall be construed as giving any Owner or other party priority over any right of the first Mortgagee of any Unit in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Area.

11.3. Notice to Association. Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering such Owner's Unit.

## ARTICLE XII

### GENERAL PROVISIONS

#### 12.1. Duration.

(a) Unless terminated as provided in Section 12.1 (b), this Declaration shall have perpetual duration. If North Carolina law hereafter limits the period during which covenants may run with the land, then to the extent consistent with such law, this Declaration shall automatically be extended at the expiration of such period for successive periods of 20 years each unless terminated as provided herein. Notwithstanding the above, if any of the covenants, conditions, restrictions, or other provisions of this Declaration shall be unlawful, void, or voidable for violation of the rule against perpetuities, then such provisions shall continue only until 21 years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England.

(b) Unless otherwise provided by North Carolina law, in which case such law shall control, this Declaration may not be terminated within the first 20 years after the date of recording without the consent of all Unit Owners. Thereafter, it may be terminated only by an instrument signed by Owners of at least 75% of the total Units within the Properties and by the Declarant and the Association, if the Declarant owns any portion of the Properties, which instrument is recorded in the Watauga County Public Registry. Nothing in this Section shall be construed to permit termination of any easement created in this Declaration without the consent of the holder of such easement.

#### 12.2. Amendment.

(a) The Declarant may amend this Declaration at any time if such amendment is specifically required to enable any institutional or governmental lender, purchaser, insurer or guarantor of mortgage loans, including, for example, the U.S. Department of Veterans Affairs, the U. S. Department of Housing and Urban Development, the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, to make, purchase, insure, or guarantee mortgage loans on the units, or if required to comply with any applicable federal or state law or regulation.

(b) Except as otherwise specifically provided above and elsewhere in this Declaration, this Declaration may be amended only by the affirmative vote or written consent, or any combination thereof, of Owners of not less than 75% of the total number of Units within the Properties, and, so long as the Declarant owns any property subject to this Declaration or has an option to subject additional property to this Declaration pursuant to Section 6.1, the consent of the Declarant.

Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

(c) No amendment may remove, revoke, or modify any right or privilege of, nor directly or indirectly change the status or rights of, the Declarant without the written consent of the Declarant, (or the assignee of such right or privilege).

If an Owner consents to any amendment to this Declaration, it will be conclusively presumed that such Owner has the authority to consent, and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment.

Any amendment shall become effective upon recording in the Watauga County Public Registry, unless a later effective date is specified in the amendment. Any procedural challenge to an amendment must be made within six months of its recordation or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of this Declaration.

12.3. Severability. Invalidation of any provision of this Declaration, in whole or in part, or any application of a provision of this Declaration by judgment or court order shall in no way affect other provisions or applications.

12.4. Cumulative Effect; Conflict. The provisions of this Declaration shall be cumulative with the provisions of any applicable Supplemental Declaration. Nothing in this Section shall preclude any Supplemental Declaration or other recorded declaration, covenants and restrictions applicable to any portion of the Properties from containing additional restrictions or provisions which are more restrictive than the provisions of this Declaration, and the Declarant and the Association shall have the standing and authority to enforce the same.

12.5. Notice. Unless otherwise specified herein, any notice to be given under this Declaration shall be in writing and shall be deemed delivered when personally delivered to the intended recipient or on the third day following its deposit with the United States Postal Service, registered or certified mail, postage prepaid and properly addressed to the recipient as follows:

(a) if to the Declarant or the Association, at the address of their respective registered agents in the State of North Carolina; or

(b) if to an Owner, at the address of the unit or such other address as the Owner may have specified by written notice to the Declarant and the Association delivered in accordance with this Section.

Failure to provide notice in accordance with this Section shall not negate the validity of written notice if actually received by any other means.

12.6. Exhibits. Exhibits "A" and "B" attached to this Declaration are incorporated by reference and amendment of such exhibits shall be governed by the provisions of Section 12.2. All other exhibits are attached for informational purposes and may be amended as provided therein or in the provisions of this Declaration which refer to such exhibits.

IN WITNESS WHEREOF, the undersigned Declarant has executed this Declaration this \_\_\_\_\_ day of November, 2005.

EDCOTR, INC.

By: [Signature]  
President

STATE OF NC

COUNTY OF Watauga

I, Erin M. Shepherd, Notary Public, certify that Mark Harrill personally came before me this day and acknowledged that he/she is \_\_\_\_\_ President of EDCOTR, INC., a corporation, and that he/she, as \_\_\_\_\_ President, being authorized to do so, executed the foregoing on behalf of the corporation.

Witness my hand and official seal, this the 14 day of November, 2005.

[Signature]  
Notary Public



My commission expires:

NOTARIAL SEAL:

EXHIBIT A  
TO DECLARATION OF RESTRICTIONS  
FOR  
ECHOTA ON THE RIDGE

Being that same parcel of land conveyed by Marjorie Brown Smith and husband, William Paul Smith, Jr. to Camp Rainbow, Inc., a N. C. corporation, as recorded in Record Book 784, Page 404; TOGETHER WITH a portion of that same parcel of land conveyed by L. S. Byrd and wife, Margaret M. Byrd to the Trustees of The Grand Chapter of North Carolina Order of The Eastern Star as recorded in Deed Book 72, Page 519, both of the Office of the Register of Deeds of Watauga County, North Carolina, and more particularly described as follows:

BEGINNING on a concrete monument found, in the line of Luther H. Jeffcoat (Deed Book 77, Page 461), having NCGS NAD 83 coordinates of N. 891,960.50' and E. 1,182,434.14', said point being located, N.58° 54'10"W., 3,615.89 feet from NCGS Monument "Romie"; THENCE with Jeffcoat's line, N.70°03'48"E., 48.38 feet to a 5/8" iron rod found, a common corner of Christopher A. Calloway (Record Book 556, page 75); THENCE with Calloway's line the following two (2) courses and distances, 1.) N.59° 45'24"E., 574.82 feet to a 5/8" iron rod found on the westerly bank of Clarks Creek Road, N.C.S.R. 1136 having a 60' right-of-way, 2.) N.58° 11'18"E., 26.04 feet to a point in the center of said road; THENCE with the center of Clarks Creek Road the following nineteen (19) courses and distances, 1.) S.11° 07'33"E., 27.10 feet, 2.) S.10° 34'21"E., 54.85 feet, 3.) S.01° 56'36"E., 80.77 feet, 4.) S.24° 01'36"W., 58.12 feet, 5.) S.32° 35'24"W., 58.23 feet, 6.) S.31° 03'11"W., 58.20 feet, 7.) S.22° 39'45"W., 55.89 feet, 8.) S.16° 07'54"W., 57.48 feet, 9.) S.21° 01'07"W., 55.11 feet, 10.) S.29° 26'59"W., 53.22 feet, 11.) S.44° 31'27"W., 54.22 feet, 12.) S.64° 18'14"W., 53.27 feet, 13.) S.71° 58'30"W., 56.13 feet, 14.) S.64° 23'33"W., 55.23 feet, 15.) S.55° 08'20"W., 57.66 feet, 16.) S.64° 47'20"W., 55.25 feet, 17.) S.78° 43'04"W., 53.18 feet, 18.) S.79° 55'51"W., 53.61 feet, 19.) S.64° 05'34"W., 33.37 feet to a point, the most eastern corner of Tract Twelve, SOUTHERN SKIES, Phase One (Plat Book 12, Page 365); THENCE with the line of Tracts 7, 8, 9, 10, 11 and 12 the following ten (10) courses and distances, 1.) N.54° 54'43"W., 22.74 feet to a 3/4" iron pipe found, 2.) N.03° 55'24"E., 101.36 feet to a 5/8" iron rod found, 3.) S.82° 04'10"W., 711.67 feet to a 5/8" iron rod found, 4.) S.20°56'11"E., 276.85 feet to a concrete monument found, 5.) S.20°36'16"E., 154.35 feet to a 3/4" iron pipe set, 6.) S.71°45'12"W., 91.80 feet to a 1/2" iron rod found, 7.) S.50°29'52"W., 63.14 feet to a 5/8" iron rod found, 8.) S.79°44'02"W., 203.62 feet to a 5/8" iron rod found, 9.) S.01°24'56"W., 262.49 feet to a 3/4" iron pipe set, 10.) S.68°55'44"W., 168.68 feet to a 5/8" iron rod found, a common corner of Tract 7 and Tract 30, Southern Skies, Phase 2 (Plat Book 14, Page 228); THENCE with the line of Tracts 26, 28 and 30 the following seven (7) courses and distances, 1.) N.10°30'31"W., 50.53 feet to a 1/2" iron pipe found, 2.) N.64°54'30"W., 324.52 feet to a 3/4" iron pipe found, 3.) S.45°04'17"W., 395.88 feet to a 3/4" iron pipe found, 4.) N.89°00'49"W., 112.30 feet to a 1/2" iron pipe found, 5.) S.07°08'20"W., 53.04 feet to a 1/2" iron pipe found, 6.) S.06°59'45"W., 108.04 feet to a 1/2" iron pipe found, 7.) S.18°40'13"W., 82.80 feet to a 5/8" iron rod found, a common corner of Tracts 26 and Tract 25, Southern Skies, Phase Two (Plat Book 13, Page 86); THENCE with the line of Tract 25 the following two (2) courses and distances, 1.) S.18°23'32"W., 88.69 feet to a 1/2" iron pipe found, 2.) S.19°53'51"W., 285.65 feet to a 1/2" iron pipe found, a common corner of The Grand Chapter of The North Carolina Order of The Eastern Star (Deed Book 72, Page 519); THENCE with a new line through The Grand Chapter of The North Carolina Order of The Eastern Star, S.43°40'32"W., 466.20 feet to a 1/2" iron pipe found, a common corner of Nancy A. Chamblin (Deed Book 155, Page 360); THENCE with Chamblin's line the following three (3) courses and distances, 1.) S.55°52'12"W., 108.58 feet to a 1/2" iron pipe found, 2.) S.68°26'52"W., 433.34 feet to a 1/2" iron pipe found, 3.) S.53°40'36"W., 17.09 feet to a 1/2" iron pipe found, a common corner of Suzanne Crum (Plat Book 10, Page 53) and Neil D. Hollyfield (Tract 1, Record Book 54, Page 11); THENCE with Hollyfield's line the following two (2) courses and distances, 1.) S.48°17'17"W., 97.96 feet to a 3/4" iron pipe found, 2.) N.82°49'40"W., 225.93 feet to a 1/4" iron rod found, a common corner of Grady T. Hicks (Tract 3, Deed Book 182, Page 631); THENCE with Hicks' line, S.78°39'47"W., 270.83 feet to a 30" marked oak, a common corner of Eric L. Morgan (Record Book 42, Page 925); THENCE with Morgan's line the following two (2) courses and distances, 1.) N.01°05'17"W., 744.37 feet to a 3/4"

iron pipe found at a 15" maple, 2.) N.64°49'19"W., 273.83 feet to a 3/4" iron pipe found, a common corner of E. J. Messenkopf (Record Book 289, Page 592); THENCE with Messenkopf's line the following four (4) courses and distances, 1.) N.32°16'11"E., 1326.15 feet to a 3/4" iron pipe set in the branch, 2.) S.62°43'49"E., 631.37 feet to a 3/4" iron pipe found at a marked maple, 3.) N.38°11'46"E., 940.88 feet to a 3/4" iron pipe found at a 17" maple, 3.) N.47°56'52"W., 545.98 feet to a 1/2" iron pipe found at a 27" marked blackgum, a common corner of Ronald K. Mitchell, et al (Second Tract, Record Book 141, Page 66); THENCE with Mitchell's line, S.74°27'47"E., 1059.49 feet to a 1/2" iron pipe found, a common corner of Helen Morgan (Deed Book 47, Page 91); THENCE with Morgan's line, N.76°46'56"E., 254.03 feet to a nail found in a stump, a common corner of, now or formerly, L. S. Byrd (Deed Book 63, Page 240); THENCE with Byrd's line, S.20°56'11"E., 137.04 feet to a point in the center of a 10' farm road, said point being located, N.20°56'11"W., 25.00 feet from a 3/4" iron pipe found; THENCE continuing with Byrd's line and with the center of said farm road the following seven (7) courses and distances, 1.) N.74°03'35"E., 28.94 feet to a point, 2.) N.78°46'39"E., 44.06 feet to a point, 3.) N.84°40'11"E., 133.50 feet to a point, 4.) S.89°48'43"E., 82.69 feet to a point, 5.) N.88°30'49"E., 125.74 feet to a point, 6.) N.80°49'38"E., 50.73 feet to a point, 7.) N.66°21'59"E., 95.52 feet to a point in the line of Luther H. Jeffcoat (Deed Book 77, Page 461); THENCE leaving said road and with Jeffcoat's line the following two (2) courses and distances, 1.) S.88°16'31"E., 20.00 feet to a 5/8" iron rod found, 2.) continuing, S.88°16'31"E., 186.20 feet to the POINT OF BEGINNING. As surveyed and platted by LESLIE COLE, P.L.S., P.A. on 6/3/2003. Project - GCNCOES.pro. and GCNCOES2.pro.

Containing 97.004 acres, more or less.

Situate, lying and being in ~~Watauga Township, Watauga County~~, North Carolina.

There is also conveyed herewith those certain rights-of-way, water system rights and terms and conditions thereof as more particularly described in the deed recorded in Book of Records 893, Page 212, Watauga County, North Carolina, Public Registry.

There is also conveyed herewith those certain rights-of-way and easements recorded in Book of Records 986, Page 145, Book of Records 935, Page 791, Book of Records 856, Page 294 and Book of Records 856, Page 299, Watauga County, North Carolina, Public Registry

There is also conveyed herewith that certain Sewer Easement Agreement entered into by and between The Lakes Community Development Company, Inc. and Borrower recorded in Book of Records 950, Page 294, Watauga County, North Carolina, Public Registry.

EXHIBIT B  
TO DECLARATION OF RESTRICTIONS  
FOR  
ECHOTA ON THE RIDGE

**Any and all parcels of land which are located within a one-half mile radius of the boundary lines of the property described in Exhibit A attached hereto.**