

This Agreement is made between Kenmure Properties Limited Partnership, a North Carolina Limited Partnership, Kenmure Enterprises, Inc., a North Carolina Corporation, General Partner (KPL), and the Kenmure Road Maintenance Homeowners Association, Inc., a North Carolina non-profit corporation (KRMHA).

WHEREAS, the parties have had a long standing cooperative relationship beginning in 1987 when the KRMHA was incorporated; and

WHEREAS, during this period the parties have developed certain practices and have made certain agreements regarding payment of road maintenance fees, acceptance of roads and conveyances of interests in roads and rights-of-way, among others, under the Covenants which apply to the Kenmure development in all its current and future Phases; and

WHEREAS, the parties wish to include these practices and agreements in a single comprehensive document which will be binding on the parties, their successors in interest and assigns; and

WHEREAS, the parties wish to replace and broaden the Agreement signed May 24, 1996, concerning acceptance of new roads,

NOW THEREFORE, in consideration of the mutual obligations and agreements contained herein, the parties agree as follows:

1. Definitions:

- A. "Road or Roads" shall mean the paved portion of the right-of-way and the land included in the right-of-way on either side of the paved road.
- B. "Excessive Damage" shall mean any damage that is reasonably related to the intense construction activities in an Intense Construction Area and exceeds damage from normal resident use and normal construction activities.
- C. "Intense Construction Area" shall mean an area where High-Density Housing is planned and less than 60 percent of the units have been constructed.
- D. "High-Density Housing" shall mean areas where condominiums, villas, cottages and other dwellings of similar density are being constructed, or where lots are one-half acre in size or less.
- E. "Extended Limited Warranty" shall mean a warranty given by KPL to cover Excessive Damage to a Road accepted by the KRMHA in an Intense Construction Area. An Extended Limited Warranty shall expire three years after the standard one year warranty has expired, or at such time as KPL gives written notice to the KRMHA that 60 % of the units in the Intense Construction Area have been completed, whichever occurs first.

2. Road Acceptance: KRMHA shall accept Roads which have been built by KPL in the Kenmure development for maintenance when the Roads have been built in accordance the specifications attached hereto as Exhibit A.
3. Procedure for Road Acceptance: The procedure for accepting new Roads shall be as follows:
 - A. KPL shall submit a written request for acceptance of a new Road to the KRMHA within 60 days after the Road is completed in accordance with the specifications of Exhibit A. Written requests will include a certification by a North Carolina registered civil engineer that the Road or Roads being submitted for acceptance have been built in accordance with the specifications set forth in Exhibit A.
 - B. Within 60 days after submission of a request to accept a new Road, the KRMHA shall advise KPL if the Road has been accepted or rejected, stating the reasons for rejection and corrective action required, if applicable. If KPL elects to take the corrective action, it shall be allowed a reasonable period of time within which to resubmit the Road for acceptance. If KPL disagrees with a decision of the KRMHA rejecting a Road, it shall give written notification to the KRMHA within 60 days of the rejection and shall have an additional 60 days within which to seek arbitration under Paragraph 11, below.
 - C. Regardless of whether or not a Road has been accepted, the KRMHA agrees that it shall provide necessary snow removal and right-of-way mowing services for any Road where KPL and/or private property owners are paying road maintenance fees on all, or substantially all of the lots on that Road.
4. Road Warranty: KPL shall provide a one-year warranty on all new Roads beginning on the date on which the KRMHA accepts that Road. Should the paved roadway show significant signs of stress or the right-of-way show signs of significant erosion or drainage problems during the warranty period, KPL agrees to make the necessary repairs, including improving the base for the paving and stabilizing the right-of-way.
5. Acceptance of Roads in Intense Construction Areas: When the KRMHA Board determines that a road it has been requested to accept is in an Intense Construction Area, it will advise KPL of this determination. KPL may chose either to maintain that road until such time as 60 % of the units in the Intense Construction Area have been completed or ask the KRMHA to accept that road with an Extended Limited Warranty. The KRMHA has determined that the cottage area of Phase V and Pinnacle Peak Lane up to the construction entrance is such an Intense Construction Area.

After the standard one year warranty has expired on a Road that the KRMHA has accepted in an Intense Construction Area, the KRMHA shall be allowed to request that KPL make repairs for Excessive Damage to that Road under the Extended Limited Warranty. KPL shall be responsible for giving written notice to the KRMHA if 60 % of the units in an Intense Construction Area have been completed during the three year Extended Limited Warranty. The KRMHA shall have 60 days after the

Extended Limited Warranty expires to inspect the Roads and submit a written request to have KPL make repairs of any Excessive Damage.

6. Fees: KPL agrees that it shall record a lot or lots at the Henderson County Register of Deeds within 60 days after a plat which includes that lot or lots has been approved as a final plat by the Henderson County Planning Board. KPL shall begin paying road maintenance fees for any lot it owns when that lot is recorded with the Register of Deeds. However, in all cases, KPL will begin paying road maintenance fees for any lot it owns no later than six months after the Roads leading to and fronting that lot have been paved and that lot is available for sale. KPL is responsible for advising the KRMHA when a lot or lots meet these conditions. Fees will be assessed retroactively to the date on which these conditions were met. KPL may pay such fees on a month to month basis and shall advise the KRMHA when a lot is sold. In addition, KPL shall pay the same fees as any other builder or owner when it constructs residential units of any type, except that KPL will not be required to make right-of-way restoration deposits.
7. Conveyance of Roads: KPL shall convey its interests in any Road to the KRMHA by warranty deed if that Road has been accepted by the KRMHA. However, KPL may delay conveyance of any Road in a designated Intense Construction Area until such time as the Extended Limited Warranty has expired and the Roads have been finally accepted by the KRMHA. The parties agree that any Roads accepted by the KRMHA during a given year will be conveyed to the KRMHA by January 31st of the following year and that a single yearly conveyance is acceptable.
8. KPL Service Support: Recognizing that the KRMHA hires outside contractors to perform the primary maintenance services it requires, KPL agrees to cooperate with the KRMHA in providing support in the form of KPL employees, equipment and facilities, insofar as it reasonably can. The KRMHA will pay reasonable fees for the services provided by KPL, as may be agreed upon from time to time by the parties.
9. KRMHA Maintenance Standards: KRMHA shall make its best efforts to maintain the Roads in the Kenmure development in accordance with the high standards that have been established by practice in the past, including timely right-of-way mowing and maintenance, timely snow and ice removal, effective striping, patching/re-paving and traffic safety devices and programs.
10. Time Limits: The parties understand that weather conditions and other factors may limit the ability of either party to perform according to the time limits imposed by this Agreement. In the event either party is unable to perform in accordance with this Agreement, the parties will meet and agree upon a mutually acceptable time frame to complete performance.

11. Disputes: Any disputes arising under this Agreement shall be settled by arbitration through the American Arbitration Association and the decision will be final and binding on the parties. In any arbitration proceedings under this agreement, the prevailing party shall be entitled to recover its costs against the losing party.
12. Recording: It is the intent of the parties that this Agreement shall be binding on their successors in interest and assigns, including developers who purchase any sections of property in the Kenmure development from KPL, and shall be filed with the Henderson County Register of Deeds.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective authorized representatives this 3rd day of December, 2001.

Kenmure Properties Limited Partnership,
a North Carolina Limited Partnership,
Kenmure Enterprises, Inc., a North Carolina
Corporation, General Partner.

H. Lee King, President

(Corporate Seal)

Attest:

Secretary

Kenmure Road Maintenance Homeowners
Association, Inc.

Ronald L. Davis, President

(Corporate Seal)

Attest:

Secretary

Exhibit A

ROAD CONSTRUCTION AND RIGHT-OF-WAY STANDARDS AND SPECIFICATIONS

CONSTRUCTION: Roads shall be constructed in accordance with the drawings attached as Exhibit 1 after water, electric and gas lines are in place. All roads shall be built so that line of sight visibility on approach in a motor vehicle shall be a reasonable distance considering the braking distances of vehicles and the normal reaction times of drivers. Where possible this distance shall be a minimum of 100 feet.

DIMENSIONS:

Road Width: 2 lane road	18'
Right-of-way width	45' minimum, 60' maximum
Cul-de-sac radius (paved)	35' minimum
Asphalt thickness	1.5"
Base thickness	8.0"
Base extension	6.0"
Road longitudinal slope	18 % maximum
Road cross slope	¼" per foot
Intersection radius at E.O.P.	10'
Shoulder slope	1" per foot
Shoulder width	6'
Cut/fill Slopes	1 ½ : 1

Materials:

Asphalt	1-2
Base	compacted stone (ABC)
Shoulder	compacted dirt