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RUTH MACKIE

REGISTRAR OF DEEDS

CATAWBA CO., N.C.

**DECLARATION OF COVENANTS CONDITIONS AND
RESTRICTIONS
FOR
LONG ISLAND AIRPORT SUBDIVISION**

THIS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS is made this 19th day of May, 1998, by Mountain Resources, Inc., of Delaware, a Delaware corporation, ("Declarant").

STATEMENT OF PURPOSE

Declarant is the owner of certain property in Catawba County, North Carolina, which is more particularly described on a map recorded in Plat Book 42, at Page 193, in the Catawba County Public Registry, reference to which is hereby made. Declarant desires to create thereon an exclusive residential community and private airport to be named LONG ISLAND AIRPORT SUBDIVISION (the "Project").

Declarant desires to insure the attractiveness of the Project and to prevent any future impairment thereof, to prevent nuisances, to preserve, protect and enhance the values and amenities of all properties within the Project, and to provide for the maintenance and upkeep of all common areas in the Project. To this end the Declarant desires to subject the Project to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of said property and each owner thereof.

Declarant further desires to create an organization to which will be delegated and assigned the powers of owning, maintaining and administering the Common Areas in the Project, administering and enforcing the covenants and restrictions contained herein, and collecting and disbursing the assessments and charges hereinafter created in order to efficiently preserve, protect and enhance the values and amenities in the Project, to insure the residents' enjoyment of the specific rights, privileges and easements in the Common Areas, and to provide for the maintenance and upkeep of the Common Areas.

To that end the Declarant has or will cause to be incorporated under North Carolina law, LONG ISLAND AIRPORT OWNERS' ASSOCIATION, INC., as a not-for-profit corporation for the purpose of exercising and performing the aforesaid functions.

NOW, THEREFORE, Declarant, by this Declaration of Covenants, Conditions, and Restrictions, do hereby declare that all of the property described herein is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, conditions, restrictions, easements, charges and liens set forth in this Declaration which shall run with the real property and be binding on all parties owning any right, title or interest in said real property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

**ARTICLE I
DEFINITIONS**

Section 1.1 "Association" shall mean and refer to LONG ISLAND AIRPORT OWNERS' ASSOCIATION, INC., a North Carolina not-for-profit corporation, its successors and assigns.

Section 1.2 "Common Areas" shall mean all real property (including the improvements thereto) owned by the Association for the common use and enjoyment of the Owners. The Common Areas to be owned by the Association are all of the areas labeled as such on the recorded plat map for said Subdivision, including, but not limited to aircraft taxiways, runway, pedestrian easements, the entrance to the Project, and all roads and streets shown on the Map (except for public roads and streets maintained by the State of North Carolina). In addition, the Declarant reserves the right to dedicate any and all other property within the Project as a Common Area, so long as the Declarant retains

any ownership interest in said property. The listing and description of the components of the Common Areas are illustrative of Declarant's present plans only and are not a guaranty by Declarant or the Association that all or any part of such components will be constructed or installed by the Declarant or the Association at any future time.

Section 1.3 "Declarant" shall mean and refer to Mountain Resources, Inc., of Delaware, its successors and assigns.

Section 1.4 "Lot" shall mean and refer to any plot of land with delineated boundary lines, appearing on the Map with the exception of the Common Areas, public roads and streets. This definition shall include hanger lots.

Section 1.5 "Map" shall mean and refer to the map(s) of the Property as recorded in Plat Book 42, at Page 193, in the Catawba County Public Registry, (and as said map(s) may be revised from time to time) and the maps of any additions to the Properties which may be recorded by the Declarant in said Registry hereafter.

Section 1.6 "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 1.7 "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 Declarant if they own any Lots and including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 1.8 "Project" shall mean and refer to the residential development and airport to be known as the Long Island Airport, into which the Property is being developed.

Section 1.9 "Property" or "Properties" shall mean and refer to the property described in Section 2.1 hereof.

Section 1.10 "Hanger Lots" are those lots designated for aircraft hangers (hangers) only and not for residential purposes.

Section 1.11 "Non-owned Aircraft" shall mean and refer to any aircraft of which a member owns less than one-third (33.3%).

Section 1.12 "Tie Down Area" shall refer to any area designated by Declarant now or in the future as a location where planes may be kept outside of hangers.

ARTICLE II
PROPERTY SUBJECT TO THIS DECLARATION
AND WITHIN THE JURISDICTION OF
LONG ISLAND AIRPORT OWNERS' ASSOCIATION, INC.

Section 2.1. Property. The real property which is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration is that certain real property located in Catawba County, North Carolina and more particularly described on that map recorded in Plat Book 42 at page 193 recorded in the Catawba County Registry, as well as, boat slips which Declarant may build on Lake Norman adjacent to common areas and such additional property as may be made subject to the provisions of this Declaration pursuant to the provisions of Section 2.2 hereof.

Section 2.2 Additional Property. Declarant shall have the right, at its election without the consent of any Owner, Owners or the Association, to bring within the coverage of this Declaration and the jurisdiction of the Association any additional property. Such additions authorized hereby shall be made by filing of record in the Office of the Register of Deeds for Catawba County, North Carolina, Supplementary Declarations of Covenants, Conditions and Restrictions with respect to such additional property. Each such Supplementary Declaration shall extend the scheme of this Declaration the use of the airport facility and the jurisdiction of the Association to such additional property and thereby subject such additional property to assessment for their just share of the Association's expenses. Such Supplementary Declarations may contain such complementary additions and modifications of the covenants, conditions and restrictions contained in this Declaration as may be necessary to reflect the different character of the additional property and as are not inconsistent with the provisions of this Declaration. Nothing contained in this Section, however, shall be construed to

obligate Declarant to bring any additional property within the coverage of this Declaration.

Section 2.3 Tie Down Area. Declarant shall, so long as Declarant owns any class B Lots, maintain the right to amend the subdivision map(s), unilaterally, without the consent of other owners, to add or designate tie down areas.

ARTICLE III PROPERTY RIGHTS

Section 3.1 Ownership of Common Areas. Upon conveyance of 85 % of the Lots by Declarant to other Owners, if not already done, Declarant shall convey the Common Areas to the Association. Notwithstanding the recordation of any Map or any other action by Declarant or the Association, all Common Areas (including privately-owned streets and roads) shall remain private property and shall not be considered as dedicated to the use and enjoyment of the public subject to the provisions of Article VIII hereof.

Section 3.2. Owners' Rights to Use and Enjoy Common Areas. Each Owner shall have the right to use and enjoy the Common Areas which shall be appurtenant to and shall pass with the title to his or her Lot, subject to the following:

- (a) the right of the Association to promulgate and enforce reasonable regulations governing the use of the Common Areas to insure the safety and rights of all Owners;
- (b) the right of the Association to charge reasonable fees for the use and maintenance of the Common Areas;
- (c) the right of the Association to suspend the voting rights in the Association and right to use the Common Areas by an Owner for any period during which any assessment against his Lot remains due and unpaid, and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations: and
- (d) the right of the Declarant or the Association to grant utility, drainage, and other easements of the type and for the purposes set forth in Article X across the Common Areas.

Section 3.3. Owners' Easements for Ingress and Egress. Every Lot shall be conveyed with a perpetual, non-exclusive right to use any roadway or taxiway which may be constructed by the Declarant and conveyed to the Association as part of the Common Areas for the purpose of providing access to and from each Lot.

Section 3.4. Delegation of Use. Any Owner may delegate, in accordance with the Bylaws of the Association (a copy of which is attached as Exhibit A), his right of enjoyment to the Common Areas to the members of his family, his guests, his tenants, or contract purchasers who reside on his Lot.

ARTICLE IV MEMBERSHIP, VOTING RIGHTS AND CONTROL OF THE ASSOCIATION

Section 4.1 Every Owner of a Lot shall be a Member of the Association. Membership in the Association shall be appurtenant to and may not be separated from ownership of any Lot.

Section 4.2 Classes of Lots. The voting rights of the Membership shall be appurtenant to the ownership of the Lots. There shall be two classes of Lots with respect to voting rights:

- (a) Class A Lots. Class A Lots shall be all lots except Class B Lots as defined below. Class A Lots shall entitle the Owner(s) of said Lot(s) to one (1) vote, that is, no owner shall have more than one vote no matter how many Class A Lots 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 shall be exercised as they, among themselves, determine, but, in no event shall more than one (1) vote be cast with respect to any Class A Lot.
- (b) Class B Lots. Class B Lots shall be all Lots for sale, owned by the Declarant (other than a personal residence or personal hanger), which have not been conveyed to purchasers who are not affiliated with the Declarant. The Declarant shall be entitled to three (3) votes for

each Class B Lot owned and each Class B lot shall be exempt from any assessments or maintenance fees.

Section 4.3 Board of Directors. The Association shall be governed by a Board of Directors in accordance with the Bylaws.

Section 4.4 Powers of the Board of Directors. The Board of Directors, for the mutual benefit of the Association and the Owners, shall have the following specific powers and rights (without limitation of other powers and rights such Board may have):

- a. To enter into agreements with the appropriate governmental authorities to enable the Association to improve and maintain the Common Areas;
- b. To make reasonable rules and regulations for the use and operation of the Common Areas and to amend them from time to time;
- c. To enter into contracts, maintain one or more bank accounts, and, generally, to have all the powers necessary or incidental to the operation and management of the Association;
- d. To exercise for the Association all powers, duties and authority vested in or delegated by this Declaration, the By-Laws, or the Articles to the Association and not reserved to the Association Members or Declarant by other provisions of this Declaration, the By-Laws or the Articles;
- e. To employ a manager or firm to manage the affairs and property of the Association, to employ independent contractors or such other employees as the Board may deem necessary, and to prescribe their duties and to set their compensation;
- f. To retain the services of legal and accounting firms;
- g. To grant all necessary easements and rights-of-way over and across the Common Areas when in its sole discretion it deems such an action to be necessary and appropriate, including but not limited to easements for the installation and maintenance of electrical, telephone, cablevision, water, sewerage and other utilities and drainage facilities.
- h. To take any and all other actions, and to enter into any and all other agreements as may be necessary or proper for the fulfillment of its obligations hereunder or for the operational protection of the Association.

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ARTICLE V COVENANT FOR MAINTENANCE ASSESSMENTS AND FEES

Section 5.1 Creation of the Lien and Personal Obligation for Assessments and Fees. The Declarant, for each Lot owned within the Property, hereby covenants, 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 to the Association annual assessments, monthly maintenance fees or 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 owner's Lot(s), 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(s) at the time when the assessment falls 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 5.2. Purpose of Annual Assessments. The annual assessments levied by the Association shall be used as follows:

- (a) to maintain all roads constructed within the Common Areas to the standard of maintenance, which would be required by the State of North Carolina before it would accept such roads for maintenance;
- (b) to keep the Common Areas clean and free from debris and to maintain any amenities located thereon in a clean and orderly condition, and to maintain the landscaping thereon in accordance with the highest standards for private parks including any necessary removal and replacement of landscaping;

(c) to pay all ad valorem taxes, if any, levied against the Common Areas and any properties owned by the Association;

(d) to install and maintain any light fixtures along roads, streets, taxiways and runways in the Project to provide street lighting therefore, as may be approved by the Association;

(e) to erect and maintain an entrance sign at the entrance to the Project and a sign or signs on the Common Areas, said signs to be of standard construction and quality;

(f) to pay the premiums on all hazard insurance carried by the Association on the Common Areas and all public liability insurance carried by the Association pursuant to the bylaws;

(g) to provide such security services as may be deemed reasonably necessary for the protection of the Common Areas from theft, vandalism, fire and damage from animals;

(h) to provide such garbage removal services as may be approved by the Association for all Lots;

(i) to pay all legal, management, accounting, and other professional fees incurred by the Association in carrying out its duties as set forth herein or in the Bylaws; and

(j) to maintain a contingency reserve necessary to fund unanticipated expenses of the Association.

Section 5.3 Maximum Assessment. The maximum annual assessment each owner shall be Five Hundred and No/100 Dollars (\$500.00) no matter how many Lots owned; provided, however, that this maximum assessment may be increased if such increase is approved by a 51 % vote of the Association.

Section 5.3a Maintenance Fee. The maximum additional monthly maintenance fee shall be \$ 20.00 for each hanger lot and \$ 10.00 for each boat slip and \$ 30.00 for each non-owned aircraft kept on the Project for more than thirty (30) days. These : fees shall be paid to the association for maintenance of the hangers and boat slips and to ensure assistance with the general maintenance cost of the common areas by nonowned aircraft using the same. Said maximum monthly maintenance fee may be increased if such increase is approved by a 51 % vote of the Association.

Section 5.4 Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Areas, including fixtures and personal property related thereto, and common roadways serving the Project provided that any such assessment is approved by a 51 % vote of the Owners Association.

Section 5.5. Assessment Rate. Both annual and special assessments must be fixed at a uniform rate for all Owners, Said annual assessments shall be fixed by the Board of Directors of the Association at an amount not in excess of the maximum as provided for in Section 5.3 above.

Section 5.6. Date of Commencement of Annual Assessments and Maintenance. The annual assessments and monthly maintenance fees provided for herein shall commence as to all owners on the first day of the month following the conveyance to the Association of the Common Areas. The first annual assessment or monthly Maintenance fee shall be prorated. The due dates for said assessments and fees shall be established by the Board of Directors.

Section 5.7. Effect of Nonpayment of Assessments and Fees and Remedies of the Association. Any assessment or fee not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of eighteen percent (~1 8%) per annum. In addition to such interest charge, the delinquent Owner shall also pay such late charges as may be established by the Board of Directors of the Association. The Association may bring an action at law against the delinquent Owner or foreclose the lien against the Owner's Lot(s), and interest, late payment charges, costs and reasonable attorney's fees of such action or foreclosure shall be added to the amount owed. No Owner may waive or otherwise escape liability for the assessments or fees provided for herein by not using the Common Areas or abandoning his Lot(s).

Section 5.8. Subordination of the Lien to Mortgages. The lien of the assessments and fees provided for herein shall be subordinate to the lien of any mortgage or deed of trust on a Lot. Sale or transfer of any Lot shall not affect the lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien as to payments which became due prior to such sale or transfer; provided, however, that the Board of Directors may in its sole discretion, determine such unpaid amount to be an annual or a special assessment, as applicable, collectable pro rata from all Owners including the foreclosure sale purchaser. Such pro rata portions are payable by all Owners notwithstanding the fact that such pro rata portions may cause the annual assessment to be in excess of the maximum permitted under Section 5.3.. No sale or transfer shall relieve the purchaser of such Lot from liability for any assessments or fees 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 ARCHITECTURAL CONTROL

Section 6.1 Architectural Committee. For purposes of this Article VI, the Declarant shall function as the Architectural Committee (the "Committee") until the Board of Directors of the Association shall appoint the members of the Committee to carry out the functions set forth in this Article.

Section 6.2 Definitions. For purposes of this Article VI, the following terms shall have the following meanings unless the context clearly requires a different meaning:

(a) "accessory building" means every detached garage, carport, aircraft hangar, tool shed, storage or utility building, detached guest quarters, or other similar building constructed on a Lot or incidental thereto which is not a dwelling;

(b) "buildings" means accessory buildings and dwellings;

(c) "dwelling" means a building constructed for single-family residential use;

(d) "improvements" or "structures" mean buildings, hangers, walls, fences, decks, patios, planters, terraces, swimming pools, tennis courts, or anything else constructed or placed on a Lot.

Section 6.3 General Guidelines. The placement and construction of improvements on the Lots shall be subject to the following general requirements:

(a) Every dwelling constructed on a Lot shall contain the minimum number of square feet of fully enclosed and heated floor space as follows: 1,800 square feet for one story dwellings; 1,200 square feet on the first level for one and one-half story, split-level, and two story dwellings

For purposes hereof, the "fully enclosed and heated floor space" of a dwelling shall exclude decks, patios, terraces, basements, attached garages and carports, accessory buildings, unheated storage areas and screened porches.

If a dwelling incorporates a basement, such basement shall not be considered a "level" or "story" and the level of the dwelling immediately above the basement shall be considered the "first level" or "first story" of such dwelling for purposes of this subsection (a) of this Section 6.3.

(b) In order to assure that all structures will be located with regard to the topography of each individual Lot, taking into consideration the elevation contours of the Lot, the location of adjoining dwellings, and similar considerations, the Declarant reserves unto itself, its successors and assigns, the right to control absolutely and solely to decide the precise site and location of any structure, improvements, and utilities upon all Lots and every Lot within the Project; provided, however, that such location shall be determined only after reasonable opportunity is afforded the Owner to recommend a specific site, and in any event all buildings (excluding eaves, decks, patios and steps) shall be constructed beyond the minimum setback lines as shown on the recorded plats of the subdivision and as outlined below:

30 feet from the front lot line;
30 feet from the rear lot line;
15 feet from any side or other interior lot line;

and
25 feet from any aide street right-of-way or the
minimum setback lines as promulgated by the
appropriate governing authorities (e.g., Catawba
County, whichever are more restrictive.

Furthermore, Declarant reserves the right to reduce the setback
requirements herein a maximum of ten percent (10 %), if the nature of
the dwelling or the property so requires.

(c) All boat and trailer storage areas and facilities must be screened
and hidden from view, and shall not be located any closer to the Street
than the front building line of the dwelling.

(d) Unless specifically otherwise approved in writing by the
Committee, all structures constructed or placed on any Lot shall be
built of substantially new materials and no used structures shall be
relocated or placed on any such Lot.

(e) All structures approved by the Committee must be completed within
one (1) year after the receipt of such approval; provided, however, the
Committee may waive this requirement if construction delays have been
caused by strikes, war, fire, acts of God or other events which render
the completion of construction within such time impossible. Furthermore,
within one (1) month after the completion of the dwelling or within one
(1) year after the receipt of such approval, the Lot owner shall have
his property sown in grass and have planted foundation plantings around
the dwelling and other accessory buildings in accordance with the
proposed landscaping plans previously submitted and approved.

(f) No mobile, modular or manufactured homes of any kind, or any homes
having the same general appearance, shall be permitted on any Lot.

(g) Driveways and walkways shall be constructed of concrete, asphalt,
brick, or other suitable hardtop surface approved by the Declarant. If
any driveway is to cross a drainage ditch, the owner will be required to
install, at his own expense, all necessary culverts and coverings prior
to the commencement of any other construction on the Lot. The
installation of the culvert and any covering must be approved by the
Committee.

Section 6.4 Approval of Plans, Specifications, and Construction.
In addition to the requirements imposed by all applicable governmental
agencies (including the Environmental Health Department) governing the
issuance of building permits and certificates of occupancy, no structure
shall be erected on any Lot without the approval of the Committee as
provided in this Section.

(a) Prior to commencing any construction or reconstruction on a Lot,
the Owner thereof shall submit to the Committee two sets of all building
plans and specifications (the "Plans") covering such construction. The
Plans shall contain the following: (i) foundation plans, (ii) front,
rear and side elevation drawings (iii) roof plan, (iv) plot plan showing
location and orientation of all structures proposed to be built on the
Lot, (v) floor plans showing the square footage of the proposed
structure, on a floor-by-floor basis, (vi) the location and composition
of any driveway; and where the driveway is to cross a drainage ditch
adjacent to any roadways the installation of the culvert and covering to
be used under the proposed driveway, (vii) the location of the well,
septic tank, septic drain fields, and repair area for the same, and
(viii) proposed landscaping plans.

(b) At the submission of the Plans, the Owner shall also submit
samples of all proposed building materials as may be
requested by the Committee.

(c) The committee shall have the absolute and exclusive right to
refuse to approve the proposed Plans. In passing upon such Plans and
samples, the committee may take into consideration the suitability and
desirability of the proposed construction and the proposed materials to
the Lot involved, and the harmony of the external design with the
natural features and the existing structures of the surrounding
neighborhood and the appearance of such proposed improvements as viewed
from neighboring Lots. Refusal to approve the proposed Plans may be
based by the Committee on any grounds, including purely aesthetic
considerations. The Committee shall either approve or reject said Plans
within a period of thirty (30) working days from their receipt.

(d) No alterations to the approved Plans may be made without the
written consent of the Committee. Upon completion of approved
construction, the Committee shall inspect the construction to insure
that the approved Plans and samples were complied with by the Owner. No
structure may be occupied or used until the issuance by the committee of
a letter of compliance.

Section 6.5 Limitation of Liability. No member of the Architectural Committee shall be liable for claims, causes of action or damages (except where occasioned by willful misconduct of such member) arising out of services performed pursuant to this Article VI. Neither the Architectural Committee, nor Declarant, nor any officers, directors, members, employees, agents or affiliates of any of them, shall be liable in damages or otherwise to any one submitting plans and specifications and other submittals for approval or to any Owner by reason of mistake of judgment, negligence or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve or disapprove any plans or specifications. Every person who submits plans or specifications, and every Owner, agrees that he will not bring any action or suit against Declarant, the Association, the Architectural Committee, the Board, or the officers, directors, members, employees, agents or affiliates of any of them, to recover any such damages and hereby releases, demises, and quitclaims all claims, demands and causes of action arising out of or in connection with any judgment, negligence or nonfeasance and hereby waives the provisions of any law which provides that a general release does not extend to claims, demands and causes of action not known at the time the release is given. Declarant shall be the sole party responsible for the performance of Declarant's obligations under this Declaration, and no other person, firm or entity, including, without limitation, any entity affiliated with Declarant, shall have any obligation or liability for Declarant's obligations under this Declaration.

ARTICLE VII USE RESTRICTIONS

Section 7.1 Land Use. All Lots, other than hanger lots, shall be used for residential purposes only and common recreational purposes auxiliary thereto and for no other purpose. In particular, no Lot shall be used as a right-of-way, street or road, or access to any property not included within the Property of this Project without the written consent of the Declarant. Only one family may occupy a Lot as a principal residence at any one time. No structure, except as herein provided shall be erected, altered, placed or permitted to remain on any Lot other than one (1) detached single family dwelling and such accessory building as shall be used in connection with the dwelling or residence, except for hanger lots which may not be used for residential purposes Unless waived by the Declarant or the Committee, all accessory buildings shall comply with all other restrictions contained herein for the main dwelling, including, but not limited to, exterior requirements, setback lines and permanent foundations. A guest suite or a like facility may be included as part of the main dwelling or accessory building, but such suite may not be rented or leased except as part of the entire premises including the main dwelling.

Section 7.2 Nuisances. No noxious or offensive activity shall be conducted upon any Lot or in any dwelling nor shall anything be done thereon or therein which may be or may become an annoyance or nuisance to the neighborhood.

Section 7.3 Animals. No animals, livestock, or poultry of any kind shall be kept or maintained on any Lot or in any dwelling except that dogs, cats or other common household pets may be kept or maintained provided they are not kept or maintained for commercial purposes.

Section 7.4 Temporary Structures. No structure of a temporary nature shall be erected or allowed to remain on any Lot unless and until permission for the same has been granted by the Committee.

Section 7.5 Uses of Common Areas. The Common Areas shall not be used in any manner except as shall be approved or specifically permitted by the Association; provided, however, that so long as Declarant owns any Class B lots, Declarant shall have the exclusive right to use parts of Common Areas for sales purposes, including, without limitation, promotional activities; installation of utilities (including wells, septic systems and repair areas); installation of drainage pipes, ditches, etc., and such other uses as the Declarant may deem reasonable or necessary.

Section 7.6. Access to Lots. The Association, its agents or employees shall have access to each Lot from time to time during reasonable working hours, upon oral or written notice to the Owner, as may be necessary for the maintenance, repair or replacement of any portion of the Common Areas, or facilities situate upon such Lot which serve another Owner's Lot. The Association or its agent shall also have access to each Lot at all times without notice as may be necessary to

make emergency repairs to prevent damage to the Common Areas or another Lot.

Section 7.7 Signs. No signs or other advertising devices shall be displayed upon any Lot or on the Common Areas without the prior written permission of the Association. Declarant and Lot owners, however, may post temporary "For Sale" or "For Rent" signs on the Properties, Furthermore, signs used by a builder during construction or informational signs by the Declarant shall be allowed.

Section 7.8 Fuel Tanks and Garbage Containers. Storage of over 500 gallons of aircraft fuel on a residential Lot shall not be permitted without the written consent of the Declarant. All outdoor fuel tanks, propane gas tanks and receptacles for ashes, trash, rubbish or garbage shall be screened or placed so as not to be visible from any street, other Lot, or Common Areas.

Section 7.9 Maintenance. All Owners shall keep their Lots, whether occupied or unoccupied, free of all tall grass, dead, diseased or decaying trees, weeds, trash, rubbish, and debris and shall keep all Lots in a neat and attractive condition. All improvements erected on Lots shall be maintained in a clean, neat, and orderly condition and in a good state of maintenance and repair.

Section 7.10 Access. There shall be no overland vehicular access to any Lot except from designated roads and taxiways lying within the Common Areas or as shown on the Map.

Section 7.11 Vehicles, Aircraft and Parking. Each Owner shall provide space for parking at least two (2) automobiles on his Lot, either under a carport or within an enclosed garage, prior to the occupancy of any dwelling constructed on such Lot in accordance with reasonable standards established by the Committee. No vehicle or aircraft shall be parked on any street. No aircraft, nor aircraft part may be kept outside of a hanger for more than 30 days unless in a designated tie down area. No boat, motor home, travel trailer, other recreational vehicle or truck may be stored overnight on any Lot unless the same be within an enclosed garage or behind the dwelling, and generally out of sight from the front of the dwelling, Furthermore, no wrecked or junked motor vehicles or vehicles without a current license plate and registration shall be placed upon the premises; and no commercial vehicles (other than pickup trucks and passenger vans) shall be parked overnight in the subdivision without the prior written consent of the Declarant or the Association.

Section 7.12 Antennas. No radio or television aerial or antenna or any other external electronic equipment or devices may be installed or maintained on any exterior of any structure erected on a Lot unless the location, size and design has been approved by the Committee. In any event, satellite "dishes," antennas and other similar facilities must be screened from view from the streets.

Section 7.13 Fences and Hedges. The erection or installation of fences and hedges may be undertaken only with the written approval of the Committee. All fencing shall be located behind the front building line of the main dwelling; shall be composed of materials other than chain links; and shall in no event exceed six (6) feet in height. Decorative fences (moaning wooden fencing, split-rail fencing or wooden fencing which has holes in the posts with wood rails running from post to post) no more than 36 inches in height may be permitted in the front or side yards.

Section 7.14 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 7.15 Subdivision. No Lot shall be subdivided or its boundary lines changed without the written consent of the Declarant. However, the Declarant hereby expressly reserves unto itself, its successors and assigns, the right to replat any two (2) or more Lots shown on the Map of the Project.

Section 7.16 Hazardous Activities. Nothing shall be done or kept on any Lot or in the Common Areas which will increase the rate of insurance on the Common Areas or any other Lot without the prior written consent of the Board of Directors. No Owner shall permit anything to be done or kept on his Lot or in the Common Areas which would result in the

cancellation of insurance on any part of the Common Areas, or which would be in violation of any law.

Section 7.17 Declarant's Right of Entry. In order to implement effective insect and woods fire control, the Declarant reserves for itself and its agents the right : to enter upon any Lot on which a residence has not been constructed and upon which no landscaping plan has been implemented (with prior written approval of the Declarant for such plan) , such entry to be made (at the expense of the owner of the Lot) by personnel with tractors or other suitable devices for the purpose of mowing, removing, clearing, cutting or pruning underbrush, weeds or other unsightly growth, which in the opinion of the Declarant detracts from the overall beauty, setting and safety of the Project. Such entrance for the purpose of mowing, cutting, clearing or pruning shall not be deemed a trespass. The Declarant and its agents may likewise enter upon such land to remove any trash which has collected on such Lot without such entrance and removal being deemed a trespass. The provisions of this paragraph shall not be construed as an obligation on the part of the Declarant to mow, clear, cut or prune any Lot nor to provide garbage or trash removal services.

Section 7.18 Regulations. Reasonable regulations governing the use of the Common Areas and external appearance of all structures erected on the Lots may be made and amended from time to time by the Board of Directors or the Association; provided, however, that all such regulations and amendments thereto shall be approved by a majority vote of the Association before the same shall become effective. Copies of such regulations and amendments thereto shall be furnished to each Member of the Association.

Section 7.19 Compliance. In the event that the Owner of any Lot fails to comply with any of the restrictions set forth in this Article or the rules and regulations subsequently promulgated by the Board of Directors, the Association shall have the right, but not the obligation, to enter any Lot and undertake any necessary action in order to cure such Owner's default. All expenses and costs incurred by the Association in, curing such default shall be charged to the defaulting Owner and shall be payable by such Owner to the Association immediately upon demand. Furthermore, said default shall constitute a personal obligation of the Owner of the Lot, and also a continuing lien upon the Lot,

ARTICLE VIII SPECIAL RESTRICTIONS AFFECTING COMMON AREAS

Section 8.1 Purpose. It shall be the intent and purpose of these restrictions to maintain and enhance the Common Areas, to afford and enhance recreation opportunities, and to implement the LONG ISLAND AIRPORT master plan of development.

Section 8.2 Declarant's Right to Protect Land. The Declarant shall have the right to protect the Common Areas from erosion by planting trees, plants and shrubs where and to the extent necessary. The right is likewise reserved to the Declarant to take necessary steps to provide and insure adequate drainage ways in the Common Areas.

Section 8.3 Declarant's Right of Entry. The Declarant reserves unto itself, its successors and assigns, the right to go on, over and under the ground to erect, maintain and use electric and telephone poles, wires, 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 in the Common Areas. These reservations and rights expressly include the right to cut any trees, bushes or shrubbery, make any grading of the soil, or take any other similar action reasonably necessary to provide economical and safe utility installation and to maintain reasonable standards of health, safety and appearance. The Declarant further reserves the right to locate wells, pumping stations and tanks within the Common Areas. Such rights may be exercised by any licensee of the Declarant, but this reservation shall not be : considered an obligation of the Declarant to provide or maintain any such utility or service.

Section 8.4 Prohibition Against Dumping. No dumping of trash, garbage, sewage, or sawdust shall occur and no unsightly or offensive material shall be placed upon the Common Areas except as is temporary and incidental to the bona fide improvement of the area in a manner consistent with its classification as Common Areas.

Section 8.5 No Public Rights. Subject to the provisions of Section 4.5 and Section 10.8, the establishment of the Common Areas does in no way grant to the public or to the owners of any surrounding or adjacent land, the right to enter such Common Areas without the express permission of the Association unless an invited guest of a member.

Section 8.6 Limitation of Declarant's Obligations. It is expressly understood and agreed that the establishment of the Common Areas or the declaration of these Special Restrictions does in no way place a burden of affirmative action on the Declarant to make any of the improvements noted herein, or extend to the grantee any service of any kind.

Section 8.7 Declarant's Actions Permissive. Where the Declarant is permitted by these covenants to correct, repair, clean, preserve, clear out or do any action on the restricted property, entering the property and taking such action shall not be deemed a breach of these covenants.

ARTICLE IX RIGHT OF FIRST REFUSAL

Section 9.1 Applicability. Except for sales and conveyances by the Declarant, no unimproved Lot may be sold by any Owner except in compliance with the provisions of this Article.

Section 9.2 Right of First Refusal. In the event any Owner receives a bonafide written offer from a third party to purchase his unimproved lot, such Owner shall immediately notify the Declarant of such offer and shall forward a copy of said written offer, together with the name and address of the offeror, to the Declarant. Upon receipt of said notice, Declarant shall have fifteen (15) days to notify such Owner that it desires to purchase his Lot on the same terms and conditions as set forth in the offer. If Declarant notifies such Owner of its desire to purchase the Lot, then Owner shall convey the Lot to the Declarant according to the provisions of Section 9.3 below. In the event that the Declarant elects not to purchase the Lot or fails to notify the Owner of their decision within such fifteen (15) day period, then the Owner may sell the Lot to the third party offeror on terms and conditions no less favorable to the Owner than those set forth in the original offer; provided, however, that if such sale and conveyance does not take place to the original third party offeror within one hundred twenty (120) days after Declarant's failure to exercise its right of first refusal, then the Lot shall again become subject to the terms and conditions of this Article IX. Any conveyance by an Owner to a third party offeror shall be subject to the terms and conditions of this Declaration.

Section 9.3 Transfer to Declarant. In the event that Declarant exercises its right of first refusal pursuant to Section 9.2 hereof, the closing of the conveyance of such Lot shall occur as provided in the third party offer. At the closing, Declarant shall make such payments in cash, by a promissory note, or otherwise to the Owner as described in the third party offer. Owner shall deliver to the Declarant a general warranty deed conveying the Lot free and clear of all exceptions except as may be set forth in the written offer and subject to this Declaration. In the event the closing occurs after the death of an Owner, Declarant may, in its discretion, require the personal representative of the Owner to post such bonds or other assurances as the Declarant may deem reasonable in order to protect the Declarant from any loss which might be caused by the failure to pay any federal or state inheritance tax or the failure to pay the claims of any creditors who may have a lien on the Lot superior to Declarant's rights as a purchaser of said Lot.

Section 9.4 Death of an Owner. The personal representative, heirs, successors and assigns of any Owner who dies while owning any Lot shall become an Owner subject to the terms and conditions of this Declaration and any subsequent sale, transfer, and conveyance of such Lot shall be governed by the provisions of this Article IX.

ARTICLE X EASEMENTS AND OTHER RIGHTS

Declarant, in addition to any other easements granted or reserved herein, hereby reserves unto itself, its successors and assigns, and grants to the Association and any other persons or entities hereinafter set forth, the following non-exclusive easements on, upon, over, across, through and under the Property. In addition, Declarant hereby reserves unto itself, its successors and assigns, the right, on behalf of itself and the Association, to grant additional easements on, upon, over, across, through and under the Common Areas and any portion of the Property owned by Declarant as deemed to be in the best interests of and proper for the Project, including, but not limited to, easements in

favor of Declarant, the Association, any designees of the foregoing, the Owners, and all their family members, guests, invitees and lessees and to various governmental and quasi-governmental authorities and agencies and private concerns for the purposes and uses hereinafter specified.

Section 10.1 Easements and Cross-Easements on Common Areas. Declarant, for itself, its designees and the Association, reserves the right to impose upon the Common Area henceforth and from time to time such easements and cross-easements for ingress and egress, installation, maintenance, construction and repair of utilities and facilities including, but not limited to, electric power, telephone, cable television, master antenna transmission, surveillance services, governmental and quasigovernmental purposes, sewer, water, gas, drainage, irrigation, lake maintenance, storm water management, lighting, television transmission, garbage and waste removal, emergency services, and the like as it deems to be in the best interests of, and necessary and proper for the Project or any portion thereof.

Section 10.2 Use of Common Areas. Declarant declares that the Common Areas are subject to a perpetual nonexclusive easement in favor of Declarant, the Association and their designees, the Owners and all their family members, guests, invitees and lessees, and appropriate governmental and quasi-governmental agencies to use the Common Areas for all proper and normal purposes including, but not limited to, ingress, egress and access for the furnishing of services and utilities and for such use of the facilities as the same are reasonably intended in accordance with the terms of this Declaration. If ingress or egress to any Lot or other portion of the Property is through any Common Area, any conveyance or encumbrance of such area is subject to this easement.

Section 10.3 Right-of-Way Over Roadways. Declarant hereby reserves, for the benefit of itself, its agents, employees, lessees, invitees, designees, successors and assigns, and grants to the Association, its agents, employees, lessees, invitees, designees, successors and assigns, and to each Owner of a Lot, their family members, guests, invitees, successors and assigns, and to all governmental and quasigovernmental agencies and service entities who have jurisdiction over the Property while engaged in their respective functions, a perpetual non-exclusive easement, license, right and privilege of passage and use, both pedestrian and vehicular(including aircraft), over and across the roadways for the purpose of providing access, ingress and egress to and from, through and between the Property. All aircraft shall have the right-of-way over other vehicular traffic along roadways, taxiways and other access, ingress and egress easements.

Section 10.4 Right of the Association and Declarant to Enter Upon the Common Areas. Declarant hereby reserves for the benefit of itself, its successors in interest and assigns, and grants to the Association and all agents, employees or other designees of Declarant or the Association an easement for ingress, egress and access to enter upon or over the Common Areas for the purposes of inspecting any construction, proposed construction, or improvements or fulfilling the rights, duties and responsibilities of ownership, administration, maintenance and repair of Declarant or the Association, as appropriate. Such easement includes an easement in favor of the Association and Declarant to enter upon the Common Areas now or hereafter created to use, repair, maintain and replace the same for the purposes for which they are initially designated or for such purposes as they hereafter redesignated or as Declarant otherwise determines them to be reasonably suited. Notwithstanding the foregoing, nothing contained herein shall be interpreted as imposing any obligation upon the association or Declarant to maintain, repair, or construct improvements which an Owner or Association is required to maintain, construct or repair.

Section 10.5 Easement for Encroachments. Declarant hereby reserves, for the benefit of itself, its successors in interest and assigns, and grants to the Association, the Owners, and their successors and assigns, easements for encroachments, to the extent necessary, in the event any portion of the improvements located on any portion of the Property now or hereafter encroaches upon any of the remaining portions of the Property as a result of minor inaccuracies in survey, construction or reconstruction, or due to settlement or movement. Any easement(s) for encroachment shall include an easement(s) for the maintenance and use of the encroaching improvements in favor of Declarant, the Association, the Owners and all their designees.

Section 10.6 Easements for Noise and Low Flying Aircraft~ Limitation of Liability. The Project is designed as a "fly-in" community and it is anticipated that low flying aircraft, aerobatic flying, flybys, aircraft maintenance, and other aircraft related activities and noise associated with each of the above (collectively, "Aircraft Related Activities") will be common in, around and near the Project. Every Lot, the Common Area and other portions of the Project are hereby burdened

with an easement in favor of users of the Project for Aircraft Related Activities. All Owners, by acceptance of delivery of a deed to their respective Lot, for themselves, their contractors, sub-contractors, guests and invitees, successors in interest and assigns, assume all risks associated with Aircraft Related Activities, and all Owners agree and covenant for themselves, their contractors, sub-contractors, guests and invitees, successors in interest and assigns, not to make any claim or institute any action whatsoever against Declarant, the Association, owners of Lots, Members of the Association or any officers, directors, employees, agents or affiliates of any of them, or their respective assigns, arising or resulting from any Aircraft Related Activities or any damages or harm that may be caused thereby.

Section 10.7 Additional Easements. Declarant shall have the right to grant over, under, across and upon any portion of the Property owned by Declarant, and the Board shall have the authority, in its sole discretion, to grant over, under, across and upon the Common Areas, such easements, rights-of-way, licenses and other rights in accordance with or to supplement the provisions of this Declaration or as may otherwise be desirable for the development of the Project, by the execution, without further authorization, of such grants of easement or other instruments as may from time to time be necessary or desirable. Such easements may be for the use and benefit of persons who are not Association Members or Owners. After such time as the members of the Board are no longer appointed by Declarant, the Board shall cooperate with Declarant and execute such grants of easements over the Common Areas as may be desirable to Declarant for the development of the Project and the preservation and enhancement of Declarant's interest therein.

Section 10.8 No Merger of Easements. The easements hereby established shall not be terminated by merger or otherwise, except upon execution and recordation of an instrument specifically terminating any such easement.

ARTICLE XI GENERAL PROVISIONS

Section 11.1 Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 11.2 Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 11.3 Amendment. The covenants and restrictions of this Declaration shall run with and bind the Property until January 1, 2027, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration (except as set forth to the contrary in Section 4.3) may be amended by an instrument signed by the Owners of not less than eighty percent (85 %) of the Lots.

IN WITNESS WHEREOF, the Declarant has caused this instrument to be executed, the day and year first above written.

STATE OF NORTH CAROLINA CATAWBA COUNTY

The foregoing certificate of Ben S. Thomas, a Notary Public of Iredell County, N.C. is certified to be correct. This instrument was presented for registration this 5th day of June, '1998 at 9:35A.M. and duly recorded in the office of the

Register of Deeds of Catawba County, N.C. in BOOK 2087 at Page 1414.

RUTH MACKIE — REGISTER OF DEEDS

DRAWN BY AND RETURN TO
Thomas Godley & Childers, PA
400 N. Main St.
Mooreville, NC 28115

STATE OF NORTH CAROLINA
COUNTY OF CATAWBA

**AMENDMENT TO DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR LONG ISLAND AIRPORT SUBDIVISION**

THIS AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR LONG ISLAND AIRPORT SUBDIVISION is made this 14th day of June 2000 by Syn-R-G, L.L.C. the successor in interest to Mountain Resources, Inc. hereafter collectively referred to as "Declarant".

WITNESSETH:

THAT WHEREAS, the Declarant has heretofore imposed certain Covenants, Conditions and Restrictions upon said Subdivision, as evidenced by the instruments recorded in Deed Book 2087, at Page 1414, in the Office of the Register of Deeds for Catawba County, North Carolina;

AND WHEREAS, the Declarant desires to amend said Declaration of Covenants, Conditions and Restrictions for LONG ISLAND AIRPORT Subdivision and to apply said restrictions and the following amendments to all that real property which is or will be included as part of LONG ISLAND AIRPORT Subdivision more particularly described in Exhibit A attached hereto and incorporated herein by reference;

AND WHEREAS, Article XI, Section 11.3 of said Covenants, Conditions and Restrictions provides that said Declaration may be amended by an instrument signed by the Owners of not less than eighty-five percent (85%) of the lots in said Subdivision;

AND WHEREAS, the Declarant owns more than eighty-five percent (85%) of the lots in said Subdivision and therefore has authority pursuant to Article XI Section 11.3 to make said amendments;

NOW, THEREFORE, said Declaration of Covenants, Conditions and Restrictions for LONG ISLAND AIRPORT Subdivision are hereby amended as follows:

1. To require that those restrictions recorded in Deed Book 2087, at Page 1414, in the Office of the Register of Deeds for Catawba County and the enclosed amendments shall heretofore apply to all that real property which is or will be included as part of LONG ISLAND AIRPORT Subdivision

more particularly described in Exhibit A attached hereto and incorporated herein by reference.

2. To require that LONG ISLAND AIRPORT Subdivision, the Declarant and the LONG ISLAND AIRPORT OWNERS ASSOCIATION, shall abide by the Catawba County Neighborhood Private Road Ordinance in existence on the date this instrument is recorded.

3. That the properties identified by those PIN numbers indicated on Exhibit B attached hereto and incorporated herein by reference, shall have access to the LONG ISLAND AIRPORT Subdivision private roads. Furthermore, the owner of said properties their successors and assigns shall not be required to share in the maintenance of said private roads or pay any other dues associated with LONG ISLAND AIRPORT Subdivision, unless said properties are voluntarily added to and made a part of LONG ISLAND AIRPORT Subdivision and made subject to the said Declaration of Covenants, Conditions and Restrictions for LONG ISLAND AIRPORT.

4. To require that LONG ISLAND AIRPORT Subdivision, the Declarant and the LONG ISLAND AIRPORT OWNERS ASSOCIATION shall abide by all future Catawba County signage requirements and shall provide for the procurement and maintenance of all required county signs.

5. To require that the LONG ISLAND AIRPORT OWNERS ASSOCIATION, provide in its annual budget for the subdivision an allowance to pay for the cost of the County Engineer to inspect the roads within the subdivision every two years insuring compliance with all NCDOT road standards.

6. That the runway for LONG ISLAND AIRPORT shall be used only by members of the LONG ISLAND AIRPORT OWNERS ASSOCIATION in good standing and their tenants and/or their guest. Said members and their tenants and guest shall use said runway at their **Own Risk** and shall indemnify and hold the Declarant and the LONG ISLAND AIRPORT OWNERS ASSOCIATION harmless from any damage to persons or property resulting from the use of the runway.

7. All easements along roads and runways and those used for ingress, egress and regress shall be clear of trees, vegetation and other obstacles so as to allow for the free movement of aircraft. Aircraft shall also have the right of way over all other vehicles.

8. To Require that no trees measuring six (6) inches or more in diameter at ground level may be removed from any Lot until the owner is ready to commence construction and then only with the consent of the Declarant or an Review Committee appointed by the LONG ISLAND AIRPORT OWNERS ASSOCIATION. If any tree is removed in violation of this section, the Owner shall be liable to and shall pay to the Declarant or the LONG ISLAND AIRPORT OWNERS ASSOCIATION a sum of money equal to \$50.00 (fifty dollars) per inch of diameter of said tree measured two feet above the ground. Said sum shall be immediately due and payable upon oral or written notification by the Committee; and if not immediately paid shall constitute a personal obligation of the Owner and a continuing lien upon the Lot from which said tree was removed.

9. One residential dwelling (apartment) may be incorporated into each air plane hanger but must be a minimum of 400 square feet and must abide by all county building and zoning requirements. An airplane hanger with a built in apartment shall satisfy the requirement of one residential dwelling per lot until such time as a separate dwelling is built on such lot.

10. Article V, Section 5.3a entitled "Maintenance Fee" shall be amended thereby increasing the additional monthly maintenance fee for each non-owned aircraft kept on the Project from \$30.00 per month to \$65.00 per.

11. The building set back requirements for those subdivision lots in Phases 4 and higher shall be as follows:

- a. Front 100 feet
- b. Side 60 feet
- c. Rear 60 feet

Building set back requirements for Phases 1, 2 and 3 shall not change.

The Declaration of Covenants, Conditions and Restrictions for LONG ISLAND AIRPORT Subdivision are amended only as provided herein. Except as amended, they remain in full force and effect as originally recorded.

IN WITNESS WHEREOF, the Declaring has caused this instrument to be signed in its corporate name by its duly authorized officer by authority of its Board of Directors, the day and year first above written.