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STATE OF NORTH CAROLINA
COUNTY OF WATAUGABAREFOOT WOODS DEVELOPMENT
DECLARATION OF RESTRICTIONS

THIS DECLARATION OF RESTRICTIONS (the "Declaration") is made this 8th day of March, 1988 by SHELTON L. BAREFOOT and wife, ZELDA GREY BAREFOOT, hereinafter referred to as "Developers".

WITNESSETH:

WHEREAS, Developers are the fee simple owners of certain real property located in Valle Crucis, Watauga County, North Carolina, and desire to create thereon a private residential community to be named "Barefoot Woods", which is to be developed for single-family residential dwellings; and

WHEREAS, the said Developers desire, for the use and benefit of themselves, their successors and assigns, and for future owners of Lots to provide for the preservation of values, and the desirability and attractiveness of the real property; and, among other things, for the maintenance and operation of the private roads within the Development; and

WHEREAS, the said Developers have deemed it desirable for, among other things, the efficient preservation of the values and the maintenance and operation of the private roads that certain covenants, conditions, easements, assessments, liens, and restrictions governing the use and occupancy of Lots in the Barefoot Woods Development be established and declared to be covenants running with the land; and that an agency be created to which will be delegated the powers and duties of maintaining the roads, enforcing the covenants and restrictions, and collecting and disbursing assessments;

NOW THEREFORE, in consideration of the premises, Developers, for themselves, their successors and assigns, and for their future grantees, their heirs, successors and assigns, hereby cause to be recorded the attached "Declaration of Restrictions, Barefoot Woods Development, Valle Crucis, North Carolina", which are made a part hereof as though fully set out herein, which restrictions are to apply to, and limit and govern the use of the property in the Barefoot Woods Development as is described in that certain deed recorded in the Office of the Register of Deeds for Watauga County in Book of Records 027 at Page 175 and Book of Records, which is to be developed as single-family Barefoot Woods residential Lots. Developers reserve the absolute right, exercisable in their sole discretion from time to time, to add other property to the Barefoot Woods Development, and to subject such additional property to the terms of these Restrictions. Such additions shall be made in order to extend the scheme of these Restrictions to other real property that may be developed as part of the Barefoot Woods Development and to bring such additional property within the jurisdiction of the Barefoot Woods Development Property Owner's Association, thereby subjecting such additions to assessment for their just share of the Association's expenses. Such additions shall be made by filing of record a Supplemental Declaration of Restrictions, which shall identify the property to be included and shall incorporate these Restrictions by reference. No property of the Developers, presently owned or hereafter acquired, shall be subject to these restrictions except that property made subject hereto as provided in these Restrictions. No property of the Developers shall be subject to any restrictions by implication arising from the Developers imposing these restrictions on the property herein identified.

DECLARATION OF RESTRICTIONS
 BAREFOOT WOODS DEVELOPMENT
 VALLE CRUCIS, NORTH CAROLINA

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and reference Barefoot Woods Property Owners' Association, whether a North Carolina non-profit corporation or unincorporated association, its successors and assigns.

Section 2. "Developers" shall mean and refer to Shelton Leo Barefoot and wife, Zelda Grey Barefoot, their successors and assigns.

Section 3. "Development" shall mean and refer to Barefoot Woods, a residential development proposed to be developed on the Properties of the Declarants.

Section 4. "Lot" shall mean and refer to any plot of land, with delineated boundary lines, described in the deeds of conveyance or appearing on the Maps. "Lot" shall further include any modified or subdivided lot created pursuant to Article II, Section 9 of this Declaration.

Section 5. "Maps" shall mean and refer to the maps of the Properties as recorded (either now or hereafter) in the Watauga County, North Carolina, Public Registry.

Section 6. "Member" shall mean and refer to all Lot Owners, and to every other person or entity who holds membership in the Association.

Section 7. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot including the Developers, if they own any Lot, and including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 8. "Properties" shall mean and refer to the properties which are now or may hereafter be made subject to this Declaration and brought within the jurisdiction of the Association.

ARTICLE II

USE RESTRICTIONS

Section 1. Permitted Uses. No structure except as otherwise permitted in this Declaration, shall be erected, altered, placed or permitted to remain on any Lot other than single-family private dwelling house not to exceed two and one-half stories above basement with a minimum of 1200 square feet of heated space, and with the necessary accessory buildings, which may include a detached private garage or carport. All Lots subject to these Declarations shall be used only for single-family residential purposes.

Section 2. Location. No building shall be located nearer than seventy-five (75) feet to the centerline of any street right-of-way, fifteen (15) feet to each side Lot line and not closer than twenty-five (25) feet to the rear Lot line. In order to assure that houses will be located with regard to the topography of each Lot, the Developers reserve unto themselves, their successors and assigns, the right to absolutely and solely decide the precise site and location of any structure upon any Lot or building plot consisting of more than one Lot; provided, however, that such location shall be determined only after reasonable opportunity is afforded the owner to recommend a specific site. Developers' right to control the

precise site and location of any structure shall specifically include the right to waive the above stated setback or sideline requirements without obtaining the permission of any other Owner.

Section 3. Nuisance. No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance, or nuisance to the neighborhood. There shall not be maintained any plants (other than vegetable gardens), poultry, animals (other than household pets which shall not be kept, raised, bred or maintained for any commercial purposes), exterior light or lighting, or device or thing of any sort whose normal activities or existence is in any way noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of other property in the neighborhood by the Owners thereof. During repair or construction of a new home, the Owner is responsible to see that the contractor maintains the lot in a reasonable condition.

Section 4. Temporary Structures. No structure of a temporary character shall be placed upon any Lot at any time, provided, however, that this prohibition shall not apply to shelters used by the contractor during the construction of the main dwelling house, it being clearly understood that these latter temporary shelters may not, at any time, be used as residences or permitted to remain on the Lot after completion of construction. No trailer, mobile home, or modular home shall be permitted to be placed on or remain on said premises, nor may same be used as a residence, either temporarily or permanently.

Section 5. Fuel Tanks/Garbage Containers. All fuel tanks and similar storage receptacles must be installed within the main building, accessory buildings or underground. All outdoor receptacles for ashes, trash, rubbish or garbage shall either be installed underground or screened or placed so as not to be visible from any street or any other lot, but such receptacles must also be convenient for collection and in accordance with reasonable health standards.

Section 6. Signs. No Commercial Signs For rent and for sale and sold signs can be used. No signs shall be placed on or in any structure except as may be required by Court Order. Property identification and similar signs having a surface area in excess of three (3) square feet may not be erected without the written permission of the Developers. The entrance sign naming the subdivision, road signs, and a temporary sign announcing the subdivision for sale shall, however, be exempted from this restriction.

Section 7. Vehicles and Parking. Each Lot Owner shall provide space for parking at least two automobiles on his Lot prior to the occupancy of any dwelling constructed on said Lot in accordance with reasonable standards established by the Developers. No on-street vehicular parking shall be permitted except as in accordance with reasonable standards established by the Developers.

Section 8. Maintenance. It shall be the responsibility of each Lot Owner to prevent the development of any unclean, unsightly or unkept conditions of buildings or grounds on his Lot. All Lot Owners shall keep their Lots free from all garbage, refuse and debris.

Section 9. Subdivision. No Lot may hereafter be subdivided and the Lots as shown on the plat shall be limited to one (1) single-family dwelling. The property owner may construct a guest house having a maximum of four hundred and twenty-five (425) square feet of interior space; however, this structure may not be used for rental to others and shall be limited to use by non-paying guests of the Lot Owner. Persons shall not be considered "guests" if they remain upon the premises for more than thirty (30) days.

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Section 10. Reconstruction. Any building on any Lot which is destroyed in whole or in part by fire, windstorm, flood or other Act of God must be rebuilt, or all debris from such building removed and the Lot restored to the condition it was in prior to commencement of construction of such building with reasonable promptness; provided, however, that any such reconstruction must be commenced within six (6) months from the date of such destruction or if no reconstruction is to occur, then all such debris must be removed and the Lot restored to its prior condition within six (6) months of such destruction.

Section 11. Utilities. All plumbing fixtures, dishwashers, toilets or sewage disposal systems shall be connected to a septic tank sewage system constructed by the Lot Owner and approved by the appropriate governmental authority, or shall be connected to a central sewer system wherever such system is available. No septic tank sewage disposal system shall be permitted on any Lot nor may any sewage disposal system be used unless such system is designed, located, constructed and maintained in accordance with the requirements, standards and recommendations of the appropriate public health authority. Approval of such system shall be obtained by the Lot Owner from such authority and presented to the Developers (as defined in Section 1 of Article III) prior to any construction on the Lot. A certificate of approval issued by the appropriate governmental authority after inspection of the completed system shall be delivered to the Developers prior to use and occupancy of the residence.

The Grantee shall be required to repair in a workmanlike manner any damage to the roads of the subdivision caused by him, any person, firm or corporation with whom he or his general contractor has contracted, or their agents and employees, as a result of the constructing, erecting or placing of any improvements upon said property.

Driveway pipes to be a minimum of eighteen (18) inches CMP or concrete, also driveways to be stone or paved, and slopes and shoulders to be seeded or set in plants. It shall be the obligation of the Lot Owner to provide, install, and maintain adequate culvert and drainage pipe under the Lot's driveway as it crosses the ditch line at the front or side of a Lot in order that the natural flow of surface water will not at any time be blocked along the roadway drainage ditch. The culvert or drainage pipe must be of sufficient size (18" CMP or 18" concrete) to accommodate the flow of surface water in the ditch and in no instance shall the drainage pipe be less than eighteen (18) inches in diameter. The installation of such culvert or drainage pipe shall be approved by the Developers. An Owner shall interfere with or divert the natural flow or drainage of any creek, spring, stream or river.

Section 12. Divided Ownership. No Lot or any dwelling thereon shall be leased, purchased, sold, conveyed, owned, used or operated so as to constitute or create a time-share estate. No Lot or any dwelling thereon shall be owned by more than four married couples, or four non-married individuals, whether individually, as tenants by the entirety, joint tenants, tenants in common or as partners or shareholders.

Section 13. Streets. Streets in Barefoot Woods subdivision can be extended only by the Developers of Barefoot Woods.

Section 14. Vehicles. No automobile, truck or trailer may remain on the premises for more than 15 days without a current license plate.

Section 15. Fences. No fences shall be permitted to be placed on or remain on said premises without the prior written consent of Developers or their heirs or assigns.

Section 16. No exposed concrete block may be used in any construction of foundations, walls, well houses or any other place exposed to view.

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Section 17. Any house or dwelling must be completed within twelve (12) months of when it was started.

ARTICLE III

ARCHITECTURAL CONTROL

Section 1. Required Architectural Approval. No improvement or structure of any kind, including, without limitation, any building, fence, wall, swimming pool, screen enclosure, sewer, drain, disposal system, recreational structure, external lighting, or other improvement shall be commenced, erected, placed or maintained upon any Lot, nor shall any addition, change or alteration to any of the foregoing be made, unless and until the plans, specifications and location of the same shall have been submitted to, evaluated, and approved in writing by the Developers as to harmony of external design and location within the subdivision.

Section 2. Approval of Plans, Specifications and Construction. Prior to commencement of any construction on any lot, all proposed building plans, specifications, exterior color or finish, plot plans (showing the proposed location of such building or structure, drives and parking areas), and construction schedule shall be approved in writing by the Developers. Upon written request by a Lot Owner for approval of plans, the Developers shall have thirty (30) days to approve or disapprove the plans. If such plans are not disapproved within said thirty (30) day period, they shall be deemed to have been approved. Garages and other accessory buildings on any Lot must be constructed of the same or compatible materials as specified for the dwelling constructed thereon. Disapproval of plans, location or specifications may be based by the Developers upon any ground, including purely aesthetic considerations, which in its discretion it deems sufficient. No alterations may be made in such plans after approval by the Developers is given, except with the written consent of the Developers. No alterations in the exterior appearance of any building or structure shall be made without the written consent of the Developers. One copy of all plans and related data shall be retained by the Developers for its records. The exterior of all structures must be completed within one year after construction is commenced, except where such completion is delayed by strikes, fires, national emergencies or natural calamities. The Developers shall make every reasonable effort to accept the building plans, specifications, etc. submitted by the Lot Owner and, if unacceptable, to require the minimum changes thereto. For the purpose of this Article, the Developers may appoint an agent or agents with full power and authority to approve or disapprove the plans, specifications, and construction for any Lots within the subdivision.

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ARTICLE IV

EASEMENTS

Section 1. Easements Reserved by Developers. The Developers reserve unto themselves, their successors and assigns, a perpetual easement over, upon, across, and under each road right-of-way and an area twenty (20) feet on either side of all lot lines for the purpose of the erection, maintenance, installation, and use of street signs and signs denoting the Development, and use of electrical and telephone poles, wire, cables, conduits, sewers, water mains, and other suitable equipment for the conveyance and use of electricity, telephone equipment, gas, sewer, water, or other public conveniences or utilities and the Developers may further cut and maintain drainways for surface water wherever and whenever such action may appear to the Developers to insure proper drainage of surface water while maintaining the overall appearance of the Development. These easements and rights expressly include the right to cut any trees, bushes, or shrubbery, make any gradings of the soil, or to take any other similar action reasonably necessary to provide economical and safe utility installation and to insure proper drainage. Such rights may be exercised by any licensee or successor or assign of the Developers in order to provide or maintain any such utility services or drainage. This reservation shall not be considered an obligation of the Developers to provide and maintain any such utility or service.

Section 2. Easements for Ingress and Egress. Easements are hereby reserved and granted across all streets reserved in the deeds of conveyance or shown on the Maps for ingress and egress of the Developers, their successors and assigns, its licensees, public safety personnel and any authorized agents, employees or assigns of any of the foregoing for the purpose of constructing, maintaining, inspecting and repairing the streets and the utilities and drainage areas described in Section 1 of this Article. In addition, the Developers, and such other entities shall have a continuing easement to enter the Lots in order to maintain, inspect and repair all utilities, facilities and drainage areas located on the Lots.

Section 3. Obstruction. Within any easements described in this Article, no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation or maintenance of sewage disposal facilities and utilities, or which may change the direction of flow, or which may obstruct or retard the flow of water through the drainage channels.

ARTICLE V

COVENANTS FOR MAINTENANCE AND SECURITY ASSESSMENTS

Section 1. Responsibility for Maintenance and Security Services. Prior to the creation of the Barefoot Woods Property Owners' Association as hereinafter provided, the Developers shall be responsible for providing the services set forth in Section 2 below and for collecting the assessments set forth in this Article. Upon the creation of the Association, the Association shall thereafter provide the services set forth in Section 2 and collect the assessments set forth in this Article.

Section 2. Purpose of Annual Assessments. The annual assessments levied by the Association shall be used as follows:

- (a) to maintain and repair all common roads constructed within the Development to the standard that such roads were in at the time of their completion, and to maintain the entrance and road signs and all landscaping adjacent to such roads in a manner consistent with the overall appearance of the Development;

- (b) to pay the premiums on all public liability insurance carried by the Association pursuant to its Bylaws;
- (c) to pay all legal, accounting and other professional fees incurred by the Developers or the Association in carrying out the duties as set forth herein or in the Bylaws.

Section 3. Creation of the Lien and Personal Obligation for Assessments. The Developers, for each Lot hereby covenant, and each Owner of any Lot by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay the annual assessments in such amounts necessary so as to pay for the services set forth in Section 2 of this Article and charges and special assessments for capital improvements, established and collected as hereinafter provided. Any such assessment or charge, together with interest, costs, and reasonable attorney's fees, shall be a charge and a continuing lien upon the Lot against which each such assessment charge is made. Each such assessment or charge, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the Owner of such Lot at the time when the assessment fell due. The personal obligation for delinquent assessments or charges shall not pass to an Owner's successors in title unless expressly assumed by them.

Section 4. Special Assessments for Capital Improvements and Emergencies. In addition to the annual assessments authorized above, the Developers or the Association may levy, in any year, a special assessment applicable to that year for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction or repair of the common roadways serving the Development. Such special assessments may be levied only after obtaining the written consent of the Owners of at least 51% of the aggregate number of Lots then subject to the Declaration.

Section 5. Assessment Rate.

- (a) Both annual and special assessments must be fixed at a uniform rate for all Lots.
- (b) The amount of the aggregate annual assessments for each year shall be the amount necessary to fund the expenses described in Section 2 of this Article. Prior to the creation of the Barefoot Woods Property Owners' Association as hereinafter provided, the maximum annual assessment shall be \$150.00 per Lot. It is understood and agreed that upon the creation of the Barefoot Woods Property Owners' Association, said Association shall thereafter assess members for the expense of providing the above stated services without in any way being limited to the \$150.00 per Lot assessment paid to the Developers. The Developers or, after creation of the Association, the Board of Directors of the Association shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner. The due dates shall be established in such written notice.

Section 6. Effect of Nonpayment of Assessments; Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the maximum legal rate allowable under North Carolina law at the time of default or eighteen percent (18%) per annum if the maximum legal rate is unlimited by law. In addition to such interest charge, the delinquent Lot Owner shall also pay such late charge as may have been theretofore established by the Developers or the Board of Directors of the Association, to defray the costs arising because of late payment. The Developers or the Association may bring an action at law against the delinquent Lot Owner or foreclose the lien against the Lot. All interest, late payment charges, costs and attorney's fees of

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such actions or foreclosures shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by not using or abandoning his Lot.

Section 7. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage or deed of trust on a Lot or any mortgage or deed of trust to the Declarant. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer; provided, however, that the Developers or the Board of Directors of the Association may in its sole discretion, determine such unpaid assessments to be an annual or a special assessment, as applicable, collectable pro rata from all Lot Owners including the foreclosure sale purchaser. Such pro rata portions are payable by all Lot Owners notwithstanding the fact that such pro rata portions may cause the annual assessment to be in excess of the maximum permitted under Section 5 of this Article. No sale or transfer shall relieve the purchaser of such Lot from liability for any assessments thereafter becoming due or from the lien thereof, but the lien provided for herein shall continue to be subordinate to the lien of any mortgage or deed of trust as above provided.

ARTICLE VI

ASSOCIATION

Section 1. Membership. Every Lot Owner shall be a Member of the Association. Membership of a Lot Owner shall be appurtenant to and may not be separated from the ownership of his Lot.

Section 2. Voting. All Lot Owners (including the Developers) shall be entitled to one (1) vote for each Lot owned. When more than one person owns an interest (other than a leasehold or security interest) in any Lot, all such persons shall be Members and the voting rights appurtenant to said Lot may be exercised as they, among themselves, determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

Section 3. Board of Directors. The Association shall be governed by a Board of Directors in accordance with its Bylaws.

Section 4. Formation of the Association. At the election of the Developers, the Developers shall create and form the Association when at least two-thirds (2/3) of the Lots as originally platted for recordation upon final approval of the Barefoot Woods Development or by the Watauga County Planning Board shall have been sold but in no event later than ten (10) years from the date of the filing of this Declaration. Upon its formation, the Association shall have all the rights, duties, obligations, powers, and privileges as set forth herein in favor of the Developers except those rights, duties, obligations, powers and privileges specifically excepted or reserved by the Developers.

OWNER'S EASEMENTS FOR INGRESS AND EGRESS

Every Lot is hereby conveyed a perpetual, non-exclusive right to use any common roadway which forms a part of the Barefoot Woods Development for the purpose of providing access to and from each Lot. It is understood and agreed, however, that the easement for ingress and egress provided herein shall not be used by the Owner of any Lot for access to any property outside the Barefoot Woods Development without the prior written consent of Developers. Furthermore, no Owner of any Lot shall construct or allow to be constructed any roadway for vehicular traffic from his Lot to any property outside the said Development without the prior written consent of Developers, their successors or assigns.

ARTICLE VIII

GENERAL PROVISIONS

Section 1. Enforcement. The Developers, the Association or any non-breaching Owner or any of them jointly or severally, shall have the right to proceed at law or in equity to compel compliance with the terms hereof or to prevent the violation or breach of such terms by any Owner or his agent. The failure to enforce any right, reservation, restriction or condition contained in this Declaration shall not be deemed a waiver of the right to do so hereafter, as to the same breach or as to a breach occurring prior or subsequent thereto and shall not bar or affect such enforcement.

Section 2. Severability. The invalidation by any Court of any restrictions contained in this Declaration shall in no way affect any of the other restrictions, but they shall remain in full force and effect.

Section 3. Duration and Amendment. All of the covenants, restrictions and servitudes set forth herein shall run with the land. All Owners affected hereby, by accepting the deed to such premises, accepts the same subject to said covenants, restrictions and servitudes and agrees for himself, his heirs, legal representatives, administrators, and assigns, to be bound by each of said covenants, restrictions, and servitudes, jointly, separately, and severally. These covenants shall be in effect until January 1, 2010, and shall be automatically extended for successive periods of ten (10) years each unless the Owners of not less than two-thirds (2/3) of the Lots agree to terminate or modify the same in writing signed and recorded in Watauga County, North Carolina, Public Registry at any time prior to the expiration of said term or any succeeding ten-year period.

IN WITNESS WHEREOF, the Developers have hereunto set their hands and seals and executed the same this the 8th day of March, 1988.

BASEFOOT WOODS DEVELOPMENT

Sheldon LEO Barefoot (SEAL)
SHELDON LEO BAREFOOT

Zelda Grey Barefoot (SEAL)
ZELDA GREY BAREFOOT

STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, Bobby C. PERNELL, a Notary Public of said State and County, do hereby certify that SHELDON LEO BAREFOOT personally appeared before me this day and acknowledged the due execution of the foregoing instrument. Witness my hand and notarial seal, this the 8th day of March, 1988.

Bobby C. Pernell
Notary Public

My Commission Expires: 10-29-91

STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, Bobby C. PERNELL, a Notary Public of said State and County, do hereby certify that ZELDA GREY BAREFOOT personally appeared before me this day and acknowledged the due execution of the foregoing instrument. Witness my hand and notarial seal, this the 8th day of March, 1988.

Bobby C. Pernell
Notary Public

My Commission Expires: 10-29-91

