

Prepared by and return to:
Sovereign Lane Property Owners' Association
53 Sovereign Lane
Fairview, NC 28730

STATE OF NORTH CAROLINA
COUNTY OF BUNCOMBE

DECLARATION OF RESTRICTIVE COVENANTS FOR MONARCH ESTATES SUBDIVISION

This Declaration of Restrictive Covenants, entered into on the 25th day of January, 2006, by and between Sovereign Lane Property Owners' Association LLC (hereinafter referred to as the "Association" and the existing Owners and the future Owners of Lots and Homes within the Subdivision designated as "Monarch Estates" *to be developed on that 45.639 acre parcel as shown on Plat Book 96, Page 142, as recorded in the Buncombe County, North Carolina Register's Office, including any Lots added by the Developer to the Subdivision in the future.*

WITNESSETH;

THAT WHEREAS, *Developer* is the owner of the property(s) to be developed as the Monarch Estates Subdivision to be developed on that 45.639 acre parcel as shown on Plat Book 96, Page 142 of the Buncombe County, North Carolina Register's Office, and any lands added by Developer which will be specifically identified at the time of their addition (hereinafter referred to as "Subdivision"), and

WHEREAS, Developer desires for protection and benefit of all persons who may hereafter become owners of lots created out of said Subdivision as indicated in the above described Plat and those plats of other Lots added to said Subdivision that may hereafter be recorded such that the Subdivision property be developed, in its sole and exclusive discretion, with limitations, restrictions and uses. These covenants are to run with the land and be binding on all parties purchasing lots and all persons claiming under or through them until January 1, 2025 at which time said covenants shall be automatically extended for successive periods of ten (10) years unless by vote of the owners of Lots within the subdivision in accordance with the North Carolina Planned Community Act, as amended or then in effect.

NOW, THEREFORE, the Developer does hereby make the following declaration as to easements, restrictions, covenants, conditions, limitations, and uses which are for the purpose of the value and desirability of and which shall run with the real property identified herein and are binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof:

ARTICLE I DEFINITIONS

SECTION 1: "Association" shall mean and refer to Sovereign Lane Property Owners' Association, a North Carolina non-profit corporation, its successors and assigns, and shall mean and refer to the Sovereign Lane Property Owners' Association, an unincorporated association until such time as formal non-profit

corporation is formed. As of the recording date of this Declaration, Association shall mean and refer to the Association which is formed by the agreement herein. Declarant may, at its option, subject additional portions of the property to restrictions which are similar in form to those contained herein, in furtherance of the scheme of development set forth herein. Owners of lots in additional phases of Monarch Estates shall become members of the Association upon recordation of Declarations for such additional phases which define Association as that Association which is formed hereby.

SECTION 2: "Assessments" shall mean and refer to any and all fees or other charges levied by the Association, as determined by a simple majority vote of all Members of the Association.

SECTION 3: "Owner" shall mean and refer to the record owner, whether one or more persons or entities of a fee simple title to any lot which is part of this or subsequent phases of Monarch Estates, but excluding those having such interest merely as security for the performance of an obligation.

SECTION 4: "Property" shall mean and refer to that certain real property shown on Plat Book 96, Page 142 of the Buncombe County, North Carolina Register's Office and any additional property added by the Developer as permitted herein.

SECTION 5: "Common Elements" shall mean and refer to all real property owned by the Association, or other such property owned by the Developer so designated, for the common use and enjoyment of Owners and shown on the Plat, together with any area in which the Association has an easement or right and an obligation of maintenance thereof.

SECTION 6: "Common Expenses" shall mean and include: (a) all sums lawfully assessed against the owner of any lot by the Association; (b) expenses of administration, operation, maintenance, repair, replacement of the Common Elements and facilities; (c) expenses agreed upon as Common Expenses by the Association; (d) hazard and liability insurance premiums as required.

SECTION 7: "Lot" shall mean and refer to any numbered plot of land shown on that Plat recorded in Book 102, at Page 25 recorded in the Buncombe County, North Carolina Register's Office, or subsequent additional Plats incorporated into the Subdivision, with the exception of the Common Elements.

SECTION 8: "Declarant" shall mean and refer to Sovereign Lane Property Owners' Association LLC, its successors and assigns. The rights and obligations of the Declarant as described herein may be conveyed and transferred by Declarant by instrument recorded in the Buncombe County, North Carolina Register's Office.

SECTION 9: "Dwelling" shall mean and refer to a building situated upon a Lot and intended for use and occupancy as a residence.

SECTION 10: "Member" shall mean and refer to any person or entity who holds membership with voting rights in the Association, which membership shall be derived from ownership of any Lot, within Monarch Estates Subdivision and any Lots added thereto, and specifically governed under the provisions of Article II, Section 2 provided herein.

SECTION 11: "Resident" shall mean and refer to any person, other than an Owner who shall reside within a Dwelling.

ARTICLE II

MEMBERSHIP AND VOTING RIGHTS

SECTION 1: Every Owner of a Lot which is subject to assessments shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to Assessment.

SECTION 2: The Association shall have three (3) voting memberships:

- (A) CLASS A: Class A Members shall be all owners of a Lot (with the exception of Declarant) each of whom shall be entitled to one (1) 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 the Owners among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot.
- (B) CLASS B: Class B Members shall be designated, by reference in the Deed of conveyance, as such at the time of transfer of a Lot from the Developer, at the sole and exclusive discretion of the Developer. The collective Owners of any Lot designated as Class B Members by the Developer shall be entitled to a waiver of any regular annual Assessments, but not including special Assessments, for a period of One (1) year after the effective date of such designation. Any Class B membership shall be automatically converted into a Class A membership upon the happening of any of the following events, whichever occurs first:
- (1) Upon the date of any transfer to a third party of a Lot owned by a Class B Member, or
 - (2) Upon the date at which any residence constructed on the Lot shall be occupied, or
 - (3) One (1) year after the effective date of its designation by the Developer.
- (C) CLASS C: The Class C Member shall be the Declarant as hereinabove defined and shall be entitled to three (3) votes for each platted, but undeveloped Lot owned by the Developer within various phases of Monarch Estates. Any Lot to which Class C membership applies shall automatically convert to a Class A Membership upon the date at which any residence constructed upon such Lot shall be occupied. The Class C Member, in consideration of its financial expenses relating to the construction of subdivision streets and Improvement of the Common Elements, shall be entitled to a waiver of all Assessments levied by the Association as long as the Declarant owns any Lot or property subject to these Restrictions to which a Class C membership is applicable. In the event that the Declarant shall add additional Lots to the Subdivision, Class C membership shall apply to such Lots until transferred by the Declarant. Class C membership shall automatically be converted to Class A membership upon the happening of any of the following events, whichever occurs first:
- (1) When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class C membership; or
 - (2) When the Developer elects to convert to Class A membership; or

(3) On the 1st day of January 2016.

ARTICLE III
SPECIAL EASEMENTS RESERVED WITHIN MONARCH ESTATES

SECTION 1: Entry Gate: All ingress, egress and regress to and from Lots shall be via the entry gate on Sovereign Lane Drive near its intersection with Rush Creek Road. An easement is hereby established whereby only Owners of Lots and Residents of Dwellings shall be entitled to possess and use electronic gate opening devices adopted by the Association (herein "Devices"). Such Devices shall not be released to any individuals without the express written authorization of the Association. The Association shall promulgate additional rules with respect to the release and use of the Devices in its exclusive discretion, including but not limited to: (i) the activation, alteration, coding, frequency, reissue and upgrade of the Devices; (ii) the limitation on number of active devices permitted per Lot; and (iii) the authorization of any non-Owner or non-Resident use of Devices. Owners and Residents shall be entitled to acquire opening devices from the Association at a reasonable fee as determined in the exclusive discretion of the Association. In addition to the Devices, an intercom shall be installed on the gate whereby visitors and guests may contact Owners and Residents in order to gain entry to the Subdivision. Owners and Residents shall be liable for the acts of any visitors or guests to which they permit entry into the Subdivision.

SECTION 2: Mail Boxes: The Declarant or Association may either establish a common mail box kiosk upon the Common Elements, or may establish architectural rules relating to the design and placement of mail boxes upon the Lots within the Subdivision.

SECTION 3: Ponds & Creeks: There exists upon Common Elements and upon some Lots two ponds and creek beds as shown on the Plat. An Easement for the uninterrupted flow of water in and through said ponds and creek beds is hereby established. No Owner shall place any improvements or landscaping within the pond or creek beds without the consent of the Association. Each Owner, by acceptance of a Deed to a Lot within the Subdivision acknowledges the existence of the ponds and creek beds as unregulated bodies of water which are not subject to North Carolina Dam Safety Regulations. The Association insurance policy shall include terms addressing liabilities relating to the ponds and creek beds.

SECTION 4: Playground: The Declarant has designated a portion of the Common Elements to be used as a playground for all Owners, Residents and their guests. The Declarant may place playground improvements upon this area, but has no obligation to do so. Furthermore, the Association shall maintain and insure said playground and shall have the right to add, alter, improve or remove any improvements upon the playground area. No Owner or Resident shall have any rights to exclusive use of the playground, and shall not interfere with its reasonable use by any other Owner or Resident. The Association may establish use rules for the playground area, including but not limited to its hours of operation.

SECTION 5: Exercise and Walking Trails: The Declarant has designated various exercise and walking trail circuits within the Subdivision to be used as a playground for all Owners, Residents and their guests, as shown on the Plat. The Declarant may improve the trails with surface improvements and other improvements including, but not limited to, bridges, exercise apparatus, gazebos, shelters, and sitting benches. The Declarant shall not have any obligation to install any such improvements. The Association

shall maintain and insure any such improvements, and shall have the right to add, alter, improve or remove any improvements existent upon the Common Elements. No Owner, Resident or guest shall obstruct or interfere with the reasonable use of the Common Element by any other Owner or Resident. The Association may establish use rules for the trails, including but not limited to their hours of operation.

SECTION 6: Parking Spaces: The Declarant has designated an area for parking proximate to the Playground, as shown on the Plat. The Parking Spaces are reserved for the short term use of Owners, Residents and guests during such times when using the Playground. The Parking Spaces are not intended for use as supplemental parking or for any other use. No Owner, Resident or guest shall park, obstruct or otherwise occupy any Parking Space except during these times when using the Playground. The Association may establish use and priority rules with respect to the Parking Spaces, and shall maintain the Parking Spaces.

SECTION 7: Septic Easement Areas: The Declarant has designated a number of "Septic Areas" within the Common Elements of the Subdivision to serve Lots within the Subdivision, as shown on the Plat. The Declarant has, in some cases, assigned such Septic Areas for the use of specific Lots, however, the Declarant reserves unto itself, its successors, assigns and ultimately the Association, the right to reallocate or designate the Septic Areas among the Lots. Furthermore, the Declarant reserves unto itself, its successors, assigns and ultimately the Association and easement upon all Common Elements to designate additional Septic Areas as may be reasonably requested by Lot Owners in the future.

SECTION 8: Subdivision Entrance: The Declarant has designated an entrance area, including unobstructed sight triangles upon the Common Elements where Sovereign Lane intersects Brush Creek Road, as shown on the Plat. The Declarant may improve said entrance area with a sign, lighting, landscaping, mail kiosks, or other aesthetic features, but shall not have any obligation to install such improvements. The Association shall maintain and insure any such improvements and shall have the right to add, alter, improve or remove any improvements existent upon the entrance area.

SECTION 9: Subdivision Roads and Shared Drives: The Declarant has established and improved a private road and easement whereby each Lot shall access the public right of way for Brush Creek Road as shown on the Plat. In addition to Sovereign Lane, the Declarant has established four Shared Drives, including 20' permanent easements, as shown on the Plat. The Association shall maintain Sovereign Lane and the four Shared Drives, and such expense shall be included in the assessments, as a Common Expense to be shared on an equal basis by all Class A Members. Sovereign Lane and all Shared Drives are incorporated into the exercise and walking trail system established by the Declarant and all Owners and Residents shall have an easement upon such for purposes and under terms set forth in Section 5 of this Article. In the event that the maintenance of Sovereign Lane shall be assumed by the State of North Carolina, the maintenance of all Shared Drives shall continue to be a Common Expense of the Association which shall continue to be shared on an equal basis by all Class A Members.

SECTION 10: Declarant Connection Easements: The Developer, in its sole discretion, reserves the right to connect to Sovereign Lane and to any Shared Drives in the event that the Declarant wishes to add any adjacent properties to the Subdivision, in which case any Lots within such added property shall immediately, upon connection be subject to these Restrictive Covenants.

ARTICLE IV
COVENANT FOR MAINTENANCE ASSESSMENTS

SECTION 1: CREATION OF THE LIEN AND PERSONAL OBLIGATION OF ASSESSMENTS: The Declarant hereby covenants and each Owner of a Lot, by acceptance of a deed thereof, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association any annual Assessments or special Assessments to be established and collected as herein provided. The amount of such Assessments shall be determined by majority vote of the Members present at any meeting of the Association where a Quorum shall exist. The Declarant shall bear the responsibility of maintenance of Common Elements from the time of the recording of this Declaration until the conveyance of a Common Elements from the Declarant to the Association, however the Declarant may seek reasonable financial contribution from the Association (Assessments collected from Class A Members) for the cost of such maintenance of the Common Elements so conveyed. Assessments, together with interest, cost and reasonable attorney fees, shall be a charge of the land and shall be a continuing lien upon the Lot against which each such assessment is made.

SECTION 2: PURPOSE OF ASSESSMENTS: The Assessments levied by the Association shall be used exclusively to maintain Common Elements, including, but not limited to the following: the cost of repairs, replacements and additions; the cost of labor, equipment, materials, management and supervision, the cost of utility services to Common Elements; the procurement and maintenance of the insurance related to the use of the Common Elements in accordance with these Restrictions and the Association By-Laws; the employment of attorneys to represent the Association when necessary; and such other needs as may arise, as determined by the Association. Any such Assessment charged and collected shall relate to the cost of maintenance of the Common Elements and may include a reserve fund in a reasonable amount in anticipation of such costs, as determined by the Association.

SECTION 3: STREET MAINTENANCE:

- (A) Sovereign Lane: Sovereign Lane shall be either private or designed and constructed pursuant to specifications issued by the North Carolina Department of Transportation for secondary roads or subdivision streets. After the completion of construction of said streets and satisfaction of other requirements by the North Carolina Department of Transportation, said streets may be submitted to said Department for inclusion within the North Carolina Secondary Road System, but the Declarant shall be under no obligation to submit. Unless and until Sovereign Lane is accepted by said Department and inclusion of said streets in the secondary road system, the cost of continuing maintenance of said streets shall be a Common Expense as described herein and shall be subject to annual Assessment.
- (B) Shared Drives: The Shared Drives within Monarch Estates shall not be constructed pursuant to specifications issued by the North Carolina Department of Transportation, and as such will not be submitted to said Department for inclusion within the North Carolina Secondary Road System. At all times the cost of continuing maintenance of said streets shall be a Common Expense and assessed against all Lots, regarding of use thereof, as described herein and shall be subject to annual Assessment.
- (C) Each Owner of a Lot shall pay a non-refundable "Special Construction Impact Assessment" in the amount of \$500.00, or in an amount as reasonably adjusted by the Declarant and/or Association, prior to the commencement of any construction or improvement of any Lot in the Monarch Estates Subdivision. This "Special Construction Impact Assessment" shall be held by the Association and used for the maintenance and repair of any subdivision streets or other

Common Elements impacted by construction activity. The Declarant and/or the Association may in its sole and exclusive discretion grant a waiver or issue a refund of any "Special Construction Impact Assessment" provided herein.

SECTION 4: NOTICE AND QUORUM FOR ANY SPECIAL ASSESSMENTS: Written notice of any meeting called for the purpose of authorizing a Special Assessment shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty (60%) percent of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement and the required quorum shall apply at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

SECTION 5: SPECIAL ASSESSMENTS FOR CAPITAL IMPROVEMENTS: The Declarant, during the Declarant Control Period and thereafter the Association, may issue Special Assessments for capital improvements to Common Elements within the Subdivision, including but not limited to capital improvements in additional phases of the Subdivision which may be added to the Subdivision by the Declarant at a later date.

SECTION 6: UNIFORM RATE OF ASSESSMENT: Annual Assessments must be fixed at a uniform rate for all Lots. Special Assessments may be applied to any specific Lot(s) as provided herein, or as reasonably necessary to make improvements or perform maintenance for the exclusive benefit of any such assessed Lot(s).

SECTION 7: DUE DATES OF ANNUAL ASSESSMENTS: At least thirty (30) days in advance of each annual assessment, the Board of Directors shall fix the amount of the annual assessment against each Lot and send written notice of assessment to each Owner subject thereto. The due dates of such assessments shall be established by the Board of Directors; such assessments shall be payable on the due date, but may be collected in monthly, quarterly, or by annual installments, as established by the Board. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid.

SECTION 8: EFFECT OF NONPAYMENT OF ASSESSMENTS AND REMEDIES: Any assessment not paid within thirty (30) days of the due date shall bear interest from the due date at a rate of eight percent (8%) per annum. The Association may bring action at law against the Owner personally obligated to pay the same or foreclose its lien, against the Lot against which the delinquent assessment has been levied. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of Common Elements and/or Secondary Streets, abstention from Association actions, or abandonment of their Lot.

SECTION 9: SUBORDINATION OF THE LIEN TO MORTGAGES: The lien for the Assessments provided for herein shall be subordinate to the lien of any mortgage. Sale or transfer of any Lot shall not affect the Assessment lien. The sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding *in lieu* (not to include a deed given as settlement *in lieu* of foreclosure thereof shall extinguish the lien of such assessments as to payments which became due prior to such exempted sale or transfer. No sale or transfer shall relieve such Lot from liability for any Assessments thereafter becoming due or from the lien thereof. Nothing herein shall prevent and any mortgagee from, at its option, paying any delinquent obligations of an Owner. The Association shall notify by registered mail, return receipt requested, any

mortgagee of any delinquency or default in the presence of any obligations of an Owner prior to taking any action against such Owner which would affect the mortgagee.

ARTICLE V
ARCHITECTURAL CONTROL

SECTION 1: APPROVAL OF PLANS AND SPECIFICATIONS: No building, fence, wall, deck, mailbox or other structure shall be commenced, erected or maintained within Monarch Estates, nor shall any exterior addition to, change or alteration thereof be made until the plans and specifications shall have been submitted and approved in writing by an Architectural Committee composed of two (2) or more representatives appointed by the Declarant. The Declarant may transfer, at its sole discretion, its right to appoint members of the Architectural Committee to the Association. In the event that an Architectural Committee has not been formed, then the Declarant (or the Association's Board in the event of a transfer of such rights) shall act as the Architectural Committee.

Submissions to the Architectural Committee shall include a site plan showing landscaping which complies with standards published by Architectural Committee which shows the location of all planned driveways, walks, parking areas, or other improvements, where applicable, and the relation of the location of such improvements to the building setback lines provided for in this declaration or as shown on the plat(s) for Monarch Estates Subdivision. Any documents submitted shall also name the licensed general contractor, proposed builder, or other proposed individuals who shall be responsible for construction or installation of the improvement and compliance with this article. Plans for Dwellings, structures, and any other proposed improvements shall show front, side and rear elevations and shall include the kind, material and basic exterior finishes of and colors to be used in the construction of such improvement(s). The Architectural Committee shall have the right to enforce compliance with this Declaration, and shall have the sole discretion to determine the standards referenced herein and to approve or deny any submission.

In the event the Architectural Committee fails to approve or disapprove any submission of plans, specifications and/or site plans within thirty (30) days after said submissions have been properly delivered, approval will not be required and this article will be deemed to have been fully complied with.

The Architectural Committee shall have the right to charge a reasonable fee for reviewing each application for approval of plans and specifications, the Owner shall be obligated to begin construction and complete the same in conformity with such plans as have been previously approved by the Architectural Committee, and the Architectural Committee shall be entitled to stop, through injunction or any other legal means, all construction in violation of these restrictions.

SECTION 2: ARCHITECTURAL STANDARDS: In addition to those general rules of the Architectural Committee promulgated pursuant to this article, construction of improvements on any Lot shall conform to the following standards:

- (A) All Dwellings shall be constructed pursuant to the North Carolina Building Code by duly licensed building contractors and shall be constructed with framing assembled on-site. Construction of Dwellings shall not utilize modular wall sections or other off-site construction of major structural portions of the Dwelling with the exception of roof and floor trusses.

- (B) All Dwellings or other improvements must be roofed with shingles or other coverings as approved by the Architectural Committee. No Dwelling or other improvement may contain vinyl siding nor exposed block construction, and all external coverings must be pre-approved by the Architectural Committee.
- (C) Any Dwelling constructed on any Lot within the Subdivision shall contain a minimum of Two Thousand Eight Hundred square feet (2,800 sq. ft.) of heated living area, as more specifically detailed in Article IV, hereafter.
- (D) Any fencing and any hard landscaping improvements must be pre-approved by the Architectural Committee.
- (E) All Dwellings must include a garage and must be constructed to accommodate a minimum of two (2), but no more than four (4) standard automobiles, and construction of any such garage must be pre-approved by the Architectural Committee.
- (F) Landscaping shall be provided for in the plan and construction of the Dwelling and landscaping shall be completed within five months after receiving a Certificate of Occupancy, Certificate of Compliance or upon completion of construction of the Dwelling located on the Lot.

SECTION 3: APPROVAL OF CONTRACTORS: The Architectural Committee shall have the right to approve or reject submission from an Owner solely based on its rejection of the licensed general contractor named in the application.

ARTICLE VI

PROTECTIVE COVENANTS

SECTION 1: RESIDENTIAL USE: All Lots shall be used, improved and devoted exclusively to residential use. No buildings shall be erected, altered, placed or permitted to remain on any Lot other than one single-family Dwelling (with attached garage) not to exceed two stories in height above the highest natural ground elevation existing under the foundation of same and not including more than one underground, one story basement or crawlspace, unless the same shall be approved in advance by the Architectural Committee provided for herein.

SECTION 2: BUILDING SIZE AND REQUIREMENTS: Any Dwelling shall contain not less than two thousand eight hundred square feet (2,800 sq. ft.) of heated, finished living area. Declarant (or the Architectural Committee after transfer of Declarant's rights) reserves the right to grant a 15% variance of square footage minimums. This square footage variance and the allocation thereof in the floor plan to be based on the sole discretion of the Declarant and/or the Architectural Committee. Heated, finished living space excludes; basements (whether daylight or underground), porches, breezeways, garages, patios and green houses. Additionally, no floor or level of any Dwelling, which floor or level is wholly or partially below the natural grade of the front elevation of the Dwelling shall be considered heated, finished living space.

SECTION 3: DRIVEWAYS, PARKING AREAS AND LANDSCAPING: Any driveway intersecting the Subdivision Streets or Shared Drives, both primary and secondary, must comply with any applicable standards promulgated by the North Carolina Department of Transportation, must be paved with

concrete or other paving materials approved in advance by the Architectural Committee and shall be completed at occupancy of the Dwelling or within sixty (60) days after exterior construction is completed. All other driveways and parking areas must be paved with concrete or other paving materials approved in advance by the Architectural Committee, and shall be completed in accordance with the same time requirements as provided herein for intersecting driveways. Landscaping shall be completed within five months of the completion of the Dwelling unit, which completion shall be determined by occupancy thereof or by issuance of the certificate of completion by the applicable governmental unit. Such landscaping shall be done pursuant to the landscaping plan approved in advance by the Architectural Committee. If the Owner shall default under his obligations described in this section, the Declarant (or the Architectural Committee after transfer of Declarant's rights) may provide for the completion thereof and may enforce the same by suit or filing of a mechanics/materials man lien against the Lot of such Owner. In the event that such action to enforce is necessary, then the Declarant and/or the Architectural Committee may include reasonable fees of attorneys incurred by reason of such default in any such claim.

SECTION 4: NUISANCES: No noxious or offensive activities shall be conducted upon any Lot, nor shall anything be done thereon which may become an annoyance or nuisance to the neighborhood. No plant, animal, device or thing of any sort whose normal use 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 Monarch Estates by the Lot Owners, tenants and guests thereof may be maintained. Any construction activity within the Monarch Estates Subdivision shall be restricted to the hours after 7:00 a.m. and before 10:00 p.m. from Monday through Saturday. No construction activity shall take place on Sundays or on Legal Holidays. Alternate restrictions on construction hours shall be issued in the sole discretion of the Declarant and/or the Association.

SECTION 5: RESTRICTION ON FURTHER SUBDIVISION: No Lot shall be subdivided, or its boundary lines relocated for any purpose other than to merge an additional Lot or part thereof so as to create a Lot larger than or of size equal to the original Lot, or for the adjustment of Lot boundaries as may be reasonably necessary in order to comply with zoning ordinances, building codes, or Health Department requirements. Developer reserves to itself and its successors in interest (provided the transfer to such successor specifically identifies the transfer of such right), the right to further subdivide any areas added to the Subdivision or to adjust Lot boundaries in its sole discretion at anytime during its ownership of such property.

SECTION 6: ANIMALS. Generally recognized house or yard pets, in reasonable numbers (not to exceed an aggregate of three dogs and/or cats) may be kept and maintained at a Lot, provided such pets are not kept or maintained for commercial purposes. No horses, pigs, llamas, alpacas or other hooved animals may be kept on any lot. Furthermore, no pit bull or other excessively aggressive dogs may be kept. All pets must be kept under the control of their owner when they are outside the occupants premises and must not become a nuisance to other residents at any time. The Association shall have the exclusive right to determine "reasonableness" and "excessively aggressive" as it applies in this section.

SECTION 7: PARKING. No parking or storage of unlicensed, uninspected or non-operable vehicles shall be allowed on any lot outside a Dwelling. Furthermore, no RVs, trailers, tractors, or vehicles with more than two (2) axles, whether licensed or not, shall be kept on any lot outside a Dwelling. Except for emergency repairs, no person shall repair, restore or store an vehicle, boat trailer or recreational vehicle upon any lot outside a Dwelling. Such parking, storage or repair may be undertaken only within a closed

wall garage, or at the sole discretion of the Architectural Committee, in such other area which is not visible from any dwelling situated on other Lots or from any subdivision streets within the Monarch Estates Subdivision.

SECTION 8: MOTOR VEHICLES. All motor vehicles shall be maintained in proper operating condition so as not to be a nuisance by noise, exhaust emissions or otherwise. No motor vehicles shall be driven on pathways, unpaved Common Areas, walking trails, or any roadway shoulders within the Monarch Estates Subdivision.

SECTION 9: OUTSIDE ANTENNAE. No outside radio or television antennae or satellite dishes shall be erected on any Lot, except as approved in writing by the Architectural Committee. Satellite dishes of no more than Thirty-Two (32) inches in diameter will be allowed within the Monarch Estates Subdivision, subject to approval of the Architectural Committee.

SECTION 10: TRASH RECEPTACLES. All trash shall be kept only in trash receptacle and in areas upon a Lot, at the sole discretion of the Architectural Committee, such that it is not visible from any subdivision street.

SECTION 11: EROSION CONTROL. The Owner of any Lot shall, by acceptance of a Deed for a Lot, be obligated to provide adequate erosion control measures as a part of the construction process in order to minimize siltation or erosion of areas outside the Lot of such Owner. It shall be the duty of the Owner to design and execute such control measures so as to avoid damage to other Lots or properties. If such Owner has not provided adequate control measures which comply with applicable erosion control regulations, or if the Owner is in violation of the section, Declarant and/or Association may, after five days written notice to such Owner perform such measures in which case the Owner agrees to reimburse, within thirty (30) days, all costs associated with such control measures.

SECTION 12: SIGNS: No permanent signs of any kind shall be displayed or in such a way that it is in public view on any Lot. After occupancy, a sign of not more than five square feet advertising the property for sale or rent shall be allowed upon any Lot. Nothing in this paragraph shall be construed to prevent Declarant from erecting an entrance display sign, signs designated to designate areas within the Monarch Estates Subdivision, or any street signs for subdivision streets.

SECTION 13 EXTERIOR FINISHES: All exposed chimneys and foundations shall be veneered with brick or stone, or other such materials as approved by the Architectural Committee. All materials used on exteriors of Dwellings and other improvements shall be approved in advance by the Architectural Committee. In no event shall any Dwelling or other improvement be covered with vinyl siding. Retaining or decorative walls shall be brick, stone or other material approved by the Architectural Committee. Unpainted sheet metal may not be exposed to the exterior. All roof stacks and vents shall conform to the color of the roofing material used and shall be installed on the rear side of the roof ridgeline of a Dwelling, as viewed from the Subdivision streets.

SECTION 14: TEMPORARY STRUCTURES: No structure of a temporary character, including trailers, mobile homes, tents or shacks shall be placed upon anywhere within the Monarch Estates Subdivision at any time; provided, however, that this shall not apply to shelters used by contractors during

construction. Outbuildings or partially completed buildings shall not at any time be used as residences on either a temporary or permanent basis.

SECTION 15: SETBACKS: No building shall be located on any Lot in violation of setback requirements of the Buncombe County Limestone zoning ordinance, other applicable zoning ordinance, or as may be shown on any recorded plats for the Monarch Estates Subdivision.

SECTION 16: TRADE OR BUSINESS: No trade or business shall be carried on upon any Lot, but this restriction shall not prohibit a home occupation, which does not cause any noxious or offensive activity within the Monarch Estates Subdivision.

SECTION 17: LIVESTOCK: No livestock or poultry may be kept on any Lot.

SECTION 18: SEWAGE: Every Dwelling unit shall have permanent plumbing, running water and a permanent sewage disposal approved by the Buncombe County Health Department. No temporary plumbing, water or sewage systems shall be allowed on any Lot.

SECTION 19: STORAGE TANKS: Any fuel, gas, oil, and water storage receptacles installed on any Lot shall not be exposed to view and must be placed either within the Dwelling, underground, or within an enclosure pre-approved by the Architectural Committee.

SECTION 20: STREETS: The streets, roadways and rights of way shown on the plat(s) for the Monarch Estates Subdivision, as currently recorded or those to be recorded in the future, are intended to provide perpetual, non-exclusive ingress, egress and regress to all the Property now identified as the Monarch Estates Subdivision and any additional property added thereto as herein provided.

SECTION 21: FENCES: The Architectural Committee must pre-approve any fencing to be placed on any Lot in writing. Pet fencing or fencing other than of a decorative nature shall be confined to rear yard of the Dwelling, as viewed from subdivision streets.

SECTION 22: PLAYGROUNDS, ETC.: All playground equipment, children's toys, sports equipment, vegetable gardens, patio furniture, outdoor grilling apparatus and swimming pools shall be located only in side or rear yard of Dwelling, as viewed from subdivision streets, and any placement thereof shall be subject to the sole discretion of the Architectural Committee. Above ground swimming pools shall not be permitted.

SECTION 23: COMPLETION OF CONSTRUCTION: Construction of any Dwelling or other improvement shall be completed within one year of its commencement. No Dwelling shall be occupied until completed. Dwellings shall be considered complete upon final inspection and approval by applicable municipal or county building inspector.

SECTION 24: GRASS AND LANDSCAPING MAINTENANCE: Grass and weeds on all Lots shall be maintained such that height of such vegetation does not exceed eight (8) inches, in order to prevent an unsightly and unsanitary condition. This obligation shall apply to the area of the Lot shown on the Plat and that area within the right of way of the adjoining such Lot, which obligation is that of the Owner of the Lot in question and is to be done at his/her expense. Any determination of the sufficiency of any

Owner's compliance with this section shall be at the sole discretion of the Architectural Committee. Upon the direction of the Architectural Committee, the Declarant and/or Association may enter a Lot for the purpose of mowing grass and weeds, and the cost associated with such maintenance shall be charged to the Owner as a special Assessment as provided herein.

SECTION 25: MOTORCYCLES: Unlicensed motorcycles, minibikes, dune buggies, motorized bikes or similar recreational vehicles may not be operated within the bounds of the Monarch Estates Subdivision. Furthermore, no licensed vehicle which produces excessive noise during its operation (as determined in the exclusive discretion of the Association) may be operated within the Monarch Estates Subdivision.

SECTION 26: EASEMENTS: Utility and drainage easements affecting all Lots are hereby reserved five feet (5') in width along interior Lot lines and over the front and rear ten feet (10') of each Lot for the installation and maintenance of utilities and drainage facilities. Neither Declarant, nor any utility company using the easements herein referred to, shall be liable for any damage done by them or their assigns, agents, employees or servants, to shrubbery, trees, flowers, other landscaping, improvements or to any personal property situated on the land covered by said easements.

SECTION 27: SUBDIVISION UTILITY CONTRACTS: The Declarant reserves the right to enter into a contract, on behalf of all Owners of property within the Monarch Estates Subdivision, for the installation of underground utility connections and/or the installation of street lighting or other improvements to the Common Elements, any of which may require an initial payment and/or continuing payment to the applicable utility company by the Association or Owners of each Lot.

SECTION 28: CONSTRUCTION DAMAGE: It shall be the obligation of the Owner of a Lot to repair any damage to guttering, paving, water lines, electric lines, or any other improvements within the Monarch Estates Subdivision which occurs during the period of construction and is caused by contractors or subcontractors involved in construction on the Owners Lot. In case of any such damage to improvements, the Declarant may immediately take such action as is necessary to repair such damage; the Owner of the Lot, shall within thirty (30) days, reimburse the Declarant for the cost of any such repair which may be charged as a special Assessment. The Owner of such Lot is responsible for proper removal of any trash or debris resulting from their construction.

SECTION 29: BUILDING WITHIN FIVE YEARS. The Owner of a Lot shall be obligated to begin construction of a Dwelling within Five (5) years from the date of conveyance by the Declarant to the first purchaser thereof.

SECTION 30: ROAD MAINTENANCE: The road maintenance provisions contained herein shall be binding upon and inure to the benefit of all successors in interest, shall be appurtenant to, and shall run with the Property bound and identified herein.

SECTION 31: MAIL BOXES: The Declarant or Association may either establish a common mail box kiosk upon the common area, or may establish architectural rules relating to the design and placement of mail boxes upon the Lots within the Subdivision.

SECTION 32: BUILDERS: All builders shall provide a "port-a-jon" or other standard portable, self-contained lavatory unit at the construction site during construction of a Dwelling. Additionally, any trash or other construction debris shall be kept in a contained area (i.e. fenced area or dumpster). Each construction site shall be cleaned at a minimum of once a week so as to not be unsightly to residents,

guests or potential purchasers. All construction work performed by any builders shall be subject to the time restrictions detailed in Article VI, Section 4 herein.

ARTICLE VII
OBLIGATIONS TO MORTGAGEES

The following provisions are established for the benefit of the holders of mortgages (the definition of mortgage to include deeds of trust or other security instruments) encumbering any Lots located within the Monarch Estates Subdivision:

SECTION 1: The Association shall be obligated to notify the holder of any mortgage on a Lot, upon request of such holder, of any default by the Lot Owner in the performance of any such Owners obligations described herein (including failure to pay assessments as when due) which is not cured within sixty (60) days from date of such default.

SECTION 2: All actions taken under to powers of the Association, not specifically provided for herein, and any amendment of this Declaration of Restrictions must be in accordance with the provisions of the North Carolina Planned Community Act, as amended or then in effect.

SECTION 3: Written notice by the Association shall be sent upon request to the holder of any mortgages encumbering any of the Lots located within the Monarch Estates Subdivision setting forth the purpose of the meeting not less than thirty (30) days in advance of any meeting called for the purpose of amending, extending or renewing any of the provisions of the Declaration(s), Articles of Incorporation or by-laws of the Association. No such amendment, extension or renewal shall alter, modify, change or rescind any right, title, interest or privilege herein granted or accorded to the holder of any mortgage encumbering any Lot located within Monarch Estates Subdivision unless such mortgage holder shall consent thereto in writing.

SECTION 4: Mortgagees of Lots, may jointly or singly, twenty (20) days after sending a notice of its intent to pay, pay taxes or other charges, which are in default and in which may or have become a charge against any of the Common Elements and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage on the lapse of policy, for such Common Elements and mortgagees making such payments shall be owed immediate reimbursement from the Association. Any mortgagee entitlement to such reimbursement shall forward a copy of the same to the Declarant and/or Association.

ARTICLE VIII
GENERAL PROVISIONS

SECTION 1: DURATION: The covenants and restrictions contained in this Declaration shall run with and bind the properties which are made subject hereto for a period of ten (10) years from the date this Declaration is recorded in the Office of the Register of Deeds for Buncombe County, North Carolina, after which time, such covenants and restrictions shall be automatically extended for successive periods of ten (10) years each, unless terminated by vote of Sixty Seven Percent (67%) of votes in the Association.

SECTION 2: AMENDMENT: This Declaration may be amended as follows:

- (A) Prior to the conveyance of the Common Elements from the Declarant to the Association, the Declarant may make any amendments necessary in order to correct any obvious error or inconsistency in drafting, typing reproduction of this Declaration, or to issue rules or regulations which interpret, explain or make more definite and certain provisions hereof and are in furtherance of this Declaration, which amendment can be made without the joinder of Lot Owners or the Association. Declarant may not, without joinder of Lot Owners in accordance with the North Carolina Planned Community Act, make any amendment which expand or substantially alters the powers, rights and duties provided herein.
- (B) Any other Amendment or other alteration of the terms of this Declaration shall be in accordance with the provision of the North Carolina Planned Community Act.

SECTION 3: ENFORCEMENT: The Association, any Owner or the Declarant shall have the right to enforce, by a proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed under the provisions of this Declaration, including the right to recover attorney fees for the prevailing party. Failure to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

SECTION 4: LIABILITY FOR COMMON ELEMENTS: The Association shall have exclusive liability for neglect, abuse, damage to, destruction of, and extended warranty for all Common Elements within the Subdivision. The Association shall maintain insurance as reasonably necessary to cover such occurrences. In no event shall the Declarant be liable for such occurrences.

SECTION 5: SEVERABILITY: Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provision in this Declaration, which shall remain in full force and effect.

SECTION 6: GOVERNING LAW: This Declaration shall be construed and controlled by and under the laws of the State of North Carolina.

IN WITNESS WHEREOF, the Developer has hereunto set its hand and seal, as of the day and year first above written.

Developer:

By: _____

Seal – Stamp STATE OF _____ COUNTY

I, a Notary Public of the County and State aforesaid, certify that _____, personally appeared before me this day and acknowledged that he is a Member Manager of Sovereign Lane Property Owners ' Association LLC, a North Carolina limited liability corporation, and that he, as Member/Manager, being authorized to do so, executed the foregoing on behalf of the corporation.

Witness my hand and official stamp or seal, this ___ day of _____, 20__.

My Commission expires: _____ Notary Public

STATE OF NORTH CAROLINA
COUNTY OF BUNCOMBE

The foregoing certificate(s) of _____, Notary Public(s) are certified to be correct. This instrument and this certificate are duly registered at the date and time in the Book and Page shown on the first page hereof.

_____ Register of Deeds for Buncombe County, North Carolina

By: _____, Deputy/Assistant Register of Deeds.