

Prepared by and Return to: S.C. Best, Best and Best, PLLC

STATE OF NORTH CAROLINA
COUNTY OF MADISON

**DECLARATION OF COVENANTS, RESTRICTIONS, EASEMENTS, RESERVATIONS,
TERMS AND CONDITIONS GOVERNING BETH HANAN, A SUBDIVISION OF MADISON
COUNTY, NORTH CAROLINA**

THIS DECLARATION OF COVENANTS, RESTRICTIONS EASEMENTS, RESERVATIONS,
TERMS AND CONDITIONS GOVERNING BETH HANAN, A SUBDIVISION OF MADISON
COUNTY, NORTH CAROLINA is entered into this 22 day of July, 2020, between BETH HANAN,
LLC, a limited liability company organized and existing under and by virtue of the laws of the State of North
Carolina (hereinafter "Declarant"), and ALL FUTURE HOMEOWNERS in BETH HANAN, LLC.

The primary purpose of these covenants and restrictions and the foremost consideration in the origin
of the same has been the creation of a residential community which is aesthetically pleasing and functionally
convenient; attracting residents seeking privacy and security in a beautiful environment.

WITNESSETH:

WHEREAS, Declarant is the owner of all lots within a subdivision in the County of Madison, State
of North Carolina, known as BETH HANAN, LLC, and being that certain tract or parcel of land more
particularly described by map and survey recorded in Plat Book 9, at Page 228, in the office of the Registrar
of Deeds of Madison County ("Properties") and being a portion of that real property described in a deed
recorded in Book 693, at Page 602, in the aforesaid Registry; and

WHEREAS, it is in the best interest of the Declarant and to the benefit, interest and advantage of
every party hereafter acquiring any of the Properties that certain covenants, conditions, easements,
assessments, liens and restrictions governing and regulating the use and occupancy of the Properties be
established in accordance with Chapter 47F of the General Statutes of North Carolina; and

WHEREAS, Declarant desires to provide for the preservation of the values and amenities and the
desirability and attractiveness of the Properties; and for the continued maintenance and operation of any
recreational and/or common areas; and

WHEREAS, Declarant has incorporated a nonprofit corporation under the law of the State of North
Carolina, namely BETH HANAN, LLC for the purposes of managing and enforcing these covenants,

condition, and restrictions and in compliance with the requirements of Chapter 47F of the General Statutes of North Carolina.

NOW, THEREFORE, in consideration of the premises, the Declarant agrees with all parties hereafter acquiring any of the Properties (hereinafter defined), that it shall be and is hereby subject to the following covenants, conditions and restrictions, easements, assessments and liens related to the use of occupancy thereof, which shall be construed as covenants running with the land, and shall be binding on all parties acquiring any right, title or interest in any of the Properties and which shall inure to the benefit of each owner thereof and their heirs, assigns, and successors in title. Declarant may subject Additional Properties, as the same is defined herein, to these covenants, conditions and restrictions, and Declarant specifically reserves the right to annex Additional Properties and subject the same to these covenants, conditions and restrictions.

ARTICLE I PROPERTIES SUBJECT TO THIS DECLARATION

Section 1.1: The Properties which shall be held, transferred, sold, conveyed and occupied subject to this Declaration are located in the County of Madison, State of North Carolina, known as BETH HANAN, LLC, and being that certain tract or parcel of land more particularly described by map and survey, in the office of the Registrar of Deeds of Madison County, plus all the utility and access easements as shown on the aforesaid map and survey by Dry Ridge Survey Company.

ARTICLE II DEFINITIONS

Section 2.1: "Additional Properties" shall mean any land which is adjacent to, contiguous with or in the immediate vicinity of the Properties, to include connecting roads or rights of way from the Properties to the Additional Properties, whether currently owned or subsequently acquired by Declarant, or its successors and assigns, which is annexed by the Declarant, or its successors and assigns, to form an integrated community with the Properties.

Section 2.2: "Architectural Review Board" (also referred to as "ARB") shall mean an architectural review board appointed by the Developer with duties, responsibilities, and authority as provided hereinafter.

Section 2.3: "Association" shall mean and refer to BETH HANAN HOMEOWNERS' ASSOCIATION, its successors and assigns.

Section 2.4: "Board" shall mean the Executive Board of the Association. No two family relationships within the same household or this development may serve as a member or officer of the development association.

Section 2.5: "Common Elements" shall mean any real estate within the Properties owned or leased by the Declarant, or its successors or assigns, or the Association, including roads, drives, easements, rights-of-ways, permanent common open space, and common areas.

Section 2.6: "Common Expense" shall mean and include:

- a. All sums lawfully assessed by the Association against its members;

- b. Expenses of the Common Elements, Permanent Common Open Space, Common Area(s) including, but not limited to, the administration, maintenance, repair or replacement of the same;
- c. Expenses declared to be common expenses by the provisions of this Declaration, the By-Laws, or the Association;
- d. Hazard, liability or such other insurance premiums as the Declaration or the By-Laws may require the Association to purchase;
- e. Ad valorem taxes and public assessment charges lawfully levied against common areas;
- f. Expenses agreed by the members to be common expenses of the Association.

Section 2.7: "Common Roads" shall mean any roads depicted on any plat of the Properties or Additional Properties which provide for access or service to any Lot. The Common Roads shall be maintained by the Association until dedicated to and taken over the Town of Mars Hill.

Section 2.8: "Declarant" shall mean and refer to BETH HANAN, LLC, its successors and assigns if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

Section 2.9: "Lot" shall mean and refer to that physical portion of an unimproved parcel of land on the Properties designated for separate ownership or occupancy by a lot owner within the Properties. Vacant lots purchased with the intention of utilizing a builder other than the developer must obtain the following:

- a. Approval and allowance of oversight from developer for any builder and prior to construction as well as oversight from the developer during the construction process beginning with lot clearing and grading for the building pad, driveways, sidewalks, slopes, rainwater run-off, septic field in order to maintain proper erosion control; as well as during the construction process.
- b. All required building permits, zoning compliance permits, excavation permits, erosion control permits, and other construction related permits, utility connection fees, etc. shall be at the expense of the lot owner or its contractor(s).
- c. Vacant lots must commence actual construction (not solely obtain a building permit) no later than 18 months after lot closing. Furthermore, contractor(s) must obtain approved final inspection for occupancy, including finished landscaping, paving of driveways and sidewalks, no later than thirty (30) months from lot closing. Any delays in these time frames must be presented to the developer for allowance and approval.

Section 2.10: "Owner" shall mean and refer to the record owner, whether one or more persons or entities, including the Declarant, of a fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 2.11: "Permanent Common Open Space" and "Common Area(s)" shall consist of those areas designated on recorded plats of BETH HANAN, LLC as such. Such areas shall be dedicated in perpetuity to the common use and enjoyment of the owners. The Declarant will convey all Permanent

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established in accordance with Chapter 47F of the General Statutes of North Carolina; and

WHEREAS, Declarant desires to provide for the preservation of the values and amenities and the
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WHEREAS, Declarant has incorporated a nonprofit corporation under the law of the State of North
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ARTICLE II DEFINITIONS

Section 2.1: "Additional Properties" shall mean any land which is adjacent to, contiguous with or in the immediate vicinity of the Properties, to include connecting roads or rights of way from the Properties to the Additional Properties, whether currently owned or subsequently acquired by Declarant, or its successors and assigns, which is annexed by the Declarant, or its successors and assigns, to form an integrated community with the Properties.

Section 2.2: "Architectural Review Board" (also referred to as "ARB") shall mean an architectural review board appointed by the Developer with duties, responsibilities, and authority as provided hereinafter.

Section 2.3: "Association" shall mean and refer to BETH HANAN HOMEOWNERS' ASSOCIATION, its successors and assigns.

Section 2.4: "Board" shall mean the Executive Board of the Association. No two family relationships within the same household or this development may serve as a member or officer of the development association.

Section 2.5: "Common Elements" shall mean any real estate within the Properties owned or leased by the Declarant, or its successors or assigns, or the Association, including roads, drives, easements, rights-of-ways, permanent common open space, and common areas.

Section 2.6: "Common Expense" shall mean and include:

- a. All sums lawfully assessed by the Association against its members;

- b. Expenses of the Common Elements, Permanent Common Open Space, Common Area(s) including, but not limited to, the administration, maintenance, repair or replacement of the same;
- c. Expenses declared to be common expenses by the provisions of this Declaration, the By-Laws, or the Association;
- d. Hazard, liability or such other insurance premiums as the Declaration or the By-Laws may require the Association to purchase;
- e. Ad valorem taxes and public assessment charges lawfully levied against common areas;
- f. Expenses agreed by the members to be common expenses of the Association.

Section 2.7: "Common Roads" shall mean any roads depicted on any plat of the Properties or Additional Properties which provide for access or service to any Lot. The Common Roads shall be maintained by the Association until dedicated to and taken over the Town of Mars Hill.

Section 2.8: "Declarant" shall mean and refer to BETH HANAN, LLC, its successors and assigns if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

Section 2.9: "Lot" shall mean and refer to that physical portion of an unimproved parcel of land on the Properties designated for separate ownership or occupancy by a lot owner within the Properties. Vacant lots purchased with the intention of utilizing a builder other than the developer must obtain the following:

a. Approval and allowance of oversight from developer for any builder and prior to construction as well as oversight from the developer during the construction process beginning with lot clearing and grading for the building pad, driveways, sidewalks, slopes, rainwater run-off, septic field in order to maintain proper erosion control; as well as during the construction process.

b. All required building permits, zoning compliance permits, excavation permits, erosion control permits, and other construction related permits, utility connection fees, etc. shall be at the expense of the lot owner or its contractor(s).

c. Vacant lots must commence actual construction (not solely obtain a building permit) no later than 18 months after lot closing. Furthermore, contractor(s) must obtain approved final inspection for occupancy, including finished landscaping, paving of driveways and sidewalks, no later than thirty (30) months from lot closing. Any delays in these time frames must be presented to the developer for allowance and approval.

Section 2.10: "Owner" shall mean and refer to the record owner, whether one or more persons or entities, including the Declarant, of a fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 2.11: "Permanent Common Open Space" and "Common Area(s)" shall consist of those areas designated on recorded plats of BETH HANAN, LLC as such. Such areas shall be dedicated in perpetuity to the common use and enjoyment of the owners. The Declarant will convey all Permanent

Common Open Space and Common Area(s) shown on the various plats of the subdivision to the Association. The Association shall be responsible for the repair, maintenance and repaving as set forth in this Declaration.

Section 2.12: "Properties" shall mean and refer to that certain real property hereinbefore described and such additions thereto as may hereafter be brought within the jurisdiction of the Association and/or the Declarant.

Section 2.13: "Special Declarant Rights" shall mean rights reserved for the benefit of a Declarant including, without limitation, any right (i) to complete improvements indicated to plats and plans filed with the declaration; (ii) to exercise any development right; (iii) to maintain sales offices, management offices, signs advertising the planned community, and models; (iv) to use easements through the common elements for the purpose of making improvements within the planned community or within real estate which may be added to the planned community; (v) to make the planned community part of a larger planned community or group of planned communities; (vi) to make the planned community subject to a master association; or (vii) to appoint or remove any officer or executive board member of the Association or any master association during any period of Declarant control;

ARTICLE III SPECIAL DECLARANT RIGHTS

Section 3.1: Declarant reserves to itself, its successors and assigns, the right to make amendments and special exceptions to these restrictive covenants, easements, reservations, terms and conditions governing BETH HANAN, LLC herein contained, to the extent that such amendments are deemed by Declarant to be necessary or desirable and consistent with the general purposes of these restrictive covenants, easements, reservations, terms and conditions governing BATH HANAN, LLC.

Section 3.2: Declarant reserves to itself, its successors and assigns, the right to revise, recombine or otherwise change the size, shape and dimensions of any lot within the Properties prior to the sale of such lot, to the extent that the same is consistent with the general scheme of the developed Properties, and not of material financial detriment to any existing Owner.

Section 3.3: Declarant reserves to itself, its successors and assigns, any right (i) to complete improvements indicated on plats and plats filed with the declaration; (ii) to exercise any development right; (iii) to maintain sales offices, management offices, signs advertising the planned community and models; (iv) to use easements through the common elements for the purpose of making improvements within the planned community or within real estate which may be added to the planned community; (v) to make the planned community part of a larger planned community or group of planned communities; (vi) to make the planned community subject to a master association; (vii) to appoint or remove any officer or executive board member of the Association or any master association during any period of Declarant control; (vii) to exercise any other rights provided in this Declaration.

ARTICLE IV PROPERTY RIGHTS

Section 4.1: Common Roads, Common Elements, Easements and Common Areas. As provided North Carolina General Statutes, Section 47F-107, the Association shall be responsible for the maintenance and improvements of all common roads, common elements and easements, provided Owners shall be responsible for the construction and maintenance of private drives and utility lines. Prior to the sale of all of

the lots within the Properties, the Declarant may at its discretion, convey the Common Roads, Common Elements, Easements and Common Areas to the Town of Mars Hill free and clear of all liens and encumbrances, except for Declarant's reserved rights, if any. Upon the sale of all the Properties, the Declarant shall convey all Common Roads, Common Elements, Easements and Common Areas to the Association not previously conveyed to the Association free and clear of all liens and encumbrances, except for the Declarant's reserved rights, if any.

All Owners and invitees are hereby granted a perpetual non-exclusive easement for travel over and the use of the Common Roads, Common Elements, Easements and Common Areas. The Declarant and the Association shall have the right to adopt reasonable rules and regulations pertaining to the use of the Common Roads, Common Elements, Easements and Common Areas.

For so long as the Declarant owns any Properties or Additional Properties subject to this Declaration, Declarant reserves the right to dedicate new or different Common Roads, Common Elements, Easements and Common Areas; and Declarant further reserves the right to re-designate, improve, relocate or close any part of the Common Roads, so long as no Owner or his Mortgagee is denied equivalent access from his Lot or to a public roadway.

Section 4.2: Easements of Enjoyment. Every owner shall have a right and easement of enjoyment in and to the Permanent Common Space and over the common open spaces for access, ingress and egress from and to public streets, walkways and parking areas and such easement shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) the right of the Association to suspend the voting rights of any owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations;

(b) the right of the Association to dedicate or transfer all or any part of the Permanent Common Open Space to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members;

(c) the right of the Association to adopt, publish and enforce rules and regulations.

Section 4.3: Delegation of Use. Any owner may delegate, in accordance with the By-Laws, his right of enjoyment to the Permanent Common Open Space and facilities to the members of his family or contract purchasers who reside on the property.

Section 4.4: Parking Rights. No boats, trailers, or RV's may be parked on the property. No disabled or abandoned vehicles shall be permitted on any lot, neither shall any vehicle be stored thereon unless garaged, nor shall major repairs be permitted upon any vehicles parked upon any lot. All vehicles must have an unexpired registration and be lawfully licensed.

Section 4.5: Notice of Road Disclosure by Declarant. Roads to be constructed to the Town of Mars Hill and the State of North Carolina standards. Roads in the development will be private until they may be taken over by the town or state for maintenance. (This notice in no way provides that the town or state will take over the roads in the future; it is merely a possibility.)

All owners of lots shall be deemed to have received this actual notice of the above declaration and agreement, and it shall be deemed the disclosure statement as is set out in, and in full compliance of, North Carolina General Statutes, Section 136-102.6.

ARTICLE V
ASSOCIATION MEMBERSHIP AND VOTING RIGHTS

Section 5.1: Each Lot Owner by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot.

Section 5.2: The Association shall have two classes of voting membership:

Class A: Class A members shall be all Owners, with the exception of the Declarant, and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot. Fractional voting with respect to any Lot is hereby prohibited.

Class B: The Declarant shall be a Class B member and shall be entitled to four (4) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership upon the surrender of all Class B membership by the holder thereof.

ARTICLE VI
COVENANT FOR MAINTENANCE ASSESSMENTS

Section 6.1: Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association; (1) annual assessments or charges; (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided, and 3) monthly maintenance fees from each Lot Owner to begin thirty (30) days after occupancy. The Developer and Association have determined the monthly assessment to be One hundred Dollars (\$100.00) payable on the first day of each month beginning thirty (30) days after occupancy. The Developer shall constitute the Association until Twenty-Five (25) residences have been occupied at which time the Association shall assume these obligations. The annual and special assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them. All assessments relating to common open spaces shall be shared equally by the owners of each Lot.

Section 6.2: Purpose of Assessments. The assessment levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents in the Properties and in particular for the acquisition, improvement and maintenance of the Common Roads, Common Elements, Easements and Common Areas, such maintenance to include the cutting and removal of weeds and grass, trim shrubs and trees and the removal of trash and rubbish or any other maintenance or for said use, including but not limited to, the cost of repairs, replacements and additions, the cost of labor, equipment, materials, management and supervision, the payment of taxes and public assessments, the procurement and

maintenance of insurance in accordance with this Declaration, the employment of attorneys to represent the Association when necessary, the provision of adequate reserves for the replacement of capital improvements including, without limiting, the generality of the foregoing: signs, paving, grading, landscaping and any other major expense for which the Association is responsible, and such other needs as may arise.

Section 6.3: Reserves. The Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of improvements to the common area and those other portions of the Properties which the Association may be obligated to maintain. Such reserve fund is to be established out of regular assessments for common expense.

(a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased above the increase permitted in Section 6(1) above by a vote of two-thirds (2/3rds) of each class of Members who are voting in person or by proxy, at a meeting duly called for this purpose.

(b) The Board may fix the annual assessment at an amount not in excess of the maximum.

Section 6.4: Special Assessments. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Roads, common Elements, Easements and Common Areas, and in connection with exterior maintenance, including fixtures, and personal property related thereto.

Section 6.5: Notice and Quorum for Authorization of Action. Within thirty (30) days after adoption of any proposed budget for the planned community, to include the proposed annual assessment, and assessments authorized under Section 6.4(b) and (c), and 6.5 (collectively the "budget"), the executive board shall provide to all the lot owners a summary of the budget, and a notice of the meeting to consider ratification and approved without a quorum. The executive board shall set a date for a meeting of the lot owners to consider ratification of the budget, such meeting to be held not less than ten (10) nor more than sixty (60) days after mailing of the summary of the budget and notice. There shall be no requirement that a quorum be present at the meeting. The budget is ratified, if at that meeting, a majority of those lot owners attending shall vote for ratification. In the event the proposed budget is rejected, the periodic budget last ratified by the lot owners shall be continued until such time as the lot owners ratify a subsequent budget proposed by the executive board.

Section 6.6: Uniform Rate of Assessment. Both annual and special assessments shall, except as herein otherwise specifically provided, be fixed at a uniform rate for all lots and shall be collected on a monthly basis, provided, however, that the assessment for lots owned by Declarant which are not occupied as a residence will not begin until Lots are sold.

Section 6.7: Date of Commencement of Annual Assessments; Due Dates. The annual assessments provided for herein shall commence as to each Lot Twelve (12) months after closing. Such annual assessments shall be due and payable as provided by the Board upon demand and for a reasonable charge.

Section 6.8: Non-Payment of Assessments; Remedies. An action at law may be brought against the Owner personally obligated to pay the same or foreclose the lien against the property in the same manner in which Deeds of Trust may be foreclosed under Power of Sale pursuant to North Carolina General Statutes, Chapter 45, or its successors, and in either event interest, costs and reasonable attorney's fees of any

such action shall be added to the assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Permanent Common Open Space or abandonment of his Lot. Should any deficiency remain after the foreclosure, an action may also be brought against the Owner for said deficiency.

Section 6.9: Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage and ad valorem taxes. Sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 6.10: Exempt Property. All Properties dedicated to, and accepted by, a local public authority and all Properties owned by a charitable or non-profit organization exempt from taxation by the laws of the State of North Carolina, shall be exempt from the assessments created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

ARTICLE VII ARCHITECTURAL CONTROL

Section 7.1: Site, Plan, Contractor Approval and other provisions. No tree removal, clearing, grading, building, residence, fence, wall, swimming pool or any other structure shall be erected, placed or altered on any premises in said development until the building plans, specifications and plat plan showing the location of such improvements have been approved in writing as to conformity and harmony of external design with existing improvements in the development, and as to location of the improvements with respect to topography and finished group elevation, by an architectural review board designated as the Architectural Review Board (ARB). The composition of the ARB is as hereinafter provided. In the event the ARB fails to approve or disapprove such design or location within thirty (30) days after said plans and specifications have been submitted to it, or in any event, if no suit to enjoin the erection of such improvements or the making of such alterations has then commenced prior to the completion thereof, such approval will not be required and this covenant will be deemed to have been fully complied with. Refusal of approval of plans, location or specifications may be based by the ARB upon any grounds, including purely aesthetic considerations which in the sole and uncontrolled discretion of the ARB shall deem sufficient. No alterations may be made in such plans after approval by the ARB is given except by and with the written consent of the ARB. No alterations in the exterior appearance of any building or structure shall be made without like approval by the ARB. One copy of all plans, specifications and related data shall be submitted to the ARB as aforesaid, which copy shall be retained by the ARB, whether the same is approved or disapproved.

All building contractors must be general contractors, properly licensed under the law of the State of North Carolina, and approved in writing by the ARB to construct the residence approved by the ARB; all sub-contractors (including any person, firm or entity) involved in said construction must be approved in writing by the ARB. At the time of approval of plans and specifications for the construction of any residence as provided herein, a damages escrow deposit in the amount of One Thousand Dollars (\$1,000.00) must be made by the general contractor to the Association.

The ARB shall have full authority in its discretion to exercise flexibility in discharging its review, approval, and disapproval of all submitted plans and specifications, provided, the same is consistent with the general scheme of the Properties, and not of material financial detriment to any existing Owner.

Section 7.2: Composition of the ARB, the Developer and the Association. The ARB shall administer and perform the review and control function set forth in this Declaration. The ARB shall consist of at least three (3) members who need not be members of the Association. For so long as it owns any portion of the Property, the Declarant shall have the right to appoint all of the members of the ARB or, in its sole discretion, appointment a lesser number. Thereafter, the members of the ARB shall be appointed by the Board. A majority of the member of the ARB shall constitute a quorum to transact business, and the actions of the majority present shall constitute the action of the ARB.

Section 7.3: Dwelling Specifications and Criteria. All buildings and dwellings shall be for single family residential purposes only. No one-story residential structure which has an area of less than One Thousand two hundred (1150 SF) square feet finished and heated living space on the main level, exclusive of porches, breezeways, steps and garages, shall be erected or placed or permitted to remain on any lot. No one and one-half (1 1/2) or two-story (2) residential structure which has an area of less than One Thousand Two Hundred (800 SF) square feet finished, heated living space on the main level, exclusive of porches, breezeways, steps and garages, and not less than a total of One Thousand Six Hundred (1400 SF) shall be erected or placed or permitted to remain on any lot. Provided, however, all garages shall be attached to the residential structure, and if the attachment is by a breezeway, said breezeway construction must be approved by the ARB. Attached garages shall be constructed so as to accommodate a minimum of one (1) car. Each lot shall contain sufficient off-street parking space for at least two (2) full-sized automobiles. No automobiles shall be parked on any street abutting any of the lots. No carports or free standing structures of any kind shall be permitted. All driveways shall be paved or concrete from street to each residence, including parking area. Driveway piping and temporary gravel driveways must be installed before any type of construction is commenced on any lot.

Setbacks. No residence shall be located on any lot nearer to the street line (edge of pavement) than thirty (30') feet, or nearer to the side street line (edge of pavement) than thirty (30') feet. No residence shall be located nearer than twelve (12') feet to any interior lot line. No residence shall be located nearer than fifteen (15') feet from the rear lot line. For the purpose of this covenant, eaves, steps, porches and carports shall be included as a part of the residence in determining the setback line. Deviations from building line restriction not in excess of ten (10%) percent shall not be construed as a violation of these covenants. The ARB may approve in writing in its sole discretion such other deviations from building line restrictions.

All yard and setback requirements shall comply with any other setback regulations promulgated by the Board or ARB.

Section 7.4: Roofs. Roofs shall have a minimum pitch of 6/12, shall be of materials or composition and colors compatible with other dwelling units in the immediate area. All roofing materials or composition shall be approved by the Board or ARB.

Section 7.5: Driveways and Entry roadways. All residences shall have driveways constructed of concrete / or asphalt; provided, however, the ARB may approve of alternate types of construction in its absolute discretion. Driveway entries, IE: the first 40' linear feet of driveway entry area, on some lots may be used together with the adjoining lot for ingress and egress. Maintenance of these driveways will be shared by both lot owners. At no time shall this driveway entry area be blocked.

Section 7.6: Colors. A color plan showing all exterior colors shall be submitted to the ARB for approval. All colors shall be compatible with surrounding dwellings.

Section 7.7: Residential Siding and Soffits. Exterior siding shall be of composite materials (compressed hardboard, concrete, solid wood siding, brick or stucco). No vinyl material shall be utilized for siding in the construction of any residence. Vinyl material may be utilized for construction of soffits, but only with prior written approval of the ARB.

Section 7.8: Foundations. The exteriors of all foundation visible from any street shall be composed of rock, brick or stucco construction; provided, the ARB may consider similar or comparable alternatives. The decision as to street visibility or alternative composition shall be in the absolute discretion of the ARB.

Section 7.9: Building Requirements / Lighting. All roof stacks and plumbing vents shall be placed on the portion of the family dwelling unit roof facing away from the front lot line. Window Air conditioning units are not permitted. Exterior front post lights must be installed as designed and located by the Developer, said post lights to be operated by photo cell and not controlled by switching and one post light will be required for each lot. Finally, any post light installed on a lot shall be wired to the electric service of the residence on the lot. Any and All exterior light fixtures shall be DOWN lighting and in no way shall light fixtures be positioned as to distribute light onto or into adjacent homes.

Section 7.10: ARB Liability. Neither the ARB, the Association, nor any of their representatives shall be liable in damages to anyone submitting plans for approval or to any Owner or Occupant of the Lot by reason of mistake in judgment, negligence or nonfeasance arising out of or in connection with the approval or disapproval of any plans or the failure to approve any plans. Any Owner making or causing to be made any proposed improvement or additions on any portion of a Lot agrees and shall be deemed to have agreed, for such Owner, and his heirs, personal representatives, successors and assigns, to hold the ARB, the Association, Declarant, and all other Owners harmless from any liability, damage to the Lot, and from expenses arising from the construction and installation of any proposed improvement and such Owner shall be solely responsible for the maintenance, repair and insurance of any alteration, modification or change and for assuring that the proposed improvement meets with the applicable governmental approvals, rules and regulations.

No approval as provided herein shall be deemed to represent or imply that the proposed improvement, if constructed in accordance with the approved plans and specifications, will result in properly designated improvements will meet all applicable building codes, applicable governmental permits or other governmental requirements.

ARTICLE VIII

ANNEXATION OF ADDITIONAL PROPERTIES

Section 8.1: Declarant may annex Additional Properties to the Properties and subject them to the Declaration or to additional, different and specific declarations; provided, the same is or are adjacent to, contiguous with, or in the immediate vicinity of the Properties, to include connecting roads or rights of way from the Properties to Additional Properties, whether currently owned or subsequently acquired by Declarant, or its successors and assigns, and upon annexation by the Declarant, or its successors and assigns, the Additional Properties shall form an integrated community with the Properties or property previously annexed. Provided further, that no annexation of additional Properties shall have the effect of placing the original development in violation of any applicable zoning ordinances.

Section 8.2: Annexation of Additional Properties shall be accomplished by recording in the Madison County Registry a Declaration of Annexation, duly executed, describing the lands annexed and

incorporating the provisions of this Declaration, either by reference or by fully setting out said provisions of this Declaration; provided, however, the Declaration of Annexation may provide additional, different and specific use restrictions and other covenants, condition and restrictions that would apply to the Additional Properties in the discretion of the Declarant, or its successors and assigns; provided, the same shall be consistent with the general purposes of these covenants and restrictions.

Section 8.3: The Additional Properties shall be deemed annexed to the Properties on the date of recordation of the Declaration of Annexation, and in the case of an annexation by the Declarant or the Town of Mars Hills, no action or consent on the part of the Association or any other person or entity shall be necessary to accomplish the annexation.

ARTICLE IX INSURANCE

Section 9.1: Insurance coverage on the property shall be governed by the following provisions:

(a) **Ownership of Policies:** All insurance policies upon the common area shall be purchased by the Association for the benefit of all the Association and the Owners.

(b) **Coverage.** All buildings and improvements and all personal property included in the Permanent Common OpenSpace and facilities shall be insured in an amount equal to One Hundred (100%) Percent insurable replacement value as determined annually by the Association with the assistance of the insurance company providing coverage. Such coverage shall provide protection against:

(i) Loss or damage by fire and other hazards covered by the standard coverage endorsement, and

(ii) Such other risks as from time to time shall be customarily covered with respect to buildings on the land, if any;

(iii) Such policies shall contain clauses providing for waiver of subrogation.

(c) **Liability.** Public liability insurance shall be secured by the Association with limits of liability of no less than One Million and No/100's Dollars (\$1,000,000.00) per occurrence and shall include an endorsement to cover liability of the Owners as a group to a single Owner. There shall also be obtained such other insurance coverage as to the Association shall determine from time to time to be desirable and necessary.

(d) **Premiums.** Premiums for insurance policies purchased by the Association shall be paid by the Association and charged to the Owners as an assessment according to the provisions of Article IX above.

(e) **Proceeds.** All insurance policies purchased by the Association shall be for the benefit of the Association and the owners and their mortgagees as their interest may appear, and shall provide that all proceeds thereof shall be payable to the Association as insurance trustees under this Declaration. The sole duty of the Association as insurance trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purposes stated herein or stated in the By-Laws and for the benefit of the Owner and their mortgagees in the following shares:

(i) Proceeds on account of damage to Permanent Common Open Space and facilities held for the Association;

(ii) In the event a mortgage endorsement has been issued for any lot, the share of the Owner shall be held in trust for the mortgagee and the Owner as their interests may appear.

Section 9.2: Distribution of Insurance Proceeds. Proceeds of insurance policies received by the Association as insurance trustee shall be distributed to or for the benefit of the beneficial Owners in the following manner:

(a) Expense of the Trust. All expenses of the insurance trustees shall be first paid or provisions made therefor;

(b) Reconstruction or Repair. The remaining proceeds shall be paid to defray the cost of repairs. Any proceeds remaining after defraying such cost shall be distributed to the beneficial Owners as above provided.

ARTICLE X USE RESTRICTIONS

Section 10.1: Rules and Regulations. The Executive Board of the Association shall have the power to formulate, amend, publish and enforce reasonable rules and regulations concerning the use and enjoyment of the front yard space of each Lot and the Permanent Common Open Space. Such rules and regulations may provide for imposition of fines or penalties for the violation thereof, or for the violation of any of the covenants and conditions contained in this Declaration.

Section 10.2: Use of Properties. No portion of the Properties (except for temporary office of the Declarant and/or any model used by Declarant) shall be used except for single family residential purposes, including the Duplex Townhomes. No commercial, industrial or religious enterprise, undertaking or use is permitted, except as identified on the recorded plat.

Unused and/or vacant lots are not to be trespassed upon for any reason except to keep it clean and keep the grass cut. Developer will do so at a charge to the lot owner.

Hunting and trapping of animals, fowl or game is prohibited and the discharge of firearms, bows, arrows or other missiles for any purpose shall be prohibited.

Trespass: Whenever Developer is permitted by these covenants to cut grass, trim bushes and shrubs, correct, repair, clean, preserve, cleanout or do any action on any lot or on the easement areas adjacent thereto, entering such lot or easement area and taking such action shall not be deemed a trespass on the part of Developer.

No lake or pond shall be constructed, neither shall the course of any stream be changed, nor any culverts installed in any stream without prior written approval of Developer. The owners of Lots facing on Gabriel's Creek, on an open-space area, separating the lot from such waterway, will not be permitted to erect or maintain a private dock, dam or similar structure on such waterway.

Section 10.3: Quiet Enjoyment.

(a) No vapor lights shall be permitted and all exterior lights will be located so as to prevent glare or spillage of light onto adjacent lots; The use of DOWN light fixtures for exterior lighting only.

(b) Hunting and discharging of firearms shall be expressly prohibited on all of the property covered by these restrictive covenants;

(c) No farming or tilling of the lots or lawns shall be permitted;

(d) No animals, livestock or poultry of any kind shall be raised, bred or kept on a lot, but this shall not be construed to prohibit the keeping of household pets, provided they are not kept, bred or maintained for commercial purposes, or in a manner which becomes a nuisance to adjacent or other property owners; and, pets, when running loose, must be kept strictly within the boundaries of the owner's property. At all times, dogs, cats, commonly domesticated household pets, must be kept securely on a leash. No pets are permitted if they are kept so as to constitute a nuisance; All pet waste to be cleaned up and disposed of by the pet owner.

(e) No obnoxious or offensive activity shall be carried on upon the Properties, nor shall anything be done thereon which may or may become an annoyance or nuisance to the neighborhood. This shall include unsightly activities such as maintaining and/or permitting junked automobiles or other junked pieces of equipment to remain on a lot or lots. Any vehicle, whether self-propelled or not, permitted to remain on any lot shall be kept in a licensed and operable condition. Any vehicle, whether self-propelled or not, shall be parked in such a manner that it is not a nuisance to other lot owners. No un-muffled ATVs, trail bikes or any excessively loud vehicle shall be allowed.

(f) Nuisances: No obnoxious or offensive activity shall be carried on upon any portions of BETH HANAN, LLC, nor shall anything be done tending to cause embarrassment, discomfort, annoyance or nuisance to any lot owner, tenant or guest thereof in any area of BETH HANAN, LLC thereby diminishing the enjoyment of other lots by their owners. No plant, animal, device or thing of any sort whose normal activities or existence is in any way noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of other property in BETH HANAN, LLC by the lot owners, tenants, and guest thereof may be maintained. Developer reserves the right in its sole discretion to determine a nuisance and upon ten (10) days written notification by Developer, the activity must cease.

(g) Erosion control. During the course of construction, each lot owner has duty to protect from erosion of land on building lot as required by environmental control. Prior to land clearing, site shall be established with entry of rip rap gravel.

(h) Fires: No leaves, trash, garbage or similar debris shall be burned. Outdoor grilling shall be done with the greatest of care in consideration of fire and smoke hazards and general pollutants.

(i) Signs. No signs, including "For Rent," "For Sale," or other similar signs shall be erected, placed, allowed or maintained on any lot by anyone, including, but not limited to, the lot owner, a realtor, a contractor or subcontractor, except with the written permission of Developer or as may be required by legal proceedings. If such permission is granted, Developer reserves the right to restrict size, color and content of such signs.

(j) Lot upkeep. It is the responsibility of each lot owner to prevent any unclean, unsightly, or unkept condition of buildings or grounds to exist on the lot owner's property. Developer shall have the right, but not the duty, to enter upon any lot for the purpose of abating any unclean, unsightly or unkept condition of buildings or grounds which tend to decrease the beauty of the neighborhood as a whole at the specific area. The cost of such abatement and any damage resulting from such entry shall be at the expense of the specific lot owner and shall not be deemed a trespass.

Section 10.4: Fuel Tanks or Containers. All fuel tanks or containers for sources of fuel shall be underground and structured in a manner consistent with normal safety precautions, and acceptable to and approved by the Declarant or its designee.

Section 10.5: Subdivision or Combination of Lots. No lot or lots shall be subdivided or combined into more than one lot, and no lines as set forth in the original plat may be altered or changed without the written consent of the Declarant or its assigns or successors in interest.

Section 10.6: Exterior maintenance. The exterior maintenance upon each lot including the maintenance of sidewalks, buildings and improvements shall be the responsibility of each individual lot owner. Each individual lot owner shall maintain said exterior portions of his property in a reasonable manner and shall not allowed said premises to fall into a state of disrepair that becomes unsightly and/or create a potential health or safety hazard. The exterior maintenance of trees, shrubs and grass shall be the responsibility of the Association.

Section 10.7: Completion of Dwelling. The exterior of any dwelling must be substantially completed within 365 days of the date of commencement of construction of said dwelling. Any issues concerning the meaning or application of the term "substantially completed" shall be resolved conclusively in the sole discretion of the ARB. Construction of any residence must be fully completed within one and one half (1 1/2) years from the commencement of construction. Upon purchase of all Lots, owners must seed, landscape, and maintain the Lot or Lots so as to present an aesthetic appearance under the direction and approval of the ARB. At the completion of construction in accordance with the plans submitted, the lot owner shall request an on-site inspection by the Developer.

Section 10.8: Use of Roads. Access to all lots shall be only by use of the street(s) as shown on the subdivision-recorded plat or as provided by Declarant. No lot shall, for any reason, have access to it by or from public highway or from any other private access or road not provided by Declarant.

Section 10.9: Road Easements. All road easements within the development and those providing ingress and egress for the development shall be at least forty-five (45') feet width and said easements shall also constitute and be used for utility purposes and utility easements, which utility service may be for electricity, water, gas, telephone systems or television, and which utility easements shall remain so far as practicable within the outer five (5') feet boundary of either side of the forty-five (45') foot wide road easement.

Section 10.10: Temporary Structures. No temporary trailer, tent, shack, barn or other out building shall be erected or placed on any lot covered by these covenants, except with the prior written approval of the Association or ARB.

Section 10.11: Fences and Signs. No fence or fencing-type barrier, or fencing of any kind shall be placed, erected, allowed or maintained upon any portion of the Properties, including any lot, without the prior written consent of the Board of ARB. The Board or ARB may issue guidelines detailing acceptable fence styles or specifications, but in no event shall chain-link, hogwire, or similar farm type fencing be approved. No signs shall be erected or allowed to remain on any lot except with the written consent of the Board or ARB.

Section 10.12: Accessory Buildings and Other Restrictions. No accessory buildings or temporary structures of any nature whatsoever (including, but not limited to, detached garages, storage buildings, doghouses, log cabins and greenhouses) shall be placed on any lot. No outside clothes lines, tree houses, playhouses, motorcycles, supplies, tractors, boats, trucks (other than one non-commercial pick-up truck), trailers, vans (other than one non-commercial van owned and operated on a regular daily basis by the owner-occupant of the lot), campers, mobile homes, house trailers, tents, motor homes or other non-permanent dwellings shall be regularly parked or stored in any area on a lot. Garbage and refuse containers, concrete

blocks, unpainted sheet metal, transformers, air conditioning and other mechanical equipment, including solar and other alternative energy devices shall either be concealed behind screening or integrated into the building design so as to be inconspicuous. All outdoor equipment and accessories on a lot, such as benches, sculptures, etc. shall be concealed by screening approved by the ARB, as compatible and harmonious with surroundings.

Section 10.13: Appearance. Communication towers are expressly prohibited. Stick-built homes are expressly required; that is, no mobile, prefabricated or manufactured homes are permitted on any lot. Flat roofs are prohibited. All fuel storage tanks must be placed underground. No inoperable motor vehicles may be parked on any lot. Flat roofs are prohibited. All fuel storage tanks must be placed underground. No inoperable motor vehicles may be parked on any lot. All mailboxes shall be of composition, type, style and color as determined by the ARB.

All lots on which a dwelling unit is approved and built shall be landscaped in accordance with the ARB specifications. Landscaping must be finish upon completion of the dwelling unit for occupancy.

Section 10.14: Water and Sewer. Water and sewer connections will be provided by the Town of Mars Hill Water and Sewer Authority.

Section 10.15: Trash and Antennae. Each lot owner shall provide sanitary containers for garbage and all garbage receptacles. All garbage and other waste shall be kept in the designated location for trash pick up by the Town of Mars Hill. All utilities, wires, cables, antennae and the like of any kind (such as telephone, electrical, television, radio and citizens band radios) must be placed underground except as may be expressly permitted and approved in writing by the Developer. Any Satellite dish location and screening of same to be approved by Developer.

Section 10.16: Future Restrictions. Developer reserves the right in each instance to add additional restrictive covenants in respect to lands conveyed in the future by or to the Developer and to amend these conveyance and restrictions from time to time, but such amendments shall not at any time alter the right which shall have already been vested in any person prior to such amendments.

ARTICLE XI EASEMENTS

Section 11.1: All of the Properties, including Lots and Permanent Common Open Space, shall be subject to such easements for driveways, walkways, parking areas, water lines, sanitary sewers, storm drainage facilities, gas lines, telephone and electric power lines and other public utilities as shall be established by the Declarant or by its predecessors in title, prior to the subjecting of the Properties to this Declaration; and the Association shall have the power and authority to grant and establish upon, over, under, and across the Permanent Common OpenSpace conveyed to it, such further easements as are requisite for the convenience, use and enjoyment of the Properties. In addition, there is hereby reserved in the Declarant and its agents and employees, an easement and right of ingress, egress and regress across all Permanent Common Open Space, now and hereafter owned by the Association, for the purpose of construction of improvements within the Properties.

Section 11.2: All Lots shall be subject to easements for the encroachments constructed on adjacent Lots by Declarant to the extent that such initial improvements actually encroach including, but not limited to, such items as overhanging eaves, gutters and downspouts and walls.

Section 11.3: An easement is hereby established over the Permanent Common Open Space and facilities for the benefit of applicable governmental agencies, public utility companies and public service agencies as necessary for setting, removing and reading of meters, replacing and maintaining water, sewer and drainage facilities, electrical, telephone, gas and cable antenna lines, fire fighting, garbage collection*, postal delivery, emergency and rescue activities and law enforcement activities. *Each lot owner shall provide sanitary containers for garbage and all garbage receptacles.

ARTICLE XII GENERAL PROVISIONS

Section 12.1: Enforcement. The Association, Declarant, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. In any such proceeding or action, the Court shall award reasonable attorneys' fees to the prevailing party.

Section 12.2: Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which remain in full force and effect.

Section 12.3: Amendment and Duration. This Declaration may be amended only as provided in Section 47F-2-117 of the North Carolina Planned Community Act, except as provided in ARTICLE III (SPECIAL DECLARANT RIGHTS). The covenants, conditions, and restrictions of this Declaration shall run with and bind the Properties until the Planned Community is terminated as provided in Section 47F-2-118 of the North Carolina Planned Community Act.

Section 12.4: If any amendment to these covenants, conditions, and restrictions is executed, each such amendment shall be delivered to the Executive Board. Thereupon, the Board shall, within thirty (30) days, do the following:

(a) Reasonably assure itself that the amendment has been executed in accordance with ARTICLE II (SPECIAL DECLARANT RIGHTS), or by the Owners of the required number of Lots and for this purpose, the Board may rely on its roster of members and shall not be required to cause any title to any Lot to be examined.

(b) Attach to the amendment a certification as to its validity, which certification shall be executed by the association in the same manner that deeds are executed. The following form of certification is suggested:

CERTIFICATION OF VALIDITY OF AMENDMENT TO
COVENANTS, CONDITIONS AND RESTRICTIONS OF
BETH HANAN, LLC HOMEOWNERS' ASSOCIATION,
INC.

By _____
President

Section 12.5: Management and Contract Rights of Association. Declarant may enter into a contract with a Management company manager for the purposes of providing all elements of the operation, care, supervision, maintenance, and management of the property. However, no such contract shall be binding upon the Association except through express adoption, or ratification of the terms and conditions of such contract. Any contract or lease entered into by Declarant or by the Association while Declarant is in control thereof shall contain a provision allowing the Association to terminate such contract without justification or penalty after transfer or management by Declarant to the Association.

Section 12.6: Homeowners Association. There is hereby created a Homeowners' Association called Beth Hanan Homeowners' Association, comprising and to be comprised of all lot owners within BETH HANAN, LLC (including lots platted after this date) and each lot owner shall have one vote. The Association shall meet from time to time and shall maintain and control all common areas.

The common areas are, but not limited to, the following: Entrance areas (signs and landscaping); pond area (including dam, inflow and outflow); street lighting; roads and road easement areas until acceptance for State maintenance, if ever, and then such control of road easement areas as is allowed by the State; any other easement right as may reasonably be required to further the purposes of the agreement. The costs of maintaining all common areas shall be shared pro-rata among all lot owners who benefit, or are allowed to benefit from such common areas. Common areas shall be deemed owned by the lot owners in functional shares based upon the total number of lots created by the developer and subjected to these or substantially similar restrictions.

Section 12.7: Utilities /Electrical Service / Gas and fiber optic. Declarant reserves the right to subject the Properties to a contract with an electrical service utility (French Broad Electric and Public Service Gas) for the installation of underground electric cables, fiber optic and gas lines.

IN WITNESS WHEREOF, the Declarant and Association have caused this instrument to be executed this 22 day of July, 2020.

DECLARANT:

BETH HANAN, LLC

By

R. Wade Shields
R. WADE SHIELDS, Managing Member

ASSOCIATION:

BETH HANAN HOMEOWNERS' ASSOCIATION

By

R. Wade Shields
R. WADE SHIELDS

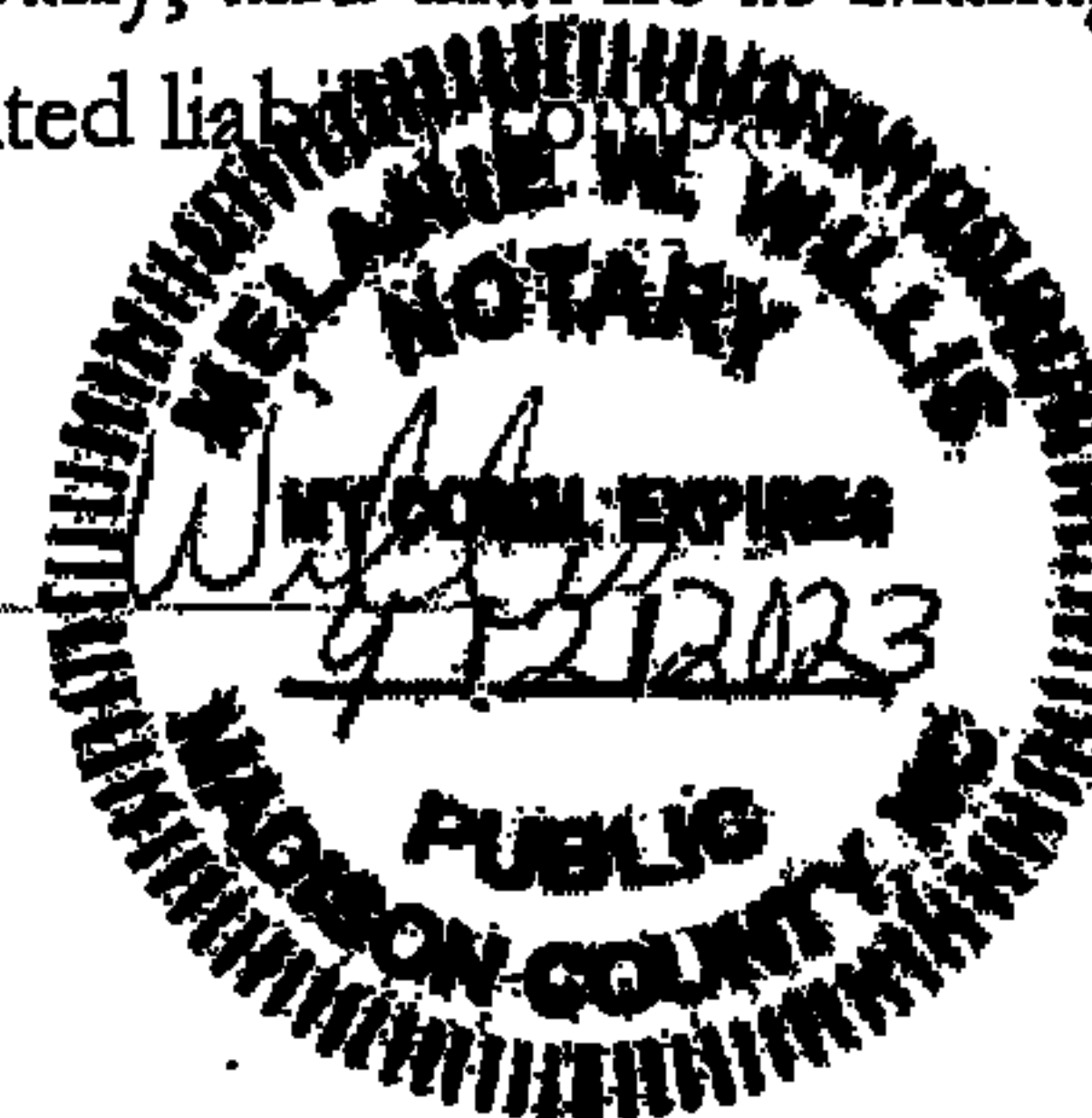
STATE OF NORTH CAROLINA

COUNTY OF Madison

I, R. Wade Shields, A Notary Public for Madison County, North Carolina, hereby certify that R. WADE SHIELDS, personally came before me this day and acknowledged that he is Managing Member of BETH HANAN, LLC, a limited liability company, and that he as Managing Member being authorized to do so, executed the foregoing on behalf of the limited liability company.

Witness my hand and official seal, this 22 day of July, 2020.

Melanie W. Willis
Notary Public



STATE OF NORTH CAROLINA

COUNTY OF Madison

I, Melanie W. Willis, A Notary Public for Madison County, North Carolina, hereby certify that R. WADE SHIELDS, personally came before me this day and acknowledged that he is President of Beth Hanan Homeowners' Association, a North Carolina not for profit corporation and that he as President being authorized to do so, executed the foregoing on behalf of the limited liability company.

Witness my hand and official seal, this 22 day of July, 2020.



Melanie W. Wilho
Notary Public
My Commission Expires: 4-2-2023