

Covenants, Restrictions, Reservations, Terms and Conditions

Governing Spirit Cove Subdivision

WHEREAS, the undersigned is the Owner of a parcel of land containing approximately 25.23 acres, more or less, located in Beaverdam Township, Cherokee County, North Carolina, and bounded now, or formerly, on the north by the US Forest Service, on the east by Clifton Radford, on the south by North Carolina Second Road #1331, and on the west by Robert Massey and Harold Sims, said tract of land lying approximately 2.2 miles due east from the community of Unaka and being more particularly described in Deed Book 1103, Page 494 and Deed Book 1083, Page 446.

WHEREAS, the land above described constitutes the property in Cherokee County, North Carolina known as Spirit Cove Subdivision and being more particularly described according to a plat of survey entitled "Spirit Cove Properties, L.L.C." by Brian T. Moore, P.L.S., dated January 5, 2005, the said plat being recorded on January 5, 2005 in Plat Cabinet E, Slide 86A in the Office of the Register of Deeds, Cherokee County, North Carolina, reference to which is made hereby for incorporation herein for a more complete metes and bounds description; and

WHEREAS, it is the plan of the undersigned to devote said lands to create a CONSERVATION-BASED RESIDENTIAL COMMUNITY and to provide for the subjecting of said property to the provisions of this declaration.

AND WHEREAS all covenants and restrictions now and in the future shall be guided by the Spirit Cove Vision, Goals and Objectives as set forth in Attachment A.

AND WHEREAS Declarant declares that thirty-four percent (34%) of the property shall be held by the Declarant, its successors or assigns for conservation purposes, in perpetuity, and that Lot Owners and their guests have conditional use of said lands, referred to as the Lake Lot and Preserve, but not ownership, as described in the following provisions, restrictions, and conditions, easements, agreements, and charges.

AND WHEREAS, the land known as Spirit Cove Subdivision (above described) was originally made subject to certain covenants, restrictions, reservations, terms and conditions by a document recorded in Deed Book 1245, Page 441 and 1149, Page 341 in the Office of the Register of Deeds of Cherokee County, North Carolina; and

WHEREAS, paragraph 2 of said "Covenants, Restrictions, Reservations, Terms and Conditions" above described provided in pertinent part that "these covenants, restrictions, easements, reservations, terms and conditions may be amended to better meet the goals and objectives as identified in the Spirit Cove Vision, Goals and Objectives and for any reasonable purpose provided the amendment shall not adversely affect title to any Lot without the consent of the affected party.

NOW, THEREFORE, Declarant declares that all of the property described above is held and shall be held, conveyed, encumbered, and improved subject to the following provisions, restrictions, conditions, easements, covenants, agreements, liens and charges, all of which are declared and agreed to be in furtherance of a plan for subdivision improvements and sale of said real property and are established and agreed upon for the purpose of enhancing and protecting the value, desirability, attractiveness and natural environment of said real property and every part thereof, all of which shall run with the land, be appurtenant thereto and shall be binding on all parties having acquired any part thereof.

Covenants and Restrictions

Each Owner and occupant of a Lot shall comply with these Covenants and Restrictions as they may be lawfully amended or modified from time to time and with any deed restrictions. Fines or other sanctions may be collected as provided. Failure to comply shall be grounds for any action for damages or injunctive relief, or both. Failure to enforce any of the following provisions shall not be construed for any purpose as a waiver of the right to enforce those provisions in the future.

These Covenants and Restrictions may be unilaterally amended from time to time by the Declarant, its successors or assigns, including the homeowners association, once formed. for the purposes of: (1) to bring any provision into compliance with governmental statutes, rules or judicial determination; (2) to enable title insurance coverage; (3) to satisfy reasonable requirements by institutional or governmental lenders; (4) to satisfy reasonable requirements by institutional or governmental insurance providers; (5) to better meet the goals and objectives as identified in the Spirit Cove Vision, Goals and Objectives and (6) for any other reasonable purpose provided the amendment shall not adversely affect title to any Lot without the consent of the affected Lot Owner.

1. Land Use

Residential use - Unless designated on the plat or otherwise, Lots in the subdivision shall be used for residential purposes. Exceptions include: (1) Studios, home office activities and/or room rentals that do not create disturbance or negatively impact the community with noise, commotion, or traffic; (2) Lots created for the pond, nature preserve, and community facilities or activities such as gardens or a small devotional center, and (3) By the Declarant, a small workshop area for storing equipment in the right-of-way of Spirit Ridge Lane, on Lot 11. All community facilities shall have the prior approval of the Declarant, its successors or assigns.

Accessory buildings - Accessory structures may be detached garages, workshops, storage, potting sheds, gazebos, work spaces, mother-in-law suites, home office, studios, or any combination thereof. Living space shall be calculated as part of the allowable square footage.

2. Subdivision of Lots

Lots may not be subdivided by anyone other than the Declarant, its successors or assigns.

3. Annexation

Declarant reserves the right to annex contiguous or proximate properties to Spirit Cove under the same conditions and restrictions as outlined herein. Proximate shall be defined as any property located within 2000 feet of the existing boundary of Spirit Cove or any annexations thereof.

4. Architectural Standards

Size - No more than one primary residence per lot, containing not less than 800 square feet nor more than 3600 square feet of conditioned living space per acre. Structures shall not be higher than 2 stories, exclusive of basements.

Exteriors - All exterior wood surfaces shall be painted, stained or treated for weathering. All exterior concrete, cement or cinderblock surfaces shall be painted or finished in wood or rock, except when using products manufactured as a finished product.

Accessory structures – Accessory structures shall complement the dwelling in design and materials.

5. Exterior Features

Fences - Wire or farm type fencing is not allowed.

Exterior lighting – Care shall be taken in the selection and placement of fixtures and the positioning of the light so as to be unobtrusive, attractive and not cause a nuisance to wildlife or other Lot owners.

Signs – Commercial signs, other than real estate or security signs, are not allowed.

6. Completion of Construction

The exterior of all structures must be completed within 16 months of commencement of construction except where such completion cannot be reasonably accomplished or compliance would result in great hardship to the Owner or builder.

7. Setbacks

Construction of single family dwellings and accessory buildings shall be located a minimum of 25 feet from the center line of any road and a minimum of 25 feet from lot lines shared by another Spirit Cove lot owner. Minor exceptions will be allowed to accommodate unique site characteristics upon approval of the Declarant, its successors or assigns. All measurements shall be in conformance with the plat map as described in book 1103, page 494 and book 1083, page 446, Cherokee County, North Carolina.

8. Alteration of Lot, Protection of Natural Environment and Landscaping

Vegetation - In order to maintain a natural wooded appearance, preserve wildlife habitat and blend homes with the natural environment, preservation of native trees and flowering bushes is encouraged.

Natural Buffers - Setbacks between lots shall serve as natural buffers. Alterations to the environment in these lot line setbacks are limited to removal of vegetation for access to the home site; decaying or dangerous trees; excessive growth of white pine trees; trees or shrubs under 3" diameter; dead wood on healthy natives; and invasive or non-native plant species as listed in Attachment B. Exceptions may be granted, upon request, by the Declarant, its successor's or assigns. Native plant species may be added, including but not limited to, recommendations of Attachment C.

Preservation During Construction - Trees and areas not to be disturbed during construction shall be marked and sufficiently barricaded to prevent unintentional harm. Effective erosion control measures shall be maintained onsite during and after construction.

Landscaping – Invasive Plants listed on Attachment B are not allowed.

Fertilizers and Pesticides – Chemical fertilizers and pesticides are discouraged, especially when runoff leads to a nearby water source.

9. Site Plans

Lot Owners are encouraged to plan their sites carefully, prior to removing trees and bushes.

10. Utilities

Declarant, its successors or assigns is granted a blanket easement upon, across, above or under all property within the community for installation, repairing, replacing, and maintaining (a) all utilities serving the community or any portion of the common property, including, but not limited to water, telephone, electricity (b) water runoff and storm drainage systems, and (c) any other services such as, but not limited to cable television, security system, which may be installed to serve the community. Should a party furnishing any such utility or service request a specific license or easement by separate recordable document, the Declarant, its successors or assigns shall have the right to grant such easement.

Electricity - All Lots are conveyed subject to a blanket easement given by grantor to Blue Ridge Mountain Electric, EMC, which easement was required by said electric company as a condition to obtain their agreement to make electricity available to the subdivision, filed in Cherokee County, NC on July 26, 2004, Book 1109, Page 764.

Water – Property Owners of Lots 1, 2, 3, 4, 5, 6, 7, 8, 9 and the Lake Lot are hereby deeded an undivided interest to a community well system, located adjacent to Lot 7 on Spirit Ridge Lane, and shall be responsible for all costs associated with the operation and maintenance of the well, including electricity, maintenance, and reserve fees as per the well budget developed under provisions, "Computation of Well Assessment."

Lot Owners will pay a one-time hook-up fee of \$800.00 per lot. The hook-up fee will be paid at the time of construction or January 1, 2010, whichever comes first. The fee will be paid to the Declarant, its successors or assigns, not including the Homeowners' Association.

By January, 2010 or when 3 or more Lot Owners have hooked up to the well, a Well Association shall be formed to take responsibility for the budget, collection of fees and all tasks associated with well ownership.

Septic – Septic permits and the Installation of septic tank facilities shall be the responsibility of the Lot Owner.

Garbage - Each Lot Owner shall be responsible for the disposal of his or her own garbage or trash. Garbage may not be burned or buried.

Fuel - Propane and other fuel tanks shall be placed in areas not easily viewed from subdivision roads and/or camouflaged with fencing or landscaping.

11. Roads and Stormwater Systems

A 30 foot non-exclusive road right-of-way or easement is reserved on all roads in the subdivision for the benefit of the Declarant, its successors or assigns, for ingress, egress and regress to all Lots in the subdivision.

All Lot Owners are hereby granted a non-exclusive road easement over the roads in the subdivision to the public highway as a permanent means of ingress, egress and regress to their Lot or Lots.

Lot Owners have the primary responsibility of removing dead or dying trees, and/or any debris from the road easements and from the rights-of-way of Beaverdam Road contiguous to their Lots.

Permanent parking is not allowed in the road easement, i.e. within 15' of the center line of the road.

Declarant has designed and installed a storm water drainage system at the intersections of Sweet Autumn Lane and Spirit Ridge Road. This system shall be maintained by Declarant, its successors or assigns, in a manner that prevents erosion of Sweet Autumn Lane and the adjacent soils. All disturbed soils associated with the system shall be considered a part of the system.

Declarant, its successors or assigns reserve the right to create additional water run-off, storm water systems and rain gardens where natural water flows require management to prevent erosion and off-site sedimentation.

The general care, enhancement and maintenance of the road, road rights-of-way, and any associated storm water drainage and raingardens shall be the responsibility of the Declarant, its successors or assigns, including the Association once formed. These areas may not be altered without the approval of Declarant, its successors, or assigns.

12. Entry Features, Wildflower Gardens & Other Community Amenities

Declarant, its successors, or assigns is hereby granted an easement for maintaining and enhancing established entry area features, trails, sitting areas, stormwater areas, or wildflower meadows. Specifically, (1) the entry area located at Beaverdam Road; (2) sitting area located on Lot 4; (3) wildflower meadow occupying the Blue Ridge Mountain Electric Easement traversing Lots 4, 5, 6 & 7; (4) the walking trail which follows along the eastern boundary line of Lot 9; and (5) stormwater drainage system at Spirit Ridge Lane and Sweet Autumn.

13. Maintenance

All maintenance of Lots and structures, parking areas, landscaping and other improvements on the Lot shall be the sole responsibility of the Owner, who shall maintain the Lot in good order.

The Declarant, its successors or assigns will perform maintenance on completed roads and community facilities when expenses exceed the amount of community maintenance fees collected until such time when sixty-five percent (65%) of the Lots are sold, but thereafter, Lot Owners will be responsible for maintenance and repairs of said items on the basis of each Lot Owner paying a proportionate share calculated to the number of Lots owned by other than Declarant, as compared to the total number of Lots laid out on the plat map recorded January 7, 2005 or as amended by Declarant, its successors or assigns.

Maintenance will be funded by an annual community maintenance fee and an annual well assessment fee (Lots 1-9) paid to the Declarant, its successors or assigns as per "Computation of Annual Community Assessment," and "Computation of Well Assessment."

14. Vehicles, Boats and Trailers

Mobile homes are not allowed in the subdivision. Commercial vehicles including tractor trailers and semi-trailers and/or any inoperable vehicles shall not be stored in public view.

Motor homes, recreation vehicles, boats, and campers may not be used as full-time living quarters, other than as a temporary basis during the planning and construction of a permanent home as set out in 6 above – Completion of Construction.

15. Pets

Except for household pets, no animals or livestock including horses, cattle, mules, chickens, or hogs may be kept in the subdivision. Each Resident shall be responsible for controlling their pets to prevent them from becoming a nuisance to other Lot Owners, wildlife, or the environment. Owners must pick-up waste generated by their pets in public areas. In the event that any animal shall become a nuisance, the Declarant, its successors or assigns shall have the right to require that the Owner of the offending animal restrain and control the animal to prevent any further disturbance, and upon failure to so comply, to take appropriate measures as necessary.

16. Fires

All fires must be confined within an enclosure from which the burning material cannot escape or within a protected area under watch.

17. Nuisance

It shall be the responsibility of each Owner and occupant to prevent the development of any unhealthy or unsightly condition on their Lot. No property within the Community shall be used for the storage of anything that will be obnoxious to the eye, discharge foul or obnoxious odors, or that will cause any noise or other condition that will disturb the quiet, safety, and comfort of the occupants or surrounding environment.

After 14 days written notice to the Owner, sent to the address contained in the list maintained by the Declarant, its successors or assigns, or the Owner's last known address, the Declarant, its successors or assigns reserves the right of entry for the purpose of clearing away any such violations and assessing the cost thereof against the Owner.

Conservation Areas

The Conservation areas, which include the Lake Lot and Preserve, comprise 34% of Spirit Cove. These areas form a natural woodland corridor from the Lake Lot, through the Preserve and onto the Nantahala National Forest. Homeowners and guests are provided a use easement with conditions as described below.

1. Lake Lot

The Lake Lot is a conservation area intended for use by homeowners and nature alike. The pond is a source of water for wildlife, an open sunny area for wildflowers and has a pavilion and open area for social gatherings.

Use - A use easement of the Lake Lot is granted to residents and their guests for the purposes of interacting with nature and for social gatherings. All reasonable care should be taken to preserve the beauty, peace, and integrity of the environment and manmade improvements, and to not disturb nearby residents. From time to time, environmentally-oriented activities may be planned. A small devotional (all-faiths) center or area may be added. Hunting or harassing wildlife is strictly prohibited. All pet waste must be picked up immediately by pet owners.

Lot Owners and guests use the Lake Lot at their own risk and shall not hold the Declarant, its successors, or assigns responsible for personal injury or property damage.

The Declarant reserves the right to rescind use of the Lake Lot if Lot Owners and/or the association, once formed, fails in its duty to protect and maintain the Lake Lot as described.

Maintenance – The Lake Lot shall be kept in a mixture of wildflowers and non-invasive grasses. The Lake Lot shall be kept as free as is reasonably possible of invasive plant species, including but not limited to privet, honeysuckle and multi-floral. Any kudzu shall be carefully removed and destroyed. White pines shall be thinned periodically. Tree removal,

other than white pine is discouraged. The Lake Lot flat areas shall be mowed throughout the growing season. Other areas shall be cut once a year. Maintenance costs of the pond and the Lake Lot are included in the community maintenance fee as described under "Computation of Assessments." Repairs to the pond or Lake area shall be funded by special assessments as described under "Special Assessments."

The Declarant, its successors or assigns, reserves the right to make continuous enhancements and alterations to the Lake Lot for the purpose of restoring disturbed soils, removing blighted plants or trees, enhancing the growth or native plants, and other actions associated with responsible pond management.

2. Preserve

The "Preserve" is a "nature first" area with limited use. Alterations of the environment are not allowed with the exception of activities described under "Maintenance."

Use – The primary purpose of the Preserve is to protect a portion of Spirit Cove from development or disruptive activities. A use easement is hereby granted for the quiet use of marked trails and any established sitting or viewing areas. From time to time, environmentally-oriented educational activities may be planned. A small devotional (all-faiths) center or area may be added. All other uses are strictly prohibited. Hunting or harassing wildlife is strictly prohibited.

Lot Owners and guests use the Preserve at their own risk and shall not hold the Declarant, its successors, or assigns responsible for personal injury or property damage.

The Declarant reserves the right to rescind use of the Preserve if the association, once formed, fails in its duty to protect and maintain the Preserve as described. All use shall cease if unabated abuses take place that diminish the quality of the environment.

Maintenance – the Preserve shall be kept free of non-native and invasive plant species. This requires continuous monitoring and removal of all invasive and non-native plants such as, but not limited to kudzu, honeysuckle, multi-floral and privet. The Declarant, its successors or assigns, reserves the right to make minor alterations to the Preserve for the purpose of restoring disturbed soils, tending to threatened species, removing blighted trees, and other actions associated with responsible Preserve management.

Trails – The trails of the Preserve shall be built and maintained by volunteers, with design approval of the Declarant, its successors or assigns. Design and maintenance shall include the preservation of a walking space, erosion control, preservation of the natural environment, and all other actions associated with responsible trail maintenance as recommended by the Appalachian Trail Club.

The trails shall be maintained at a width of approximately 3' and a height of approximately 6'. Trees and vegetation shall be trimmed in a natural manner so as not to leave the appearance of having been altered. Care should be taken to preserve existing wildflowers, mountain laurel and healthy trees.

3. General Liability

A general liability policy for the benefit of the Declarant, its successors or assigns shall be maintained in an amount not less than \$500,000 to cover use of the Conservation Areas. All Lot Owners shall share in the cost of said insurance as a part of the community maintenance fee. Failure to fund such expense shall result in the revocation of all rights of use as described under "Lake Lot" and "Preserve" above.

Should the conditions not be met, the Declarant, its successors or assigns reserves the right to make a reasonable alteration of the conditions or, in a case of unabated abuse, to revoke the easement. Likewise, the Homeowner's Association, once formed, may request reasonable alterations to the easement or relinquish the use easement for the Lake Lot and/or the Preserve.

4. Ownership

Declarant reserves the right to retain ownership, sell or transfer ownership of the Lake Lot and/or Preserve to the Home Owners Association once formed, or to put the Preserve in a private or public land trust. All rights, responsibilities and conditions described above are included.

Assessments

1. Purpose of Assessment(s)

The Declarant, its successors or assigns, including the Homeowners' Association and Well Association, as herein provided shall, pursuant to these Declarations, have the power to levy assessments for the purpose of financing the operations of the Homeowners' Association and for the general purposes of protecting the environment and for the recreation, health, safety, welfare, and common benefit of the Owners and occupants of Lots, all as may be more specifically authorized from time to time by the Declarant, its successors or assigns, including the Homeowners' Association and Well Association.

2. Creation of the Lien and Personal Obligation for Assessments

Each Owner of any Lot, by acceptance of a deed to the Lot, whether or not stated in the deed, agrees to pay (a) common assessments or charges, (b) special assessments; and (c) specific assessments. All assessments, together with late charges, interest, costs and reasonable attorney's fees actually incurred, shall be a charge on the land and a continuing lien upon the Lot against which each assessment is made from the time the sums become due and payable.

3. Computation of Annual Community Assessment

The Declarant, its successors or assigns, shall prepare a community maintenance budget in an amount sufficient to pay the cost of all reasonably anticipated costs for the forthcoming year. Such costs shall include general liability insurance for the Declarant, its successors or assigns; taxes on the Lake Lot and Preserve; maintenance and reserves for subdivision roads; and maintenance of the bridge, road rights-of-way, entry features, signs, sitting areas, storm water management system(s), wildflower gardens, pond and pond area (Lake Lot), the Preserve and any other community facility.

Community assessments shall commence as to the first day following the conveyance of the Lot to a Person other than the Declarant. Community Assessments are due and payable January 1 of each year, or upon an adopted schedule of the Homeowners' Association. Lots which have not been conveyed shall not be subject to an assessment until such time as the Homeowners' Association is formed. Lots 4 and 9 shall not be subject to assessment until such time that they are made available for sale. The budget shall be prepared so that it can accompany the billing of an assessment which shall be mailed to each Lot Owner on or before December 30 preceding the budget year.

Payment of assessments shall be due, without interest, on or before January 30 of each year. Any assessment paid thereafter shall be delinquent and shall be charged interest from the due date until paid at the rate of fifteen percent (15%) per annum. No property Owner may be absolved from any liability for the assessment provided for herein due to non-use of his or her Lot.

All assessments shall be paid to the Declarant, its successors or assigns, until a Homeowners' Association is formed. So long as assessments are paid to Declarant, the amount of assessment to be levied for any year shall not exceed one hundred fifty percent (150%) of the amount levied for the preceding year. The Community Assessment fees shall be held in a separate account.

4. Computation of Well Assessment

The Declarant, its successors or assigns, shall prepare a well maintenance budget in an amount sufficient to pay the cost of all reasonably anticipated costs for the forthcoming year. Such costs shall include taxes, electricity, maintenance and reserves for future repairs and all other costs associated with the operation and maintenance of a well.

Well assessments shall commence as to the first day following the conveyance of the Lot to a Person other than the Declarant. Well Assessments are due and payable on January 1, of each year, or upon an adopted schedule of the Well Association. Lots which have not been conveyed shall not be subject to an assessment until such time as the Well Association is formed. The reserves and well expenses are shared by 9 entities. If or when Lot 9 shall be subdivided into two lots, or used as a group home and/or have a small devotional center (all-faiths) the number of shares shall increase to two (2) and all expenses shared by 10 entities. The budget shall be prepared so that it can accompany the billing of an assessment which shall be mailed to each Lot Owner on or before December 30 preceding the budget year.

Additionally, if a limited amount of water is needed for a community use on the Lake Lot, and provided that capacity is sufficient, the Declarant, its successors or assigns shall join the Well Association on behalf of the Community and, through Community Maintenance fees, pay its share of well related expenses and special assessments.

Prior to hook-up, Lot owners only pay expenses associated with reserves and special assessments. After hook-up a proportionate share of all expenses will be paid. Said amount shall be subject to change by the Declarant, its successors or assigns, as long as the Declarant, its successors or assigns, owns a majority of Lots in the subdivision or by a majority vote of the Well Association, once formed.

Payment of well assessments shall be due, without interest, on or before January 30 of each year. Any well assessment paid thereafter shall be delinquent and shall be charged interest from the due date until paid at the rate of fifteen percent (15%) per annum. No property Owner may be released from any liability for the assessment provided for herein due to non-use of his or her Lot.

All well assessments shall be paid to the Declarant, its successors or assigns, until a Well Association is formed. So long as assessments are paid to Declarant, the amount of assessment to be levied for any year shall not exceed one hundred fifty percent (150%) of the amount levied for the preceding year. The Well Assessment fees shall be held with the Community Assessments funds until the Well Association is formed.

5. Construction Damage Assessment

Prior to commencement of residential construction, each Lot Owner shall pay unto the Declarant, its successors and assigns, a construction damage assessment in the amount of three hundred and fifty dollars (\$350.). This assessment is intended to defray the cost of repair of damages to roads within the development. If road damage due to construction exceeds the \$350.00 impact fee for repair or if significant and determinable damage be done to other property, the Lot Owner will be charged separately and additionally. All funds shall be accounted for in the annual budget.

If sixty-five percent (65%) or more of the Lots in the development have been sold and the Declarant constructs a home on any of the Lots, the Declarant shall restore the road to the original condition or pay the \$350.00 impact fee and/or the cost of restoring the road to the original condition.

6. Special Assessments

In addition to the other assessments authorized herein, the Association and/or the Well Association may levy special assessments from time to time to cover unbudgeted expenses or expenses in excess of those budgeted. Special assessments may be levied against the entire membership.

7. Specific Assessment

The Declarant, its successors or assigns, shall have the power to assess specific Lots, if deemed appropriate, when expenses of the Association or Well Association benefit only those Lots.

Home Owner's Association

The Declarant, its successors or assigns may at any time, but shall, after the sale of sixty-five percent (65%) of the Lots within the development have been sold to individual Lot Owners form an association known as "Spirit Cove Guardians Association" hereinafter referred to as "the Association." The purpose of this association will be to protect the interests of the Lot Owners within the development and protect the integrity of the natural environment. Responsibilities shall include but not be limited to (1) the maintenance of the roads, bridge, road rights-of-way, entry features, signs, storm water management systems, wildflower meadows, pond and pond area of the Lake Lot, and the Preserve; (2) the organization of community volunteers for maintenance and enhancements; and (3) the enforcement of these restrictive covenants when and after the Declarant has assigned that responsibility to the Association by a written document in recordable form.

Each Lot, whether owned by grantors or a purchaser, shall constitute membership in the Association and the Owners of said Lot shall be entitled to one vote in the affairs of the subdivision or development. All Owners are required to be members of the Association. All changes to the covenants and restrictions shall be guided by the *Spirit Cove Vision, Goals and Objectives*.

The members of the Association shall meet annually, at a time and place to be determined upon formation of the Association, for transaction of association business and for election of directors. All matters before the Association will be

determined by two-thirds (2/3) vote of memberships. Lot Owners will elect a president, a secretary and a treasurer on an annual basis. Special meetings of Association members may be called by the president as per rules and procedures adopted by the Association.

Well Association

The Declarant, its successors or assigns may, at any time, but shall, after the construction of 3 homes on Lots 1-9 form a well association known as "Spirit Cove Well Association" hereinafter referred to as "the Well Association." The purpose of this well association will be to manage and protect the Community Well located adjacent to Lot 7 on Spirit Ridge Lane for Lots 1-9. Responsibilities shall include but not be limited to (1) setting of an annual budget (2) collection of annual well association fees (3) managing the operation of the well and (4) any other tasks associated with well maintenance and management.

Each Owner of Lots 1-9, whether owned by grantors or a purchaser, shall constitute membership in the Well Association and the Owners of said Lot shall be entitled to one vote.

The members of the Well Association shall meet annually, at a time and place to be determined upon formation of the Well Association, for transaction of Well Association business and for election of directors. All matters before the Well Association will be determined by two-thirds (2/3) vote of memberships. Special meetings of Well Association may be called by the president as per rules and procedures adopted by the Well Association.

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IN WITNESS WHEREOF, the undersigned, being the duly appointed officers of Declarant herein, have executed this instrument and affixed the corporate seal this _____ day of _____, 2007

_____(SEAL)
Spirit Cove Properties, L.L.C.

By: Sherry P. Carter,
Manager

_____(SEAL)
Spirit Cove Properties, L.L.C.

By: Stanley L. Carter
Manager

State of North Carolina
County of Cherokee

I, _____, a Notary Public of _____ County, North Carolina, do hereby certify that Sherry P. Carter and Stanley L. Carter, Managers of Spirit Cove Properties, L.L.C., a limited liability company, personally appeared before me this day and acknowledged the due execution of the foregoing instrument on behalf of the company.

Witness my hand and official stamp or seal, this _____ day of April 2007.

Notary Pubic (Official Seal)

My commission expires: _____

Attachment A

Spirit Cove Vision, Goals and Objectives

Vision

A nature-lover's refuge where the natural beauty of the land and wildlife habitat are preserved, while providing choice opportunities for homeowners to live in a peaceful setting, hike through the woods, gather with neighbors or follow the footpaths of the Cherokees to the adjoining National Forest. Safe and secluded, but not isolated. The natural attributes and protective covenants offer homeowners exceptional long-term value and endless years of quiet enjoyment of an awe-inspiring environment.

Goals and Objectives

1. The Environment

The Southern Appalachian Mountains are some of the oldest in the world. They are home to one of the world's most diverse range of flora and fauna. This abundance of trees, bushes and wildflowers provide essential food and shelter to a wide variety of wildlife, and provide a wonderful refuge for humans.

In order to enjoy the natural beauty of these mountains and to protect them for generations to come, we must be good land stewards by preserving canopy trees, leaving natural buffers, conserving top soil, and using an abundance of native plant materials in the landscaping.

Goal: Be good land stewards and enjoy an exceptional quality of life.

Objectives: Protect the aesthetics, wildlife habitat, native plant species, water quality, topsoil and overall integrity of the natural environment. Enhance the natural environment with "showy" plants, native to the Southern Appalachians.

2. Residential Enjoyment and Protection of Property Values

Beyond the basic items that affect appraised values, additional covenants and restrictions usually reflect the desired quality of life intended by the developers and desired by the residents. At Spirit Cove the developers want to provide a nature lover's mountain refuge, therefore some restrictions are developed with this theme in mind. Over time, as residents make their desires and concerns known, adjustments can be made to the covenants and restrictions, especially after a home owners association is formed and responsibility for the covenants and restrictions is transferred.

Goal: Protect the "Quiet Enjoyment" of homes, property values and natural habitat.

Objectives: Disallow land uses and activities that disturb residents, decrease the values of their property, or unduly compromise conservation efforts.

3. Resident Activities

One of the benefits of living at Spirit Cove is the opportunity to enjoy an array of natural environments beyond your own lot and to have the opportunity to interact with others.

Goal: Provide opportunities for social interaction and for interaction with the natural environment.

Objectives: Build and maintain roads, pedestrian trails and pedestrian amenities. Carefully manage and protect the Conservation Areas.

4. Safety

At Spirit Cove, various elements contribute to personal and property safety. These include a pronounced entry feature, a sitting area just prior to arriving at the home sites, home sites situated so that their fronts allow for casual observations of who comes and goes, opportunities for casual interaction with neighbors, and internal access to walking and hiking trails and the Lake Lot and Preserve areas.

Natural hazards are minimized by allowing for clear zones around homes, providing for fire truck access, and maintaining the existing tree canopy to prevent excessive heating and drying of the topsoil and plants.

Goal: Maximize the comfort and safety of residents and the protection of property.

Objectives: Discourage trespassing, encourage social interaction, and minimize opportunities for natural hazards.

5. The Surrounding Community

We always increase our potential for friendly, healthy and mutually-supportive relations with our neighbors when we take their needs and concerns under consideration. The Unaka/Beaverdam area is a quiet, rural area with modest homes and expansive spaces surrounded by natural areas.

Goal: Be good neighbors.

Objectives: Develop the project and build homes with consideration of neighbors and which are compatible with the rural, mountain character of the area.

Attachment B

Non-Native and Invasive Plant Species List

Nonnative Trees

- Tree of Heaven
- Silktree, Mimosa
- Princesstree, Paulownia
- Chinaberrytree
- Tallowtree, Popcorn tree
- Russian Olive
- Norway Maple
- Paper Mulberry
- Camphortree
- White Mulberry
- White Poplar

Shrubs

- Silverthorn, Thorny Olive
- Autumn Olive
- Winged Burning Bush
- Chinese / European Privet
- Japanese / Glossy Privet
- Bush Honeysuckles
- Sacred Bamboo
- Multifloral / Macartney / Cherokee Rose
- Japanese Barberry
- Japanese Knotweed
- Wineberry
- Japanese Spiraea
- Saltcedar

Vines

- Oriental Bittersweet
- Climbing Yams
- Winter Creeper
- English Ivy
- Japanese Honeysuckle
- Kudzu
- Vincas, Periwinkles
- Nonnaive Wisterias
- Fiveleaf Akebia / Chocolate Vine
- Purple Crownvetch
- Porcelain Berry

Identification and Control, USDA,
General Technical Report SRS-62,
August 2003

Grasses

- Giant Reed
- Tall Fescue
- Congograss
- Neapalese Browntop
- Chinese Silvergrass
- Bamboos
- Torpedo
- Vasey's
- Johnsongrass

Ferns

- Japanese Climbing Fern

Forbs

- Garlic Mustard
- Shrubby Lespedeza
- Chinese Lespedeza
- Tropical Soda Apple
- Spotted Knapweed
- Dames Rocket
- Purple Loosestrife

Source: Nonnative Invasive Plants of
Southern Forests: A Field Guide for

Attachment C

Native Plant Recommendations

Trees

- Red maple
- Silver maple
- Sugar maple
- Yellow buckeye
- Black birch
- River birch
- Bitternut hickory
- Pignut hickory
- Shagbark
- Mockernut
- Yellow-wood
- Persimmon
- American beech
- White ash
- Green Ash
- Blue Ash
- Black walnut
- Red cedar
- Sweetgum
- Tulip poplar
- Blackgum
- Cucumber tree
- Red mulberry
- Short leaf pine
- White pine
- Sycamore
- Black cherry
- White Oak
- Scarlet oak
- Southern red oak
- Water oak
- Chestnut oak
- Northern red oak
- Post oak
- Black oak
- Black willow
- Sassafras
- White cedar
- Basswood

Small Trees

- Serviceberry
- Hercules club
- Paw paw
- Ironwood
- Redbud
- Fringe tree
- Alternate leaved dogwood
- Flowering dogwood
- Parsley hawthorn
- Hawthorn
- Washington hawthorn
- Carolina silverbell
- Witch-hazel
- American holly
- Sweet bay magnolia
- Hop-hornbeam
- Spurwood
- American plum
- Carolina buckthorn
- Staghorn sumac
- Mountain ash
- Southern rusty blackhaw
- Northern blackhaw

Shrubs

- Alder
- Serviceberry
- Indigo bush
- Red chokeberry
- Black chokeberry
- Sweetshrub
- American beautyberry
- New Jersey tea
- Buttonbush
- Cumberland rosemary
- Hazelnut
- Leatherwood
- Hearts-a-bustin
- Swamp mallow
- Wild hydrangea
- Golden St. John's Wort
- Shrubby St. John's Wort
- common winterberry
- Virginia-willow
- Mountain laurel
- Spice bush
- Ninebark
- Flame azalea
- Wild azalea
- Rose bay
- Fragrant sumac

Shrubs Cont.

- Winged sumac
- Carolina rose
- Swamp rose
- Elderberry
- Bladdernut
- Coralberry, buckbush
- Farkleberry
- Highbush blueberry
- Cranberry
- Deerberry
- Mapleleaf viburnum

Vines

- Dutchman's pipe
- Crossvine
- Trumpet creeper
- Leatherflower
- Virgin's bower
- Climbing hydrangea
- Carolina jasmine
- Virginia creeper
- Passionflower
- Atlantic wisteria

Ground Covers

- Hog-peanut
- Pussy's toes
- Wild ginger
- Mouse-eared coreopsis
- Rattlesnake plaintain
- Dwarf crested iris
- Partridge berry
- Allegheny spurge
- Phacelia
- Chalice phlox
- Carolina phlox
- Wild blue phlox
- Downy phlox
- Creeping phlox
- Foamflower
- Verbena

Grasses and Sedges

- Big bluestem
- Split beard bluestem
- Broomsedge
- River cane
- Plaintain-leaved sedge
- River oats, spangle grass
- Oat grass
- Canada wild rye
- Sugarcane plumegrass
- Narrow plumegrass
- Bottle brush
- Switch-grass
- Indian-grass

Ferns

- Maidenhair fern
- Ebony spleenwort
- Lady fern
- Common grape fern
- Bulblet fern
- Hay-scented fern
- Shining club moss
- Sensitive fern
- Cinnamon fern
- Christmas fern
- Common woodsia
- Chain fern

Flowers

- Doll's eyes
- Blue star
- Thimbleweed
- Wild columbine
- Greed dragon
- Jack-in-the-pulpit
- Goat's beard
- Swamp milkweed
- Butterfly-weed
- White wood aster
- Showy aster
- Late purple aster
- False goatsbeard
- Sharp-lobed hepatica
- Alumroot
- Jewelweed
- Blue flag
- Dense blazing star
- Turks-cap lily
- Cardinal flower
- Virginia bluebells
- Bishop's cap
- Ginseng
- Phlox maculata
- Garden phlox
- Jacob's ladder
- Solomon's seal
- Blackeyed susan
- Fire pink
- Rough stemmed goldenrod
- Spiderwort
- Tall ironweed
- Bird-foot violet
- Long-spurred violet
- Blue wild indigo
- Marsh marigold
- Blue cohosh
- Pink turtlehead
- Whorled tickseed
- Wild bleeding heart
- Shooting star
- Purple coneflower
- Wild ageratum
- Joe-Pye weed
- Wild geranium
- Maximillian sunflower

Other plants, native to the Appalachians, not noted above, are allowed.

Source: Landscaping with Native Plants: Promotes Biodiversity and Endorses a Land Ethic that Celebrates Our National Heritage, various agencies funded by the National Fish & Wildlife Foundation