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REGISTER OF DEEDS
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STATE OF NORTH CAROLINA

COUNTY OF CUMBERLAND

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

WOODLAND VILLAGE TOWNHOMES

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR WOODLAND VILLAGE TOWNHOMES (this "Declaration") is made as of the date set forth in the below notary acknowledgment by **ELMWOOD PARTNERS, LLC**, a North Carolina limited liability company (the "Declarant").

WITNESSETH:

A. Declarant is the owner and developer of certain real property in Cumberland County, North Carolina, said real property being more particularly described on Exhibit A attached hereto and incorporated herein by reference (the "Property"); and

B. Declarant is developing a twelve (12) lot / unit townhome development (the "Townhome Development") upon the Property and wishes to provide for the orderly and uniform development and governance of said Townhome Development, so as to enhance the aesthetic and market value thereof.

NOW, THEREFORE, the Declarant hereby declares that all of the lots / units within the Townhome Development, which shall include all of the Property, shall be held, sold and conveyed subject to the following easements, covenants, conditions and restrictions, all of which are established and agreed upon for the purpose of enhancing and protecting the value, desirability and attractiveness of the Townhome Development and the Property. All of said easements, covenants, conditions and restrictions shall run with the land and shall be binding upon the Declarant and upon any party acquiring any right, title or interest in and to any portion of the Townhome Development and/ or the Property, and shall inure to the benefit of the Declarant and to any other party acquiring any right, title or interest in and to any portion of the Townhome Development and/or the Property.

ARTICLE I

DEFINITIONS

1.1 “Articles” or “Articles of Incorporation” shall mean those articles, filed with the Secretary of State of North Carolina, incorporating Woodland Village Townhomes Owners Association, Inc. as a North Carolina non-profit corporation.

1.2 “Assessments” means any and all assessments, expense reimbursements, and/or fines levied by the Association upon any Lot Owner as referenced herein.

1.3 “Association” shall mean and refer to Woodland Village Townhomes Owners Association, Inc., which has been incorporated as a North Carolina non-profit corporation, its successors and assigns.

1.4 “Board” or “Board of Directors” shall mean and refer to the Board of Directors of the Association.

1.5 “Bylaws” shall mean the Bylaws of the Association, as the same may be amended from time to time.

1.6 “Class A Members” shall mean as defined in Section 3.5.1 below.

1.7 “Class B Members” shall mean as defined in Section 3.5.2 below.

1.8 “Common Areas” shall mean any areas owned by the Association for the common use and enjoyment of the Owners. Common Areas shall include any Limited Common Areas (as defined in Section 2.5 and any Restricted Use Common Area (as defined in Section 2.6).

1.9 "Common Expenses" shall mean any and all expenses incurred by the Association to perform its obligations pursuant to this Declaration for the benefit of all Lot Owners; they shall also include taxes on any Common Areas and any prorata maintenance or other expenses payable to other owner associations or other parties within the larger Woodland Village mixed-use development for the reasonable maintenance and/or use of other private streets or area within the larger development that benefit the Townhome Development.

1.10 "Constituent Documents" shall mean the Declaration, the Bylaws, the Articles of Incorporation, any Rules and Regulations (as hereafter defined), and any other related documents used to create and govern the Townhome Development.

1.11 "Declarant" shall mean and refer to Elmwood Partners, LLC, a North Carolina limited liability company, and its successors and assigns.

1.12 "Development Period" means the period commencing on the date on which this Declaration is recorded in the Cumberland County Registry and terminating on the earlier to occur of (i) when Declarant (or any of its builder or investor affiliates) no longer owns a Lot in the Townhome Development or any unit in the larger Woodland Village mixed-use community; or (ii) the date that Declarant relinquishes in writing Declarant's right to appoint directors to the Board.

1.13 "Lot" shall mean and refer to any parcel of land designated on the Plat upon which a Townhome Unit has been or is to be constructed. The Declarant has initially created twelve (12) Lots in the Townhome Development and has the right to establish additional Lots in accordance with the terms of this Declaration. The terms Lot and Townhome Unit may be used interchangeably.

1.14 "Member" shall mean and refer to all Owners who are Members of the Association.

1.15 "Owner" shall mean and refer to the record owner, including Declarant, whether one or more persons or entities, of a fee simple title to any Lot located within the Townhome Development.

1.16 "Plat" shall mean and refer to the record plat of the Townhome Development recorded by Declarant, with the recording information as referenced on Exhibit A attached hereto, as the same may be amended or supplemented by Declarant from time to time. The Declarant reserves the right to unilaterally amend the Plat during the Development Period, as long as any such amendment does not affect the boundaries of Lots that Declarant no longer owns.

1.17 "Planned Community Act" shall mean and refer to the North Carolina Planned Community Act, currently codified as Chapter 47F of the North Carolina General Statutes, as the same may be amended from time to time.

1.18 "Property" shall mean and refer to that certain real estate described in Exhibit A and all other real estate that may be annexed into this Declaration by the Declarant. The terms Property and Townhome Development may be used interchangeably.

1.19 "Tenant" means any person occupying any Lot pursuant to a written or oral lease agreement with the Owner thereof or with any other person or entity claiming under the Owner.

1.20 "Townhome Unit" shall mean and refer to the individual family townhome unit on an individual Lot. The terms Townhome Unit and Lot may be used interchangeably.

ARTICLE II

PROPERTY RIGHTS IN COMMON AREAS

2.1 Owner's Easements of Enjoyment. Except as may be otherwise provided herein, every Owner shall have a right and easement of enjoyment in and to the Common Areas for access, ingress and egress to and from public streets and walkways and parking areas, which shall be appurtenant to and shall pass with the title to every Lot. Each Tenant shall have a non-transferable right to use and enjoy the Common Areas, which right shall terminate when such person ceases to have the status of a Tenant. Such rights and privileges shall be subject, however, to the following:

The right of the Board to suspend the right of any Owner or the privilege of any Tenant to use such of the Common Areas that are recreational in nature as determined by the Board for any infraction of its published rules and regulations (the "Rules and Regulations") relating to the Common Areas for a period not to exceed sixty (60) days for each such infraction, subject to applicable law, or for any non-payment or delinquency of the Assessments against such Owner's Lot for a period not to exceed the period of such non-payment or delinquency;

The right of the Board to adopt Rules and Regulations pertaining to the use of the Common Areas, including regulations limiting guests of Owners and Tenants who may use the Common Areas at any one time;

All applicable provisions of valid easements and/or agreements of the Association relating to the Common Areas, including the rights of any third parties;

The right of the Association to grant permits, licenses and public or private easements over Common Areas for utilities, roads and other purposes reasonably necessary or useful

for the proper maintenance or operation of the Property, the Townhome Development and the larger Woodland Village mixed-use development; or

The right of Declarant or the Association to dedicate or convey portions of the Common Areas to applicable governmental authorities.

2.2 Extension of Use. Any Owner may extend his right of enjoyment to the Common Areas to the immediate and/or extended members of his family, his Tenants, guests or contract purchasers of the Owner's Lot.

2.3 Title to Common Areas. The Declarant shall convey by deed all Common Areas to the Association in fee simple absolute after the final platting of all Lots in the Townhome Development. Any such conveyance shall be subject to taxes for the year of conveyance, and to easements, restrictions, covenants and conditions of record. The Declarant (or any of its builder or investor affiliates) shall have the right to convey any acreage that may be adjacent to the Townhome Development to the Association to be maintained as Common Areas, reserving any easement and other rights in their discretion, said acreage to be considered Restricted Use Common Area (as defined in Section 2.6 below), unless the Association provides written notice otherwise to Owners.

2.4 Special Declarant Rights. Declarant reserves the following special declarant rights for the entire Property, including any future sections during the Development Period:

To use and enjoy the Common Areas during the Development Period, including the right to use Common Areas for promotional, sales and similar purposes (for purposes of promoting the Townhome Development and/or the larger Woodland Village mixed-use community (in which Declarant or its builder or investor affiliates may have an interest));

To construct and maintain any sales office, management office or model on any of the Lots or on any of the Common Areas;

To complete any and all improvements within the Townhome Development;

To exercise any development right reserved in this Declaration;

To use easements through the Common Areas for the purpose of making improvements within the Property or to adjacent areas within the larger Woodland Village mixed-use community;

To alter the size of any Lot, combine or merge two or more Lots, to subdivide Lots or add other property to the Common Areas or to annex additional real property into the Townhome Development.

2.5 Limited Common Areas. Notwithstanding anything to the contrary in this Article II or elsewhere in this Declaration, it is noted that the immediate patio area behind each Lot shall be considered a Limited Common Area of said Lot (the "Limited Common Area"). The Limited Common Area of each Lot shall be separated by wood or other style fencing and shall be generally defined by the length of the original fencing and the width of each Lot. The Limited Common Area is identified on the Plat and labeled as "Limited Common Area." The Limited Common Area shall be appurtenant to each Lot upon which the Limited Common Area abuts and shall be available for the exclusive and private use of said appurtenant Lot Owner.

2.6 Restricted Use Common Area. Notwithstanding anything to the contrary in this Article II or elsewhere in this Declaration, it is noted that the areas behind the proposed wood privacy fence which is labeled "Restricted Use Common Area" on the Plat shall be considered restricted use common area of the Townhome Development (the "Restricted Use Common Area"). It is noted that the Restricted Use Common Area has a steep and uneven terrain and may be hazardous for general pedestrian navigation or activity. As such, for safety reasons, the Restricted Use Common Area shall be closed and off-limits to pedestrian or any other activity. In addition, by acceptance of any deed in the Townhome Development, any and all Lot Owners hereby fully release, and agree to defend and hold harmless, the Declarant and/or the Association from any liability or expense due to injury or other harm to any Lot Owner, his/ her family, residents, Tenants, guests, invitees, mortgagees, contract purchasers, or any other persons due to any unauthorized pedestrian or other activity in, or in the immediate vicinity of, the Restricted Use Common Area. Further, the Declarant or the Association shall have no affirmative responsibility to maintain the Restricted Use Common Area, notwithstanding anything to the contrary in this Declaration. It is anticipated that the Restricted Use Common Area will remain in its current natural state, subject to any development or other rights reserved in this Declaration by Declarant or by others.

ARTICLE III

HOMEOWNERS ASSOCIATION

3.1 Homeowners Association. The Association shall be responsible for the maintenance, management and control of the Common Areas and Townhome Units as more specifically set forth in this Declaration.

3.2 Board of Directors and Officers. The Board of Directors, and such officers as may be elected or appointed in accordance with the Articles or the Bylaws, shall conduct the affairs of the Association. The Board of Directors may also appoint committees and managers or other employees and agents who shall, subject to the general direction of the Board of Directors, be responsible for the day-to-day operation of the Association.

3.3 Rules and Regulations. By a majority vote of the Board of Directors, the Association may from time to time adopt Rules and Regulations with respect to all aspects of the Association's rights, activities and duties pursuant to this Declaration. The Rules and Regulations may, without limitation, govern the Townhome Development; provided, however, that the Rules and Regulations shall not be inconsistent with this Declaration, the Articles, or the Bylaws of the Association. A copy of the published Rules and Regulations, as they may from

time to time be adopted, amended or repealed, shall be maintained by the Board of the Association and shall be available to each Owner upon request.

3.4 Membership in Association. Every Owner of a Lot shall automatically become a Member of the Association. Such Owner and Member shall abide by the Association's Rules and Regulations, shall pay the Assessments provided for in this Declaration when due, and shall comply with decisions of the Association's governing body. Conveyance of fee simple title to a Lot automatically transfers membership in the Association without necessity of further documents. Membership shall be appurtenant to and may not be separated from ownership of any Lot.

3.5 Classes of Membership. The Association shall have two (2) classes of Membership:

3.5.1 Class A Members. Every person, group of persons, or entity which is a record Owner of a fee interest in any Lot upon which a Townhome Unit has been erected within the Property, shall automatically be a "Class A" Member of the Association except the Declarant during the Development Period; provided, however, that any such person, group of persons or entity who holds such interest solely as security for the performance of an obligation shall not be a Member. A "Class A" Membership shall be appurtenant to and may not be separated from ownership of any Lot upon which a Townhome Unit has been constructed. "Class A" Members shall be entitled to one (1) vote for each Lot in which they hold the interest required for membership. In the event that more than one person, group of persons or entity is the record Owner of a fee interest in any Lot, then the vote for the membership appurtenant to such Lot portion shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot. In the event agreement is not reached, the vote attributable to such Lot shall not be cast.

3.5.2 Class B Members. The "Class B" Member during the Development Period shall be the Declarant. The "Class B" Membership shall cease and be converted to "Class A" membership upon the expiration of the Development Period.

3.5.3 Voting. Each Member shall have one (1) vote with respect to each Lot owned by such Member, but a "Class A" Member shall not be entitled to exercise any vote until the expiration of the Development Period.

3.6 Maintenance Obligations of the Association: Exterior Maintenance and Common Area Maintenance. The Association shall be responsible for the exterior maintenance of the Townhome Units, including but not limited to roof repair and replacement; exterior surface maintenance/ repair/ painting; repair/ replacement of Owners' paved driveways and walkways; fence repair/ replacement; and any plumbing and/or utility line repair/ replacement (but only up

to the point where such plumbing and/or utility line intersects the perimeter boundary of any Lot), all as applicable. Further, the cost of such repair, maintenance and replacement shall be added to and become part of the Assessments to which each Lot is subject. The Owners of any Lot shall be responsible for repair and replacement of glass. In the event that an Owner and Member of the Association neglects or otherwise refuses to maintain a Townhome Unit in a state of repair consistent with the beauty and welfare of the remaining area, then, the Association may effect such maintenance, repairs or replacement, and the cost thereof shall be added to and become a part of the Assessment to which such Lot is subject. The Association shall be responsible for the landscaping, beautification, care, and maintenance of the yard and grounds of each Lot and the Common Areas (with the exception of Restricted Use Common Area). The Association shall also be responsible for the maintenance and repair of any streets and improved areas within the Common Areas, unless said maintenance obligations are assumed by a municipal or government agency.

The Association shall make the determination as to when maintenance, repair, replacement and care shall be done, and its determination shall be binding. Declarant shall have the right to employ a manager to oversee and implement the Association's maintenance and repair obligations, and any such management fees incurred thereby shall be paid by the Association. The Association shall also perform the other duties prescribed by this Declaration or the Association's Rules and Regulations.

In the event that the Association carries a commercial property insurance policy insuring all Townhome Units, as permitted by Section 6.7, then in the event of a casualty where insurance proceeds are payable from any such policy, then the Association shall control and coordinate the repair and/or rebuilding of the affected portions of the Townhome Development to the extent that such repair and/or rebuilding is required by this Declaration. Otherwise, the Association and the affected Unit Owner(s) shall work together expeditiously and in good faith to coordinate any repair and/or rebuilding of the affected portions of the Townhome Development to the extent that such repair and/or rebuilding is required by this Declaration.

3.7 Maintenance Obligation of the Lot Owners. The responsibilities of each Lot Owner shall include:

To clean, maintain, keep in good order, repair and replace at his or her expense all portions of his or her Lot and Townhome Unit, except those portions that are to be maintained by the Association as provided elsewhere herein. Any repair, replacement and maintenance work to be done by an Owner must comply with any Rules and Regulations of the Association including architectural control and visual harmony;

To perform his or her responsibilities in such manner so as not unreasonably to disturb other persons residing within the Townhome Development;

Not to paint or otherwise alter, decorate or change the appearance of any exterior portion of his or her Townhome Unit, without the written consent of the Association;

Not to impair the use of any easement without first obtaining the written consents of the Association and other party or parties for whose benefit such easement exists;

Each Lot Owner shall be deemed to agree by acceptance of delivery of a deed to a Lot to repair and/or replace at his or her expense all portions of the Common Areas which may be damaged or destroyed by reason of his or her own intentional or negligent act or omission, or by the intentional or negligent act or omission of any guest, Tenant, family member, or invitee, including, but not limited to any repairs necessary which result from damage incurred by pets or vehicles owned by the Lot Owner, or owned by any guest, Tenant, family member, or invitee of such Lot Owner. To the extent that any Common Area is damaged as an insurable loss and the proceeds from the Association's insurance policy are utilized to pay for the loss, the affected Owner shall be responsible for payment of the deductible as an Assessment. The Association reserves the right not to file a claim against the insurance policy maintained by the Association if the Association reasonably believes such claim may negatively impact future premiums or the insurability of the Townhome Development.

ARTICLE IV

COVENANT FOR ASSESSMENTS

4.1 Regular Assessments. All Lot Owners shall pay a regular Assessment to the Association. Said regular Assessment is established for the benefit and use of the Association and shall be used in covering all of the Common Expenses of the Townhome Development.

4.2 Working Capital Assessment; Insurance Reimbursement. Upon the sale of a Lot by the Declarant, the purchaser shall pay a sum equal to two (2) months of the regular Assessment as an initial contribution to the working capital of the Association. This sum is not an advance payment of the regular Assessment; rather the sum is allocated to a working capital fund to meet unforeseen expenditures and operating expenses or to purchase any additional equipment or services. While the Declarant is in control of the Association, the Declarant cannot use any of the working capital funds to defray its expenses, reserve contributions, or construction costs. When control of the Association is transferred to the Lot Owners, the working capital fund shall be transferred to the Association and deposited into a segregated fund. Additionally, at the closing, each purchaser of a Lot is required to pay a pro-rata share of the regular Assessment that may be due in the month of closing.

In addition to contributing to the working capital fund (as set forth above), upon the sale of a Lot by the Declarant, the purchaser shall reimburse the Declarant for the estimated prorata share of the Declarant's out-of-pocket expense for the initial property and liability insurance policy for the Townhome Development. The amount of said reimbursement to be paid at closing shall be \$325.00.

4.3 Assessment for Negligent or Intentional Acts. In the event that the need for maintenance, repair or replacement of any portion of the Townhome Units (in which the Association may be responsible) or Common Areas is caused through the willful or negligent act of any Owner, family member, guest, invitee, or a Tenant, then the cost of such maintenance, repair or replacement shall be paid by such Owner. The Board shall arrange to have the maintenance, repair or replacement performed, and an invoice for the itemized cost thereof shall

be provided to said Owner. Said Owner shall be responsible for paying the invoice within thirty (30) days after receipt thereof.

4.4 Commencement Date of Regular Assessments; Due Date for Payment; Fines.

It is estimated that the initial Assessment for Common Expenses payable to the Association shall be \$140.00 per Lot per month. A Lot Owner shall be responsible for payment of said Assessment. The Declarant shall have no obligation for payment of any such Assessment on any Lot owned by the Declarant. The Board of Directors shall have the right to increase the regular Assessment in its fiduciary discretion; upon any such increase, the Association shall notify all Owners of such increase in writing and shall provide an explanation of the need for any such increase.

The Board of Directors, or an adjudicatory panel established by the Board of Directors, may levy a reasonable fine for any violation of this Declaration, said fine to be in accordance with the Planned Community Act. Any such fine shall be treated as an Assessment in accordance with this Article IV.

The regular Assessment for a Lot Owner shall be determined by the Association based upon the proportion that each Lot bears to the total number of Lots located within the Townhome Development, as such may be expanded, except the total number of Lots within the Townhome Development shall not include any Lots owned by Declarant (which shall not be assessed in accordance with this Article IV).

4.5 Billing. The Association shall inform each Lot Owner of the regular Assessment and when said payment is due.

4.6 Common Surplus. If the Assessments collected in any given year are in excess of the actual Common Expenses for that year, the Board of Directors may in its sole discretion (a) return each Owner's share of the common surplus; (b) credit each Owner's share of the common surplus to each Owner's payment as for the regular Assessments for the following year; or (c) apply the common surplus to a reserve fund.

4.7 Assessment Certificate. The Association shall, upon demand, within a reasonable period of time, furnish to any Owner upon request a certificate in writing signed by an authorized agent of the Association setting forth the payment status of said Assessments. Such certificate shall be conclusive evidence of the payment of any Assessment therein stated to have been paid. A reasonable charge to cover labor may be charged by the Association for each certificate.

4.8 Books and Records of the Association. The Association shall keep a complete and accurate accounting of its financial records. The Association shall make available to all Lot

Owners, and the holders of all first mortgages on Lots, a current and complete copy of the books, records and financial statements of the Association, upon reasonable request during normal business hours. All funds collected by the Association shall be held and expended solely for the purposes designated by this Declaration and shall be deemed to be held for the use, benefit and account of the Association and all of the Lot Owners. All books and records must be kept in accordance with good accounting procedures.

4.9 Non-Payment of Assessment. Any Assessments levied pursuant to this Declaration, which are not paid when due, shall be considered delinquent, and shall, together with such interest and other costs as permitted in this Declaration, thereupon become a continuing lien upon the Lot of any Owner failing to make payment.

If any Assessment is not paid within thirty (30) days after the due date, the Assessment shall bear interest at the rate of one and one-half percent (1.5%) per month, or at such other rate as determined by the Association in its reasonable discretion, but not to exceed the maximum amount allowed by law; and the Association may bring an action at law against the Owner personally obligated to pay the same and/or foreclose the lien against the Lot. In either event, the interest, costs and reasonable attorneys' fees shall be added to the total amount of the delinquent Assessments. No Owner may waive or otherwise escape liability for any Assessment by non-use (or waiver of use) of the Common Areas or by abandonment of his or her Lot.

4.10 Priority of Association Lien. The lien provided for in this Article IV shall take priority over any lien or encumbrance subsequently arising or created, except liens for real estate taxes and liens of mortgagees which have been filed of record before a claim of this lien hereunder has been docketed in the office of the Clerk of Superior Court in Cumberland County. The lien may be foreclosed in the same manner as a deed of trust on real property under power of sale in an action brought by the Association in accordance with the Planned Community Act. The Association is entitled to recover its reasonable attorneys' fees, court costs, and any other collection-related expenses as part of the lien. In any such foreclosure action, the Association shall be entitled to bid at the foreclosure sale if the Association so chooses.

4.11 Disputes as to Common Expenses; Adjustments. Any Owner who believes that the portion of Common Expenses chargeable to his Lot, for which an assessment lien has been filed by the Association, has been improperly charged against his or her Lot, may file an appropriate legal action.

4.12 Purchaser at Foreclosure Sale Subject to Declaration and Constituent Documents. Any purchaser of a Lot at a foreclosure sale shall automatically become a Member of the Association and shall be subject to all the provisions of this Declaration and the Constituent Documents.

4.13 Non-Liability of Foreclosure Sale Purchaser for Past Due Common Expenses. When the holder of a first deed of trust of record or other purchaser of a Lot acquires title to the

Lot as a result of foreclosure of the first deed of trust or by deed in lieu of foreclosure, such acquirer of title, his, her or its successors and assigns, shall not be liable for the share of the Common Expenses or other Assessments by the Association chargeable to such Lot which became due prior to the acquisition of title to the Lot by such acquirer, other than Assessments for which a claim of lien has been docketed with the Clerk of Superior Court for Cumberland County prior to the recordation of the lien being foreclosed. Such unpaid share of Common Expenses or Assessments shall be deemed to be a Common Expense collectible from all of the Lots, including that of such acquirer, his, her or its successors or assigns. This provision shall not relieve the party acquiring title or any subsequent Owner of the subject Lot from paying future Assessments.

4.14 Late Charge. The Association may impose a charge against any Lot Owner who fails to pay any amount assessed by the Association against his or her Lot within ten (10) days after any such Assessment may be due and payable and who fails to exercise his or her rights under this Declaration or under the laws of the State of North Carolina to successfully contest such Assessment. The amount of the late charge shall be the greater of (a) twenty-five and No/100 dollars (\$25.00); (b) ten percent (10%) of the delinquent amount; or (c) such other amount as may be determined by the Association from time to time and otherwise permitted by the Planned Community Act. Any Owner who fails to pay any amount assessed by the Association against his or her Lot within thirty (30) days after its due date shall additionally be liable for interest on the delinquent amount pursuant to Section 4.9 above.

4.15 Miscellaneous.

The Association may further increase the interest rate due on delinquent Assessments (including any late charges), subject to applicable laws, except that the rate cannot be changed more often than once every six (6) months.

The Owner has the sole responsibility of keeping the Association informed of the Owner's current address if different from the Lot owned. Otherwise notice sent by Association to the Lot is sufficient for any notice requirement under this Declaration. The lien under this Article IV arises automatically, and no notice of lien need be recorded to make the lien effective against the affected Lot Owner; however, a claim of lien must be filed by the Association with the Clerk of Superior Court of Cumberland County in order to make said lien effective against third parties.

The Assessment lien includes all collection costs, including demand letters, preparation of documents, reasonable attorneys' fees, court costs, filing fees, collection fees, and any other expenses incurred by the Association in enforcing or collecting the Assessment.

Any Assessment otherwise payable in installments shall become immediately due and payable in full without notice upon default in the payment of any installment. The acceleration shall be at the discretion of the Board.

ARTICLE V

EASEMENTS AND ENCUMBRANCES

5.1 Easement for Encroachments. The Townhome Units, all utility lines, and all other improvements as originally constructed by or on behalf of Declarant or its assigns shall have an easement to encroach upon any setback, Lot or Common Area as a result of the location of the townhome buildings, utility lines and other improvements across boundary lines between and along Lots and/or the Common Areas, or as a result of building or improvement movement or alterations or additions from time to time, provided that such alterations or additions have complied with the requirements of this Declaration.

5.2 Utility Easements in Favor of Each Lot. Easements are granted in favor of each Lot Owner to and throughout the Common Areas and, if necessary, the setback areas of any other Lots, as may be necessary for the installation, maintenance, repair and use of underground (or above-ground, as applicable) water, gas, sewer, power, cable, and other utilities and services including power and communication, now or hereafter existing, including maintaining, repairing and replacing any pipes, wires, ducts, conduits, equipment, fixtures, utility, power or communication lines or equipment, or other components. The foregoing notwithstanding, no Lot Owner (other than Declarant) may exercise the easement rights reserved in this Section 5.2 (if such exercise involves construction-related work) without the prior written approval of the Board and the Declarant (so long as Declarant continues to own a Lot in the Townhome Development).

5.3 Utility Easements. Easements are reserved and/or granted hereby in favor of the Declarant and/or the Association through each Lot (provided that such easements shall not materially and unreasonably interfere with the use of any dwelling located upon any Lot) and the Common Areas for the purpose of installing, laying, maintaining, repairing and replacing any pipes, wires, ducts, conduits, equipment, fixtures, utility, power or communication lines or equipment, or other components throughout the Common Areas. Without limiting any other provision in this Article, it is understood that Declarant's easement rights reserved herein may be utilized for the benefit of property within or outside of the Townhome Development, including, without limitation, for the benefit of the larger Woodland Village mixed-use development.

5.4 General Easements. An easement is hereby reserved and/or granted in favor of the Declarant and/or the Association in, on, over and through the Common Areas, the Lots and/or Townhome Units for the purposes of maintaining, cleaning, repairing, improving, regulating, operating, policing, replacing and otherwise dealing with the Common Areas, Lots and/or Townhome Units, including all improvements thereon as required or permitted by the Constituent Documents or applicable law.

5.5 Access Easement. Appurtenant to each Lot is an easement over any Common Area for necessary pedestrian and vehicular ingress and egress to and from any such Lot over the

Common Areas, to and from a public street. The easement shall be over such walkways, driveways, or other ways as are designated by the Declarant and/or the Association.

5.6 Use of Easement. Any use of the rights and easements granted and reserved in this Article V shall be reasonable. If any damage, destruction, or disturbance occurs to a Lot or Common Area as a result of the use of any easement or right, the Lot or Common Area shall be restored by, or at the direction of, the Association promptly in a reasonable manner at the expense of the person or persons making the use of the easement or right that resulted in the damage, destruction or disturbance. Before beginning work, Association may require all or any part of the expected expense to be prepaid by that person or those persons liable for the expense. All easements reserved hereunder shall be perpetual and non-exclusive.

5.7 Reservation of Access Easement by Declarant. Declarant reserves an easement for itself, its grantees, successor and assigns, and for other residents within the larger Woodland Village mixed-use community, as reasonably necessary, to enter upon the Townhome Development for access, including ingress and egress for both vehicles and pedestrians, to and from any public street, road, land, walkway or right-of-way. The easement shall be over the streets, sidewalks and other access ways of the Townhome Development. Declarant further reserves the right to connect, at Declarant's expense, to any street, roadway, walkway or other means of access that are located on the Common Areas of the Townhome Development. This reservation of access easements and the right of connection should be construed liberally in favor of the Declarant, in order to facilitate the development of all or any portion of the Townhome Development and/or the larger Woodland Village mixed-use development.

5.8 Reservation of Construction Easement by Declarant. The Declarant reserves the non-exclusive right and easement to temporarily go upon the Townhome Development in order to complete the development of the Townhome Development and the construction of the improvements to be located therein, and to develop other neighboring land, including, without limitation, the larger Woodland Village mixed-use development. The easement should be construed broadly in favor of the Declarant, including giving Declarant the right to store temporarily construction materials, equipment or dirt. After the construction is finished, Declarant must, at Declarant's cost, repair any damage done to the Townhome Development including to any landscaping. As soon as reasonably possible after Declaration has completed construction on the neighboring land, Declarant must remove all debris, equipment, materials and dirt from the Subdivision.

5.9 Declarant's Easements: General. The easements and grants reserved for and granted to the Declarant also benefit and bind successors and assigns of Declarant and their respective contractors, employees, agents, guests, invitees or lessees, including, without limitation, assignees of Declarant who do not own property within the Townhome Development or the larger Woodland Village mixed-use development.

5.10 Easements to Run with Land. All easements and rights described in this Article V are easements appurtenant, running with the land, perpetually in full force and effect, and at all

times shall inure to the benefit of and be binding on the Declarant, its successors and assigns, and any Owner, purchaser, mortgagee, Tenant, and other person or entity now or hereafter having an interest in the Townhome Development, or any part or portion of it.

5.11 Easement Rights with Respect to Bentrige Lane. If it is determined that Bentrige Lane is not a Common Area of the Townhome Development, then Declarant hereby grants non-exclusive easement rights of ingress, egress, and regress (as well as for parking, to the extent that there are delineated parking spaces) over and upon Bentrige Lane for the benefit of all Townhome Unit Owners, their family members, Tenants, guests, and invitees. The Declarant shall arrange for any additional parties that may have any ownership interest in Bentrige Lane, if applicable, to also grant said easement rights over Bentrige Lane for the benefit of all Townhome Unit Owners, their family members, Tenants, guests, and invitees. The Association shall be responsible for its prorata share of any maintenance expenses related to Bentrige Lane; and such expenses shall be included as a Common Expense.

ARTICLE VI

INSURANCE

6.1 Commencing not later than the time of the first conveyance of a Lot to a person other than a Declarant, the Association shall maintain, to the extent reasonably available:

6.1.1 Property Insurance. Property insurance on the Common Areas insuring against all risks of direct physical loss commonly insured against including fire and extended coverage perils. The total amount of insurance after application of any deductibles shall be not less than eighty percent (80%) of the replacement cost of the insured property at the time the insurance is purchased and at each renewal date, exclusive of land, excavations, foundations, and other items normally excluded from property policies; and

6.1.2 Liability Insurance. Liability insurance in reasonable amounts, covering all occurrences commonly insured against for death, bodily injury, and property damage arising out of or in connection with the use, ownership, or maintenance of the Common Areas.

6.2 If the insurance described in Section 6.1 is not reasonably available, the Association promptly shall cause notice of that fact to be hand-delivered or sent prepaid by United States mail to all Lot Owners. In such event, the Association may carry any other insurance it deems appropriate to protect the Association or the Lot Owners.

6.3 Insurance policies carried pursuant to Section 6.1 shall provide that:

6.3.1 Each Lot Owner is an insured person under the policy to the extent of the Lot Owner's insurable interest;

6.3.2 The insurer waives its right to subrogation under the policy against any Lot Owner or member of the Lot Owner's household;

6.3.3 No act or omission by any Lot Owner, unless acting within the scope of the Owner's authority on behalf of the Association, will preclude recovery under the policy; and

6.3.4 If, at the time of a loss under the policy, there is other insurance in the name of a Lot Owner covering the same risk covered by the policy, the Association's policy provides primary insurance.

6.4 Any loss covered by the property policy under Section 6.1.1 shall be adjusted with the Association, but the insurance proceeds for that loss are payable to any insurance trustee designated for that purpose, or otherwise to the Association, and not to any mortgagee or beneficiary under a deed of trust. The insurance trustee or the Association shall hold any insurance proceeds in trust for Lot Owners and lien holders as their interests may appear. Subject to the provisions of Section 6.6, the proceeds shall be disbursed first for the repair or restoration of the damaged property, and Lot Owners and lien holders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the property has been completely repaired or restored, or the Townhome Development is terminated.

6.5 An insurer that has issued an insurance policy under this section shall issue certificates or memoranda of insurance to the Association and, upon written request, to any Lot Owner, mortgagee, or beneficiary under a deed of trust. The insurer issuing the policy may not cancel or refuse to renew it until thirty (30) days after notice of the proposed cancellation or nonrenewal has been mailed to the Association, each Lot owner, and each mortgagee or beneficiary under a deed of trust to whom certificates or memoranda of insurance have been issued at their respective last known addresses.

6.6 Any portion of the Townhome Development for which insurance is required under Section 6.1.1 which is damaged or destroyed shall be repaired or replaced promptly by the Association unless (i) the Townhome Development is terminated (pursuant to the procedures set forth in the Planned Community Act), (ii) repair or replacement would be illegal under any State or local health or safety statute or ordinance, or (iii) the Lot Owners decide not to rebuild by one hundred percent (100%) approval of Owners, as well as the approval of the Declarant if such damage occurs during the Development Period. The cost of repair or replacement in excess of insurance proceeds and reserves is a Common Expense. If any portion of the Townhome Development is not repaired or replaced, (i) the insurance proceeds attributable to the damaged Common Areas shall be used to restore the damaged area to a condition compatible with the remainder of the Townhome Development, (ii) the insurance proceeds attributable to limited Common Areas which are not rebuilt shall be distributed to the Owners of the Lots to which those limited common elements were allocated, or to lienholders, as their interests may appear, if any, and (iii) the remainder of the proceeds shall be distributed to all of the Lot Owners or lienholders, as their interest may appear, in a proportion to the Common Expense liabilities of all the Lots. Notwithstanding the provisions of this subsection, the pertinent provision of the Planned Community Act shall govern the distribution of insurance proceeds if the Townhome Development is terminated.

6.7 The Association may elect in its sole discretion to maintain in full force and effect at all times a commercial property insurance policy insuring all Townhome Units for the benefit of Unit Owners (and for the benefit of the Association), such policy to provide coverage afforded by the commercial special perils form; if the Association elects to maintain such a commercial property insurance policy as allowed herein, and as long as such coverage remains in effect, then (i) the premium(s) incurred by the Association shall be a Common Expense and the Unit Owners may be assessed therefore; and (ii) the Unit Owners shall have no obligation to carry any individual policy covering their Townhome Units (but the Unit Owners shall remain fully responsible for insuring any personal property or other personal effects located within their Townhome Unit, as well as any "loss of use" coverage). If the Association does not elect in its sole discretion to maintain in full force and effect a commercial property insurance policy insuring all Townhome Units, then all Unit Owners shall be required to maintain in full force and

effect at all times a homeowners insurance policy insuring their Townhome Unit, such policy to provide coverage afforded by a "HO-3" policy or better. All Unit Owners shall provide the Declarant or the Association with a declarations page or other certificate evidencing such coverage upon request, and any insurer providing said coverage may not cancel or refuse to renew said coverage until thirty (30) days after notice of the proposed cancellation or nonrenewal has been mailed to the Association. If the Association becomes aware that a Unit Owner has not insured his or her Townhome Unit as required herein, then the Association shall have the right (but shall not be required) to obtain such insurance policy for his or her benefit, and for the benefit of the larger Townhome Development. Any expenses paid by the Association to obtain any such insurance policy shall be treated as an Assessment with respect to the affected Lot Owner, and the Association shall have lien rights against the affected Townhome Unit to secure repayment of any such Assessment as provided in Article IV of this Declaration. It is expressly provided that for purposes of insuring the Townhome Units as provided herein, the definition of an insured "Townhome Unit" shall expressly include party walls; finished walls; finished flooring; finished ceiling; plumbing and utility lines and connectors; all cabinets that are affixed and/or built-in to the walls and/or floors; and all original countertops, appliances, sinks, plumbing and electrical fixtures. Any other personal effects or materials within the Townhome Unit shall not be considered part of the Townhome Unit, and the Unit Owners shall remain fully responsible for insuring all such additional items.

It is expressly provided that each Unit Owner, in his or her discretion, shall be fully responsible at all times for insuring any and all personal property or other items located within his or her Townhome Unit. Each Unit Owner shall also be responsible, in his or her discretion, for insuring against the "loss of use" of his or her Townhome Unit in the event of a casualty or other occurrence that may impair his or her ability to reside in his or her Unit for any period of time. Finally, each Unit Owner shall be fully responsible for ensuring in his or her discretion that any such insurance policy carried by each Unit Owner appropriately dovetails and fully compliments any commercial property policy that may be carried by the Association on behalf of all Townhome Units (assuming that the Association elects to carry such coverage for the benefit of all Townhome Units as permitted above), such that there exist no "gaps" in the coverages afforded by the respective insurance policies. In the event of a casualty situation, it is expressly declared that the Association and/or the Declarant shall have no liability for any such "gap" in coverage between any commercial property policy maintained by the Association and any policy maintained by any Unit Owner.

Notwithstanding anything to the contrary herein, if the Association elects in its sole discretion to maintain in full force and effect at all times a commercial property insurance policy insuring all Townhome Units, the Association reserves the right not to file a claim against such insurance policy if the Association, as the case may be, reasonably believes in its sole discretion that insurance premiums or insurance coverage may be materially affected as a result of any such claim being made.

6.8 Any portion of the Townhome Development for which insurance is required under Section 6.7 which is damaged or destroyed shall be repaired or replaced promptly by the Association and/or the affected Lot Owner unless (i) the Townhome Development is terminated (pursuant to the procedures set forth in the Planned Community Act), (ii) repair or replacement would be illegal under any State or local health or safety statute or ordinance, or (iii) the Lot Owners in the Townhome Development decide not to rebuild by a one hundred percent (100%) vote, along with the approval of the Declarant if such damage occurs during the Development Period. If a commercial property policy is maintained by the Association, then the cost of repair or replacement in excess of insurance proceeds shall be a Common Expense; if a commercial property policy is not maintained by the Association, then the cost of repair or replacement in excess of insurance proceeds shall be the responsibility of and an Assessment against the affected Lot Owner(s). The Association shall have the right (but shall not be required) to incur

any additional expense to adequately repair or replace the damaged Townhome Unit(s), if insurance proceeds are not adequate to cover same. If a commercial property policy is maintained by the Association and additional expense is incurred by the Association, then any such additional expense shall be a Common Expense; if a commercial property policy is not maintained by the Association and additional expense is incurred by the Association, then any such additional expense shall be the responsibility of and an Assessment against the affected Lot Owner(s), subject to lien rights of the Association, in accordance with Article IV. If any portion of the Townhome Development is not repaired or replaced in accordance herewith, (i) the insurance proceeds attributable to the damaged areas shall be used to restore the damaged area to a condition compatible with the remainder of the Townhome Development, and (ii) the remainder of the proceeds shall be distributed to the affected Lot Owner or his or her lienholders, as their interests may appear. Notwithstanding the provisions of this section, the pertinent provision of the Planned Community Act shall govern the distribution of insurance proceeds if the Townhome Development is terminated.

ARTICLE VII

ASSOCIATION

7.1 Association. The administration of the Townhome Development shall be vested in the Association. The Owner of any Lot, upon acquiring title, shall automatically become a Member of the Association and shall remain a Member until such time as his ownership of such Lot ceases for any reason, at which time his membership in the Association shall automatically cease. The Association shall have full power and responsibility to administer, operate, sustain, maintain, and govern the Townhome Development including but not limited to, the powers and responsibilities to make prudent investments of funds held by it; to make reasonable Rules and Regulations; to borrow money; to make Assessments; to bring lawsuits and defend lawsuits; to enter into contracts; to enforce all of the provisions of this Declaration, the Bylaws and any other documents or instruments relating to the establishment, existence, operation, alternation of the Townhome Development. The powers of the Association shall be construed liberally and shall include, without limitation, all of the powers set forth in the Planned Community Act.

7.2 Board of Directors. Unless otherwise specifically stated in this Declaration, the Association shall act exclusively through its Board of Directors. The Association in accordance with the Bylaws shall choose the Board. The Board shall be authorized to delegate the administration of its duties and powers by written contract to a managing agent or administrator employed for that purpose by the Board.

7.3 Limitations on Association's Duties.

The Association does not warrant in any way or for any purpose, the improvements in the Townhome Development.

The Association shall have a reasonable time in which to make any repair or do any other work required of the Association pursuant to this Declaration. Any determination of the reasonableness of the Association's response to any problem, must allow for the fact that

the Association is a volunteer organization and that the funds available to the Association are limited.

In case of ambiguity or omission, the Board may interpret the Declaration and the other Constituent Documents, and the Board's interpretation shall be final if made without malice or fraud. Notwithstanding the foregoing, the Declarant may overrule any interpretation affecting it, for so long as Declarant (or any of its builder or investors affiliates) owns any Lot within the Townhome Development or any unit within the larger Woodland Village mixed-use community; and such interpretation cannot be enforced against the Declarant, its successors or assigns.

ARTICLE VIII

PARTY WALLS

8.1 **General Rules of Law to Apply.** Each wall which is built as part of the original construction of the Townhome Development and placed on the dividing line between the Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article VIII or any other provision in this Declaration, the general rules of law regarding party walls and of liability for property damage due to negligence or willful acts or omissions shall apply thereto.

8.2 **Sharing of Repair and Maintenance.** The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to use, unless otherwise provided in this Declaration.

8.3 **Destruction by Fire or Other Casualty.** Except as otherwise may be provided in this Declaration, if a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall shall restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts of omission. Notwithstanding the above, if insurance proceeds are available due to any such fire or other casualty to rebuild or repair a party wall, then the provisions of Article III and Article VI shall control to the extent their provisions are inconsistent herewith.

8.4 **Weatherproofing.** Notwithstanding any other provisions of this Article, an Owner who by his or her negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against the elements.

8.5 **Right of Contribution Runs with the Land.** The right of any Owner to contribution from any other Owner under this Article VIII shall be appurtenant to the land and shall pass to such Owner's successors in title.

ARTICLE IX

HARMONY, ENVIRONMENTAL CONTROLS

9.1 Architectural Control Committee. Except for original construction performed by or on behalf of Declarant or as otherwise provided in these covenants, no building, fence, electric pet fence, sidewalk, drive, mailbox, or other structure, or improvement or anything attached thereto visible from the outside of the Townhome Units or related improvements (including, without limitation, storm doors, windows, drapes or window coverings) shall be erected, placed, altered, or maintained within the Townhome Development, nor shall any exterior addition to or change (including any change in color) or alteration therein be made until the proposed building plans, specifications, exterior color and finish, plot plans (showing the proposed location of such building or structure, drives and parking areas), general contractor and all subcontractors, and construction schedule shall have been submitted to and approved in writing by the Board of Directors of the Association, or by any architectural control committee appointed by said Board of Directors. Refusal of approval of plans, location or specification by said Board of Directors or architectural control committee may be based upon any reasonable grounds, including, without limitation, lack of harmony of external design, color, location or relation to surrounding structures and topography and purely aesthetic considerations which, in the discretion of said Board of Directors or architectural control committee. After approval by the Board of Directors or architectural control committee is given, no alterations may be made in such approved plans except by and with their prior written consent. One copy of all plans, specifications and related data shall be furnished the Board of Directors or architectural control committee for its records.

ARTICLE X

USE RESTRICTIONS

10.1 Use and Occupancy. The Association shall make Rules and Regulations to govern the use and occupancy of the Townhome Development. In addition, the following covenants, conditions, and restrictions, as to use and occupancy shall run with the land and shall be binding upon each Lot Owner, his or her heirs, Tenants, licensees and assigns.

10.2 Purpose of Townhome Development. Each Lot is restricted to residential use only. Except for the construction, sales and management activities (including, without limitation, the right of Declarant to maintain one or more model Townhome Units as a model or sales office), no business, trade, industry, occupation or profession of any kind, whether for profit or not for profit, may be conducted, maintained, or permitted on any part of the Townhome Development property. To the extent permitted by law, an Owner may use a portion of her or her Townhome Unit for an office or studio (other than a music and/or dance studio) provided that the activities conducted therein do not interfere with the quiet enjoyment or comfort of any other Owner or occupant; and provided further that such activities do not increase the normal flow of traffic or individuals in and out of the Townhome Development or in and out of said Owner's Townhome Unit.

10.3 Obstruction of Common Areas. There shall be no storage or parking of any items, including baby carriages or strollers, playpens, bicycles, wagons, toys, vehicles, canoes, kayaks,

sports equipment, benches, chairs, or other items in any part of the Common Areas, except as permitted by the Rules and Regulations. Patios, porches, and decks may be used only for their intended purposes and may not be used for storage of any of the above items to the extent that said items would be visible from the Common Areas.

10.4 **Parking.** Except for vehicles being used by persons providing services to the Declarant, the Association, the Lot Owners or otherwise used or authorized to be used at the Townhome Development by the Declarant, no part of the Townhome Development may be used for the parking of any trailer (boat, vehicle, motorcycle or other type of trailer), mobile home, recreational vehicle, camper, boat, or any exclusively-commercial vehicle (collectively, "Special Vehicles"), unless such Special Vehicles are parked in the garage of the Lot Owner who owns such Special Vehicle and the garage door of such Lot Owner is completely closed at all times when a Special Vehicle is parked therein. Operative vehicles, other than Special Vehicles, used by a resident of a Lot as a primary source of transportation may be parked in the driveway of such Lot Owner or in any garage space owned by the Owner of such Lot. However, the residents of any one Lot may not collectively park more than two (2) operative vehicles other than Special Vehicles in the Townhome Development. Inoperable vehicles may not be parked within the Townhome Development unless these inoperable vehicles are parked in the garage and the garage door is completely closed. No automobile or machine-related maintenance and/or repairs may be performed on the Townhome Development unless performed entirely inside the garage of a Lot Owner. Vehicles, whether owned by a Lot Owner or not, parked in violation of any part of this Declaration or in violation of any Rules or Regulations, shall be towed away (or immobilized) and stored at the Owner's risk and expense. By parking in the Townhome Development, the Owner of the vehicle hereby waives any claim against the Association resulting directly or indirectly out of the towing.

10.5 **Compliance With Insurance Policies and Waste.** Nothing shall be done or kept in any Townhome Unit, in the Common Areas, or on a Lot which will increase the rate of insurance of the Townhome Units, or contents thereof, applicable for residential use, without the prior written consent of the Association. No Lot Owner shall permit anything to be done or kept in his or her Townhome Unit, in the Common Areas, or on a Lot which will result in the cancellation of insurance on the Townhome Units, or contents thereof, or which would be in violation of any law. No waste shall be committed in the Common Areas. All laws and zoning regulations shall be obeyed at all times.

10.6 **Exterior Surfaces of Buildings.** Lot Owners shall not cause or permit anything to be hung or displayed on the inside or outside of windows (except as provided herein), or hung on the outside of the Townhome Unit doors, or placed on the exterior walls of a building; and no sign (other than those described in Section 10.11 hereof and directional signs or signs concerning the use of the Common Areas), awning, canopy, flag (except the American flag), shutter, radio or television antenna, or satellite dishes shall be affixed to or placed upon the exterior walls or roof or any part of the building, or the Common Areas, without the prior written consent of the Association. Unless otherwise approved in writing by the Association, Lot Owners shall not cause or permit any curtains, shades or other window coverings to be hung inside or outside any windows, doorways, and/or patio doors which will show any color on the outside other than white or beige tones.

10.7 Animals and Pets. No animals of any kind shall be raised, bred, or kept on any Lot or in any Townhome Unit or in the Common Areas, except that two dogs, two cats or one of each, or two other household pets may be kept in a Townhome Unit, subject to the Rules and Regulations, provided that they are not kept, bred or maintained for any commercial purpose, and that they are kept subject to the Rules and Regulations of the Association. Dogs, cats or other household pets must be kept within the confines of the Owner's Townhome Unit except when being held on hand leash by the pet owner of the animal. No Lot Owner shall install a fence and/or electric fence on any portion of the Common Area without the prior written consent of the Board. No pet may be staked, housed, tied up or otherwise left in any Common Area. A Lot Owner shall be responsible for cleaning up after his household pet. Notwithstanding the above, the Association shall have the right to promulgate Rules and Regulations pertaining to the size, number and type of such household pets and the right to levy fines and enforcement charges against persons who do not clean up after their pets or who otherwise violate the rules with respect to their pets. Additionally, the right of an occupant to maintain an animal in a Townhome Unit shall be subject to termination if the Board in its full and complete discretion determines that the keeping of any animal constitutes a nuisance or creates a detrimental effect on the Townhome Development or occupants (due to noise, odor, danger to residents, or any other reasonable grounds). No dog house or other structure used or intended for the housing or keeping of animals may be constructed, placed or maintained on any part of the Common Areas.

10.8 Nuisances. No noxious or offensive activity shall be carried on in any Townhome Unit, in the Common Areas, or on the Lot of an Owner; nor shall anything be done therein, either willfully or negligently, which may be or become an annoyance or nuisance to the other Lot Owners or occupants.

10.9 Impairment of Structural Integrity of Building. Nothing shall be done in any Townhome Unit, or on any Lot, or on the Common Areas which would impair the structural integrity of, or structurally change, any Townhome Unit, absent the prior written approval of the Board.

10.10 Laundry or Rubbish and Open Fires in Common Areas and Facilities. No clothes, sheets, blankets, laundry of any kind, or other articles shall be hung out or exposed on any part of the Common Areas, or on any Lot in a manner visible from any Common Area, neighboring Lot or street. The Common Areas shall be kept free and clear of rubbish, debris and other unsightly materials. All trash, garbage or other rubbish shall be deposited in a community trash compactor as provided in Section 10.14 below. No open fires shall be permitted on any part of the Townhome Development other than fires in charcoal grills or other similar cooking devices, provided the use of such devices does not violate any local governmental rules or regulations and is conducted in a safe area. Charcoal grills may not be used on or near wooden or other flammable surfaces at any time.

10.11 No Signs. With the express exception of the Declarant during the Development Period, a Lot Owner shall not be permitted to place and maintain a "for sale" or "for rent" sign in the window of his or her Townhome Unit; however, the Association shall keep a registry of any Townhome Units that are available for sale or rent to assist Owners in this regard. In addition, no other sign that is visible from the outside of Townhome Units may be placed on any part of the Townhome Development except as expressly permitted by the Board of Directors. Declarant

and/or the Board shall have the right to immediately remove and dispose of those items in violation of this Declaration.

10.12 Alteration of Common Areas. Nothing shall be altered or constructed in or removed from the Common Areas except as otherwise provided in this Declaration and except upon the written consent of the Association. In addition, a Lot Owner must obtain the prior written consent of the Board prior to installing and landscaping or planting any flowers, herbs or vegetables, on any portion of the Townhome Development (including on any Lot).

10.13 Rental of Lots. The following requirements must be met with respect to the lease of any Townhome Unit: (i) the entire Townhome Unit must be leased (as opposed to only a portion thereof); (ii) the term may not be less than six (6) months; and (iii) a Townhome Unit may not be rented for transient or hotel purposes. All leases of any Townhome Unit shall be in writing. All such leases shall provide that they are subject to all of the provisions of the Declaration, the Bylaws and the Rules and Regulations, and that any failure by any Tenant to comply with any of such provisions, shall constitute a default under the lease. A copy of each such lease shall be given to the Association.

10.14 Trash Disposal. Each Owner shall deposit all trash, garbage, or other rubbish in a community trash compactor, unless otherwise directed by the Board. Owners shall keep any personal trash containers (and/or any trash, garbage, or other rubbish) at all times in each Owner's Townhome Unit, so that any such containers (and/or other such items) are not visible from the front of any such Unit. The Board shall have the right to dispose of any trash containers, trash, garbage, or other rubbish of an Owner who violates this Article X, and may assess the Lot Owner for the cost of such removal, which amount shall be payable on the date the next installment of the regular Assessment is due.

10.15 Nondiscrimination. No Owner (including the Declarant), or any employee, agent or representative thereof, shall discriminate upon the basis of sex, race, age, color, creed or national origin in the sale, lease or rental of any Lot nor in the use of the Common Areas.

10.16 Additional Declarant Rights. The Declarant reserves the right to use any unsold or unoccupied Townhome Unit or other structure in the Townhome Development as a model and/or office in connection with the construction, sale or rental of Townhome Units. Also, so long as the Declarant (or any of its builder or investor affiliates) owns a Lot within the Townhome Development or owns a unit within the larger Woodland Village mixed-use community, no action may be taken, nor may any Rule or Regulation be adopted or amended, that would (a) directly or indirectly alter the exterior appearance of any part of the Townhome Development; (b) reduce or discontinue any maintenance standard or practice in effect as of the date when the Declarant relinquishes control of the Board; (c) adversely affect the Declarant's sale or leasing of any Townhome Units; or (d) otherwise adversely affect the Declarant, any of its rights, or any Lot owned by it without, in each case, first obtaining the Declarant's written consent.

ARTICLE XI

ENFORCEMENT

11.1 Enforcement.

11.1.1 The Association or any Lot Owner may enforce these covenants, conditions and restrictions. Enforcement of these covenants, conditions and restrictions shall be by any proceeding at law or in equity against any person or persons violating or attempting to violate (the "Violating Party") any covenant, condition or restriction, either to restrain or enjoin violation or to recover damages, and against the affected Lot to enforce any lien created by these covenants. In addition to all other amounts due on account of said violation or attempted violation, the Violating Party shall be liable to the parties enforcing the covenants and/or restrictions of this Declaration (the "Enforcing Parties") for all reasonable attorney's fees and court costs incurred by the Enforcing Parties. Failure or forbearance by the Association or any Owner to enforce any covenant, condition or restriction herein contained shall in no event be deemed a waiver of the right to do so at any time in the future. A Townhome Unit Owner may not bring any enforcement or other legal action against the Association or the Declarant to enforce these covenants, conditions and restrictions during the Development Period. Upon the expiration of the Development Period, neither the Association nor a Townhome Unit Owner may bring any legal action against the Declarant or its successors or assigns without the written approval of ninety-five (95%) of the Townhome Unit Owners.

In addition to all other remedies of the Association, the Association shall have the right to assess a maximum fine of \$100.00 per day (or such higher amount as may be allowed by law) per violation against any Owner who violates any provision of this Declaration or the Constituent Documents.

In addition to the above rights, the Association may also enter upon a Lot or any land upon which a violation exists to remedy any violation, to perform maintenance, or to make repairs thereon which is the responsibility of a Lot Owner (i) after having given such Lot Owner at least ten (10) days prior notice, or (ii) without giving notice in the event of an emergency.

Any action brought by the Association hereunder may be brought in its own name, in the name of its Board or in the name of its managing agent. In any case of flagrant or repeated violation by a Lot Owner, he or she may be required by the Association to give sufficient surety or sureties for his or her future compliance with the covenants, conditions and restrictions contained in this Declaration or the Constituent Documents.

11.2 Restrictions Run With Land. The easements and other rights herein created, and the covenants and restrictions of this Declaration, shall run with and bind the Lots and the land,

and shall inure to the benefit of and be enforceable by the Declarant, the Association, or the Owner of any Townhome Unit subject to this Declaration, their respective legal representatives, heirs, successors, and assigns.

11.3 Amendment. The Unit Owners may amend this Declaration at any time, as long as reasonably consistent with the design, scheme and purposes of this Declaration, by the affirmative vote or written agreement of the Owners to whom not less than seventy-five percent (75%) of all of the votes in the Association are allocated in accordance with Section 3.5 herein. Any amendment must be in writing and recorded in the Cumberland County Registry. As long as the Declarant (or any of its builder or investor affiliates) owns any Lot within the Townhome Development or any unit within the larger Woodland Village mixed-use community, then the Declarant must consent in writing to any amendment to this Declaration.

11.4 Reservation of Special Declarant Rights. Declarant reserves the right to maintain sales and management offices, model units, construction trailers, storage or staging areas, and advertising signs upon the Property or upon Lots owned by it until it has sold its last Unit within the Townhome Development and to exercise all other "special declarant rights" as defined in the Planned Community Act. Without limiting the foregoing, and notwithstanding anything herein to the contrary, the Declarant shall have the right to annex additional land into the Townhome Development by filing a supplement to this Declaration in the Cumberland County Registry. Any such additional land that may be annexed into the Townhome Development need not be contiguous to the Property. Declarant shall have the right to assign all or a portion of any Declarant rights or easements reserved herein by a written assignment thereof, with said assignment being recorded in the Cumberland County Registry.

11.5 Binding Determination. In the event of any dispute or disagreement with or between any Lots Owners relating to the interpretation or application of the provisions of this Declaration or the Constituent Documents, the determination thereof (i) by Declarant for so long as Declarant (or any of its builder or investor affiliates) continue to own a Lot within the Townhome Development or a unit within the larger Woodland Village mixed-use community; or (ii) thereafter by the Board of Directors of the Association, shall be final and binding on each and all such Owners; providing that any determination which directly or indirectly affects Declarant shall require Declarant's prior consent before becoming binding upon Declarant.

11.6 Captions and Titles. All captions, titles or headings in this Declaration are for the purpose of reference and convenience only and are not deemed to limit, modify or otherwise affect any of the provisions hereof, or to be used in determining the intent or context thereof.

11.7 Notices. Except as otherwise provided in this Declaration, any notice to any Owner under this Declaration shall be in writing, shall be effective on the earlier of (i) the date when received by such Owner, or (ii) the date which is three (3) days after mailing (postage prepaid) to the last address of such Owner set forth in the books of the Association. The address of an Owner shall be at his or her Lot (or any of them if more than one) unless otherwise specified in writing to the Association. The Constituent Documents may specify the permissible manner of giving notice for voting and all other Association matters for which the manner of giving notice is not prescribed in this Declaration.

11.8 Governing Law. This Declaration shall be deemed to be made under, and shall be construed in accordance with and shall be governed by, the laws of the State of North Carolina, and any suit to enforce any provision hereof or to obtain any remedy with respect hereto shall be brought in state court in Cumberland County, North Carolina, and for this purpose each Owner by becoming such hereby expressly and irrevocably consents to the jurisdiction of said court.

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

ARTICLE XII

PRIVATE STREETS

12.1 Use. All private streets (which are not dedicated to the City of Fayetteville or any other municipality) constructed within the Townhome Development are reserved as easements of public access for the common use of Lot Owners and other unit owners within the larger Woodland Village mixed-use community, and their families, guests and invitees; by commercial vehicles authorized to make pick-ups and deliveries; by public and private utilities' personnel, trucks and equipment; by postal authorities and mail carriers; by emergency personnel and vehicles such as police, fire and ambulance; and by such other persons or classes of persons authorized by the Board of Directors of the Association, as a means of ingress or egress, and for such other uses as may be authorized from time to time by said Board. Such non-dedicated, private streets may also include underground utility lines, mains, sewers or other facilities to transmit and carry sanitary sewerage and storm water drainage. Except as provided by this Declaration, no acts shall be taken or things done by an Owner or the Association which are inconsistent with the reservation and grant of use and enjoyment hereinabove provided. The Association shall have the right to dedicate any private streets to the City of Fayetteville or other municipality willing to accept said dedication, and willing to assume the future maintenance thereof, at any time in the future.

12.2 Maintenance, Reconstruction or Resurfacing. The Association, at the cost and expense of the Association, shall provide for maintenance, resurfacing, or reconstruction of any private, non-dedicated street as it deems necessary or appropriate from time to time within its sole discretion. The Association shall also be responsible for contributing (as a Common Expense of the Townhome Development) to the maintenance and repair of any private, non-dedicated street or other area within the larger Woodland Village mixed-use development that may not be owned by the Association as a Common Area of the Townhome Development, but over which the Townhome Unit Owners, their family members, Tenants, invitees, and guests are entitled to easement rights and reasonably benefit thereby. It is expressly agreed that the Association shall be responsible for seven percent (7%) of the maintenance expenses with respect to Bentrige Lane; the remainder of said maintenance expenses shall be incurred by the following parties that benefit from access rights across Bentrige Lane: (i) Woodland Village of Fayetteville Condominium Association, Inc. (45% share); (ii) the property owners association for the office condominium building that is under construction immediately adjacent to Bentrige Lane (25% share); and (iii) Woodland Village Villas Owners Association, Inc. (23% share).

ARTICLE XIII

AD VALOREM TAXES ON COMMON AREAS

13.1 Any city and/or county ad valorem taxes on the Common Areas, as well as city and/or county and/or PWC assessments for public and private capital improvements on the Common Areas, if any, shall be Common Expenses and shall be the responsibility of and paid by the Association from the Assessments provided for under Article IV herein and subject to all provisions of said Article IV including those providing for lien rights in favor of the Association.

13.2 Upon default by the Association in the payment of any ad valorem taxes levied against Common Areas or assessments for public or private capital improvements, which continues for a period of six (6) months, then each Townhome Unit Owner shall become personally obligated to pay the tax or assessment to the assessing governmental authority, with each Townhome Unit Owner's portion of such taxes or assessments to be determined by dividing the total taxes and/or assessments due by the total number of Townhome Units. If not paid by the Owner within thirty (30) days, said sum shall become a continuing lien upon any such Townhome Unit, and the taxing or assessing governmental authority may either bring an action at law against the Owner personally obligated to pay the same, or elect to foreclose the lien.

[The Remainder of This Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Declarant has executed this Declaration under seal as of the date set forth in the below notary acknowledgment.

DECLARANT:

ELMWOOD PARTNERS, LLC

By: [Signature] (SEAL)

Name: Thomas L. Bradford

Title: Member/ Manager

STATE OF NORTH CAROLINA

COUNTY OF Cumberland

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she signed the foregoing document for the purpose stated therein and in the capacity indicated: Thomas L. Bradford as Member/ Manager of **Elmwood Partners, LLC**, a North Carolina limited liability company.

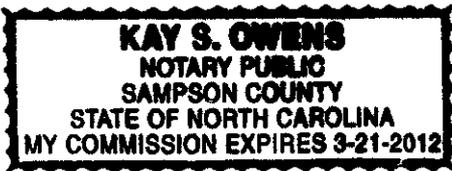
Date: 10/17/07

Official Signature of Notary: Kay S. Owens

Notary's Printed Name: Kay S. Owens

My commission expires: 3/21/12

[Affix Notary Seal or Stamp]



CONSENT OF BENEFICIARY

Branch Banking and Trust Company, being the Beneficiary under that certain North Carolina Deed of Trust and Security Agreement from Elmwood Partners, LLC, to BB&T Collateral Service Corporation, Trustee, and recorded in Book 7352, Page 623, Cumberland County Registry, securing up to \$5,000,000.00, and any other applicable deed of trust in favor of Branch Banking and Trust Company that may comprise a lien upon the property described in this Declaration (collectively, the "Deed of Trust"), does hereby consent to the recordation of this Declaration, and said Beneficiary does hereby subordinate the lien and operation of the Deed of Trust to the provisions of the Declaration and further agrees that from and after this date, the provisions of the Declaration including all exhibits, attachments and amendments thereto, shall be superior to the lien of said Deed of Trust as if the Declaration had been recorded prior to the Deed of Trust. Said Beneficiary executes this Consent of Beneficiary solely for the purposes set forth herein.

IN WITNESS WHEREOF, the undersigned has caused this Consent to be executed as of the 22 day of Oct, 2007.

BRANCH BANKING AND TRUST COMPANY

By: [Signature]
Sr Vice President

STATE OF NORTH CAROLINA

COUNTY OF Cumh

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she signed the foregoing document for the purpose stated therein and in the capacity indicated: Frank B... as Sr. V. President of **Branch Banking and Trust Company**, a North Carolina banking corporation.

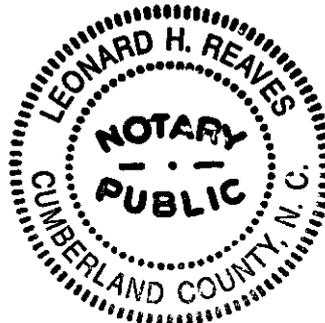
Date: 10-22-2007

Official Signature of Notary: [Signature]

Notary's Printed Name: Leonard H. Reaves

My commission expires: My Commission Expires August 25, 2009

[Affix Notary Seal or Stamp]



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0583

BK 7767 PG 0583

EXHIBIT A

(Plat Information)

BEING all of that property comprised of 1.98 acres (including all townhome Units; Common Areas; Limited Common Areas; and Restricted Use Common Areas) as shown on plat entitled "Woodland Village Townhomes – Building One and Two", said plat having been duly recorded in Plat Book 121, Page 90, Cumberland County Registry.