

June 16, 2003

Letter to our Neighbors in the Ledges.

We recently consulted an attorney to better understand the nature of the Ledges homeowner's association. Enclosed is a copy of the legal opinion. (The firm Howe, Waters, Carpenter & Moxley has an AV rating from Martindale-Hubbel; the highest possible for both legal ability and ethical standards.) Perhaps this information was disclosed and discussed at the April annual meeting in the context of the proposed changes to the declaration and by-laws. In any case, this information pertains to all of us as property owners.

Sincerely,

Lou and Vivian Armstrong  
510 Red Fox Court

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June 10, 2003

Ms. Vivian Armstrong  
510 Red Fox Court  
Hendersonville, NC 28792

Dear Ms. Armstrong:

You have asked me four questions relative to The Ledges of Hidden Hills and the homeowners association known as The Ledges Homeowners Association, Inc. I will respond as follows:

Question No. 1 - By what legal authority does the board levy an assessment for the purpose of maintaining private, property and assert a right to collect the assessment by recording a lien?

I do not believe that the board has any authority to 1) levy an assessment or 2) maintain any private property. The right is not contained in the by-laws of the corporation to maintain any private properties and is probably an illegal act, which could subject the corporate officers to criminal conviction or a civil lawsuit. Additionally, there is no authority contained in the restrictive covenants for the homeowners association to collect any assessments or to record any liens. Any authority to do those things is contained in the by-laws, which the corporation created itself and which it therefore cannot impose on others.

As an aside, let me note that the homeowners association is a different corporation than the named homeowners association in the restrictive covenants. For purposes of this letter, I have assumed those corporations to be one and the same but they do not have the same name. Additionally, there is nothing in the restrictive covenants which requires owners in The Ledges subdivision to be members of the homeowners association. I would, therefore, say to you that you are a voluntary member of the homeowners association and you could terminate your membership at anytime.

Question No. 2 - Does the notation on the bottom of the by-laws confer such authority?

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In my opinion, it does not, and I note that seems to be the opinion of Mr. Mitchell' in his July 19, 2002 letter to the board of directors of The Ledges Homeowners Association, Inc.

Question No. 3 - If The Ledges is not, by definition, a planned community, can a majority of property owners subject the development to the Planned Community Act?

It is my opinion that the terms of Chapter 47F would have to be followed in order for the Act to be effective. Chapter 47F-1-102D contains the method of making the provisions of Chapter 47F applicable to a "planned community" created prior to the Act. A "planned community" is defined in Chapter 47F-1-103(23) and The Ledges of Hidden Hills does not come within the terms of the definition. It is, therefore, my opinion that a majority of the property owners could not subject the subdivision known as The Ledges of Hidden Hills to Chapter 47F, the Planned Community Act.

Question No. 4 - Within what general scope can a majority of property owners amend the declaration? Can they regulate the use of private wells, for example?

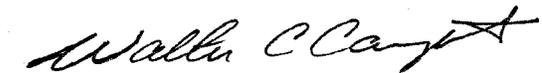
The restrictive covenants of The Ledges of Hidden Hills specifically provide that "any portion of the restrictive covenants may be released, changed, modified or amended by a majority vote of the then property owners within this subdivision." This does not authorize new material to be put into the restrictive covenants but allows restrictions that are presently there to be released, changed, modified or amended. For example, the setbacks might be changed in some fashion or done away with entirely, the square footage of the houses could be affected in a similar manner, or the restrictions against clothes lines could be done away with or changed. New material could not be inserted in the restrictive covenants that had not been covered previously. I cannot conceive of a situation in which it would be appropriate for the homeowners, either through an association or through an amendment to the restrictive covenants, to govern the use of a private well.

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I hope this answers your questions. If you have any other questions, please feel free to let me know. As always, I remain

Very truly yours,

HOWE, WATERS, CARPENTER & MOXLEY, P.A.

A handwritten signature in black ink, reading "Walter C. Carpenter" with a stylized flourish at the end.

Walter C. Carpenter

WCC:rsb