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SUPPLEMENTAL DECLARATION
OF
RESTRICTIVE COVENANTS
FOR
EMERALD HILLS ESTATES
SECTION TWO, LOTS 9A, and 12 - 24

This Declaration (Supplemental Declaration) is made this 23rd day of January, 1980, by ERIC R. BELLINI and his wife, ELEANOR BELLINI, (Declarant).

Declarant has recorded on the 18th day of May, 1979, in the office of the Register of Deeds for Transylvania County, North Carolina, in Deed Book 235, Page 892, et. seq., a certain Declaration of Restrictive Covenants for EMERALD HILLS ESTATES. Said Declaration of Restrictive Covenants subjects EMERALD HILLS ESTATES (the Development) to provisions thereof pursuant to an incremental plan of development and improvement.

NOW, THEREFORE, Declarant declares that:

1. The Development includes all of the real property set forth in and described in the plat of Section Two, Lots 9A, and 12-24, of Emerald Hills Estates, recorded in the office of the Register of Deeds for Transylvania County, North Carolina, on the 10th day of September, 1979, in Plat File 1, Slide 159.

2. All of the real property described in the plat is held and shall be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied and improved subject to the provisions of the Declaration hereinabove referred to as and for and to the extent applicable. With the exceptions hereinafter noted, the provisions of said Declaration are incorporated herein by reference as fully as if written out verbatim herein.

3. Pursuant to the provisions of the Declaration of Restrictive Covenants, Lots 9A and 12-24 as shown on the plat recorded in Plat File 1, Slide 159, hereinabove referred to are designated single-family residential as to permitted use. The minimum cost of the fully enclosed floor area (exclusive of any roofed or unroofed porch, terrace, garage or carport) of the single-family dwelling which may be constructed, erected or situated on any lot shall be not less than \$35,000 and the minimum number of square feet of enclosed floor area shall not be less than 1,200 square feet. Except with the express approval of the Architectural Control Committee, in determining the amount of square footage contained within the enclosed floor area of a dwelling, there shall not be taken into consideration any area which is wholly or substantially below ground level.

4. The provisions of Article XV of Section A of the Declaration hereinabove referred to, for the purposes of this Supplemental Declaration only, are hereby modified by the addition of three (3) additional paragraphs which shall read as follows:

Notwithstanding anything hereinabove set forth to the contrary in this Article (Article XV), the obligation of each of the owners of Lots 20, 21 and 22 of Section Two to pay the annual road maintenance fee hereinabove provided for to be paid by each lot owner shall continue to remain in effect insofar as any particular one of said lots is concerned so long as any part of that portion of Emerald Hills Drive which runs across the particular lot in question shall not have been taken over for maintenance by the North Carolina Department of Transportation, or any successor agency thereto. However,

Prepared by:
RAMSEY, SMART, RAMSEY & HUNT, P. A.
By: Gayle E. Ramsey

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said obligation shall cease insofar as a particular lot is concerned when all of that portion of said drive which runs across that particular lot has been taken over for maintenance by the North Carolina Department of Transportation, or any successor agency thereto. For example, in the event that all of that portion of said drive which runs across Lot 20 shall be taken over for maintenance by the North Carolina Department of Transportation, or any successor agency thereto, the road maintenance fee hereinabove provided for shall cease to be levied against the owner of Lot 20 who shall no longer be obligated to contribute to the cost of maintaining Emerald Hills Drive after he has paid all maintenance fees levied against his lot for the period of time which elapsed prior to the time that said drive was taken over for maintenance by the North Carolina Department of Transportation, or any successor agency thereto.

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Notwithstanding anything hereinabove set forth to the contrary in this Article (Article XV), the obligation of each of the owners of Lots 23 and 24 of Section Two to pay the annual road maintenance fee hereinabove provided for to be paid by each lot owner shall continue to remain in effect insofar as said lots are concerned so long as any portion of Emerald Hills Drive shall not have been taken over for maintenance by the North Carolina Department of Transportation, or any successor agency thereto.

Notwithstanding anything hereinabove set forth to the contrary in this Article (Article XV), the obligation of each of the owners of Lots 22, 23 and 24 to pay the annual road maintenance fee hereinabove provided for shall continue to remain in effect insofar as any particular one of said lots is concerned so long as any part of that portion of the private road shown on the plat recorded in Plat File 1, Slide 159, (which traverses the western portions of said lots) which runs across the particular lot in question shall not have been taken over for maintenance by the North Carolina Department of Transportation, or any successor agency thereto. However, said obligation shall cease insofar as a particular lot is concerned when all of that portion of said road which runs across the particular lot in question shall have been taken over for maintenance by the North Carolina Department of Transportation, or any successor agency thereto. For example, in the event that all of that portion of said road which runs across Lot 22 shall be taken over for maintenance by the North Carolina Department of Transportation, or any successor agency thereto, the road maintenance fee hereinabove provided for shall cease to be levied against the owner of Lot 22 who shall no longer be obligated to contribute to the cost of maintaining said road after he has paid all maintenance fees levied against his lot for the period of time which elapsed prior to the time that said road was taken over for maintenance by the North Carolina Department of Transportation, or any successor agency thereto.

5. All lines for utilities, whether gas, water, electricity, or telephone lines, shall be located underground.

IN WITNESS WHEREOF, Declarant has executed this Supplemental Declaration, this 23rd day of January, 19 80.


Eric R. Bellini, Declarant (SEAL)

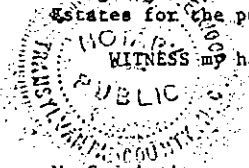

Eleanor Bellini, Declarant (SEAL)

STATE OF NORTH CAROLINA,
COUNTY OF TRANSYLVANIA.

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I, Sandra D. Greenwood (Crowe), a Notary Public in and for said County and State, do hereby certify that ERIC R. BELLINI and wife, ELEANOR BELLINI, personally appeared before me this day and acknowledged the due execution by them as Declarant of the foregoing Supplemental Declaration of Restrictive Covenants for Emerald Hills Estates for the purposes therein set forth.



WITNESS my hand and Notarial Seal, this the 23rd day of January, 1980.

Sandra D. Greenwood (Crowe)
Notary Public

My Commission expires: June 21, 1983.

STATE OF NORTH CAROLINA,
COUNTY OF TRANSYLVANIA.

The foregoing certificate of Sandra D. Greenwood (Crowe), a Notary Public, is certified to be correct. This instrument was presented for registration and was duly recorded in this office in Book 240, page 132, Records of Deeds.

This the 23 day of January, 1980, at 2:30 o'clock P.M.

Fred W. Orrell
Register of Deeds

By: _____
Deputy Register of Deeds

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DECLARATION
OF
RESTRICTIVE COVENANTS
OF
EMERALD HILLS ESTATES

KNOW ALL MEN BY THESE PRESENTS, that ERIC R. BELLINI and his wife, ELEANOR BELLINI, (hereinafter referred to as Developer) are the owners and developers of that certain property situate, lying and being in Little River Township, Transylvania County, North Carolina, known as Emerald Hills Estates (the Development), described in the Supplemental Declaration, attached hereto, designated as Exhibit "A" and made a part hereof by reference.

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

NOW, THEREFORE, Developer declares that all of the lots and parcels in the Development are held and shall be held, conveyed, and hypothecated or encumbered, leased, rented, used, occupied and improved, subject to the provisions of this Declaration, all of which are declared and agreed to be in furtherance of a plan for the development, improvement and sale of said lots and parcels and are established and agreed upon for the purpose of enhancing and protecting the value, desirability and attractiveness thereof. The provisions of this Declaration are intended to create mutual equitable servitudes upon each of said lots and parcels in favor of each and all other lots and parcels; to create reciprocal rights between the respective owners of all such lots and parcels; to create privity of contract and estate between the grantees of such lots, their heirs, successors and assigns; and shall, as to the owner of each such lot or parcel, his heirs, successors or assigns, operate as covenants running with the land for the benefit of each and all other such lots and parcels in the Development and their respective owners, present and future.

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ARTICLE I
LAND USE AND STRUCTURE TYPE

Lots and parcels in the Development shall be designated in the Supplemental Declaration as to their permissible uses and shall thereupon become subject to the restrictive or other provisions of this Declaration relating to such uses. In the event a use is designated for which no such provision is contained herein (for example, commercial, recreational, etc.), then the same may be set forth in such Supplemental Declaration.

A. SINGLE-FAMILY RESIDENTIAL. No lot shall be used except for residential purposes. No building shall be erected, altered, placed or permitted to remain on a lot designated as a single-family residential lot other than one (1) detached, single-family dwelling, not to exceed two and one-half (2-1/2) stories in height, together with a porch, terrace and a private garage or carport for not more than two (2) cars. The following restrictions shall apply specifically to lots designated as single-family residential:

1. Minimum Cost and Area. Each dwelling constructed, erected or situated thereon shall have fully enclosed floor area (exclusive of any roofed or unroofed porch, terrace, garage or carport) which shall cost not less than the minimum cost established in the Supplemental Declaration which designates the use of the lot and shall contain not less than the minimum number of square feet established in the Supplemental Declaration which designates the use of the lot.

2. Set Backs. Each such dwelling shall be at least:

- (a) Fifty (50) feet from all road right-of-way lines and eighty (80) feet from all front lot lines which run along the center of roads;
- (b) Ten (10) feet from the rear lot line;
- (c) Ten (10) feet from interior lot lines;

B. ESTATE LOTS. No lot shall be used except for residential purposes. No building shall be erected, altered, placed or permitted to remain on a lot designated as an estate lot other than one (1) detached, single-family dwelling, not to exceed two and one-half (2-1/2) stories in height, together with a porch, terrace, private garage or carport for not more than two (2) cars, one (1) barn and one (1) shed. The following restrictions shall apply specifically to lots designated as estate lots:

1. Minimum Lot Area. No lot designated as an estate lot shall be less than one and one-half (1-1/2) acres in size.

2. Minimum Cost and Area of Dwellings. Each dwelling constructed, erected or situated thereon shall have fully enclosed floor area (exclusive of any roofed or unroofed porch, terrace, garage or carport) which shall cost not less than the minimum cost established in the Supplemental Declaration which designates the use of the lot and shall contain not less than the minimum number of square feet established in the Supplemental Declaration which designates the use of the lot.

3. Minimum Cost and Maximum and Minimum Area of Barns and Sheds. No barn constructed, erected or situated thereon shall cost less than Three Thousand Dollars (\$3,000) based upon the cost levels prevailing on the date these covenants are recorded. The total area of any such barn shall not be greater than eight hundred (800) square feet nor less than four hundred (400) square feet. No shed constructed, erected or situated thereon shall cost less than Two Hundred Dollars (\$200) based on the cost levels prevailing on the date these covenants are recorded. The total area of any such shed shall not be greater than two hundred (200) square feet nor less than one hundred (100) square feet.

4. Set Backs. No building shall be located on any lot less than:

(a) Fifty (50) feet from all road right-of-way lines and eighty feet from all front lot lines which run along the center of roads;

(b) Ten (10) feet from the rear lot line;

(c) Ten (10) feet from interior lot lines;

(d) Regardless of the above, in no event shall any barn or shed be constructed, erected, or situated within thirty (30) feet of any interior lot line or within sixty (60) feet of any then existing house situated on any other lot in Emerald Hills Estates.

C. COMMON AREAS. All lots or parcels in the Development designated as common areas are and shall remain private property and Developer's recordation of a plat shall not be construed as a dedication to the public of any such common areas located therein, however, Developer reserves the right, at any time after twenty (20) lots in Emerald Hills Estates have been sold and conveyed, to convey all or any portion of those areas in the Development which have been designated as common areas to the Emerald Hills Estates Property Owners Association, and Developer also reserves the right at any time after twenty (20) lots in Emerald Hills Estates have been sold and conveyed, to transfer to the Emerald Hills Estates Property Owners Association the responsibility for maintaining all or any portion of said common areas, together with the responsibility for paying the cost of maintaining those portions of said common areas so transferred.

ARTICLE II ARCHITECTURAL CONTROL

No single-family dwelling, porch, terrace, private garage, carport, barn or shed (when permitted) shall be constructed, erected, situated or altered on any lot until the construction plans and specifications, and a plan showing its location on the lot have been approved by the Architectural Control Committee as to quality of workmanship and materials, harmony of external design with existing structures and the natural environment, and as to location with respect to topography and finish grade elevation. Unless similarly approved, no major portion of any lot shall be cleared or graded, nor shall any trees over twelve (12) inches in diameter be cut down, nor shall any fence or wall be erected, placed or altered on any lot. Approval shall be as provided in Article III hereof. Natural drainage shall not be changed without the approval of said committee. Developer shall not be responsible for any drainage problems affecting any lot.

ARTICLE III
ARCHITECTURAL CONTROL COMMITTEE

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A. MEMBERSHIP. The Architectural Control Committee shall be composed of three (3) members who shall be appointed by Developer until such time as twenty (20) lots in Emerald Hills Estates have been sold and conveyed and shall then be appointed by the record owners of the majority of the said lots. Each member of the Committee shall serve for a period of one (1) year. A majority of the Committee may designate a representative to act for it. In the event of the death or resignation of any member of the Committee, the remaining members of the Committee shall have full authority to designate his successor. Neither the members of the Committee nor its designated representative shall be entitled to any compensation for services performed pursuant to this covenant. At any time after twenty (20) lots in Emerald Hills Estates have been sold and conveyed, the then record owners of the majority of the lots shall have the power to change the membership of the Committee through a duly recorded, written instrument, or, likewise, through a duly recorded, written instrument, to withdraw from the Committee all or any portion of its powers and duties, or to restore to it any of its powers and duties.

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

ARTICLE IV
TEMPORARY STRUCTURES

No structures of a temporary character, trailer, basement, tent, shack, garage, carport, barn, shed or other outbuilding shall be used on any lot at any time as a residence, either temporarily or permanently, nor shall any trailer, tent, shack or type of structure, whether temporary or permanent, not specifically authorized by these covenants to be placed on a lot be placed on any lot at any time.

ARTICLE V
NUISANCES

No noxious or offensive activity shall be carried on upon any lot, nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood. Construction of improvements on any lot, once commenced, shall be completed within twelve (12) months. Improvements not so completed or upon which construction has ceased for ninety (90) consecutive days or which have been partially or totally destroyed and not rebuilt within ninety (90) days, shall be deemed nuisances. Developer, its successors or assigns, may remove any such nuisances or repair or complete the same at the expense of the owner, the cost of which shall be levied and collected in the same manner as lot maintenance liens are to be levied and collected as set forth in Article VI hereinbelow.

ARTICLE VI
MAINTENANCE OF LOTS

All lots and parcels, whether occupied or unoccupied, and any improvements placed thereon, shall at all times be maintained in such manner as to prevent them from becoming unsightly, unsanitary or a hazard to health. If not so maintained, Developer, its successors or assigns, shall have the right through its agents and employees to do so, the cost of which shall be levied against the owner of the lot. Said levy shall constitute a lien against said lot owner's lot from the date of the filing of a Certificate of Levy in the office of the Register of Deeds for Transylvania County. Notice of such levy and lien shall be given to the owner of such lot by certified mail to his last known address within fifteen (15) days after the filing of such Certificate of Levy. Neither Developer, its successors or assigns, nor any of its agents, employees or contractors shall be liable for any damage which may result from any maintenance work as performed.

ARTICLE VII
LIVESTOCK AND POULTRY

No animal, livestock or poultry of any kind shall be raised, bred or kept on any lot except that dogs, cats or other household pets may be kept, provided, that

they are not bred or maintained for commercial purposes and that they are kept reasonably confined so as not to become a nuisance, and on those lots designated as estate lots, in addition to the pets hereinabove allowed (under the terms hereinabove set forth), not more than two (2) cows, two (2) horses and twenty-five (25) chickens shall be kept on any lot at any time and only then so long as they are confined at all times within either a barn or fence which shall be sufficiently constructed to confine them to their owner's lot at all times.

ARTICLE VIII
GARBAGE AND REFUSE DISPOSAL

No owner may accumulate on his lot junked or inoperative vehicles, or litter, refuse or garbage, except in receptacles provided for such purposes. Each lot owner shall provide closed sanitary receptacles for garbage and shall install and maintain said receptacles in such a manner as not to be visible from any street or common area within the Development except at the times when refuse collections are made. No open burning of any kind shall be done before the lot owner has obtained the written permission of the Developer, its successors, assigns or agent, and has also obtained a permit from the proper authorities when required by law.

ARTICLE IX
WATER SYSTEM

Developer shall not be responsible for supplying water to any lot as it is each individual lot owner's responsibility to secure water for his lot.

ARTICLE X
SEWAGE DISPOSAL

No sewerage system shall be permitted on any lot except such system as is located, constructed, and equipped in accordance with the minimum requirements of the State Board of Health. Approval of such system shall be obtained from the health authority having jurisdiction. In the event that Developer, its successors or assigns, or some other person, firm or corporation, provides a public sewerage system, sewage disposal shall, at the earliest possible time, be by such public sewerage system.

ARTICLE XI
LIMITED ACCESS

With the exception of Lots 1, 4 and 5 of Section One as shown on a plat of Section One recorded in Plat File 1, Slide 149-A, Records of Plats for Transylvania County in the office of the Register of Deeds for Transylvania County, North Carolina, there shall be no access to any lot on the perimeter of the Development except from designated streets or roads within the Development.

ARTICLE XII
RESUBDIVISION OF LOTS

No lot or parcel shall be further divided.

ARTICLE XIII
DRILLING AND MINING

No drilling, refining, quarrying or mining operations of any kind shall be permitted on any lot.

ARTICLE XIV
EASEMENTS

The following easements over each lot or parcel and the right to ingress and egress to the extent reasonably necessary to exercise such easements, are reserved to Developer, its successors, assigns or licensees:

A. UTILITIES. A five (5) foot wide strip running along the inside of all lot lines, however, where lot lines run along the center of roads or along road right-of-way lines, such strips shall, at the option of Developer, be ten (10) feet in width and run along either the inside or the outside of the road right-of-way line, but Developer, after having located said ten-foot wide strip on a particular lot, may not thereafter relocate said strip on said lot without the express written

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consent of the owner of said lot. Said strips shall be used for the installation, maintenance and operation of utilities, including radio and television transmission cables, and the accessory right to locate guy wires, braces or anchors or to cut, trim or remove trees and plantings wherever necessary upon such lots in connection with such installation, maintenance and operation.

B. ROADWAYS. An easement on, over and under all roadways in the Development for the purpose of installing, maintaining and operating utilities thereon or thereunder; for purposes of drainage control; for access to any lot or parcel; and for purposes of maintenance of said streets.

C. SIGHT EASEMENTS. Sight easements of the sizes and locations shown on the plat are reserved for the purpose of ensuring that visibility at road intersections shall be unimpeded. No fence, wall, hedge, tree or shrub which obstructs sight lines at elevations between two (2) and eight (8) feet above roadways shall be placed or permitted to remain within sight easements.

D. OTHER EASEMENTS. Any other easements shown on the plat.

E. USE OF AND MAINTENANCE BY OWNERS. The areas of any lots affected by the easements reserved herein shall be maintained continuously by the owners of such lots, but no structures, plantings or other material shall be placed or permitted to remain or other activities undertaken thereon which may damage or interfere with the use of said easements for the purposes herein set forth. Improvements within such areas shall be maintained by the owners of said improvements except those for which a public authority or utility company is responsible.

ARTICLE XV ROAD MAINTENANCE

A. ANNUAL ROAD MAINTENANCE FEE. There are existing roadways in the Development. Developer, for itself, its successors or assigns, reserves from all conveyances of land in said Development a right-of-way for road purposes sixty (60) feet in width, thirty (30) feet from each side of the center of all roads shown, which may be conveyed to the North Carolina Department of Transportation and specifically, the areas reserved and dedicated as roads on maps or plats of the Development or portions thereof. Developer, for itself, its successors or assigns, also reserves the right until said roads are taken over for maintenance by the North Carolina Department of Transportation, or any successor agency thereto, to levy an annual road maintenance fee on each lot not to exceed a maximum of Fifty Dollars (\$50) per lot per year, however, the permissible maximum fee charged in each calendar year shall be adjusted upward by the same percentage that the dollar has decreased in purchasing power during the preceding calendar year as reflected in statistics set out in the Consumer Price Index posted by the Bureau of Labor Statistics of the United States Department of Labor, or by such successor United States Government bureau or agency as shall then be responsible for compiling and publishing such statistics. In the event that the owner of one of said lots does not pay said maintenance fee within sixty (60) days after the fee is levied each year, said levy shall constitute a lien against said lot owner's lot from the date of the filing of a Certificate of Levy in the office of the Register of Deeds for Transylvania County. Notice of such levy and lien shall be given to the owner of such lot by certified mail to his last known address within fifteen (15) days after the date of filing of such Certificate of Levy. All funds received by Developer, its successors or assigns, as such road maintenance fee shall be used for the maintenance of the roads in the Development and for the payment of all costs incurred in installing, maintaining and operating all street lights placed along the roads in the Development by Developer, its successors or assigns. In the event that said Fifty Dollar (\$50) annual road maintenance fee, as adjusted, when collected from each lot owner, shall not be sufficient to pay both the annual cost of road maintenance and the annual cost of installing, maintaining and operating all street lights placed along the roads in the Development by the Developer, its successors or assigns, each lot owner shall be obligated to pay his additional pro rata share of the annual cost of installing, maintaining and operating said street lights; said obligation shall be treated as an additional road maintenance obligation under the provisions of this article, and the provisions herein set forth as to levies and liens shall be fully applicable. The obligation of each lot owner to pay his pro rata share of the annual cost of installing, maintaining and repairing said street lights shall remain in effect even after the roads in the Development have been taken over for maintenance by the North Carolina Department of Transportation or any successor agency thereto.

B. RIGHT OF DEVELOPER TO TRANSFER MANAGEMENT RESPONSIBILITY. If any lot owner or group of lot owners should voluntarily accept the dual responsibility of overseeing the maintenance of the roads in the subdivision and levying the annual road maintenance fees (which shall include the cost of installing, maintaining and operating all street lights placed along the roads in the Development by Developer), Developer reserves the right to turn over such duties to said lot owner or group of lot owners for a period of time acceptable to Developer and said lot owner or group of lot owners. Developer also reserves the right to turn over such duties to the Emerald Hills Estates Property Owners Association at any time after twenty (20) lots in Emerald Hills Estates have been sold and conveyed.

ARTICLE XVI
EMERALD HILLS ESTATES PROPERTY OWNERS ASSOCIATION

A. At such time as Developer shall have sold and conveyed twenty (20) lots in Emerald Hills Estates, all owners of lots situated in the Development shall be obligated to join the Emerald Hills Estates Property Owners Association, to participate in the activities of said association on a one (1) vote per lot basis, and to assist in the organization and operation thereof by paying their pro rata share of the cost of organizing and operating said association.

ARTICLE XVII
STREAMS

No lot owner shall pollute any stream in the Development nor shall any lot owner cause or allow any stream in the Development which may flow across his lot to be diverted from its natural direction and course of flow. The provisions of this article shall not be construed as prohibiting the construction of a dam on a lot by a lot owner so long as the construction plans and specifications thereof and a plan showing its location on the lot have been submitted to and approved by the Architectural Control Committee in the manner hereinabove specified in Article II, and so long as the stream which flows across the lot owner's lot flows in its natural direction and course of flow at all points on the lot downstream from the dam constructed on the lot and upstream from the pond created by said dam.

ARTICLE XVIII
ANNEXATION

A. PROPERTY TO BE ANNEXED. Developer may from time to time and in its sole discretion, annex to the Development any other real property owned by Developer which is contiguous or adjacent to or in the immediate vicinity of the Development.

B. MANNER OF ANNEXATION. Developer shall effect such annexation by recording a plat of the real property to be annexed and by recording a Supplemental Declaration which shall:

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

ARTICLE XIX
TERM

These covenants are to run with the land and shall be binding on all parties and all persons claiming under them for a period of five (5) years from the date these covenants are recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years unless an instrument signed by a majority of the then owners of the lots has been recorded, agreeing to change said covenants in whole or in part.

B. RIGHT OF DEVELOPER TO TRANSFER MANAGEMENT RESPONSIBILITY. If any lot owner or group of lot owners should voluntarily accept the dual responsibility of overseeing the maintenance of the roads in the subdivision and levying the annual road maintenance fees (which shall include the cost of installing, maintaining and operating all street lights placed along the roads in the Development by Developer), Developer reserves the right to turn over such duties to said lot owner or group of lot owners for a period of time acceptable to Developer and said lot owner or group of lot owners. Developer also reserves the right to turn over such duties to the Emerald Hills Estates Property Owners Association at any time after twenty (20) lots in Emerald Hills Estates have been sold and conveyed.

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

ARTICLE XIX
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EXHIBIT "A"

SUPPLEMENTAL DECLARATION
OF
RESTRICTIVE COVENANTS
FOR
EMERALD HILLS ESTATES
SECTION ONE, LOTS 1 - 11

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* * * * *

This Declaration (Supplemental Declaration) is made this 18th day of May, 1979, by ERIC R. BELLINI and his wife, ELEANOR BELLINI, (Declarant).

Declarant has recorded on the 18th day of May, 1979, in the office of the Register of Deeds for Transylvania County, North Carolina, in Deed Book 235, Page 292, et. seq., a certain Declaration of Restrictive Covenants for EMERALD HILLS ESTATES. Said Declaration of Restrictive Covenants subjects EMERALD HILLS ESTATES (the Development) to provisions thereof pursuant to an incremental plan of development and improvement.

NOW, THEREFORE, Declarant declares that:

1. The Development includes all of the real property set forth in and described in the plat of Section One, Lots 1 - 11, of Emerald Hills Estates, recorded in the office of the Register of Deeds for Transylvania County, North Carolina, on the 9th day of May, 1979, in Plat File 1, Slide 149-A.

2. All of the real property described in the plat is held and shall be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied and improved subject to the provisions of the Declaration hereinabove referred to as and for and to the extent applicable. The provisions of which said Declaration are incorporated herein by reference as fully as if written out verbatim herein, however, for the purposes of this Supplemental Declaration only, the provisions of Article I, Section A, Paragraph 2, of said Declaration are hereby modified to read as follows:

2. Set Backs. Each such dwelling shall be at least:

(a) Fifty (50) feet from all road right-of-way lines (with the exception of the right-of-way of the gravel drive known as "Cemetery Road" which runs across a part of the western portions of Lots Nos. 1, 4, and 5 of Section One, in which case, the set back requirement along said road shall be fifty (50) feet from the center of said road instead of fifty (50) feet from the road right-of-way line of said road) and eighty (80) feet from all front lot lines which run along the center of roads;

(b) Ten (10) feet from the rear lot line;

(c) Ten (10) feet from interior lot lines;

3. Pursuant to the provisions of the Declaration of Restrictive Covenants, Lots 1 - 8 as shown on the plat recorded in Plat File 1, Slide 149-A, hereinabove referred to are designated single-family residential as to permitted use, and Lots 9 - 11 as shown thereon are designated as estate lots. The minimum cost of the fully enclosed floor area (exclusive of any roofed or unroofed porch, terrace, garage or carport) of the single-family dwelling which may be constructed, erected or situated on any lot shall be not less than \$35,000 and the minimum number of square feet of enclosed floor area shall not be less than 1,200 square feet. Except with the express approval of the Architectural Control Committee, in determining the amount of square footage contained within the enclosed floor area of a dwelling, there shall not be taken into consideration any area which is wholly or substantially below ground level.

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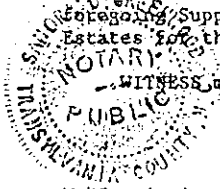
IN WITNESS WHEREOF, Declarant has executed this Supplemental Declaration, this 18th day of May, 1979.

Eric R. Bellini (SEAL)
Eric R. Bellini, Declarant

Eleanor Bellini (SEAL)
Eleanor Bellini, Declarant

STATE OF NORTH CAROLINA,
COUNTY OF TRANSYLVANIA.

I, Sandra D. Greenwood (Crowe), a Notary Public in and for said County and State, do hereby certify that ERIC R. BELLINI and his wife, ELEANOR BELLINI, personally appeared before me this day and acknowledged the due execution by them of the foregoing Supplemental Declaration of Restrictive Covenants for Emerald Hills Estates for the purposes therein set forth.



WITNESS my hand and Notarial Seal, this the 18th day of May, 1979.

Sandra D. Greenwood (Crowe)
Notary Public

My Commission expires: June 21, 1983.

STATE OF NORTH CAROLINA,
COUNTY OF TRANSYLVANIA.

The foregoing certificate of Sandra D. Greenwood (Crowe), a Notary Public, is certified to be correct. This instrument was presented for registration and was duly recorded in this office in Book 235, page 877, Records of Deeds.

This the 18 day of May, 1979, at 4:00 o'clock P.M.

Paul H. Small
Register of Deeds

By: _____
Deputy Register of Deeds