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Wolf Laurel Roads Maintenance & Security Homeowners Association

DECLARATION OF PROTECTIVE COVENANTS RESTRICTIONS AND RESERVATIONS

Bald Mountain Development Corporation  
63 Village Lane  
Mars Hill, NC 28754

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Register of Deeds

AMENDED AND RESTATED DECLARATION OF PROTECTIVE  
COVENANTS, RESTRICTIONS AND RESERVATIONS

KNOW ALL MEN BY THESE PRESENTS,

That Bald Mountain Development Corporation, hereinafter called the Corporation, is the owner of certain real property in the state of North Carolina which is described in Article III of this Declaration; and,

WHEREAS, within the aforesaid properties, the Corporation has successfully created a resort named Wolf Laurel Resort (hereafter, Wolf Laurel, Wolf Laurel Resort, or Wolf Laurel Development); and,

WHEREAS, the real property in the aforesaid Wolf Laurel Resort basically retains its natural beauty and when properly developed will continue to retain its beauty; and,

WHEREAS, the maintenance of such beauty is of great benefit to Wolf Laurel and to the persons who buy and lease property in the Resort; and,

WHEREAS, the (original) Declaration of Protective Covenants, Restrictions, and Reservations was filed of public record on 31 October 1966, which Declaration appears in Book 97, page 344 et seq., Madison County Registry, and book 139, Page 120 et seq., Yancey County Registry; and Amendment 1 was filed of public record on 10 January 1991, which Declaration appears of record in Book 228 of deeds on page 48, Yancey County Registry; and,

WHEREAS, the Board of Directors of the said Corporation

have determined that it is in the best interest of the Corporation and the best interests of all property owners within the development that the original Declaration and subsequent amendments be combined and amended in certain particulars, seeking to include, merge, and simplify the original and First amendment into a new document while presenting new ideas, procedures, and processes; and,

WHEREAS, the Corporation has asked for and received significant support and assistance from the Board of Directors of the Wolf Laurel Property Owners Association, Inc. in the formulation, editing, and vetting of these Amendments; and,

WHEREAS, these Covenants and Restrictions shall be effective when signed and recorded and shall apply to all property transactions, building permits, and other specified actions after that date. The Corporation desires that all current Owners at Wolf Laurel abide by the spirit of these Restrictions.

NOW, THEREFORE, for the purpose of protection of all the lot Owners and for the purposes above set forth, the Corporation does hereby declare that the real property described in Article II is and shall hereafter be subject to the Protective Covenants, Restrictions and reservations hereinafter described as amended, and such protection (sic) Covenants, Restrictions and reservations shall be considered to be included in all conveyances, transfers and leases of any part of such hereinafter described real property whether or not they may be specifically mentioned therein.

#### ARTICLE I

##### Definitions

For the purpose of this Declaration, as amended, the following terms will have the following meanings:

a. "Lot Owner" means the Owner of record of any part of the premises covered by this Declaration. The Corporation shall be a lot Owner as long as it owns any part of such premises. "Lot Owner" also includes persons and Corporations who are lessees from the Corporation for a term of five years or more. Lot Owner shall not include a person or a Corporation taking title as security for the payment of money or the performance of any obligation. The pronoun "he" with reference to a lot Owner, includes a Corporate Owner. All references to Owner in this Declaration shall include by reference guests, tenants, licensees, agents, employees, business guests and members of his family. Hereafter, referred as "Owner."

b. "Corporation" means Bald Mountain Development Corporation, a Tennessee Corporation with its principal place of business at 63 Village Lane, Mars Hill, Madison County, NC

28754 and any successors or assigns of said Corporation. Hereafter referred as "Corporation".

c. A "Lot" shall be a parcel of land which is shown upon a recorded plat or described in a recorded deed, or other recorded document as a parcel of land, an area, a unit, or a space which is used for or intended for use for residential purposes only and each of which is owned by the Corporation or an Owner.

d. "Utility Lines" shall mean all water and sewer pipe lines which lie beneath the surface of the ground and also electric, telephone, and other wire, coaxial or fiber optic lines with poles and other necessary appurtenances which run above or below the surface of the ground.

e. "Common Roads" shall mean and refer to the roads depicted on any plat of the property which provide ingress and egress to any lot or dwelling unit. Common roads do not include easement lanes to specific lots which are not intended for community access.

f. "Right of Way" - as commonly defined by North Carolina and local statutes. In general, right of way extends 20 feet each side of a centerline of a roadway.

g. "Dwelling Unit" shall mean and refer to any single family residential dwelling constructed on or within a lot or lots whether detached or attached.

h. "Annual Road Assessment" is herein defined as those funds regularly collected from Owners to be used for improvement, maintenance, and repair of common roads, for establishment of a maintenance, repair and reserve account on the common roads and for the payment of taxes and insurance

i. "Annual Security Assessment" is herein defined as those funds regularly collected from Owners to be used for the operation of security at the resort and the guard house, including improvement, maintenance, and repair of the existing Wolf Laurel Resort entrance area at the guard house, for the establishment of a maintenance, repair and reserve account, and for the payment of taxes and insurance.

j. "WLPOA" means Wolf Laurel Property Owners Association, Inc. a North Carolina non-profit Corporation with its principal place of business in Mars Hill, Madison County, North Carolina and any agents, successors or assigns of said Corporation. Hereafter referred as "WLPOA".

k. "Parcel Assessment" is defined as any assessment charged to the Owner (or Owners) of a particular lot pursuant to this Declaration for services and costs which relate specifically to that Owner's Lot.

l. "Wolf Laurel Roads and Security", incorporated as

The Wolf Laurel Roads and Security Home Owners Association, Inc., a North Carolina corporation with its principal place of business in Mars Hill, Madison County, North Carolina and any agents, successors or assigns of said Corporation. Wolf Laurel Roads and Security Home Owners Association Board, when used in reference to this organization, means the Board of Directors. Hereafter referred as "Wolf Laurel Roads and Security".

m. Pronoun references to he, his, him, they or them shall be applicable equally to either gender or mix of genders.

## ARTICLE II

Property subject to this Declaration

The real property which is and shall be subject to the Covenants, Restrictions, and reservations contained in this Declaration is situated in the state of North Carolina. The boundaries thereof are specifically described and set forth in Schedule A which is attached hereto and is incorporated herein.

Specifically, the Corporation declares that the real property now owned or heretofore owned by the Corporation and developed into lots sold to the public as is encompassed within the Wolf Laurel Development as shown on plats of the subdivision of record in Madison and Yancey Counties, North Carolina, made subject to the amended Protective Covenants, is and shall hereafter be subject to the amended protective Covenants, restrictions, and reservations hereinafter set forth; and such protective Covenants, restrictions, and reservations shall be considered to be included in all conveyances, transfers, and leases of any part of such real property whether or not they may be specifically mentioned therein. The Corporation shall from time to time impose this Declaration upon other properties developed by it, by specific reference to recorded plats or deeds showing the property intended to be restricted.

## ARTICLE III

Classification of Land

Within the aforementioned Wolf Laurel Resort, the various lots, parcels, and strips of land are hereby set aside, established and classified for the general purposes hereafter described in ARTICLE IV and otherwise. Such designations include the following: Common Roads, Private Residential Area Lots, Common Park, Lodging, Sports Area, Utility Line Area, and Ski Club & Corporate Lodging.

## Article IV

Protective Restrictions For Particular Areas

The Restrictions and Covenants which shall apply to and

within the area covered by this Declaration shall vary according to definitions provided in Article I and designations provided in Article III. By land classification, the particular uses to which classified premises may be put and the Restrictions and Covenants which apply thereto are as follows:

A. Use of Common Roads

Within the areas designated as common roads, all lot Owners and their guests and visitors shall have the right to travel in vehicles and otherwise at reasonable speeds. Such areas shall not be used for the parking of vehicles, however, and shall not in any way be otherwise obstructed. The standard for said common roads shall be that all common roads shall be maintained so as to allow passage by an ordinary passenger vehicle weather permitting.

A.1 Vehicle Definition - Vehicles are defined as an automobile, truck, van or other motorized method of transportation with at least 4 wheels, which requires a license to operate on the public roads. The following modes of transportation are not considered vehicles and are not permitted on common roads or rights-of-way at Wolf Laurel: motorcycles, motor bicycles, all terrain vehicles (ATV's) of any type, go-carts, golf carts, snowmobiles, or similar modes. Motor homes or travel trailers are permitted on the common roads or rights-of-way only to and from a private residence.

A.2 Speed Limits and Traffic Control Signs - Reasonable speeds shall be speeds as posted for the common rights-of-way. In the absence of posted speeds, no vehicle shall be operated on the Wolf Laurel premises in excess of 25 mph on paved roads, 20 mph on main gravel roads, and 15 on the one-lane feeder gravel roads. Persons who use Wolf Laurel roads shall obey all posted traffic control signs and devices. Special care shall be used at locations where the common road intersects with golf course traffic.

A.3 Parking on Right of Way - No Owner shall park a vehicle on any common road or right-of-way. Under special or emergency circumstances, permission may be granted to park a vehicle temporarily on a common road when adequate space to pass is available (example: when snow prevents an Owner from entering a driveway or when a vehicle has mechanical problems). Wolf Laurel Roads and Security reserves the right to use private contractors to move or remove vehicles deemed to be in violation of this section after due notice to the property owner, vehicle owner or vehicle leasee. Vehicles may be moved to a designated impound area with removal costs and storage fees assessed to the owner.

A.4 Encroachment onto the Right of Way - No Owner shall permit or contract to permit building of fences, berms, ditches which encroach onto the right of way nor permit the planting of trees, plants, and other encroachments onto the right of way.

A.5 Skier Restrictions - The roads at Wolf Laurel are for the use of Owners and their guests. Day skiers [those who do not spend the night in accommodations at Wolf Laurel] are not permitted on roads other than directly to and from the ski area.

#### B. Common Park

Within the areas designated as common parks, there shall be permitted such gardens, trees, and general park facilities as may be from time to time determined by the Corporation. Public buildings may be erected in such areas.

#### C. Sports Areas

Within the areas designated as sports areas, there shall be permitted the same type facilities as are permitted in Common Parks, together with such tennis courts, golf course, skating rinks, swimming pools, and other recreational facilities as may be from time to time determined by the Corporation.

#### D. Private Residential Area

Within the areas designated as Private Residential Areas, the following Restrictions shall apply:

##### D.1 Use of Residential lot

(a) No residence lot shall be used except for residential purposes by one family residing in a detached, single-family dwelling.

(b) No residence may operate as a bed and breakfast (B&B), duplex, rooming or boarding house. No use of Lots which would require any occupational license shall be permitted.

##### D.2 Building Size and Type Limitations

No building shall be erected, altered, placed, or permitted to remain on any residence lot other than:

(a) one detached single-family dwelling not to exceed two and one-half floors and thirty-five feet in height, such limits not to count basement level which shall be that level which is wholly or substantially below ground level; and,

(b) a private garage for not more than three cars; and/or,

(c) an outside storage building attached to a permanent foundation.

D.3 Livable Area -Each one-story dwelling unit must exceed one thousand two hundred (1,200) square feet of heated living area; each multi-story dwelling unit must have a

minimum of one thousand (1,000) square feet of heated living area on the first floor.

D.4 Building Location Restrictions - No building shall be located on any residence lot nearer to the front lot line, or side line, or rear line than the following minimum building set-back lines:

Front.....20 Feet

Sides.....25 Feet

Rear.....25 Feet

For the purpose of this paragraph, the front lot line is the longest lot line which abuts upon a common right-of-way or street

D.5 Parking areas - Adequate improved off-street parking shall be provided for each lot. This shall include spaces sufficient for the owner and other persons regularly residing in the dwelling.

D.6 Combining Lots - Nothing herein shall be construed to prohibit a lot Owner who is the Owner of more than one residence lot from combining these lots and building on the resulting lot in a manner consistent with the provisions of the Declaration.

D.7 Prior Approval Necessary for Building/External Changes

D.7.a Architectural Review Board - The Architectural Review Board (ARB) shall consist of the Corporation or an agency of the Corporation. All members shall be property owners at Wolf Laurel.

D.7.b Plan Submission - No building, sign, facility, road, driveway, or structure shall be constructed, erected or excavated upon any property or lot except in accord with specifications which have been approved in writing by the Architectural Review Board. Prior approval shall also be necessary for repairs, upgrades, or modifications which change the dimensions, the appearance, or access to any existing building. Prior approval is necessary for modifications to a existing driveway or property which includes excavation, tree removal, or use of heavy equipment. All plans and changes thereto must be submitted in writing; certain forms of electronic submission may be deemed acceptable.

D.7.c Plan Details - Such plans and specifications must set forth, in reasonable detail, for all buildings, the type and quality of materials, a plot plan showing location of project on the lot, drainage specifications, location of driveway, location of culverts and other drainage features, a building plan showing pertinent dimensions and exterior appearance of project when completed, and such other details

as may be reasonably requested by the Corporation. In order to assure compliance with Article V, Section E.2 concerning removal of trees, a tree removal plan must accompany the building plan for all new construction. In addition, for modular or log homes and other homes which include pre-fabricated sections or components, the specifications must also include a detailed plan for delivery and placement of the sections or components.

D.7.d Special Types of Construction - Modular, pre-fabricated or partially constructed homes, included log homes, shall be permitted, provided plans for such homes are approved by the ARB, the unit(s) is/are affixed on a permanent foundation, and the unit(s) is/are constructed to meet North Carolina building codes. In addition, for modular or log homes and other homes which include pre-fabricated sections or components, the plans and specifications must also include a detailed plan for delivery and placement of the sections or components. Additional restrictions may be imposed by the Architectural Review Board.

D.7.e Review Process - The Architectural Review Board (ARB) will use its reasonable best efforts to review as promptly as circumstances permit all plans and specifications submitted to it in good faith. Members of or representatives of the ARB shall have the right to enter upon the subject property at any time for the purpose of conducting this review. The Owner shall receive written approval, disapproval, or request for further information from the Architectural Review Board within 30 days of receipt of a written request for review. A reasonable filing fee may be charged to cover the ARB costs for investigation and processing the application; additional fees may be imposed for changes proposed by the owner after the original submission.

D.7.f Construction Bond - A fixed rate construction bond will be imposed to protect private and common properties during construction and to repair damage to same. The Owner may be held liable for additional damages which can be specifically attributable to a particular construction project, technique, or process related to his property. Monies collected under this section shall be maintained in a separate interest bearing account; an annual audited accounting shall be made available to all property owners.

D.7.g Permission to proceed - Under no circumstances shall any clearing, construction, or other work proceed until after approval of plans and payment of fees. The work shall be performed in accordance with the approved plans to the end that the improvements shall conform to those shown on the

approved plans. In coordination with local building authorities, the Architectural Review Board shall have authority to recommend a "stop work" order be issued for any project which is deemed to be in "non-compliance" with approved permits, plans, or other regulations. Specific fines may be prescribed and imposed for violation of this section.

D.7.h Special Conditions - The ARB may impose additional conditions, restraints and requirements which may apply to a particular building or land use technique or process, property, area, or the entire Wolf Laurel Development.

D.7.i Variances - The Architectural Review Board and/or the Corporation shall have the authority to grant written variances for reasonable cause upon the written application of any Owner.

D.7.j Approval in good faith - Approval of plans by the ARB shall not constitute or be deemed a representation or warranty by the ARB relating to the quality of materials, sufficiency of design, sufficiency or adequacy of engineering or construction techniques, adequacy of methodology or any other matter related to the improvements to be made in accordance with the plans. It is understood that approval of plans is for the limited purpose of ensuring compliance thereof with this Declaration and nothing more.

D.7.k Architectural Review Board Liability - Except for acts of gross negligence or willful misconduct, neither the ARB nor its individual members, or its agents, independent contractors, or other persons or entities entitled to perform the Architectural Review Board's responsibilities hereunder shall have any liability for damages or otherwise to, or be subject to any claim or cause of action for damages or any equitable relief from an Owner or any other person or entity. With respect to liability for gross negligence or willful misconduct, liability, if any, shall be solely limited to the actual, direct damages and shall not include liability for indirect, consequential, speculative or punitive damages.

#### E. Utility Line Areas

E.1 Utility Easement - Utility line areas shall consist of strips of land twenty feet in width, the center line of which is designated upon the Plot Plan as "Water", "Sewer", "Proposed Water", "Proposed Sewer", "Utility", or "Proposed Utility". Within such twenty foot strips of land, the Corporation and its successors and assigns shall have an easement for the purpose of installing, maintaining, and repairing utility lines, facilities, and services; which may include but are not limited to those necessary for water, sewer, electricity, gas, and telephone and cable TV services.

Within such Utility Line Areas, the following Restrictions shall apply:

E.2 No Encroachment - No buildings, structure, tree or other object shall be built or permitted to be or encroach upon a utility line area and the Corporation reserves the right to remove all such buildings, structures, and objects from such areas.

E.3 Access to Areas - Access to utility line areas shall be always available to persons seeking to install, maintain, and repair utility lines and facilities of all sorts, whether above or below the surface of the ground and whether or not it is necessary for the purposes of such access, installation, maintenance, and repair to enter upon any other property not designated as utility line areas, the use of such utility line areas to be generally good for all lot Owners in the maintenance of utility lines, facilities, and services.

## ARTICLE V

### GENERAL PROTECTIVE RESTRICTIONS

#### A. Application

The following Restrictions shall apply to and within all areas covered by this Declaration as amended, regardless of classification. All references to Owner in this Declaration shall include by reference guests, tenants, licensees, agents, employees, business guests and members of the Owner's family.

#### B. Responsibility and Access to Documents

B.1 Knowledge of Restrictions - Each Owner is absolutely responsible for knowledge of and adherence to the Restrictions in this Declaration as Amended.

B.2 Access to Documents - The Corporation shall provide reasonable access to this public document during regular business hours at a location within the Wolf Laurel Resort, and at other venues and other means as shall be established. This document shall be on file at the Madison and Yancey County Courthouses. One copy shall be provided at no charge to each Lot owner of record upon request; otherwise, standard fees for additional duplication may be imposed. One copy shall be provided to a new owner at closing.

#### C. Exceptions and Enforcement

C.1 Exceptions - Temporary or permanent exceptions may be granted by the Wolf Laurel Roads and Security Home Owners Association, Inc. and any successors or assigns of said Corporation.

C.2 Enforcement - With the exception of specific enforcement actions reserved to the Architectural Review Board, the Wolf Laurel Roads and Security Home Owners

Association, Inc., or its agents or assigns, shall handle all actions concerning a charge of alleged violations of these Covenants; and, shall establish and publish procedures for notification of violations of these Covenants, procedures for hearings, and establishment and enforcement of penalties.

#### D. Liability

D.1 Continuing Liability of an Owner - The granting of a waiver of any Restriction, Covenant, or Reservation either temporary or permanent by the Wolf Laurel Roads and Security Board of Directors, their Agents, or any other Authoritative Body shall not relieve the Owner from liability for any negligent or intentional damage to the person or property of any other Owner.

D.2 Wolf Laurel Roads and Security Release from Liability - No liability or responsibility of the Wolf Laurel Roads and Security Association, the members, officers, employees or Wolf Laurel Roads and Security Board of Directors, shall result from granting any waiver or from enforcing the Restrictions, Covenants or Reservations of this document.

#### E. Specific Restrictions

E.1 Use of Private Property - Except as specified in this Declaration, the right to safe and secure use of one's private property shall not be abused or violated. Trespassing on private property is not permitted.

E.2 Trees and Foliage- Every effort should be made to save as many trees as reasonably possible to conserve the forest canopy and protect the watershed. There shall be no clear cutting of any lot.

No land disturbance or tree cutting, except in the driveway area, is permitted within the building setback areas without written approval in advance of the Architectural Review Board.

In Article IV, Section D.4 , front setback is set at 20 feet; side setback is 25 feet; and rear setback is 25 feet. For the purpose of this paragraph, the front lot line is the longest lot line which abuts upon a common right-of-way or street.

Since it is impractical to restore a tree once it has been felled or topped, specific fines for violation of this section may be assessed in aggregate for a lot (or lots) or on a per tree basis. Fines may be doubled or trebled for repeated violations by a specific lot owner or his representative. In addition, the Architectural Review Board can set specific additional fines or other punitive actions for violations of this section by owners, contractors or builders who are repeat

offenders.

E.3 Public Safety - Fires, Fireworks, Firearms, and Hunting

E.3.a Fires - Fires are a great hazard at Wolf Laurel. Outdoor fires within or adjacent to the forest should be controlled and are the responsibility of the Owner of the lot (or the Owner's designated contractor or agent) where the fire is located. Permission must be obtained from Wolf Laurel Security prior to igniting any outdoor fire and no outdoor fire may be left unattended.

E. 3.b Fireworks - Fireworks which are unlawful in the state of North Carolina may not be ignited on Wolf Laurel property.

E.3.c Firearms - Firearms may not be discharged on private or public property at Wolf Laurel.

E.3.d Hunting - No hunting of wildlife is permitted on property at Wolf Laurel.

F. General Restrictions - Nuisances - No obnoxious or offensive activities shall be carried on upon any lot or in any area and no unsightly objects shall be displayed upon any lot or in any area, nor shall anything be done which may be or may become an annoyance or nuisance to or endanger the health of any lot Owner, his family, guests, or visitors. The following activities are specifically identified as nuisances:

F.1 Laundry - All outdoor laundry and drying areas and equipment are prohibited.

F.2 Lighting - Outside lighting can detract from the rural atmosphere at Wolf Laurel. Spotlights, area lights similar to street lights, lights on trees, and all lights other than porch lights or motion sensitive security lights which are automatically operated shall be turned off by 11:00 PM. No new outdoor lights other than porch lights or motion sensitive lights shall be installed without approval of the Architectural Review Board.

F.3 Livestock and Poultry - No livestock or poultry of any kind shall be raised, bred or kept on any lot, except that dogs, cats and other household pets may be kept if they are not kept, bred or maintained for any commercial purpose.

F.4 Animal Control - Pets shall not cause a disturbance or annoyance on or off the Owner's property. Any pet must be held under control at all times that such pet is off the Owner's lot. No dogs or other pets shall be allowed to run at large.

F.5 Noise - Loud noise interferes with the peaceful enjoyment of Lot Owners and should be reasonably controlled.

Loud offensive noise [noise which can be heard by adjoining Home Owner or Owners] shall not be permitted.

F.6 Transportation Modes on Private Property

F.6.a - Parking - Each Owner shall provide for parking of personal vehicles within the bounds of his property.

F.6.b Storage - The following transportation modes may not be parked or stored on an Owner's lot unless they are (a) inside a fully enclosed garage or other building permitted hereunder, or (b) in an area which is screened from public view.

- motor home
- utility trailer (either with or without wheels)
- tractor, trailers, semi-trucks and trailers
- truck (other than pickup-trucks)
- construction equipment of any type
- commercial vehicle of any type
- recreational vehicle or travel trailer
- boat or personal watercraft; trailer for same
- motorcycle or motorized bicycle
- motorized go-cart
- golf-cart
- similar forms of transportation devices

F.6.c Vehicle Repair or Restoration - Except in an emergency, no Owner shall repair or restore any vehicle of any kind upon any Lot except within an enclosed garage or workshop.

G. Temporary Structures - No structure of temporary character, trailer, mobile home, basement, tank, shack, garage, barn, or other outbuildings shall be used at any time as a residence either temporary or permanent.

H. Signs - No sign of any kind shall be displayed to the public view by any lot Owner without the written consent of the Corporation except that: (a) one sign of not more than two square feet showing the E911 dwelling number, the lot number, name of Owner or Owners, and the name of the premises shall be permitted upon any lot; (b) in lodging and commercial areas, one or more signs which advertise the nature of the business being conducted shall be permitted for each business establishment but such business signs shall not total more, in the aggregate, than twenty square feet per lot plus an additional one square foot for each tenth of an acre lot area in excess of one acre, and (c) if written consent is withheld by the Corporation for signs advertising property for sale or rent, then the Corporation shall maintain a list of properties for sale or rent and such list shall be available to the

public at reasonable times and places.

Under no circumstances shall projecting signs, overhanging signs, or self-lighted signs be permitted on any lot. Commercial advertisement signs, cards, and notices are not permitted at the Postal stations.

I. Garbage and Refuse Disposal - No lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage, and other waste shall not be kept except in sanitary containers. All incinerators or other equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition in an area which is screened from public view.

J. Sewage Disposal - No individual sewage disposal system shall be permitted on any lot unless a Corporation sewage disposal system is not available for such lot. If an individual sewage disposal system is installed, it shall be constructed and maintained in working order in accordance with the requirements of the public agency having jurisdiction.

K. Natural Drainage - Since the area covered by this Declaration is situated in mountainous terrain, there will be substantial amount of natural surface water drainage and runoff flowing over the area.

K.1 No Interference - No lot Owner or other persons shall interfere with or direct the natural course of any such drainage and runoff so as to alter its natural flow onto or across common property or the land of another lot Owner.

K.2 No Damage - No lot Owner shall disturb or modify his property so that surface drainage from his property intentionally or otherwise causes damage to common property or that of another lot Owner.

K.3 Maintain natural drainage flow - No lot Owner or other persons shall interfere with, impede, or disturb the natural course of drainage through ditches which are maintained alongside the roadways.

L. Property Maintenance

L.1 General - Each Owner shall keep all parts of his lot and dwelling exterior in good order and repair and free of debris. This includes, but is not limited to, demolition and removal of burned out houses (or portions thereof). removal of visible construction debris, and generally maintaining grounds and property in accordance with accepted community standards which enhance the natural unspoiled beauty of our mountains.

L.2 Authority to Remedy - Wolf Laurel Roads and Security Board or its assigns, shall have the authority to effect remedy on properties which do not meet established standards.

L.3 Remedy Procedure - Wolf Laurel Roads and Security

Board shall establish the type and process of remedy hearings and notification procedures for those hearings.

L.4 Remediation - If an owner is deemed to be in violation, the Owner may voluntarily remedy the violation, or submit to Wolf Laurel Roads and Security Board a plan or contract to have violation rectified within a specific time frame agreeable to Wolf Laurel Roads and Security Board. If neither case pertains, or if the violation continues for 60 days past the date of a finding of violation, Wolf Laurel Roads and Security Board may authorize the prescribed remediation to proceed. Remediation includes but it not limited to: the right to enter upon such lot to remove trash or debris, remove derelict structures/vehicles, repair any necessary damage, and generally clean up the property.

L.5 Parcel Assessment - All costs related to such remediation shall become a Parcel Assessment.

L.5.a Full Payment - Full payment of the Parcel Assessment is due from the Owner not later than thirty (30) days after notification that the remediation is complete. Failure to pay this assessment within thirty (30) days shall result in interest accruing from due date at ten percent (10.00%) simple interest Annual Percentage Rate (APR); or,

L.5.b Collection Agencies and Liens - If payment is not received within prescribed time, Wolf Laurel Roads and Security Board may, at its discretion, submit the account to a collection agency or file a lien upon the Property for such costs together with fees and interest. Such lien shall be effective from and after recording, in the Public Records of Yancey or Madison County, North Carolina depending on the County of the location of the Lot, a claim of lien stating the description of the Lot encumbered thereby, the name of the Owner, the amount and the date when due. All costs associated with lien filings or use collection agencies are added to monies owed with the indebtedness passed to the violator.

M. Administrative Remedies - Upon a determination of violation of any of these Protective Covenants as Amended, by an Owner, or his guests, tenants, licensees, agents, employees, or members of his family, the Wolf Laurel Roads and Security Board may impose administrative penalties including but not limited to the following:

M.1 Levy fines against the Owner not to exceed \$250.00 per occurrence (as determined by the Wolf Laurel Roads and Security Board); and/or,

M.2 Suspend the use of the common Areas by the Owner to the extent permitted by this Declaration as Amended; and/or,

M.3 Bar specific guests, tenants (renters or lessors), licensees or agents from entering the premises at Wolf Laurel Resort either temporarily or permanently; and/or,

M.4 Confine, remove and/or bar specific animals or pets who create a nuisance from the Wolf Laurel Resort premises; and/or,

M.5 Issue written reprimands or warnings for violations which are not considered major or intentional.

#### N. Enforcement Funds

N.1 Penalties for non-payment - Any Covenant Violation account not paid within the prescribed time is subject to collection via any means available to Wolf Laurel Roads and Security including, but not limited to, use of a collection agency or imposition of a lien against the property as described in paragraph L.5.b of this section.

N.2 Administration and Enforcement Fund - All monies collected via the parcel assessment system or administrative fines process shall be maintained in an interest bearing separate account within the Wolf Laurel Roads and Security financial system. Wolf Laurel Roads and Security has full discretion to use these funds in the administration and enforcement of these Covenants. An annual audited accounting of these funds shall be made available to property owners.

#### O. Additional Legal Actions

If administrative remedies and mediation fail, either party shall be authorized to file such suit or take such legal action as necessary to enforce its opinion. The right to counsel shall not be denied. No action taken shall be arbitrary, illegal, or capricious. The prevailing party may be awarded his reasonable attorney fees, costs and expenses in the legal action

#### Article VI

Membership in the Wolf Laurel Property Owners Association, Inc.

#### Universal Membership

Owners at Wolf Laurel have formed the Wolf Laurel Property Owners Association (WLPOA) to promote the general welfare of all Property and Lot Owners, support harmonious living, assist in enforcement of Covenants and Restrictions, and to assure the protection of its natural features for the aesthetic enjoyment of the residents.

The Corporation is of the opinion that membership in the WLPOA is beneficial for all Owners and encourages all Owners to join this organization.

The Corporation believes that mandatory membership for future Owners is in the best interests of the community, and,

as authorized by Article VII, B.1, the Corporation declares that membership in the WLPOA, or its successor organizations, is mandatory for all future Owners.

#### Article VII

##### Rights Reserved to Corporation

The Corporation reserves to itself, its successors and assigns the following rights, privileges and easements in regard to each and every lot and parcel within the area covered by this Declaration:

A. Utility Easement - A six-foot permanent easement along, upon, or across any part of each lot (except where a dwelling or any other building is to be erected) for the installation and maintenance of underground and other utilities, such as sewer, water, gas, and drain pipes, telephone, coaxial or fiber cable, and electric cables. Such easement strips shall be laid out near the edges in front, side and rear lot lines where practicable. Access shall be permitted at any and all times to the easement strips for the purpose of installing, maintaining and repairing such utilities. Said easement shall in no way prohibit the Owner of any lot from making use of the easement area in a manner consistent with these easements.

##### B. Changes and Exceptions reserved to Corporation

B.1 Amendments - The right to make Amendments to this Declaration and the Protective Covenants, Restrictions, and Reservations herein contained, to the extent that such Amendments are deemed by the Corporation to be necessary or desirable and consistent with the general purposes of this Declaration.

B.2 Exceptions - The right to make special exceptions to the provisions contained in this Declaration, to the extent that such exceptions are deemed by the Corporation to be necessary and desirable and consistent with the general purposes of this Declaration.

B.3 Change Property Designation - The right to change the designation of any portion of a lodging area lot into a residential area lot or lots or to change the designation of any portion of a commercial lot into a lodging area lot or lots without securing the consent of any lot Owner.

C. Transfer Common Property - The right to sell, transfer, convey, or assign to any municipal Corporation or other Corporation or Association, from time to time, any or all of the common rights of way, roadways, common paths, sport areas and common parks, designated upon the lot Plan attached hereto, or any rights or easements therein.

D. Transfer of Utilities - The right to sell, transfer, convey, or assign, from time to time, any and all utility

lines and easements of every type and all utility facilities of all types to any municipal Corporation or other Corporation or Association which may be organized for or have as one of its principal purposes the building maintenance repair and carrying out of utility services for the area covered by this Declaration.

E. Extension - The right to extend the Protective Covenants, Restrictions, and reservations herein set forth to other areas now or hereafter owned by the Corporation and thereby to enlarge the size of the development covered by this Declaration.

F. Utility Connections and Fees - The right to require of any lot Owner that he make use of and tie into at his own expense all water, sewer, electrical and other utility systems, which may be established by the Corporation or any Corporation designated by it as its agent or assignee of the Corporation's rights and duties to provide such utility services, provided such utility system has a pipe, wire, coaxial, or fiber cable abutting or adjacent to the lot. The connecting lines which run between the Owner's building(s) and the main utility lines shall be maintained by the lot Owner. Specifications for the construction of such tie-in lines shall be approved by the utility before the same are connected to the main line. The right to make reasonable capital and services charges (including therein a reasonable profit) for the use of utility systems; such charges to be made on the basis on a reasonable formula determined by the Corporation which takes in consideration, among other things, the size of the lot and the actual estimated use by the lot Owner. Such charges shall be subject to approval by any public authority having jurisdiction

G. Common Parks - The right within the areas designated as Common Parks to construct, plant and maintain parks, general recreational facilities, gardens, shrubbery, trees, a village green, chapels, auditoriums and other public buildings, and additional common paths; and also the right to construct and maintain novice and beginners ski facilities in the Common Park area.

H. Sports Areas - The right within the areas designated as Sports Areas to construct, plant, and maintain anything permitted in a Common Park and also the right to construct and maintain tennis courts, skating rinks, swimming pools, golf course, ski slopes, and other recreational facilities.

I. Purchase Option - For the protection of all lot Owners, the Corporation reserves the option of first purchase of all lots and parcels or any part of parts thereof now and hereafter

included in this Declaration, which option shall run with the land and shall operate as follows:

I.1. Notice - Any lot Owner who desires to sell or transfer all or any part of his premises or any interest therein or desires to lease the same for more than a year and who has received a bona fide offer for its purchase or lease on terms that are acceptable to him shall give notice in writing to the Corporation by registered or certified mail, duly signed, at least thirty (30) days before the contemplated sale or lease. Such notice shall set forth in detail the terms of the offer, the premises to be transferred or leased, and the name, residence, business address, and occupation of the offeror if an individual; or the name, address, type of business and principal officers and stockholders, of the offerer, if a Corporation.

I. 2. Acceptance or Refusal - Such written notice shall constitute an offer to sell or lease the same premises to the Corporation upon the same terms contained in the notice. Such offer shall be deemed to have been accepted or refused by the Corporation if, within twenty (20) days from receipt of such notice, the Corporation, executed (sic) and mailed, postage prepaid, to the lot Owner a written notice of acceptance or refusal. Within a further period of thirty days thereafter and contemporaneously with the delivery of a proper warranty deed or lease by lot Owner, the Corporation shall pay to the lot Owner the purchase price or the first installment of the rent stated in the lot Owner's notice to the Corporation.

I. 3. Exclusions - The following transfers are not subject to the option of first purchase:

- a. A bona fide gift
- b. The making of a bona fide mortgage and a bona fide foreclosure thereunder.

I. 4. Alternate Offer - This option of first purchase shall be deemed to have been waived by the Corporation as to any conveyance made by a bona fide mortgagor to a bona fide mortgagee or such mortgage's equity of redemption in the mortgaged premises provided that, within thirty days following such conveyance, mortgagee offers the premises to the Corporation in writing at a price which is no greater than the total financial investment which the mortgagee then has in the premises, which investment shall include but not necessarily be limited to the amount of the outstanding mortgage principal balance due, the unpaid interest, taxes, and insurance premiums advanced by mortgagee and mortgagee's costs of acquisition of the premises. Upon such offer being made, the Corporation may accept in the same manner provided in I.2

above.

I.5 Continuance - If the Corporation does not exercise its option of first purchase with respect to any particular sale, transfer or lease, and if such particular transaction is thereafter not concluded, then the Corporation's option continues to attach all succeeding offers of sale, transfer, lease relating to the same property.

#### Article VIII

Funding Process of the Wolf Laurel Roads and Security Home Owners Association, Inc.

A. Roads and Security Assessments - In order to maintain the roads and security at Wolf Laurel, each owner shall be obligated to pay to the Wolf Laurel Roads and Security Homeowners Association annual assessment amounts as provided herein.

A.1 The Annual Road Assessment is used to pay for improvement, maintenance, and repair of common roads, for establishment of a maintenance, repair and reserve account on the common roads and for the payment of taxes and insurance and for other purposes and obligations of the Corporation as are required hereunder to carry out the purposes herein or permitted in this Declaration. The standard for said common roads shall be that all common roads shall be maintained so as to allow passage by ordinary passenger vehicle at all times.

A.2 Annual Security Assessment is used to pay for the operation of security at the resort and the guard house, including improvement, maintenance, and repair of the existing Wolf Laurel Resort entrance area at the guard house, for the establishment of a maintenance, repair and reserve account, and for the payment of taxes and insurance and for other purposes and obligations of the Corporation as are required hereunder to carry out the purposes herein or permitted in this Declaration. Security shall be provided by a twenty-four hour security system by the use of one or more gates and guardhouses.

B. Uniform Rate - Annual assessments must be fixed at a uniform rate for all lots and dwelling units, but dwelling units may have a rate different than lots for security assessment and any increase must be applied uniformly for all.

C. Rate Adjustments - The Board of Directors of Wolf Laurel Roads and Security Home Owners Association, Inc. shall fix the amount of the annual road assessment and the annual security assessment against each lot or dwelling unit at least thirty (30) days in advance of each annual assessment period. Any annual or special assessment increase of more than five

percent (05.000%) cumulative per annum from the preceding increase must be approved by two-thirds (2/3) of lot Owners. Written notice of the annual assessment shall be sent to every Owner. The assessment shall be payable annually on February 1st, unless specifically changed by the Board of Directors. An annual report with a reasonable explanation on income and expenditures readily understandable by lot Owners will be available to lot Owners upon request.

D. Late charges, Penalties, and Liens - Any assessment not paid within fifteen (15) days after the due date shall be subject to a late charge in the amount of \$5.00. Further, any assessment not paid within thirty (30) days after the due date shall bear interest from due date at ten percent (10.0000%).

The annual road and security assessments together with interest, costs and reasonable attorney fees, shall be a charge on the lot or dwelling unit and a personal obligation of the Owner and shall be continuing lien upon the lot or dwelling unit against which each such assessment is made.

E. Special Assessments - From time to time, it may be necessary to impose special assessments to pay for unexpected expenses approved by the Board of the Wolf Laurel Roads and Security. Approval of a special assessment shall be by two-thirds (2/3) of lot Owners.

F. Reserve - The Board shall establish and maintain adequate reserve fund for the periodic maintenance, repair, and replacement of property and improvements and a reserve of working capital and contingencies. This reserve fund shall constitute a portion of the annual budget.

#### Article IX

##### Right to use Ski Area

All lot Owners and their families, guests, and business visitors shall have the right to use the ski area in common with others, under the same conditions, and at the same rate then customarily being charged.

#### Article X

##### Violations

A. Remedies for Violations - The violation or attempted violation of any Covenant or restriction herein contained is hereby declared a nuisance which may be remedied by any appropriate legal proceedings. Further, if any lot Owner shall at any time violate, attempt to violate or permit any violation or attempted violation of any of the Covenants, Restrictions or reservations herein set forth, it shall be lawful for the Corporation or any other lot Owner or lot Owners, or any association representing such Owners, to prosecute any proceedings at law or equity against such person

or persons violating, attempting to violate or permitting such violation or attempted violation of any such Covenants, Restrictions or reservations and either to prevent him or them from so doing to recover damages or other awards for such violation or both. All or any such proceedings may be maintained against any one violator of any Covenants, Restrictions, or reservations irrespective of the waiver of any prior violation or attempt of violation by the same or other lot Owners.

B. Executive Agent - The Wolf Laurel Roads and Security Homeowners, Inc., and its successors or assigns, is specifically, but not exclusively, authorized by the Corporation to act as Executive Agent of the Corporation in the enforcement of these Covenants, Restrictions, and Reservations. They are also authorized by the Corporation to make Annual and Parcel assessments as defined herein and enforce collection of same by use of collection agencies and filing liens upon the parcel of a delinquent Owner and taking appropriate action to enforce same. The waiver by the Corporation or by any Association or lot Owner of any particular Covenant, restriction, or reservation on any one occasion shall not be construed as a waiver of the same or a similar Covenant, restriction, or reservation on any other occasion.

#### Article XI

##### Invalidation, Changes, and Controlling Authority

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

B. Controlling Authority - If there is a conflict among either the Declaration of Protective Covenants, Restrictions and Reservations, the Amendment filed Jan 10, 1991, or the current Amendments to the said Declaration as Amended, the current Amendments shall control.

C. Corrections - The Corporation may amend this Declaration to correct any obvious error or inconsistency in drafting, typing, reproduction, or to clarify any provision or provisions of this Declaration.

D. Compliance - The Corporation shall have the right to amend this Declaration to conform to requirements of any law or governmental agency having legal jurisdiction including, without limitation, ecological controls, construction standards, aesthetics, matters affecting public health, safety, and general welfare.

E. Notification - The Corporation deems that there is no

requirement to republish the entire document in these circumstances and accepts no responsibility to notify Owners of these changes.

#### Article XII

##### Term

This Amended Declaration shall continue for twenty five years from the date hereof and thereafter it shall continue for successive ten year periods unless and until it is terminated by the vote of the majority of lot Owners. While this Amended Declaration presents new ideas, processes and procedures, it generally incorporates and retains pertinent language and intent from the original Declaration on October 31, 1966 and the amendment of January 10, 1991.

The termination of this Declaration shall not terminate the property rights hereby and hereafter granted to lot Owners and others in the common rights of way, common paths, common parks, sports areas, and other premises retained by the Corporation.

Witness the signature of Bald Mountain development Corporation by its President, with its Corporate seal affixed, attested to by its Secretary this \_\_\_\_\_ day of December, 2001.

BALD MOUNTAIN DEVELOPMENT by /s/ Lee Smith, President

Attest: /s/ Mary Louise Wyatt

#### SCHEDULE A

The following property is located in the Wolf Laurel Resort in Madison and Yancey Counties, North Carolina, described as follows, and including all other maps and plots of record within the Wolf Laurel Resort not otherwise indicated but recorded as such in records of Madison or Yancey County: