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GUILFORD COUNTY, NC

JEFF L. THIGPEN

REGISTER OF DEEDS

THIS INSTRUMENT PREPARED BY
AND RETURN TO:
MARGARET SHEA BURNHAM
NEXSEN PRUET, PLLC
701 GREEN VALLEY ROAD, SUITE 100
GREENSBORO NC 27408

NORTH CAROLINA

**AMENDED AND RESTATED
DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR VILLAGE WOODS
RESIDENTIAL DEVELOPMENT**

GUILFORD COUNTY

**THIS DOCUMENT REGULATES OR PROHIBITS
THE DISPLAY OF THE FLAG OF THE UNITED
STATES OF AMERICA OR STATE OF NORTH
CAROLINA.**

**THIS DOCUMENT REGULATES OR PROHIBITS
THE DISPLAY OF POLITICAL SIGNS.**

**THIS AMENDED AND RESTATED DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS FOR VILLAGE WOODS RESIDENTIAL
DEVELOPMENT ("Amended and Restated Declaration" or "Declaration") effective this
11 day of September, 2017, by PJ VILLAGE WOODS, LLC, a North Carolina
limited liability company having an office and place of business in Oak Ridge, Guilford County,
North Carolina, hereinafter referred to as the Declarant;**

Submitted electronically by "Nexsen Pruet, LLC"
in compliance with North Carolina statutes governing recordable documents
and the terms of the submitter agreement with the Guilford County Register of Deeds.

WITNESSETH:

WHEREAS, Declarant acquired certain property in Oak Ridge, Guilford County, North Carolina, which is more particularly described in Exhibit A attached hereto (the "Property"), known as the Village Woods Residential Development (also known as "Village Woods");

WHEREAS, Declarant recorded a Declaration of Covenants, Conditions and Restrictions for Village Woods Residential Development in Book 6985, Page 1698, Guilford County Registry (the "Original Declaration");

WHEREAS, this Amended and Restated Declaration replaces, in its entirety, the Original Declaration;

WHEREAS, Declarant has previously conveyed Lot 6, located at 7911 Quiet Place, to Jerry M. Cooke and Phyllis H. Cooke ("Lot 6 Owners"), by Deed recorded in Book 6985, Page 1750, Guilford County Registry, which Lot 6 Owners join in this Amended and Restated Declaration to evidence their consent to the terms herein (including the re-zoning the text amendment described below);

WHEREAS, Declarant has previously conveyed certain common areas to Village Woods Property Owners Association, Inc. (the "Association") by Deed recorded in Book 6985, Page 1741, Guilford County Registry, which Association joins in this Amended and Restated Declaration to evidence its consent to the terms herein (including the re-zoning and text amendment described below);

WHEREAS, the original plat of Phase 1 of the Village Woods Residential Development was recorded in Plat Book 164, Page 68 (the "Original Plat");

WHEREAS, after the Original Declaration and the Original Plat were recorded, the Declarant re-zoned the Property from RM to CU-TC-R, which re-zoning was approved April 6, 2017, subject to a maximum of 21 Dwellings;

WHEREAS, at the same time as the re-zoning, the Declarant requested a text amendment to the Oak Ridge Code of Ordinances to amend the definition of townhouse and to amend the building separation requirements, which text amendment was approved May 4, 2017;

WHEREAS, Declarant has now recorded a revised plat ("Revised Plat") entitled "Final Plat of Village Woods Subdivision, Phase 1, Map 2" in Plat Book 195, Page 36, Guilford County Registry, a copy of which is attached hereto as Exhibit A-1;

WHEREAS, the Revised Plat creates new Lots 2 and 3 of Village Woods, in addition to existing Lots 4 through 6 of Village Woods;

WHEREAS, the Original Plat and the Revised Plat contemplate three phases as more particularly described on the Revised Plat;

WHEREAS, a preliminary site plan ("Preliminary Site Plan") showing Lots 1 through 21 is attached hereto as Exhibit E;

WHEREAS, the Preliminary Site Plan mistakenly refers to only two phases;

WHEREAS, the Declarant intends for the community to have three phases, with Phase 1 including Lots 1 through 6; Phase 2 including Lots 7 through 12; and Phase 3 including Lots 13 through 21;

WHEREAS, Declarant previously created, as reflected in the Original Declaration and shown on the Original Plat, a Planned Community, as defined in the Planned Community Act, which is known as Village Woods Residential Development;

WHEREAS, the first phase of the Village Woods Residential Development is known as Phase 1, including Lots 1 through 6 as shown on the Preliminary Site Plan (the "Phase 1 Property");

WHEREAS, Declarant desires to provide for the preservation and maintenance of certain Common Elements and for certain other responsibilities in connection with all phases (the existing Phase 1 Property, the future Phase 2 Property and the future Phase 3 Property) of the Village Woods Residential Development and to this end desires to subject the Phase 1 Property to the covenants, conditions, restrictions, and easements hereinafter set forth which are designated as for the benefit of Village Woods Residential Development and each Owner of a portion thereof, excluding those covenants, conditions, restrictions and easements designated for only a particular phase;

WHEREAS, initially, for the Phase 1 Property, Declarant also desires to provide for the preservation and maintenance of certain Phase 1 Common Elements and for certain other responsibilities in connection with the Village Woods Residential Development and to this end desires to subject the Phase 1 Property to the covenants, conditions, restrictions, and easements hereinafter set forth which are designated as for the benefit of Phase 1 of the Village Woods Residential Development and each Owner of a portion thereof;

WHEREAS, this Amended and Restated Declaration shall apply to future Phase 2 and future Phase 3 upon annexation of such phases into the Village Woods Residential Development;

WHEREAS, all of the phases annexed into Village Woods Residential Development will utilize certain common access and utility easements; and

WHEREAS, Declarant has installed a Community Water System (as defined herein) which will provide household water for each home built on a Lot (as defined herein) developed on the Property and has also installed certain shared septic fields ("Community Septic System"); and the Community Water System and the Community Septic System will be conveyed as part of the Common Elements installed by Declarant to the Association to be owned and operated by the Association for the benefit of Members (as defined herein) subject to charges for usage as set forth herein.

NOW, THEREFORE, Declarant declares that the Phase 1 Property, being a portion of the Property described on Exhibit A attached hereto, shall be held, sold, occupied and conveyed subject to the following covenants, conditions, restrictions and easements, all of which are for the purpose of protecting the value and desirability of, and which shall run with such Phase 1

Property, shall be binding on all parties having or acquiring any right, title, or interest in the described Phase 1 Property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof. It is the intent of the Declarant that the provisions of this Declaration in all respects conform and comply with the requirements set forth in the Planned Community Act, and to the extent any provision contained herein does not conform or comply with the required provisions of the Planned Community Act, the required provisions of the Act shall control; provided, however, in all events in which the Planned Community Act permits the Declaration to alter the Act (such as a provision in the Act that provides "except as otherwise provided in the declaration"), the Declaration's provisions shall control over the Act.

ARTICLE I

DEFINITIONS

Section 1. "Additional Covenants" shall mean and refer to any covenants, conditions or restrictions now or hereafter recorded and imposed by Declarant on any portions or phases of the Property that it owns.

Section 2. "Allocated Interests" shall mean each Member's allocated interests for voting and assessments as set forth herein and as illustrated on Exhibit F attached hereto.

Section 3 "Association" shall mean and refer to Village Woods Property Owners Association, Inc., a North Carolina non-profit corporation, its successors and assigns.

Section 4. "Bylaws" shall mean the Bylaws of the Association, as they now or hereafter exist.

Section 5. "Common Elements" shall mean and refer to all real and personal property (including the improvements thereto) owned (by fee or by easement) or leased by the Association for the common use and enjoyment of the Owners of the Property. At the time of this Declaration, the Common Elements for all phases of the Village Woods Residential Development include the items set forth on Exhibit B attached hereto. At the time of this Declaration, the Common Elements for only the Phase 1 Property include the items set forth on Exhibit C attached hereto ("Phase 1 Common Elements"). "Lots" are not part of the Common Elements or Phase 1 Common Elements. Declarant reserves the right, in its sole discretion, without the consent of the Association or its Members to convey from time to time additional property to the Association, which property may include any additional land annexed by Declarant pursuant to Article XII, Section 4, hereof; and the Association shall accept any such conveyance of additional property; and, thereafter, any such additional property designated by Declarant either as additional Common Elements or Phase 1 Common Elements shall be held and maintained by the Association as Common Elements or Phase 1 Common Elements as applicable.

A "Limited Common Element" shall mean a portion of the Common Elements allocated by this Declaration for the exclusive use of one or more but fewer than all of the Lots. Initially, Limited Common Elements include: 1) the parking spaces in front of a particular Dwelling's

garage as more particularly described in Article VIII, Section 9; 2) the patio constructed for a particular Dwelling; and 3) the front porch constructed for a particular Dwelling.

Section 6. Community Water System shall mean a public water system as set out in N.C.G.S. Section 130A-313(10).

Section 7. "Declarant" shall mean and refer to PJ Village Woods, LLC, its successors and assigns as Declarant. Declarant may appoint and designate a successor Declarant by an instrument recorded in the Office of the Register of Deeds of Guilford County.

Section 8. "Declarant's Development Period" or "Declarant Control Period" shall mean and refer to the period of time commencing on the date of this Amended and Restated Declaration and continuing for so long as the Declarant or any successor Declarant shall own any Lot or undeveloped phase within the Property.

Section 9. "Dwelling" shall mean and refer to a single-family townhome ("Townhome"), whether attached or detached, or other single-family residence constructed on a Lot on the Property.

Section 10. "Executive Board" or "Board of Directors" means the body designated in this Declaration, the Articles of Incorporation and the Bylaws to act on behalf of the Association.

Section 11. "Lot" shall mean any separately numbered plot of land, regardless of size, as shown on a recorded plat of the Property. A Lot may be a Townhome Lot (whether attached or detached) or other single-family residential Lot. Common Elements and Phase 1 Common Elements are not Lots. Declarant reserves the right to reconfigure from time to time, without the consent of the Owners or the Members of the Association, the boundaries of any Lot or undeveloped phase owned by the Declarant, to create additional Lots (subject to a maximum of 21 Dwellings), including Lots within the Common Elements, to eliminate an existing Lot or Lots, to create new Lots (subject to a maximum of 21 Dwellings), or to create additional Common Elements or Phase 1 Common Elements, provided such changes comply with the requirements of the appropriate governmental authority. If Declarant elects to exercise its right to revise the boundaries of one or more Lots owned by Declarant, Declarant shall record a revised plat of the affected Lot or Lots; and upon the recording by Declarant of a revised plat, each Lot shown on the previously recorded plat or plats, the boundaries of which are revised by the revised plat, shall cease to be a "Lot" as defined in this Declaration, and each newly configured lot shown on the revised plat shall be a "Lot" as defined in this Declaration. The Plat showing the first three Lots (Lots 4 through 6) is recorded in Book 169, Page 68 of the Guilford County Registry, as amended by the Revised Plat (adding new Lots 2 and 3). Declarant's Reserved Rights are more particularly described in Article XII, Section 6, herein.

Section 12. "Member" shall mean and refer to every person or entity entitled to membership with voting rights in the Association as described herein. A chart illustrating each Member's Allocated Interests for voting and assessments is attached hereto as Exhibit F.

Section 13. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 14. "Phase 1 Common Elements" shall mean and refer to all real and personal property (including the improvements thereto) owned (by fee or by easement) or leased by the Association for the common use and enjoyment of only the Phase 1 Owners. At the time of this Declaration, Phase 1 Common Elements include the items set forth on Exhibit C attached hereto. "Lots" are not part of the Phase 1 Common Elements. By way of illustration, Declarant shall plat a new Lot 1 in the approximate location of Lot 1 shown on the Preliminary Site Plan attached hereto as Exhibit E. Declarant reserves the right, in its sole discretion, without the consent of the Association or its Members, to convey from time to time additional property to the Association, which property may include any additional land annexed by Declarant pursuant to Article XII, Section 4, hereof; and the Association shall accept any such conveyance of additional property; and, thereafter, any such additional property designated by Declarant as additional Phase 1 Common Elements shall be held and maintained by the Association as Phase 1 Common Elements.

Section 15. "Phase 1 Property" shall mean and refer to that certain real property (a portion of "Property") platted as Phase 1 on the Revised Plat which is herein made subject to certain Additional Covenants in this Declaration, and such additions to Phase 1 Property as may hereafter be made subject to the Additional Covenants, by annexation. "Phase 2 Property" shall mean and refer to that certain real property (a portion of "Property") as shown on the future Phase 2 Plat (or Plats). "Phase 3 Property" shall mean and refer to that certain real property (a portion of "Property") as shown on the future Phase 3 Plat (or Plats). The phase lines shall be the lines shown on the Revised Plat and not the lines shown on the Preliminary Site Plan.

Section 16. "Planned Community Act" or "Act" shall mean the North Carolina Planned Community Act set out in Chapter 47F of the General Statutes of North Carolina in effect at the time this Declaration is recorded.

Section 17. "Plat" shall mean and refer to all of that certain parcel of land shown on that plat entitled "Final Plat of Village Woods Subdivision, Phase 1," recorded in Plat Book 169, Page 68, Guilford County Registry, as amended by the Revised Plat. Plat shall also mean any later Plat of a Lot or Lots annexed into Village Woods Residential Development.

Section 18. "Property" shall mean and refer to that certain real property described on Exhibit A attached hereto and such additions thereto as may hereafter be brought within the jurisdiction of the Association. This Amended and Restated Declaration annexes Phase 1 into the Declaration. Declarant may annex Phase 2 and Phase 3 into the Declaration at any time without the consent of any other party.

Section 19. "Village Woods Residential Development" or "Village Woods" shall refer to the residential development constructed on the Phase 1 Property and any property annexed thereto.

ARTICLE II

PROPERTY RIGHTS; COMMON ELEMENTS FOR ALL PHASES

Section 1. Owners' Easements and Enjoyment. Every Owner of a Lot shall have a right and easement of enjoyment in and to the Common Elements described on Exhibit B, which shall be appurtenant to and shall pass with the title to every Lot. This easement is subject to the easements set out in Article IX hereof and to the other provisions of this Declaration.

This easement in the Common Elements includes a non-exclusive easement for ingress, egress and regress over Quiet Place to the extent necessary to provide access to his or her portion of the Property or Lot. Quiet Place is shown on sheets 1 and 2 of the plat recorded in Plat Book 169, Pages 67-68, and partially shown on the plat recorded in Plat Book 194, Page 115, Guilford County Registry. Quiet Place is a private road that provides access to the Property from North Carolina Highway 68. The Association has been granted easements for access in the following documents:

Access and Utility Easement	<u>Book 6542, Page 654,</u> <u>re-recorded in Book 6674, Page 1601</u>
Access, Utility and Sign Easement	<u>Book 6685, Page 2697</u>
Amendment to Access and Utility Easement	<u>Book 6685, Page 2707</u>
Access Easements and Sign Easement (Over Lot 4)	<u>Book 7964, Page 2528</u>

The easements and rights in Common Elements also include the right to be connected to the Community Water System and Community Septic System serving that Lot. The Community Water System and Community Septic System shall be owned and operated by the Association. Each Lot shall have the right to one connection to the Community Water System and Community Septic System, subject to charges for usage as set forth herein. Such right to connect to the Community Water System and Community Septic System does not give an Owner any individual right (other than through membership in Association) to management or control of the Community Water System or Community Septic System. Owners of Lots within Phase 1 and Phase 2 shall have easements for the specific septic drainage fields as designated on the Original Plat. See Exhibit D for a more particular description of the septic fields designated for Lots 1-12. Owners of Lots on the Phase 3 Property will have no easement for use of any of the septic drainage fields designated on Exhibit D; the septic drainage fields for the Phase 3 Property will be designated at a future time.

No Owner shall use any septic drainage field for any purpose other than its intended use as a septic drainage field. Each Owner shall be responsible to make sure his or her family (especially children), tenants, guests, invitees and agents do not use the septic drainage fields for recreational purposes.

All easements shall be appurtenant to and shall pass with the title to each Lot. The easements are subject to the conditions set out in Article IX hereof and to the other provisions of this Declaration, including charges for usage as set forth herein.

Section 2. Delegation of Use. Any Owner may delegate his or her rights of enjoyment of the Common Elements to the members of his or her family, tenants, guests, invitees and agents.

Section 3. Rules and Regulations. The Declarant, during the Declarant's Development Period, and thereafter the Association acting through its Executive Board, shall have the power to formulate, publish and enforce rules and regulations concerning the use and enjoyment of the Common Elements, including rules and regulations concerning water and septic usage and reasonable charges therefor, use of Quiet Place, parking, vehicular traffic flow over Quiet Place, and use of the other Common Elements set forth in Exhibit B and Exhibit C. Such rules and regulations shall be made available to the Members. The Association may impose reasonable monetary fines and other sanctions for the violation of established rules and regulations and for the violation of any of the covenants and conditions contained in this Declaration, the Bylaws or the rules and regulations, which monetary fines and sanctions shall be assessed and collected pursuant to the provisions of Articles V and XII hereof, and further subject to the terms and conditions, including caps on monetary fines, and also including the procedure for fines, suspensions or other penalties set forth in the Planned Community Act. Copies of such rules and regulations and the amendments thereto shall be furnished by the Association to all Owners prior to the effective date thereof. All such rules and regulations shall be binding upon the Owners, their family, tenants, guests, invitees and agents. Specifically the Association shall meter water usage on each Lot and bill for such usage, which bill shall be separate and apart from Association dues and assessments.

Section 4. Suspensions. The Association shall have the power to suspend privileges and services, including voting rights, of an Owner for any period during which any assessment against his or her Lot remains unpaid, and to suspend such Owner's voting rights for a reasonable period, all in accordance with the Planned Community Act. The Association also may levy such monetary fines as it deems appropriate against an Owner for any infraction of this Declaration, the Bylaws or the rules and regulations, subject to the terms and conditions, including caps on monetary fines, and also including the procedure for fines, suspensions and other penalties as set forth in the Planned Community Act. No such suspension of privileges and services shall constitute a waiver or discharge of the Owner's obligation to pay assessments or abide by the terms of this Declaration, the Bylaws or the rules and regulations.

In addition, the Association shall have the power to disconnect a Lot from the water system for an Owner's failure to pay water bills as due, subject to the same conditions set forth in this Section 4 for unpaid assessments.

Section 5. Mortgaging Common Elements. The Association, acting through its Executive Board, shall have the power to borrow money for the purpose of improving the Common Elements and facilities thereon and pursuant thereto to mortgage, pledge, execute a

deed of trust, or hypothecate the Common Elements, or any portion thereof, as security for money borrowed ("Common Elements Financing"); provided, however, that any such action shall be taken only if persons entitled to cast at least eighty percent (80%) of the votes in the Association agree in writing to such action; and provided further that any such Common Elements Financing complies with the provisions of §47F-3-112 of the Planned Community Act.

No such Common Elements Financing or foreclosure of the lien thereby created shall cause any Lot or any remaining Common Elements to fail to comply with applicable laws, regulations or ordinances. No such Common Elements Financing shall interfere or obstruct utility service to, or ingress, egress, and regress to or from the Lots, the Common Elements or the Phase 1 Common Elements; and provided further that for so long as Declarant shall own any portion of the Property, Declarant's consent to such action must also be obtained.

In addition, any such Common Elements Financing obtained by the Association shall be subject and subordinate to any rights, interests, easements and privileges herein reserved or established for the benefit of Declarant, or any Lot or Lot Owner, or the holder of any mortgage on a Lot, irrespective of when executed, given by Declarant or any Lot Owner encumbering any Lot or any other part of the Property; and any provision in this Declaration and in any such Common Elements Financing obtained by the Association to the contrary notwithstanding, the exercise of any rights by the holder of the Common Elements Financing in the event of a default thereunder shall not terminate or cancel any rights, easements or privileges herein reserved or established for the benefit of Declarant, or any Lot Owner, or the holder of any mortgage on a Lot, irrespective of when executed, given by Declarant or any Lot Owner encumbering any Lot or other property in Village Woods Residential Development.

Section 6. Common Elements Dedication or Transfer. The Association, pursuant to Section 47F-3-112 of the Planned Community Act, acting through its Executive Board, shall have the right to dedicate or transfer fee title to all or any part of the Common Elements including the Community Water System and/or Community Septic System to any government or public agency, public utility, or duly licensed private utility company, subject to such conditions as may be agreed to by the Members.

No such dedication or transfer shall be effective unless persons entitled to cast at least eighty percent (80%) of the votes in the Association agree in writing to such action, and by the Declarant if the Declarant then owns any Lot or other portions of the Property.

No such dedication or transfer shall interfere with or obstruct utility service to, or ingress, egress and regress to or from the Lots or any remaining Common Elements, or deprive any Lot of its rights of support, or cause any Lot or any remaining Common Elements to fail to comply with applicable laws, regulations or ordinances. Specifically, but without limitation, the Community Water System and/or Community Septic System may be transferred or dedicated pursuant to the terms of this section.

Section 7. Encroachments. The Association, acting through its Executive Board, shall have the right to exchange portions of Common Elements with Declarant for substantially equal areas of property for the purpose of eliminating unintentional encroachments of Dwellings or

other improvements onto portions of the Common Elements or for the purposes of enhancing the utility of the Common Elements to be retained by the Association.

Section 8. Maintenance. The Association shall maintain the Common Elements and facilities and improvements thereon, as hereinafter provided in Section 1 of Article VII. Any portion of the Common Elements for which insurance is required to be maintained by the Association under the Planned Community Act which is damaged or destroyed shall be repaired or replaced promptly by the Association except as otherwise provided in Section 47F-3-113 of the Planned Community Act.

Section 9. Management Contracts. The Executive Board shall have the power to enter into contracts for maintenance or management of the Common Elements, including but not limited to contracts for management and landscaping and for operating, managing, maintaining, and administering the Community Water System and Community Septic System.

Section 10. Limitations on Common Elements. Unless and until other phases are annexed into the Phase 1 Property, the Owners of other phases of the Property do not acquire any ownership right to the Phase 1 Common Elements. Likewise, unless and until future Phase 2 and Phase 3 are annexed into the Amended and Restated Declaration, the Owners of the Phase 1 Property do not acquire any ownership right to the Phase 2 Property or the Phase 3 Property. Notwithstanding the provisions of this Section 10, Owners shall have the license to use open space more particularly set forth in Article III, Section 11.

ARTICLE III

PROPERTY RIGHTS; COMMON ELEMENTS FOR PHASE 1

Section 1. Owners' Easements and Enjoyment. Every Owner of a Lot in the Phase 1 Property shall have a right and easement of enjoyment in and to the Phase 1 Common Elements described on Exhibit C, which shall be appurtenant to and shall pass with the title to every Lot in the Phase 1 Property. This easement is subject to the easements set out in Article IX hereof and to the other provisions of this Declaration.

As other phases of the Property are annexed into the Phase 1 Property, this easement and right of enjoyment in the Phase 1 Common Elements shall be extended to those future phases (including future Phase 2 and Phase 3).

All easements shall be appurtenant to and shall pass with the title to each Lot. The easements are subject to the conditions set out in Article IX hereof and to the other provisions of this Declaration.

Section 2. Delegation of Use. Any Owner may delegate his or her rights of enjoyment of the Phase 1 Common Elements to the members of his or her family, tenants, guests, invitees and agents.

Section 3. Rules and Regulations. The Declarant, during the Declarant's Development Period, and thereafter the Association acting through its Executive Board, shall have the power to formulate, publish and enforce rules and regulations concerning the use and enjoyment of the Phase 1 Common Elements, including rules and regulations concerning parking, vehicular traffic flow within the Phase 1 Property, assignment and use of a garden plot, use of the playground, use of the fire pit and use of the other Phase 1 Common Elements set forth in Exhibit C. Such rules and regulations shall be made available to the Members. The Association may impose reasonable monetary fines and other sanctions for the violation of established rules and regulations and for the violation of any of the covenants and conditions contained in this Declaration, the Bylaws or the rules and regulations, which monetary fines and sanctions shall be assessed and collected pursuant to the provisions of Articles V and XII hereof, and further subject to the terms and conditions, including caps on monetary fines, and also including the procedure for fines, suspensions or other penalties set forth in the Planned Community Act. Copies of such rules and regulations and the amendments thereto shall be furnished by the Association to all Owners prior to the effective date thereof. All such rules and regulations shall be binding upon the Owners, their family, tenants, guests, invitees and agents.

Section 4. Suspensions. The Association shall have the power to suspend privileges and services, including voting rights, of an Owner for any period during which any assessment against his or her Lot remains unpaid, and to suspend such Owner's voting rights for a reasonable period, all in accordance with the Planned Community Act. The Association may also levy such monetary fines as it deems appropriate against an Owner for any infraction of this Declaration, the Bylaws or the rules and regulations subject to the terms and conditions, including caps on monetary fines, and also including the procedure for fines, suspensions and other penalties as set forth in the Planned Community Act. No such suspension of privileges and services shall constitute a waiver or discharge of the Owner's obligation to pay assessments or abide by the terms of this Declaration, the Bylaws, or the rules and regulations.

Section 5. Mortgaging Phase 1 Common Elements. The Association, acting through its Executive Board, shall have the power to borrow money for the purpose of improving the Phase 1 Common Elements and facilities thereon and pursuant thereto to mortgage, pledge, execute a deed of trust, or hypothecate the Phase 1 Common Elements ("Phase 1 Common Elements Financing"), or any portion thereof, as security for money borrowed; provided, however, that any such action shall be taken only if persons entitled to cast at least eighty percent (80%) of the votes in the Association agree in writing to such action; and provided further that any such Phase 1 Common Elements Financing complies with the provisions of §47F-3-112 of the Planned Community Act.

No such Phase 1 Common Elements Financing or foreclosure of the lien thereby created shall cause any Lot or any remaining Phase 1 Common Elements to fail to comply with applicable laws, regulations or ordinances. No such Phase 1 Common Elements Financing shall interfere or obstruct utility service to, or ingress, egress, and regress to or from the Lots or the Phase 1 Common Elements; and provided further that for so long as Declarant shall own any portion of the Property, Declarant's consent to such action must also be obtained.

In addition, any such Phase 1 Common Elements Financing obtained by the Association shall be subject and subordinate to any rights, interests, easements and privileges herein reserved or established for the benefit of Declarant, or any Lot or Lot Owner, or the holder of any mortgage on a Lot, irrespective of when executed, given by Declarant or any Lot Owner encumbering any Lot or any other part of the Property; and any provision in this Declaration and in any such Phase 1 Common Elements Financing obtained by the Association to the contrary notwithstanding, the exercise of any rights by the holder of the Phase 1 Common Elements Financing in the event of a default thereunder shall not terminate or cancel any rights, easements or privileges herein reserved or established for the benefit of Declarant, or any Lot Owner, or the holder of any mortgage on a Lot, irrespective of when executed, given by Declarant or any Lot Owner encumbering any Lot or other property in Village Woods Residential Development.

Section 6. Common Elements Dedication or Transfer. The Association, pursuant to Section 47F-3-112 of the Planned Community Act, acting through its Executive Board, shall have the right to dedicate or transfer fee title to all or any part of the Phase 1 Common Elements to any government or public agency, or to transfer to any other party for such purposes, subject to such conditions as may be agreed to by the Members.

No such dedication or transfer shall be effective unless persons entitled to cast at least eighty percent (80%) of the votes in the Association agree in writing to such action, and by the Declarant if the Declarant then owns any Lot or other portions of the Property.

No such dedication or transfer shall interfere with or obstruct utility service to, or ingress, egress and regress to or from the Lots or any remaining Phase 1 Common Elements, or deprive any Lot of its rights of support, or cause any Lot or any remaining Phase 1 Common Elements to fail to comply with applicable laws, regulations or ordinances.

Section 7. Encroachments. The Association, acting through its Executive Board, shall have the right to exchange portions of Phase 1 Common Elements with Declarant for substantially equal areas of property for the purpose of eliminating unintentional encroachments of Dwellings or other improvements onto portions of the Phase 1 Common Elements or for the purposes of enhancing the utility of the Phase 1 Common Elements to be retained by the Association.

Section 8. Maintenance. The Association shall maintain the Phase 1 Common Elements and facilities and improvements thereon, as hereinafter provided in Section 1 of Article VII. Any portion of the Phase 1 Common Elements for which insurance is required to be maintained by the Association under the Planned Community Act which is damaged or destroyed shall be repaired or replaced promptly by the Association except as otherwise provided in Section 47F-3-113 of the Planned Community Act.

Section 9. Management Contracts. The Executive Board shall have the power to enter into contracts for maintenance or management of the Phase 1 Common Elements, including but not limited to contracts for management and landscaping.

Section 10. Phase 1 Restrictions. Other than the Common Elements for all phases set forth above in Article II, the Owners of Lots in the Phase 1 Property do not acquire any rights in other phases (future Phase 2 and Phase 3) unless and until such other phases are annexed into the Phase 1 Property as additional phases of Village Woods Residential Development and then only to the extent that the Declarant creates additional Phase 1 Common Elements within such additional phases.

Section 11. License to Use Vacant Land.

(a) **Phase 1 Property.** Until the Declarant plats Lot 1 within the Phase 1 Property, the Owners of the Phase 1 Property shall have a revocable license to use the open space within Phase 1, including the area designated on the Preliminary Site Plan for future Lot 1, subject to the rules and regulations of the Declarant and subject to the Declarant's right to terminate the license when Declarant has conveyed Lot 1 to a third party.

(b) **Phase 2 Property.** Until the Declarant plats the Phase 2 Property, the Owners of the Phase 1 Property shall have a revocable license to use the open space within the Phase 2 Property, subject to the rules and regulations of the Declarant and subject to the Declarant's right to terminate the license when Declarant has conveyed all or a portion of Phase 2 to a third party.

(c) **Phase 3 Property.** Until the Declarant plats the Phase 3 Property, the Owners of the Phase 1 Property shall have a revocable license to use the open space within the Phase 3 Property, subject to the rules and regulations of the Declarant and subject to the Declarant's right to terminate the license when Declarant has conveyed all or a portion of Phase 3 to a third party.

(d) **Revocation of License.** To revoke any of the licenses granted herein, Declarant shall notify the Lot Owners in writing. Declarant, at its option, may record a notice of termination of license in the Guilford County Register of Deeds.

ARTICLE IV

MEMBERSHIP AND VOTING RIGHTS

Section 1. Members. The Declarant, for so long as it shall own any of the Property, and, subject to the limitations set out in Articles II and III above, every person or entity who is an Owner of a fee simple or undivided fee simple interest in any platted Lot which is subject by covenants of record to assessments by the Association, including contract sellers, shall be a Member of the Association. The foregoing is not intended to include persons or entities who hold an interest in a Lot merely as security for the performance of an obligation. Ownership of Property shall be the sole qualification for membership. Membership shall be appurtenant to and may not be separated from ownership of Property. The Association may promulgate reasonable rules relating to the proof of ownership of a Lot.

Section 2. Classes of Members and Voting Rights. The Association shall have two (2) classes of voting Members:

Class A. Class A Members shall be all Lot Owners deeded or leased (by Declarant or an Authorized Builder) a Dwelling for occupancy.

Class A Members shall not include the Declarant during the period Declarant is a Class B Member (as defined below); provided, however, upon completion of a Dwelling constructed by Declarant that is deeded or leased to a third party for occupancy, the Declarant, for such Lot only, shall become a Class A Member.

Class A Members shall not include an Authorized Builder during the Builder Exemption Period (as defined below); provided, however, the Authorized Builder shall become a Class A Member for a particular lot upon the earlier to occur of:

- (1) expiration of the Builder Exemption Period for such Lot; or
- (2) deed or lease of such Lot to a third party for occupancy

The Builder Exemption Period is a twelve (12) month period for a particular Lot, commencing upon the earlier to occur of (1) substantial completion of the Dwelling, or (2) issuance of a Certificate of Occupancy for the Dwelling. During the Builder Exemption Period, the Authorized Builder is exempt from dues and special assessments for the applicable Lot or Lots. Likewise, during the Builder Exemption Period, the Authorized Builder shall not have a vote. Upon expiration of the Builder Exemption Period for a particular Lot, the Authorized Builder shall become a Class A Member for such Lot, shall pay dues and assessments, and shall have one (1) vote allocated to it for such Lot.

An Authorized Builder is a general contractor approved by the Declarant to construct Dwellings on a particular Lot. The initial Authorized Builder for Village Woods is D. Stone Builders, Inc.

Class A Members shall be entitled to one (1) vote for each platted Lot in which they hold the required ownership interest.

When more than one person or entity holds the required ownership interest in a Lot, all such persons or entities shall be Members. The vote for each such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot. The provisions of §47F-3-110 of the Planned Community Act shall be used to supplement the provisions of this paragraph.

Class B. The Class B Member shall be the Declarant. The Class B Member, for its ownership interest, shall be entitled to ten (10) votes for each existing platted Lot that is subject to the terms of this Declaration (including the original Phase 1 Lots or any Lots subsequently annexed into Village Woods) that has not been deeded or leased to a third party for occupancy. Once a platted lot has been deeded or leased to a third party for occupancy, the Lot shall no longer be a Class B Lot and only one (1) vote shall be allocated to such Lot.

At the time this Amended and Restated Declaration is being recorded, the votes shall be allocated as follows:

(i) Phase 1, Lots 4-6:

- Lot 4: Lot 4 (presently leased to a third party for occupancy) will be allocated one (1) Class A vote;
- Lot 5: the Declarant will be allocated ten (10) Class B votes for Lot 5 which Declarant owns and which has not been deeded or leased to a third party for occupancy; upon deed or lease of Lot 5 to a third party for occupancy, Lot 5 will be allocated one (1) Class A vote;
- Lot 6: Lot 6 (previously deeded to a third party for occupancy) will be allocated one (1) Class A vote.

(ii) Phase 1, Lots 1-3:

- Lot 1: Until a plat creating Lot 1 is recorded and deeded or leased to a third party for occupancy, the Declarant will be allocated ten (10) Class B votes for future Lot 1; upon deed or lease of Lot 1 to a third party for occupancy, Lot 1 will be allocated one (1) Class A vote;
- Lot 2: the Declarant will be allocated ten (10) Class B votes for Lot 2 which Declarant owns and which has not yet been deeded or leased to a third party for occupancy; upon deed or lease of Lot 2 to a third party for occupancy, Lot 2 will be allocated one (1) Class A vote;
- Lot 3: the Declarant will be allocated ten (10) Class votes for Lot 3 which Declarant owns and which has not yet been deeded or leased to a third party for occupancy; upon deed or lease of Lot 3 to a third party for occupancy, Lot 3 will be allocated one (1) Class A vote;

(iii) Phase 2, Lots 7-12: until a plat creating Lots 7 through 12 (as shown on the Preliminary Site Plan) is recorded for the Phase 2 Property, ten (10) Class B votes for each future Lot within the Phase 2 Property; upon deed or lease of a Lot within Phase 2 to a third party for occupancy, such Lot will then be allocated one (1) Class A vote;

(iv) Phase 3, Lots 13-21: until a plat creating Lots 13 through 21 (as shown on the Preliminary Site Plan) is recorded for the Phase 3 Property, ten (10) Class B votes for each future Lot within Phase 3 Property; upon deed or lease of a Lot within Phase 3 to a third party for occupancy, such Lot will then be allocated one (1) Class A vote.

While an Authorized Builder owns a Lot, it is subject to the Builder Exemption Period described above. During the Builder Exemption Period, the Authorized Builder shall not have a vote.

A chart showing Allocated Interests is attached hereto as Exhibit F. In the event of inconsistency, the terms of the Declaration control over Exhibit F.

Class B Membership shall cease and be converted to Class A Membership on the happening of either of the following events, whichever occurs first:

(a) When the total votes outstanding in the Class A membership equals or exceeds the total votes outstanding in the Class B membership; provided, however, that the Class B Membership shall be reinstated if after such conversion and before the time stated in subparagraphs (b) below, additional lands are annexed to the Property pursuant to the provisions of Article XII, Section 4 herein, containing a sufficient number of Lots to give the Class B Member a total number of votes in excess of the Class A Members; or

(b) Fifteen (15) years after the date of the recording of this Amended and Restated Declaration in the Office of the Register of Deeds of Guilford County.

Section 3. Right of Declarant to Select Members of the Executive Board of the Association. Notwithstanding anything contained herein to the contrary, Declarant (or the assignee of the right granted in this Section) during the Declarant's Development Period shall have the right to designate and select all of the persons who shall serve as members or directors of the Executive Board of the Association. Declarant shall have the right to remove any person or persons selected by it to act and serve on the Executive Board and to replace such person or persons with another person or persons designated and selected by it to act and serve in the place of any member of the Executive Board so removed for the remainder of the unexpired term of office of any member of the Executive Board removed. Any member of the Board designated and selected by Declarant need not be an Owner. Any representative of Declarant serving on the Executive Board of the Association shall not be required to disqualify himself or herself from any vote upon any contract or matter between Declarant and the Association where Declarant may have a pecuniary or other interest. Similarly, Declarant, as a Member of the Association, shall not be required to disqualify itself upon any vote upon or entrance into any contract or matter between Declarant and the Association where Declarant may have a pecuniary or other interest. The method of electing, removing and replacing members of the Executive Board not appointed by the Declarant shall be as provided in the Articles of Incorporation and/or Bylaws of the Association.

ARTICLE V

COVENANT FOR ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation for Assessments. Subject to the terms herein defining Allocated Interests, and subject to the exemptions for Declarant and for Authorized Builders, the Declarant, for each platted Lot within the Property, hereby covenants, and each Owner of any platted Lot, by acceptance of a deed therefor, whether it shall be so expressed in such deed, is deemed to covenant and agree to pay:

(a) to the Association:

(i) annual and other assessments and charges provided for herein, together with interest and late fees, costs and reasonable attorney fees if incurred by the Association for collection;

(ii) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided, together with interest and late fees, costs and reasonable attorney fees if incurred by the Association for collection;

(iii) monthly charges for water usage; such bills shall be based on water usage as measured by the water meter installed on each Lot for such purpose, together with interest and late fees, costs and reasonable attorney fees if incurred by the Association for collection;

(iv) such other miscellaneous service charges as the Association arranges for the benefit of the Owners, including, but not limited to, garbage collection.

For any such services, the Association shall have the option of (a) selecting the service provider and requiring the Owner to contract with the designated service provider at the designated intervals required by the Association, in which case the Owner shall pay the service provider directly for the service, or (b) contracting with the service provider on behalf of each Owner, in which case the Association shall advance the charge to the service provider and each Owner shall reimburse the Association within thirty (30) days of an invoice from the Association.

(b) to the appropriate governmental taxing authority:

(i) a pro rata share of ad valorem taxes levied against the Common Elements (whether titled in the name of the Declarant or the Association, provided the Members have the use and enjoyment of the Common Elements pending recordation of a Deed to the Association following completion of construction of all 21 Dwellings shown on the Preliminary Site Plan); and

(ii) a pro rata share of assessments for public improvements to or for the benefit of the Common Elements;

if the Association shall default in the payment of either or both for a period of six (6) months.

All assessments and charges provided for herein, together with interest, any late fees, costs and reasonable attorney fees, shall be a charge on the Lot and shall constitute a continuing lien upon the Lot against which each such assessment is made when a claim of lien is filed. Each such assessment and charge, together with interest, costs and reasonable attorney fees, shall also be the personal obligation of the Owner of such property at the time when the assessment fell due. The personal obligation for the delinquent assessments shall not pass to his or her successors in title unless expressly assumed by them. Notwithstanding anything in this Declaration to the contrary, any charge for interest, late fees, costs and attorney fees shall be

made in compliance with the Planned Community Act, which shall control in the event of any inconsistency with this Declaration.

Section 2. Purpose of Assessments.

(a) The assessments levied by the Association shall be used exclusively for the benefit of Village Woods Residential Development, and in particular, for the acquisition, improvement and maintenance of properties, services and facilities devoted to this purpose and related to the use and enjoyment of the Common Elements and Phase 1 Common Elements, including but not limited to: the cost of repairs, replacements and additions, the cost of labor, equipment, materials, management and supervision, and the payment of taxes assessed against the Common Elements and Phase 1 Common Elements (whether the Common Elements used by the Members are titled in the name of Declarant or the Association); the maintenance costs for Quiet Place; the maintenance costs for any access and sign easements; the cost of electricity for signs and street lights; the cost of landscaping and irrigation for signs; until future Lot 1, the Phase 2 Property and the Phase 3 Property are developed by Declarant (or an Authorized Builder, as defined below) or deeded or leased to a third party for occupancy, the cost to maintain future Lot 1, the Phase 2 Property and the Phase 3 Property as temporary open space for the use and enjoyment of Phase 1 Property Owners pursuant to the license granted in Article III, Section 11; the procurement and maintenance of liability insurance, directors and officers insurance, the payment of assessments for public and private improvements made to or for the benefit of the Common Elements and Phase 1 Common Elements; charges for garbage collection furnished to the Common Elements and Phase 1 Common Elements (but not garbage collection furnished to the Lots which shall be paid by the Owners); charges for termite inspection and pest treatment; the exterior maintenance of Dwellings on the Phase 1 Property as provided in Section 1 of Article VII; the employment of attorneys and other agents to represent the Association when necessary; the provision of adequate reserves for the replacement of capital improvements including, without limiting the generality of the foregoing, paving, and any other major expense for which the Association is responsible; other expenses incurred by the Association pursuant to this Declaration or the Bylaws; and for such other needs as may arise. Assessments shall also be levied for all charges incurred by the Association to operate and maintain the Community Water System and Community Septic System.

(b) The Association shall establish and maintain a capital or reserve fund for the periodic maintenance, repair and replacement of improvements to the Common Elements and Phase 1 Common Elements and those other portions of the Property that the Association may be obligated to maintain. Such reserve fund is to be established out of regular assessments for common expenses.

(c) All monies collected by the Association shall be treated as the separate property of the Association, and such monies may be applied by the Association to the payment of any expense of operation and management of the Property, or to the proper undertaking of all acts and duties imposed upon it by virtue of this Declaration, the Articles of Incorporation and the Bylaws. As monies for any assessment are paid to the Association by any Owner, the same may be commingled with monies paid to the Association by the other Owners. Although all funds and common surplus, including other assets of the Association, and any increments thereto or profits

derived therefrom shall be held for the benefit of the Members of the Association, no Member of the Association shall have the right to assign, hypothecate, pledge or in any manner transfer his or her membership interest therein, except as an appurtenance to his or her Lot. When any Owner shall cease to be a Member of the Association by reason of his or her divestment of ownership of his or her Lot, by whatever means, the Association shall not be required to account to such Owner for any share of the funds or assets of the Association, or which may have been paid to the Association by such Owner, as all monies which any Owner has paid to the Association shall be and constitute an asset of the Association which may be used in the operation and management of the Property.

(d) Maintenance and use of portions of Quiet Place are shared with adjoining land owners, as set forth in certain recorded easements from J.P. Monroe, L.L.C. to PJ Village Woods, LLC.

Maintenance of that portion of Quiet Place beginning on the northeastern edge of the right of way of Highway 68 and running along the northern line of Lot 4 as shown on Plat recorded in Plat Book 154, Page 129, Guilford County Registry and then running with the eastern line of said Lot 4 to the southeastern corner of Lot 4 (Section 1 of Quiet Place), shall be shared by the Association pro-rata with the other owners and users as set out in the Access and Utility Easement recorded in Book 6542, Page 654, and re-recorded in Book 6674, Page 1601, Guilford County Registry, as amended in Book 6685, Page 2707, Guilford County Registry.

Maintenance of that portion running generally east from the southeastern corner of Lot 4 across Lot 6 to the eastern line of Lot 6 as shown on Plat Book 154, Page 129 (Section 2 of Quiet Place) shall be shared between the Association, and J.P. Monroe, LLC and its successors and assigns as set out in the Access, Utility and Sign Easement recorded in Book 6685, Page 2697, Guilford County Registry.

Maintenance of the portion of Quiet Place located on the Property (Section 3 of Quiet Place) shall be the responsibility of the Association.

The portion of the joint maintenance of the Sections 1 and 2 of Quiet Place as set out above owed by the Association shall be an expense for maintenance of a Common Element as set out herein notwithstanding the fact the Association or Owners hold an easement for the use of and not fee simple title to those portions of Quiet Place.

In addition to the access rights described above, the Association also has certain additional access rights granted pursuant to the "Access Easements and Sign Easement (Over Lot 4)" recorded in Book 7964, Page 2528, Guilford County Registry ("Lot 4 Additional Access Point Easement"). Maintenance of this access right shall primarily be borne by the Owner of Lot 4, although the Association has certain self-help rights as more particularly described therein. Maintenance expenses for this additional access point shall be determined by the terms of the lot 4 Additional Access Point Easement, as may be amended from time to time.

Section 3. Adoption of Budget and Fixing of Annual Assessments; Annual Assessment.

(a) At least thirty (30) days in advance of each annual assessment period, the Executive Board shall establish an annual budget and fix the amount of the annual assessments in advance for the following year. Within thirty (30) days of the adoption of any proposed budget, the Executive Board shall provide to all of the Owners a summary of the budget and a notice of the meeting to consider ratification of the budget, including a statement that the budget may be ratified without a quorum. The Executive Board shall set a date for a meeting of the Owners to consider ratification of the budget, such meeting to be held neither less than 10 nor more than 60 days after mailing of the summary and notice. There shall be no requirement that a quorum be present at the meeting. The budget is ratified unless at that meeting the Owners of a majority of the Lots reject the budget. In the event the proposed budget is rejected, the periodic budget last ratified by the Owners shall be continued until such time as the Owners ratify a subsequent budget proposed by the Executive Board. The failure to receive such notice shall in no way affect the obligation of each Owner therefor or the lien therefor as provided herein. Provided however that only the Owners of Lots on Phase 1 Property and Property annexed into Phase 1 shall have the right to reject the budget as to matters pertaining exclusively to (a) Phase 1 Common Elements, (b) maintenance of the exteriors of the Dwellings in Phase 1, and (c) maintenance of the Phase 1 Lots.

(b) For the first twenty-four (24) months from the date this Amended and Restated Declaration is recorded, the annual assessment for each Lot shall be **Three Thousand Four Hundred Eighty Dollars (\$3,480.00) per year, or Two Hundred Ninety Dollars (\$290.00) per month** ("Fixed Dues Period").

Dues shall be payable in such installments as the Declarant determines during the period of Declarant Control. Initially, dues shall be payable monthly.

Dues for any partial period shall be prorated on a per diem basis

Dues do not include:

- monthly water charges to a Dwelling; or
- garbage pickup.

Dues shall be the same for all units, regardless of the size of the unit. For example, if one unit has more square footage than another unit, that will not impact the amount of dues.

Thereafter, the annual assessment shall be established by the Executive Board and may be increased by the Executive Board without approval by the membership by an amount not to exceed fifteen percent (15%) of the annual assessment of the previous year. The annual assessment may be increased without limit by a vote of the Members entitled to cast at least two-thirds (2/3) of the votes of each class of Members of the Association who are voting, in person or by proxy, at a meeting duly called for this purpose; provided, however, if Declarant then owns a Lot, Declarant's consent must also be obtained for such action. Provided further that if Lots are

developed on any of the Property other than Phase 1 Property, and such Lots are not annexed into Phase 1 Property, such Lots shall not pay any dues for maintenance of the Phase 1 Common Elements, maintenance of the exteriors of the Dwellings in the Village Woods Residential Development or maintenance of the Phase 1 Lots.

(c) The Executive Board may fix the annual assessment at an amount not in excess of the maximum, subject to the provisions of Section 6 of this Article.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized hereinabove, the Association may levy, in any calendar year, a special assessment for the purpose of defraying in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Elements and Phase 1 Common Elements, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of the Members entitled to cast at least two-thirds (2/3) of the votes of each class of Members of the Association who are voting, in person or by proxy, at a meeting duly called for this purpose; provided, however, if Declarant then owns a Lot, Declarant's consent must also be obtained to such action. All special assessments shall be fixed at a uniform rate for all Lots (subject to the Allocated Interests defined in Section 6 below) and may be collected on a monthly, quarterly or semi-annual basis, as determined by the Members approving such assessments.

While an Authorized Builder is exempt from dues, the Authorized Builder is exempt from special assessments.

Section 5. Notice and Quorum for Any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 of this Article shall be sent to all Members neither less than ten (10) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast twenty percent (20%) of all the votes of the membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 6. Rate of Annual Assessment; Allocation of Interests.

(a) Both the annual and special assessments (but not water usage charges) must be fixed at a uniform rate for all Lots in each class as set out in (b) below.

Declarant shall not be assessed for vacant Lots or for Dwellings under construction or constructed but not yet deeded or leased to a third party for occupancy.

Further, no portion of the Property, including future Lots shown on the Preliminary Site Plan, shall be subject to an annual or special assessment until: (1) such property is subdivided by a recorded plat into individual Lots, (2) annexed into Village Woods, and (3) otherwise subject to dues as provided in this Declaration.

(b) Assessments for Lots shall be allocated as follows:

(i) Phase 1 Lots (future Lot 1; existing Lots 2-6):

Until future Lot 1 is platted, the Declarant shall not be allocated a share of dues and assessments for future Lot 1. Once future Lot 1 is platted, and deeded or leased to a third party for occupancy, such new Owner of Lot 1 shall be allocated its equal share of dues and assessments as a Class A Lot Owner.

Upon deed or lease of a platted Lot (existing Lots 2-6) to a third party for occupancy, such new Owner of the Lot shall be allocated its equal share of dues and assessments as a Class A Lot Owner.

Until a Dwelling constructed on a Phase 1 Lot is conveyed by Declarant to a third party for occupancy, the Declarant shall not be allocated a share of dues and assessments for a Phase 1 Lot.

A chart showing Allocated Interests is attached hereto as Exhibit F.

(ii) Future Phase 2 Lots:

Until Phase 2 is platted into Lots, the Declarant shall not be allocated a share of dues and assessments for Phase 2, including future Lots 7-12. Once a platted Lot in Phase 2 is deeded or leased (by Declarant or an Authorized Builder) to a third party for occupancy, such new Owner of any such Lot shall be allocated its equal share of dues and assessments as a Class A Lot Owner.

If Phase 2 is annexed into the Phase 1 Property, the dues and assessments shall include the Phase 1 Common Elements.

A chart showing Allocated Interests is attached hereto as Exhibit F.

(iv) Future Phase 3 Lots:

Until Phase 3 is platted into Lots, the Declarant shall not be allocated a share of dues and assessments for Phase 3, including future Lots 13-21. Once a platted Lot in Phase 3 is deeded or leased (by Declarant or an Authorized Builder) to a third party for occupancy, such new Owner of any such Lot shall be allocated its equal share of dues and assessments as a Class A Lot Owner.

If Phase 3 is annexed into the Phase 1 Property, the dues and assessments shall include the Phase 1 Common Elements.

A chart showing Allocated Interests is attached hereto as Exhibit F.

(c) The Lots in the Phase 1 Property, and any of the Property later annexed thereto, once conveyed (by Declarant or an Authorized Builder) to a third party for occupancy, shall pay equal annual dues and assessments. The annual dues and assessments shall include all the purposes of assessments set out in Section 2 above, including maintenance and improvement of the Common Elements and Phase 1 Common Elements, as well as the exterior maintenance of the Dwellings.

(d) The Lots in Phase 2 and 3 Property, when annexed into Phase 1 Property, shall all pay equal annual dues and assessments. The annual dues and assessments for Phase 2 and 3 Lots (if not annexed into Phase 1 Property) shall include the costs only for the purpose of maintenance and improvement of the Common Elements and shall not include any costs for the maintenance of Phase 1 Common Elements or the exterior maintenance of the Phase 1 Dwellings.

(e) The annual dues and assessments for all Lots annexed into Phase 1 (but not water usage charges) shall be fixed at a uniform rate. Water charges shall be based upon usage.

Section 7. Date of Commencement of Annual Assessments: Due Dates. The annual assessments for a platted Lot, subject to Allocated Interests as defined in Section 6, shall commence upon deed or lease (by Declarant or an Authorized Builder) of a platted Lot to a third party for occupancy. A chart showing Allocated Interests is attached hereto as Exhibit F. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The due dates shall be established by the Executive Board. Annual assessments may be collected on a monthly basis, unless a different schedule is set by the Executive Board. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid.

Notwithstanding anything herein to the contrary, the Commencement of Annual Assessments for an Authorized Builder shall be exempt during the Builder Exemption Period described above.

Notwithstanding dues being deferred, any Authorized Builder shall pay for any water or other utilities consumed during construction.

Section 8. Working Capital Assessment. In addition to the annual assessments authorized above, at the time of the closing of the first sale of each Lot within the Phase 1 Property or property annexed thereto, the purchaser thereof shall pay to the Association an amount equal to one-twelfth (1/12ths) of the then current annual assessment established by the Association. Such funds shall be used by the Association to establish a Working Capital Fund, the purpose of which is to insure that the Association will have sufficient monies available to meet its initial operational needs. No such payments made into the Working Capital Fund shall be considered an advance or current payment of regular assessments. All monies paid into the Working Capital Fund shall be held and administered by the Association in accordance with the terms of the Declaration and these Bylaws.

Section 8A. Administrative Fee. Each new owner, at the time of Closing, shall pay a \$150 “set up” fee to the property manager for the Association to cover the costs of administration related to ownership records.

Section 9. Effect of Nonpayment of Assessments: Remedies of the Association. All remedies provided for in this Declaration or the Bylaws are subject to the provisions of the Planned Community Act. Any assessment or other charges due hereunder, including water usage, not paid within thirty (30) days after the due date shall bear interest from the due date at a rate from time to time established by Association not to exceed eighteen percent (18%) per annum. In addition, the Association may charge a reasonable late fee, the amount of which shall be established from time to time by the Executive Board of the Association, for assessments not paid within thirty (30) days after the due date. After notice and an opportunity to be heard, the Association may suspend privileges or services provided by the Association (except rights of access to Lots) during any period that assessments or other amounts due and owing to the Association remain unpaid for a period of thirty (30) days or longer, which suspension may continue without further hearing until the delinquency is cured. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien created herein against the property in the same manner as prescribed by the laws of the State of North Carolina for the foreclosure of a mortgage or deed of trust on real estate under power of sale, and interest, costs and reasonable attorney fees for representation of the Association in such action or foreclosure shall be added to the amount of such assessment (as allowed by, and in compliance with, the Planned Community Act). No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of any of the Common Elements or Phase 1 Common Elements or abandonment of his or her Lot, nor shall damage to or destruction of any improvements on any Lot by fire or other casualty result in any abatement or diminution of the assessments provided for herein.

Section 10. Effect of Default in Payment of Ad Valorem Taxes or Assessments for Public Improvements by Association. Upon default by the Association in the payment to the governmental authority entitled thereto of any assessments for public improvements or ad valorem taxes levied against the Common Elements or Phase 1 Common Elements, which default shall continue for a period of six (6) months, each Owner of a platted Lot in the Property shall become personally obligated to pay to the taxing or assessing governmental authority a portion of such unpaid taxes or assessments in an amount determined by dividing the total taxes and/or assessments due the governmental authority by the total number of platted Lots in the Property, provided, however, Declarant shall not be allocated a share in an assessment in this Section if the Declarant under Section 6 of this Article would not be obligated to contribute to the assessment if made by the Association. Provided however that any such liability for taxes on Phase 1 Common Elements shall be borne solely by Owners of Lots on Phase 1 Property, and any property annexed thereto. If such sum is not paid by the Owner within thirty (30) days following receipt of notice of the amount due, then such sum shall become a continuing lien on the Lot of the then Owner, his or her heirs, devisees, personal representatives and assigns, and the taxing or assessing governmental authority may either bring an action at law or may elect to foreclose the lien against the Lot of the Owner.

Section 11. Subordination of the Lien to Mortgagees: Foreclosure of First Mortgages. The lien provided for herein shall be subordinate to the lien of any first mortgage or first deed of trust, and subordinate to ad valorem property taxes. When the holder of a first mortgage or first deed of trust of record, or other purchaser of a Lot, obtains title to the Lot as a result of foreclosure of a first mortgage or first deed of trust or deed in lieu of foreclosure, such purchaser and his or her heirs, successors and assigns, shall not be liable for the assessments against such Lot which became due prior to the acquisition of title to such Lot by such purchaser. Such unpaid assessments shall be deemed to be common expenses collectible from all Owners of a platted Lot (subject to Allocated Interests under Section 6 of this Article), including such purchaser, his or her heirs, successors and assigns. Such sale or transfer of any Lot which is subject to any such first mortgage or deed of trust, pursuant to a foreclosure thereof or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to the payment thereof which became due prior to such sale or transfer; provided, however, no such sale or transfer shall relieve such Lot or the Owner thereof from liability for any assessments thereafter becoming due or from the lien thereof, but the liens provided for herein shall continue to be subordinate to the lien of any first mortgage or first deed of trust.

Section 12. Exempt Property. All property dedicated to, and accepted by, a local public authority and all properties owned by a charitable or non-profit organization exempt from taxation by the laws of the State of North Carolina shall be exempt from the assessments created herein. However, no land or improvements devoted to residential use shall be exempt from said assessments.

Section 13. Declarant Subsidy of Shortfall. During the twenty-four month Fixed Dues Period, the Declarant shall pay any shortfall in the budget not covered by the payment of dues and working capital. Declarant's obligation to pay a subsidy of the shortfall shall expire twenty-four months after the date of this Amended and Restated Declaration. In no event shall Declarant's subsidy be interpreted to cause the Declarant to be liable for any damage caused by a hazard covered by hazard insurance or by an injury covered by liability insurance; in such events, the Association shall look solely to the insurance proceeds.

Section 14. Maintenance of Limited Common Elements. All costs associated with maintenance, repair and replacement of a Limited Common Element shall be an expense allocated to the Owner to which the Limited Common Element is assigned; provided, however, that such Owner shall be entitled to the benefit of insurance proceeds for the replacement of a Limited Common Element as provided by the terms of the insurance policy to be maintained by the Association as provided in Article XIII below.

ARTICLE VI

ARCHITECTURAL CONTROL

Section 1. Improvements.

No improvements, alteration, repair, change in paint color, installation of a storm door, lighting (including exterior lights or flood lights), decorations, excavations, change in grade,

planting, landscaping or other work (including, without limitation, flower boxes, yard ornaments, bird baths and feeders and similar items) which in any way alters the exterior of any Lot on the Property annexed thereto or the Dwelling or other improvements located thereon from their natural or improved state existing on the date such Lot was first conveyed in fee by the Declarant to an Owner shall be commenced, erected or maintained upon any such Lot, and no Dwelling, building, shed, fence, wall, or other structure shall be commenced, erected, maintained, improved, altered or removed, until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Declarant during the Declarant's Development Period and thereafter by the Executive Board or by an architectural committee composed of three (3) or more representatives if appointed by the Executive Board (the "Architectural Control Committee"). Landscaping improvements or plantings of flowers, shrubs and trees by the Owner shall require approval by the Declarant during the Declarant's Development Period and thereafter by the Executive Board or the Architectural Control Committee if appointed. Nothing herein contained shall prevent or interfere with the right of Declarant to improve and develop the Property, including the Lots, as Declarant chooses. Accordingly, Declarant need not seek or obtain the approval of the Executive Board or the Architectural Control Committee if appointed for improvements erected on the Property by or at the direction of Declarant.

Each Owner acknowledges that the Declarant has developed a specific alternating color schedule of the brick exteriors. The color scheme was designed to complement the adjacent Lots and no change shall be made to the initial paint color.

Each Owner acknowledges that the Declarant has selected a uniform mailbox for all Lots. The mailbox selection was designed to have uniformity within Village Woods and no change shall be made to a mailbox by an Owner.

Each Owner, by acceptance of a Deed to his or her Lot, acknowledges and agrees that any change to the exterior of a residential Dwelling requires the prior written consent of the Declarant during the period of Declarant Control (and thereafter by the Board of Directors).

If, for any reason, an Owner is conveyed any land in addition to the land upon which the Dwelling is constructed, the land outside the exterior of the Dwelling is subject to the terms of this Declaration regarding the Owner's use of such land in order to maintain uniformity among the Lots.

Section 2. Procedures.

(a) Any person desiring to make any improvement, alterations, repair or change described in Section 1 above shall submit the plans and specifications therefor, showing the nature, kind, shape, height, materials and location of the same, to the Declarant during the Declarant's Development Period and thereafter by the Executive Board or the Architectural Control Committee if appointed, which shall evaluate such plans and specification in light of the purposes of this Article.

(b) Upon approval of any plans and specifications submitted pursuant to this Declaration, a copy of such plans and specifications, as approved, shall be filed in the permanent records of the Association and a copy of such plans and specific action bearing such approval, in writing, shall be returned to the applicant submitting the same. Approval for use in connection with any Lot of any plans and specifications shall not be deemed a waiver of the right of the Declarant, Executive Board, or any Architectural Control Committee, in its discretion, to disapprove similar plans and specifications or any of the features or elements included therein if such plans, specifications, features or elements are subsequently submitted for use in connection with any other Lot. Approval of any such plans and specifications relating to any Lot, however, shall be final as to that Lot and such approval may not be reviewed or rescinded thereafter, provided that there has been adherence to, and compliance with, such plans and specifications, as approved. For any request made under this Article, the Association may require that the Owner requesting such change be liable for any cost of maintaining, repairing and insuring the approved alteration. If such condition is imposed, the Owner shall evidence consent thereto by a written document in recordable form satisfactory to the Association. Thereafter, the Owner, and any subsequent Owner of the Lot, by acceptance of a deed therefor, whether it shall be so expressed in such deed, are deemed to covenant and agree that the cost of maintaining, repairing and insuring such improvement or alteration shall be a part of the annual assessment or charge set forth herein, and subject to the lien rights described herein.

(c) Neither Declarant, nor any other member of the Executive Board or any Architectural Control Committee, shall be responsible or liable in any way for any defects in any plans or specifications approved by them, nor for any structural defects in any work done according to such plans and specifications. Further, neither Declarant, nor any member of the Executive Board or any Architectural Control Committee, shall be liable in damages to anyone by reason of mistake in judgment, negligence, misfeasance, malfeasance or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve or disapprove any such plans or specifications or the exercise of any other power or right provided for in this Declaration. Every person who submits plans or specifications for approval agrees, by submission of such plans and specifications, and every owner of any Lot agrees, that he or she will not bring any action or suit against Declarant, or any member of the Association's Executive Board or any Architectural Control Committee, to recover any such damages.

Section 3. Builder Guidelines.

Declarant hereby subjects new construction by Authorized Builders to the following guidelines ("Builder Guidelines):

1. The paint color scheme for units shall be alternating colors of Pine Hall brick (Old Yorktown and Sandalwood); attached townhomes shall be the same color and shall alternate colors with the detached townhomes. The Declarant shall select which units shall be which alternating color.
2. Each unit shall be two (2) stories, each with a minimum of 9' ceilings.
3. No unit shall exceed three (3) bedrooms and three (3) bathrooms.

4. The minimum roof pitch (main roof) shall be 8/12.
5. Brick shall cover 80% of the exterior of each unit.
6. The minimum crawl space shall be 26" in height.

Declarant shall have the right to waive or modify these Builder Guidelines.

ARTICLE VII

MAINTENANCE

Section 1. Maintenance to be Performed by the Association.

The Association shall maintain the Common Elements and Phase 1 Common Elements and shall maintain the grounds of each Lot on Phase 1 Property, any Property annexed thereto which is subject to assessments hereunder, and future Lot 1, the Phase 2 Property and the Phase 3 Property until developed, to include the following (by way of example) in its discretion: mow, seed and fertilize all grassed areas, mulch, remove dead or diseased trees or shrubs, replace dead or diseased trees or shrubs, prune all trees or shrubs, maintain any other landscaped areas and do such other things as the Association determines is necessary to maintain the Common Elements, the Phase 1 Common Elements, and the grounds of each such Lot in an attractive and well-kept condition and general maintenance and cleaning of Quiet Place, interior drive aisles, and parking spaces (other than the two parking spaces in front of a Dwelling's garage designated as Limited Common Elements), including paving, re-paving, painting, re-painting, striping, re-striping and directional signage (on pavement or free-standing) and including all maintenance necessary to continue to provide water and sewer service to all Lots.

In addition, the Association shall provide exterior maintenance for the Dwelling located on each Lot on the Phase 1 Property, and property annexed thereto, which is subject to assessments hereunder, as follows: paint, repair, replace and care of roofs, gutters, downspouts, mailboxes, exterior building surfaces including doors (but excluding glass surfaces, window or door screens, and any storm doors installed by Owners) (any such storm door being subject to Article VI hereof) steps, fences, exterior post lights, and other exterior improvements. Such exterior maintenance shall not include the exterior maintenance to be performed by the Owners as provided in Section 2 below.

In the event that the need for any maintenance, repair or replacement required hereunder to be performed by the Association, including maintenance, repair or replacement to the Community Water System and/or the Community Septic System, is caused through the willful or negligent act of the Owner, his family, tenants, guests, invitees and agents, the cost of such maintenance, replacement or repairs shall be added to and become a part of the assessment to which such Lot is subject. Willful or negligent acts shall be construed to include the failure to

follow the rules adopted by the Association, including rules for the use of the Community Water System and Community Septic System.

The Owner of any Lot may plant flowers, shrubbery or trees on his or her Lot only with the prior written consent of the Association, as provided herein in Section 1 of Article VI. In such event, the Owner granted such consent shall maintain all such approved plantings. No such plantings by an Owner shall reduce the assessment payable by the Owner to the Association.

Section 2. Maintenance to be Performed by the Owners

Each Owner of a Lot on Phase 1 Property and any Property annexed thereto shall be liable and responsible for the maintenance, repair and replacement, as the case may be, of the interior of the Dwelling, of all glass surfaces, window or door screens, any storm doors installed by Owner (any such installation being subject to Article VI hereof), air conditioning and heating equipment of the Dwelling.

Each Owner shall maintain the Limited Common Elements associated with its Dwelling, including the two (2) parking spaces in front of a Dwelling's garage, the patio and the front porch.

The Owner also shall maintain, repair and replace, unless such is an obligation of the Association under Section 1 above, all private utilities, public utilities (unless maintained by the public utility), and/or their connections on the Owner's Lot which are required to provide water, electricity, gas, telephone, cable television, sewage and sanitary service to his or her Lot.

In addition to maintenance of the private utilities, each Owner or its lessee shall pay for all utilities consumed, including private water and sewer charges.

Although the Association will own and maintain the Community Water System and the Community Septic System, the Owner of a Townhome or other Dwelling shall maintain every part of the water lines and facilities and septic lines and facilities located within the Dwelling. In the event that the Owner neglects or fails to provide such maintenance in a manner consistent with other Lots and Dwellings within the Phase 1 Property, the Association may provide such maintenance, and all cost incurred by the Association in providing such maintenance, plus a service charge of twenty percent (20%) of such costs, shall be added to the annual assessment for such Lot and subject to the lien rights described in Article V; provided, however, that the Association shall first give written notice to the Owner of the specific items of exterior maintenance or repair the Association intends to perform and the Owner shall have twenty (20) days from the date of mailing of said notice within which to perform such exterior maintenance himself or herself. The determination as to whether an Owner has neglected or failed to maintain his or her Lot and/or Dwelling in a manner consistent with other Lots and Dwellings within the Property shall be made by the Declarant during the Declarant's Development Period, in its sole discretion, and thereafter by the Executive Board of the Association, in its sole discretion.

Each Lot Owner shall be required to have an annual termite inspection and pest treatment on an as-needed basis. The Association shall coordinate the service provider and the procedure

for Owners to follow. The cost for the termite inspection and pest treatment shall be paid by the Association as part of the Association dues.

Section 3. Easement to Perform Maintenance. In order to enable the Association to accomplish the foregoing, there is hereby reserved to the Association the right to unobstructed access over and upon each Lot at all reasonable times to perform maintenance as provided in this Article.

ARTICLE VIII

USE RESTRICTIONS FOR TOWNHOMES AND RESIDENTIAL LOTS

Section 1. Land Use. No Lot shall be used except for single-family residential purposes. No building shall be erected, altered, placed, or permitted to remain on any Lot on Phase 1 Property and Property annexed thereto other than single-family Townhomes or other single-family residential Dwellings. Notwithstanding the foregoing, Declarant shall have the right to maintain (i) one or more sales offices and one or more model homes in Dwellings located on Lots owned or leased by Declarant for the promotion and sales of Lots and Dwellings within the Property, and (ii) one or more temporary trailers and other temporary structures on any Lot owned by the Declarant or on the Common Elements or Phase 1 Common Elements to facilitate the construction of improvements within the Property.

Section 2. Dwelling Specifications. No Dwelling shall be erected or allowed to remain on a Lot on Phase 1 Property and Property annexed thereto if the heated area of the main structure, exclusive of open porches, decks and garages, shall be less than ***two thousand (2,000) square feet (finished, excluding the garage)***. The Declarant, during Declarant's Development Period, and thereafter, the Executive Board, shall have the right to waive minor violations of, and allow minor variances from, the restrictions contained in this Section 2, where the same resulted unintentionally or without gross carelessness on the part of any Owner (including, without limitation, Declarant) and is not materially harmful to the Property. Any such waiver granted shall be in writing, and any matter so waived shall no longer be deemed a violation of these covenants.

Section 3. Nuisance. No noxious or offensive activity shall be conducted upon any Lot, the Common Elements or the Phase 1 Common Elements. No activity shall be conducted upon any Lot, the Common Elements or the Phase 1 Common Elements, which is an annoyance or nuisance to the other Owners. Offensive activities include excessive or loud dog barking. The Declarant, during the Declarant's Development Period, and thereafter, the Executive Board may establish reasonable rules and regulations for enforcing the provisions of this Section.

Section 4. Signs. Except for signs erected by Declarant or the Association within the Common Elements or the Phase 1 Common Elements and signs erected by Declarant on Lots owned or leased by Declarant advertising the sale, lease or other promotion of Lots within the Property, no sign shall be placed or allowed to remain on any Lot except for one (1) "For Sale" sign of such size as the Executive Board may approve and one (1) political sign with the maximum dimensions of 24 inches by 24 inches, to be displayed no earlier than 45 days before

the day of election or later than seven days after an election, provided such restriction on political signs is no more restrictive than any applicable city, town, or county ordinance that regulates the size and number of political signs on residential property. No sign deemed by Declarant or the Association to be a nuisance or a detriment to the Property shall be permitted or allowed to remain on any Lot within the Property. It is the intent of this provision to comply with §47F-3-121 of the Planned Community Act, which controls in the event any provision herein is found to be inconsistent with the Act.

Section 5. Flags. No flag or flag pole shall be placed or allowed to remain on any Lot; provided, however, that on national holidays, it is permissible to display an American flag. Declarant may, from time to time, issue rules and regulations permitting flags at other times.

Section 6. Television, Aerials, Antennas and Satellite Dishes. Except as permitted by federal laws, pursuant to federal preemption of restrictive covenants enacted by the Federal Communications Commission ("FCC"), no radio, television or other aerial, antenna, satellite dish, tower or other over-the-air reception device (collectively, "OTARD") of whatever size, shall be erected, installed, placed or maintained upon a Lot unless so erected, installed, placed or maintained entirely out of sight from the front entrance to the Lot upon which the OTARD is installed; provided, however, OTARDs that are one meter (39.37") or less in diameter may be installed by a Lot Owner on his or her Lot provided such OTARD is installed in a location approved by the Board. Prior to installing any such OTARD, a Lot Owner must submit to the Board for its approval the proposed location within sixty (60) days prior to the proposed installation. The Board, in its sole discretion, may approve or disapprove of the proposed location of the OTARD. If the Board disapproves of the proposed location of the OTARD, the Board shall provide to the Lot Owner a suggested alternate location for the OTARD that will be acceptable to the Board. No OTARD may be placed in the Common Elements or Phase 1 Common Elements without the consent of Declarant during Declarant's Development Period or thereafter without the consent of the Executive Board. It is the intent of this provision to comply with the FCC OTARD regulations, which controls in the event any provision herein is found to be inconsistent with the FCC regulations.

Section 7. Animals.

No animals, livestock or poultry of any kind shall be raised or kept on any Lot, except that dogs, cats (or other household pets approved in writing by the Declarant during the Declarant Control Period or the Association after the expiration of the Declaration Control Period) may be kept on Lots, provided that said animals are kept in compliance with applicable local ordinances and are not kept for commercial purposes and further provided that they are kept and maintained in compliance with (i) all laws and ordinances of the State of North Carolina and Oak Ridge relating thereto, and (ii) such rules and regulations pertaining thereto as the Declarant during the Declarant's Development Period and thereafter the Executive Board may adopt from time to time. Provided further that no more than two dogs shall be permitted to reside on any Lot. Unless waived in writing by the Declarant, one dog may weigh up to 70 pounds; the second dog may weigh up to 25 pounds.

Each Owner owning or having possession, charge, care, custody or control of any dog shall keep such dog exclusively upon his or her Lot and housed in the Owner's Dwelling; provided, however, that such dog may be temporarily off the Lot if it is under the control of a competent person and restrained by a chain leash or other means of adequate physical control. Each Owner will be responsible for cleaning up any and all waste deposited by his or her animal upon any Lot, Common Elements or Phase 1 Common Elements. Failure to comply with requirement of cleaning up after pets will result in fines set out in Article III, Section 3 herein.

Section 8. Garbage and Refuse Disposal.

No Lot shall be used or maintained as a dumping ground for rubbish; all trash, garbage or other waste shall be stored in sanitary containers in accordance with the rules and regulations of any health or public safety authority having jurisdiction over the Property and the rules and regulations of the Association.

Each Lot Owner shall deposit all household trash or garbage in the designated garbage receptacle for each Lot.

The Owner's cost for garbage collection shall be paid by the Owner as provided in Article V, Section 1.

No trash, garbage or other waste may be placed within the Common Elements or Phase 1 Common Elements, except in containers approved by the Declarant during the Declarant's Development Period and thereafter by the Executive Board.

Section 9. Parking Spaces and Garages.

Each Owner, and the Owner's family, tenants, guests, invitees and agents shall have the exclusive right to park on the parking spaces in front of that Owner's Dwelling (being those two parking space leading from the Dwelling's garage to the private street located in front of such Dwelling). Each Dwelling's parking spaces shall constitute Limited Common Elements, such that only the Lot Owner whose garage abuts the parking spaces in front on the garage shall be entitled to park on those parking spaces. Each Owner shall be responsible to maintain the two parking spaces in front of such Owner's garage.

Any boats, boat trailers, motorcycles, mopeds, campers or recreational vehicles must be parked solely in garages. No commercial vans, vehicles or trucks shall be parked overnight on any Lot, in the Common Elements or in the Phase 1 Common Elements.

No garage may be used for residential or recreational purposes, and each Owner shall keep the interior of his or her garage in a neat and orderly condition and shall keep garage doors closed except when entering or leaving the garage.

The Declarant, during Declarant's Development Period, and thereafter, the Executive Board, shall have the power to formulate, publish and enforce rules and regulations concerning parking on the Common Elements or Phase 1 Common Elements or other parts of the Property,

as provided in this Declaration, and may have towed at the Owner's expense any vehicle which is parked in an area where parking is not then permitted.

Section 10. Motorized Vehicles. No motorized off road or recreational type vehicles (including but not limited to all terrain vehicles, go carts, and motor bikes), shall be ridden or driven anywhere on a Lot, Common Elements or Phase 1 Common Elements. Golf carts, to the extent permitted by law, shall be allowed only on the paved roads on the Property. Provided further that any golf carts used by the Association in maintenance of the Property and Common Elements and Phase 1 Common Elements shall be permitted on paved roads, and unpaved areas of the Property. All vehicles shall be licensed and operated in compliance with the law. No unlicensed vehicles shall be parked in the Common Elements or Phase 1 Common Elements.

Section 11. Water Usage. Each Owner agrees to use reasonable efforts to conserve water, and specifically agrees to use only low flow water fixtures and appliances when available. No Owner shall install any fixture or appliance using water without first having the fixture or appliance approved by Declarant, during the Declarant's Development Period, or thereafter by the Executive Board, which approval will not be withheld unreasonably.

Section 12. Irrigation. In the event of drought, neither the Declarant nor the Association shall be obligated to irrigate any grass, flowerbeds or other landscaping. It is the intent of this provision to comply with §47F-3-122 of the Planned Community Act, which controls in the event any provision herein is found to be inconsistent with the Act.

ARTICLE IX

EASEMENTS

Section 1. Utility and Drainage Easements: Services to Lots. An easement is hereby established for the benefit of Oak Ridge, Guilford County (and any other person or firm providing services to the Property under agreement with or at the direction of the Association) over all Common Elements and Phase 1 Common Elements as may be reasonably necessary for the setting, removal and reading of water meters, and the maintenance and replacement of water, sewer and drainage facilities and for the fighting of fires and collection of garbage, and the delivery of mail. The Declarant during the Declarant's Development Period, and thereafter the Association, shall have the power and the authority to grant and establish upon, over and across the Common Elements and the Phase 1 Common Elements such additional easements as are necessary or desirable for the providing of service or utilities to the Common Elements, the Phase 1 Common Elements, or Lots.

Section 2. Sign Easements. The Association may maintain all subdivision signs and landscaping and lighting surrounding same now or hereafter erected within the Common Elements or Phase 1 Common Elements. The costs of all such maintenance, repair and replacement of such signs, landscaping and lighting shall be part of the common expenses of the Association, payable by the Owners as set out in Article V hereof. Further, while Declarant owns any Lot, Declarant shall have (i) the right to erect within the Common Elements or Phase 1 Common Elements additional subdivision signs and landscaping and lighting surrounding the

same to be maintained by the Association as herein provided and (ii) the right to erect within the Common Elements or Phase 1 Common Elements signs advertising the sale and promotion of Lots.

Section 3. Easements Reserved By Declarant. Declarant hereby reserves for itself and the Association such easements on, across and over the Common Elements and Phase 1 Common Elements as shall be reasonably necessary for (i) the exercise by Declarant of any right reserved in this Declaration, (ii) for the purpose of construction of improvements within the Property, including the temporary storage of construction materials on the Common Elements or Phase 1 Common Elements, (iii) the development of the Property or any portion thereof; and (iv) the installation of utility connections for Common Elements, Phase 1 Common Elements or Lots. Declarant's easement rights in this Section 3 may be assigned by Declarant to an Authorized Builder.

Section 4. Additional Drainage Easements. In order to implement effective and adequate erosion control, the Declarant hereby reserves for itself and the Association the right to enter upon any portion of the Property before and after improvements have been constructed thereon for the purpose of performing any grading or constructing and maintaining erosion prevention devices; provided, however, no such activities shall interfere with any permanent improvements constructed on the Property.

Section 5. Encroachments. In the event that any improvements on a Lot shall encroach upon any Common Elements or Phase 1 Common Elements or upon any other Lot as a result of the initial improvements constructed by Declarant or any Authorized Builder or for any reason not caused by the purposeful or negligent act of the Owner or agents of such Owner, then an easement appurtenant to such Lot shall exist for the continuance of such encroachment for so long as it shall naturally exist; and, in the event that any portion of the Common Elements or Phase 1 Common Elements shall encroach upon any Lot, then an easement shall exist for the continuance of such encroachment for so long as it shall naturally exist.

The Declarant expressly grants each Owner an easement into the Common Elements for 1) the footings for a Dwelling; and 2) any design feature known as a cantilever that projects beyond the footings of the Dwelling into the Common Elements.

Section 6. Construction Easement. The Declarant grants any Authorized Builder a construction easement to come upon the Property to construct a residential Dwelling, including the following improvements constructed upon the Common Elements of the Association and designated herein as "Limited Common Elements" for the benefit of only the particular Lot:

1. two parking spaces in front of the Dwelling's garage;
2. patio; and
3. front porch.

Any construction easement is contingent upon the Authorized Builder, and its contractors and subcontractors: 1) using only the portions of the Common Elements designated by Declarant for storage of materials; and 2) indemnifying the Declarant and the Association for any damage to the Common Elements or to any other Dwelling caused during construction.

ARTICLE X

RIGHTS RESERVED UNTO INSTITUTIONAL LENDERS

Section 1. Entities Constituting Institutional Lenders. "Institutional Lender" as the term is used herein shall mean and refer to banks, savings and loan associations, insurance companies or other firms or entities customarily affording loans secured by first liens on residences, and eligible insurers and governmental guarantors.

Section 2. Obligation Of Association To Institutional Lenders. So long as any Institutional Lender shall hold a first lien upon any Lot or shall be the Owner of any Lot, such Institutional Lender who has provided notice to the Executive Board of its intent and has requested all rights under the Association documents shall have upon written request therefor the following rights:

(a) To inspect the books and records of the Association during normal business hours and to be furnished with at least one (1) copy of annual financial statement and report of the Association prepared by a certified public accountant designated by the Executive Board, such financial statement or report to be furnished by April 15 of each calendar year, and to have such other rights to inspect Association documents and records on the same terms as Members.

(b) To be given notice by the Association of the call of any meeting of the membership to be held for the purpose of considering any proposed amendment to this Declaration of Covenants, Conditions and Restrictions or the Articles of Incorporation or Bylaws of the Association or of any proposed abandonment or termination of the Association or the effectuation of any decision to terminate professional management of the Association and assume self-management by the Association.

(c) To receive notice of any condemnation or casualty loss affecting the Common Elements or any portion thereof.

(d) To be notified of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.

(e) To have the right to approve of any alienation, release, transfer, hypothecation or other encumbrance of the Common Elements, other than those specific rights vested in the Association under Article II hereof.

(f) To be given notice of any delinquency in the payment of any assessment or charge (which delinquency remains uncured for a period of sixty (60) days) by any Owner owning a Lot

encumbered by a mortgage held by the Institutional Lender, such notice to be given in writing and to be sent to the principal office of such Institutional Lender, or to the place which it may designate in writing.

Section 3. Requirements Of Institutional Lender. Whenever any Institutional Lender desires to avail itself of the provisions of this Article, it shall furnish written notice thereof to the Association by CERTIFIED MAIL at the address shown in the N.C. Secretary of State's Office identifying the Lot or Lots upon which such Institutional Lender holds any first lien or identifying any Lot or Lots owned by such Institutional Lender, and such notice shall designate the place to which notices, reports or information are to be given by the Association to such Institutional Lender.

ARTICLE XI

PARTY WALLS

Section 1. General Rules Of Law To Apply. Each wall which is built as a part of the original construction of the Dwellings upon any Lot and placed on the dividing line between Lots and all reconstruction or extensions of such wall shall constitute a party wall; and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence, or willful acts or omissions shall apply thereto.

Section 2. Repair And Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make the use of the wall in proportion to such use.

Section 3. Destruction By Fire Or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may 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 or omissions.

Notwithstanding anything in this Section 3 to the contrary, maintenance and repair of party walls is subject to, and controlled by, the terms of the insurance to be obtained by the Association as set forth in Article XIII below.

Section 4. Easement and Right of Entry for Repair, Maintenance, and Reconstruction. Every Owner shall have an easement and right of entry upon the Lot of another Owner to the extent necessary to perform repair, maintenance or reconstruction of a party wall. Such repair, maintenance or reconstruction shall be done expeditiously. Upon completion of such construction, such Owner shall restore the adjoining Lot to as near the same condition, which prevailed on it before the commencement of such construction as is reasonably practicable.

Section 5. Weatherproofing. Notwithstanding any other provision of this Article, an Owner who by his 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 such elements and repairing any damage resulting from such exposure.

Section 6. Right To Contribution Runs With Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 7. Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each party shall choose an arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators.

ARTICLE XII

GENERAL PROVISIONS

Section 1. Enforcement. The Owner of each Lot or any portion of the Property shall be governed by and shall comply with the provisions of this Declaration, the Bylaws of the Association and all rules and regulations of the Declarant during the Declarant's Development Period and thereafter of the Association adopted pursuant thereto, as any of the same are now constituted or as they may be amended from time to time. Subject to the Planned Community Act, a default by any Owner shall entitle the Association or the Owner of any of the other Lots to the following relief:

(a) The Association or any Owner at any time, or the Declarant during the Declarant's Development Period, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration, the Bylaws of the Association and all rules and regulations of the Association adopted pursuant thereto. Failure to comply with any of the terms of this Declaration or other restrictions and regulations contained in the Bylaws of the Association, or which may be adopted pursuant thereto, shall be grounds for relief, including without limitation, an action to recover sums due for damages, injunctive relief, foreclosure of lien, or any combination thereof. The Association shall have the right to request that law enforcement, public safety and animal control officers come on the Property to facilitate the enforcement of the laws, codes and ordinances of any governmental authority.

(b) The Association, after notice to the Owner and a reasonable opportunity to be heard, shall have the right to assess reasonable fines against an Owner for violations of this Declaration, the Bylaws of the Association or the published rules and regulations by such Owner, or such Owner's family, tenants, guests, invitees and agents. If it is decided that a fine is to be imposed, a fine not to exceed \$100.00 may be imposed for the violation and, without further hearing, for each day more than five days after the decision that the violation occurs. Such fines shall be deemed to be assessments as set forth in Article V of the Declaration; and if not paid within

thirty (30) days after notice and demand therefor, the Association shall be entitled to the remedies set forth in the Declaration for the enforcement and collection of delinquent assessments.

(c) The Association, after notice to the Owner and a reasonable opportunity to be heard, shall have the right to suspend privileges or services provided by the Association (except rights of access to Lots) for reasonable periods of violations of this Declaration or the Bylaws, Articles or published rules and regulations. If it is decided that a suspension of privileges or services provided by the Association should be imposed the suspension may be continued without further hearing until the violation is cured.

(d) If an Owner is legally responsible for damage inflicted on any Common Elements or Phase 1 Common Elements, the Association may direct such Owner to repair such damage, or the Association may itself cause the repairs to be made and recover damages from the responsible Owner. If damage is inflicted on any Lot by an agent of the Association in the scope of the agent's activities as such agent, the Association is liable to repair such damage or to reimburse the Owner for the cost of repairing such damages. The Association shall also be liable for any losses to the Owner. When any such claim for damages against an Owner or the Association is less than or equal to the jurisdictional amount established for small claims by North Carolina General Statutes 7A-210 any aggrieved party may request that a hearing be held before an adjudicatory panel appointed by the Executive Board to determine if an Owner is responsible for damages to any Common Elements or Phase 1 Common Elements or the Association is responsible for damages to any Lot. If the Executive Board fails to appoint an adjudicatory panel to hear such matters such hearings shall be held before the Executive Board. Such panel shall accord to the party charged with causing damages notice of the charge, opportunity to be heard and to present evidence, and notice of the decision. This panel may assess liability for each damage incident against each Owner charged or against the Association not in excess of the jurisdictional amount established for small claims by North Carolina General Statutes 7A-210. When such claim exceeds the jurisdictional amount established for small claims by North Carolina General Statutes 7A-210, liability of any Owner charged or the Association shall be determined as otherwise provided by law. Liabilities of Owners determined by adjudicatory hearing or as otherwise provided by law shall be assessments secured by lien under Section 47F-3-116 of the Planned Community Act. Liabilities of the Association determined by adjudicatory hearing or as otherwise provided by law may be offset by the Owner against sums owing to the Association and if so offset, shall reduce the amount of any lien of the Association against the Lot at issue.

(e) In any proceeding arising because of an alleged default by an Owner, the Association, if successful, shall be entitled to recover the costs of the proceedings and such reasonable attorney fees as may be determined by the Court.

(f) The failure of the Association or any Owner or the Declarant during the Declarant's Development Period to enforce any right, provision, covenant or condition which may be granted by this Declaration or the other above mentioned documents shall not constitute a waiver of the right of the Association or of the Owner to enforce such right, provision, covenant or condition in the future.

(g) All rights, remedies and privileges granted to the Association or the Owners, pursuant to any terms, provisions, covenants or conditions of the Declaration or other above mentioned documents, shall be deemed to be cumulative, and the exercise of anyone or more shall not be deemed to constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies or privileges as may be available to such party at law or in equity.

Section 2. Severability. Invalidation of anyone of these covenants or restrictions by judgment or court order shall in no way affect any other provisions that shall remain in full force and effect.

Section 3. Term and Amendment.

(a) The covenants, conditions and restrictions of this Amended and Restated Declaration shall run with and bind the land for a term of twenty (20) years from the date this Amended and Restated Declaration is recorded, after which time they shall be automatically extended for successive periods often (10) years unless terminated as hereafter provided.

(b) In addition to Amendments by the Declarant as provided in subsection (d) below, the Declaration may be amended with the consent of the Owners entitled to cast at least sixty-seven percent (67%) of the votes of the Association and may be terminated with the consent of the Owners entitled to cast at least eighty percent (80%) of the votes of the Association; provided, however, **this Declaration may not be amended or terminated without Declarant's consent if Declarant then owns a Lot or any portion of the Property**, and no amendment shall alter any obligation to pay ad valorem taxes or assessments for public improvements or affect any lien for the payment thereof established herein. **Each Owner, by accepting his or her Deed, acknowledges the Declarant's vested interest in the Village Woods Residential Development and agrees to amend this Declaration only with the consent of Declarant for so long as Declarant owns a Lot or any portion of the Property.**

For the purpose of this section, additions to existing property by Declarant pursuant to Section 4 of this Article shall not constitute an "amendment" requiring the consent of Owners

(c) Any amendment must be executed on behalf of the Association by a duly authorized officers and be properly recorded in the Office of the Register of Deeds, Guilford County, North Carolina.

(d) In addition to Amendments under (b) above, this Declaration may be amended unilaterally at any time and from time to time by Declarant or its successor or assigns as follows: (i) if such amendment is necessary to bring any provision hereof into compliance with any applicable governmental statute, rule, or regulation or judicial determination which shall be in conflict therewith; (ii) if such amendment is necessary to enable any reputable title insurance company to issue title insurance coverage with respect to the Lots subject to this Declaration; (iii) if such amendment is required by an institutional or governmental lender or purchaser of mortgage loans, including, for example, the Federal National Mortgage Association or Federal

Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase mortgage loans on the Lots subject to this Declaration; (iv) if such amendment is necessary to enable any governmental agency or reputable private insurance company to insure mortgage loans on the Lots subject to this Declaration; provided, however, any such amendment shall not adversely affect the title to any Owner's Lot unless any such Lot Owner shall consent thereto in writing, or (v) if such amendment is necessary for the exercise of any of Declarant's development rights herein, including reserved rights set forth in Section 6 below.

Section 4. Annexation of Additional Property.

(a) Except as provided in subsection (b) of this Section 4, additional lands may be added and annexed to the Property only with the consent of two-thirds (2/3) of each class of Members who are voting in person or by proxy at a meeting duly called at where a quorum is present; provided, however, if the Declarant then owns any Lot, Declarant's consent must also be obtained to such action. A meeting shall be duly called for this purpose, written notice of which shall be sent to all Members not less than thirty (30) days in advance of the meeting. Any additional lands so annexed shall have the right to use the Common Elements designated for such additional land.

(b) If, within fifteen (15) years of the date of recordation of this Amended and Restated Declaration, the Declarant should develop Phase 2 and Phase 3 (the "Additional Property"), such Additional Property may be added to and annexed to the Property by Declarant without the consent of the Members.

Section 5. Amplification. The Provisions of this Declaration are amplified by the Articles of Incorporation and Bylaws of the Association; but no such amplification shall alter or amend any of the rights or obligations of the Owners set forth in this Declaration. Declarant intends that the provisions of this Declaration on the one hand, and the Articles of Incorporation and Bylaws of the Association on the other be interpreted, construed, and applied to avoid inconsistencies or conflicting results. If such conflict necessarily results, however, Declarant intends that the provisions of this Declaration control anything contained in the Articles of Incorporation or Bylaws of the Association.

Section 6. Declarant's Reserved Rights.

(a) Expansion of the Development.

Anything to the contrary contained in this Declaration notwithstanding, at any time during the Declarant's Development Period, the Declarant will be entitled to expand the Village Woods Residential Development in accordance with these expansion rights as provided in this Section 6.

(i) **Additional Land Added to Phase 1 of the Village Woods Residential Development.**

The Declarant is entitled, but not obligated, to expand the Village Woods Residential Development beyond the Phase 1 Property during the Declarant's Development Period by adding additional phases, which may then be converted to Residential Lots and/or Townhome Lots as further provided in Section 6(a)(ii) below. The land that may be added as additional phases under this Declaration is included within Exhibit A hereof. The land may be added in whole or in part and at different times. The Declarant shall not be required to add any particular portion of the designated land or to construct one or more Townhomes or other single-family residential Dwellings on any particular portion of the land added hereto, or to do so in any particular order or sequence should it decide to add such land, which it shall not be under any obligation to do. Additional land may also be added by annexation as set forth in Article XII, Section 4.

(ii) Expansion; Conversion of Common Elements.

The Declarant is entitled, but not obligated, to expand the Village Woods Residential Development during the Declarant's Development Period by constructing additional Townhomes or other single-family residential Dwellings on all or any portion of the unimproved Common Elements, Phase 1 Common Elements and open spaces not yet designated as Common Elements and to amend this Declaration to reflect such Townhomes or other single-family residential Dwellings.

Additional Townhomes and single-family residential Dwellings shall not be required to be so constructed consistent with the existing type of Townhomes constructed at the time this Declaration or any amendment hereto is filed of record in the Guilford County Register of Deeds, and additional Townhomes and single-family residential Dwellings may be laid out in different configurations or plans and different classes of accessory uses may be provided. An amendment will be effective upon recording such amendment in the Guilford County Register of Deeds.

The Property that may be Townhomes (attached and detached) is shown on the Preliminary Site Plan attached hereto as Exhibit E.

Until additional Townhomes are constructed on Future Lot 1, Phase 2 and Phase 3, the Association shall maintain the unimproved land as a Phase 1 Common Element.

No assurances are made with respect to the expansion of the Village Wood Residential Development or with respect to the order of any such allowed expansion by the Declarant.

Upon completion of construction of a Dwelling upon a Lot, any excess land (outside the exterior of the Dwelling) will be deemed to be open space and as such, Common Elements, for the appropriate phase.

(b) Contraction of the Development; Withdrawal of Unimproved Common Areas and Open Spaces.

During the Declarant's Development Period, the Declarant is entitled to subdivide portions of the Common Elements or Phase 1 Common Elements and open spaces not yet designated as Common Elements from the Development which are unimproved with structures, but subject to any existing utility easement, and to remove the subdivided portion from the application of this Declaration by filing one or more amendments to this Declaration (including amendments to the Exhibits). An amendment will be executed solely by the Declarant. An amendment will be effective upon recording such amendment in the Guilford County Register of Deeds.

(c) Other Reserved Rights. The Declarant reserves all rights set forth as Special Declarant Rights in §47F-1-103(28).

Section 7. Safety. Neither the Declarant nor the Association shall in any way be considered insurers or guarantors of safety measures undertaken with respect thereto by either or both of them, whether or not such activities or undertakings are referred to as "security" measures. Neither the Declarant nor the Association shall be liable for any loss or damage resulting from any failure to provide safety measures or from a failure or ineffectiveness of any safety measures undertaken by either or both of them. No representation, warranty or covenant is given to any Owner or occupant by the Declarant or the Association that any safety measures installed or undertaken cannot be bypassed or compromised, or that they would, in fact, avert damage or loss resulting from that which they are designed to prevent. Each Owner by acceptance of a deed to a Lot and each occupant thereof shall indemnify and hold the Declarant and Association harmless from any damage and costs and expenses, including attorney fees, incurred by either or both of them as a result of any such assertion or determination.

Section 8. No Warranty. Declarant has agreed to sell certain Lots to D. Stone Builders, Inc. as an Authorized Builder at Village Woods. For the residential Dwellings constructed by D. Stone Builders, Inc., Declarant gives no warranty, express or implied with respect to construction of the Dwelling or related improvements. Each buyer or tenant from D. Stone Builders, Inc., or any other Authorized Builders, agrees to look solely to the applicable Authorized Builder for any claims with respect to defects in construction with respect to the Dwelling or related improvements.

ARTICLE XIII

INSURANCE

Section 1. Authority To Purchase Insurance.

(a) A master casualty/hazard insurance policy (herein after referred to as the "Policy") upon the Dwellings (other than title insurance) shall be purchased by the Association in the name of the managing agent or Executive Board of the Association, as trustees for the Owners and their respective mortgagees as their interests may appear, and shall provide for the issuance of certificates or memoranda of insurance or mortgagee endorsements to the Association and, upon written request, to any Owners or to the holders of first and/or second mortgages on the Lots, or any of them.

(b) Insurance policies upon the Dwellings purchased by the Association must provide that:

(i) Each Owner is an insured person under the policy with respect to liability arising out of his or her interest in the Common Elements and/or membership in the Association.

(ii) The insurer waives its right to subrogation under the policy against any Owners, members of his or her household, the Association and their respective tenants, guests, invitees, agents and servants.

(iii) No act or omission by any Owner, unless acting within the scope of his or her authority on behalf of the Association (which is to be covered by a separate insurance policy), will preclude recovery under the policy;

(iv) If, at any time of a loss under such Policy, there is other insurance in the name of an Owner covering the same risk covered by the Policy described in this Article, the Association's Policy shall provide primary insurance;

(v) The insurer issuing the Policy may not cancel or refuse to renew it until thirty (30) days after notice of the proposed cancellation or non-renewal has been mailed to the Association, to each Owner and to 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.

(c) Each Owner may obtain insurance, at his or her own personal expense, providing coverage upon his or her Lot improvements, his or her personal property and for his or her personal liability as may be permitted or required by law, but all such insurance shall contain the same waiver of subrogation as that referred to above, if the same is available.

Section 2. Insurance Coverage to be Maintained: Use and Distribution of Insurance Proceeds.

(a) Commencing not later than the time of the recordation of this Amended and Restated Declaration, the following insurance coverage shall be maintained in full force and effect by the Association covering the operation and management of the Association, the Dwellings and the Common Elements:

(i) Casualty insurance covering the Common Elements, Limited Common Elements, and Lots, except such personal property as may be owned by the Owners, shall be procured in an amount equal to 100% of the current replacement cost (exclusive of excavation, foundations, streets and parking facilities) as determined annually by the insurance company providing such coverage. If available, such policy shall contain an "Agreed Amount Endorsement" or an "Inflation Guard Endorsement," as those terms are currently used in the insurance industry. By way of illustration and not of limitation, such casualty insurance shall cover fixtures, installations or additions, or equal replacements thereof, comprising a part of the building located on each individual Lot in accordance with the original Dwelling's plans and specifications. In determining the amount of coverage for such fixtures, installations or additions, the Executive Board of the Association shall annually set the standard allowance for such items as carpeting, bathroom and kitchen cabinets, wall covering, vinyl floor

covering, ceramic tile, kitchen appliances, bookshelves, etc., which were included in the original Dwelling's plans and specifications. By way of illustration and not of limitation, such casualty insurance shall not cover furniture, furnishings or other household or personal property owned by, used by or in the care, custody or control of an Owner (whether located within or without the Lot), or fixtures, installations or additions that are placed in an individual Lot by an Owner thereof at his or her expense. Such coverage shall afford protection against: (a) loss or damage by fire or other hazards covered by the standard extended coverage endorsement; and (b) such other risks as from time to time customarily shall be covered with respect to buildings similar in construction, location and use including, but not limited to, vandalism and malicious mischief. The maximum deductible amount under any policy shall be one percent (1%) of the face amount of the policy. Funds to cover deductible amounts shall be included in the operating reserve account maintained by the Association.

(ii) A comprehensive policy of public liability insurance insuring the Association in the amount not less than One Million Dollars (\$1,000,000.00) for claims for personal injury and/or property damage arising out of a single occurrence, such coverage to include protection against liability for non-owned and hired automobiles and liability for property of others, and, if available, may include coverage for water damage. The amount of such minimum coverage may be increased by a vote of a majority of Allocated Interests represented at an annual meeting of the Association's membership or at a specially called meeting of the membership.

(b) All liability insurance shall contain cross-liability endorsements to cover liabilities of the Owners as a group to an Owner or other Owners.

(c) Premiums upon insurance policies purchased by the Association shall be paid by the Association as Common Expenses to be assessed and collected from all of the Owners in proportion to each Lot's share of the Allocated Interests, unless otherwise specifically allocated by the Executive Board, in its sole discretion.

(d) If the insurance described in this Article is not reasonably available, in the sole determination of the Executive Board of the Association, the Executive Board shall promptly cause notice of that fact to be hand delivered or sent prepaid by United States mail to all Owners. Under such circumstance, the obligation of the Association to obtain the Policy shall terminate.

(e) All insurance policies purchased by the Association shall be for the benefit of the Association and the Owners and their mortgagees, as their respective interests may appear, and shall provide that all proceeds payable as a result of casualty losses shall be paid to the Association. The Association shall hold such proceeds in trust for the benefit of the Association, the Owner(s) and their respective mortgagees, to be utilized and distributed as set out in Section 3 of this Article.

(f) In the event a mortgagee endorsement has been issued as to a Lot, the share of the Owner(s) shall be held for the mortgagee and the Owner(s) as their interests may appear.

Section 3. Reconstruction or Repair of Casualty Damage.

(a) If any part of a Dwelling shall be damaged by casualty, the damaged area shall be reconstructed or repaired unless:

(i) Repair or replacement would violate any state or local health or safety statute or ordinance; or

(ii) The Owners by a vote of Owners owning at least eighty percent (80%) of the Allocated Interests (including one hundred percent (100%) of the Owners of Lots that shall have suffered such casualty), determine not to rebuild or restore all or any portion of the damaged area.

(iii) Any reconstruction or repair shall be performed substantially in accordance with the original plans and specifications as approved by the Town of Oak Ridge, North Carolina, or the applicable governmental authority.

(iv) If the damage is only to those parts of one or more Lots not covered by the policy or policies of insurance contemplated hereby, such Owners shall be responsible for reconstruction and repair after casualty. In all other instances, the responsibility of reconstruction and repair after casualty shall be that of the Association.

(v) Immediately after the casualty causing damage to property for which the Association has the responsibility to insure, the Association shall obtain reliable and detailed estimates of the cost to place the damaged property in condition as good as that before the casualty. Such costs may include professional fees and premiums for such bonds as the Executive Board deems necessary and appropriate.

(vi) When the damage is to improvements to both Common Elements and Lots or to Common Elements only, the insurance proceeds shall be payable to the Association and shall be applied first to the cost of repairing the Common Elements, then to the cost of repairing the improvements to Lots, if any be needed.

(vii) In the event the Owners determine, pursuant to the terms hereof, that less than all of the damaged area is to be repaired or restored, the insurance proceeds shall be utilized and/or distributed as follows:

(1) Proceeds attributable to the damaged Common Elements shall be used to restore such Common Elements to a condition compatible with the remainder of the Dwellings;

(2) Proceeds attributable to Lots and to Limited Common Elements which are not to be rebuilt or restored shall be distributed to the Owners and mortgagees of Lots which are not to be rebuilt or restored and to the Owners and mortgagees of the Lots appurtenant to the damaged Limited Common Elements; and

(3) Any remaining proceeds shall be distributed among all Owners and mortgagees, as their interests may appear, in proportion to the Allocated Interests appurtenant to each Lot.

(b) Each Owner shall be deemed to have delegated to the Executive Board of the Association his or her right to adjust with insurance companies all losses under policies purchased by the Association.

(c) All remittances to Owners and their mortgagees shall be payable jointly to them.

(d) In the event that Owners vote not to rebuild a Dwelling that shall have been destroyed, that Lot's Allocated Interest in the Common Elements shall be automatically reallocated among the remaining Lots at the time of such vote, in proportion to each remaining Lot's (exclusive of the damaged Lot) respective Allocated Interest prior to the casualty. The Association shall prepare, execute and record an amendment to the Declaration reflecting such allocation.

(e) The cost of repair or replacement of a Common Element or of improvements to a Lot in excess of (i) Insurance proceeds payable as a result of casualty thereto, and (ii) reserves held by the Association shall be a Common Expense of the Association.

[REMAINDER OF PAGE LEFT BLANK]

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has caused this instrument to be executed in its name the date and year first above written.

PJ Village Woods, LLC

By: [Signature]
Printed name: Jerry M. Coolce
Title: Manager

CONSENT

The Lot 6 Owners and the Village Woods Property Owners Association, Inc. join in this Amended and Restated Declaration to evidence their consent to all of the terms stated herein.

[Signature]
Jerry M. Cooke

[Signature]
Phyllis H. Cooke

VILLAGE WOODS PROPERTY OWNERS
ASSOCIATION, INC.

By: [Signature]
Printed name: Jerry M. Cooke
Title: President

NORTH CAROLINA

GUILFORD COUNTY

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: Jerry M. Cooke as Manager of PJ Village Woods, LLC, a North Carolina limited liability company.

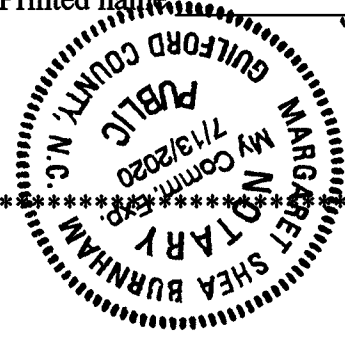
Date: 9/11/17

[Signature]
Notary Public

Printed name: Margaret Shea Burnham

My commission expires: 7/13/20

SEAL:



NORTH CAROLINA

GUILFORD COUNTY

I certify that the following person personally appeared before me this day, acknowledging to me that he signed the foregoing document: JERRY M. COOKE.

Date: 9/11/17

[Signature]
Notary Public

Printed name: Margaret Shea Burnham

My commission expires: 7/13/20

SEAL:



NORTH CAROLINA

GUILFORD COUNTY

I certify that the following person personally appeared before me this day, acknowledging to me that she signed the foregoing document: PHYLLIS H. COOKE.

Date: 9/11/17

[Signature]
Notary Public

Printed name: Margaret Shea Burnham

My commission expires:
7/13/20

SEAL:



NORTH CAROLINA

GUILFORD COUNTY

I, Margaret Shea Burnham, Notary Public for Guilford County, North Carolina, certify that Jerry M. Cooke personally came before me this day and acknowledged that he is _____ president of VILLAGE WOODS PROPERTY OWNERS ASSOCIATION, INC., a North Carolina non-profit corporation, and that he as _____ president, being authorized to do so, executed the foregoing on behalf of the corporation.

Witness my hand and official seal, this the 11 day of September, 2017.

[Signature]
Notary Public

Printed name: Margaret Shea Burnham
Shea

My commission expires:
7/13/20

SEAL:



EXHIBIT A**Village Woods Property Description**

Lying in Oak Ridge Township, Guilford County, North Carolina, and being more particularly described as follows:

BEGINNING existing iron pipe marking the northeast corner of Lot 1 of Jerry M. Cooke and Phyllis H. Cooke as recorded in Plat Book 130, Page 132 of the Guilford County Registry, and running thence from said BEGINNING point along the north line of said Lot 1 South 89° 30' 02" West 391.17 feet to an existing iron pipe; thence North 58° 11' 47" West 56.14 feet to an existing iron pipe; thence North 74° 30' 22" West 202.73 feet to a new iron pipe marking the southernmost corner of Lot 6 of Oak Ridge Corner LLC (Lot 1) and JP Monroe, LLC (Lots 2-7) as recorded in Plat Book 154, Page 129; thence continuing along the South line of said Lot 6 North 74° 30' 22" West 365.28 feet to an existing iron pipe; thence along the West lot line of said Lot 6, North 33° 05' 35" West 213.36 feet to an existing iron pipe; thence North 79° 35' 31" West 82.72 feet to an existing iron pin in the East margin of NC Highway 68N; thence along the East margin of NC Highway 68N, North 33° 05' 35" West 44.27 feet to an existing iron pin; thence along a new line through Lot 6 North 72° 56' 11" East 310.87 feet to an existing iron pin in the line of Lot 7 of Oak Ridge Corner (Lot 1) and JP Monroe, LLC (Lots 2-7) as recorded in Plat Book 154, Page 129; thence along the southern boundary of said Lot 7, the following two calls: S 72° 35' 06" East 181.91 feet and N 65° 05' 18" East 147.73 feet to an existing iron pin; thence along the east line of said Lot 7 and the line of Lot 6 of said plat North 24° 54' 42" West 430.81 feet to an existing iron pipe marking the southwest corner of (now or formerly) Oak Ridge Foundation (see Deed Book 2177, Page 394); thence along Oak Ridge Foundation's south line North 64° 15' 26" East 632.46 feet to an existing iron pipe marking a corner with (now or formerly) James C., Jr. and Martha H. Cooley (see Deed Book 3455, Page 1127); thence along Cooley's west line South 24° 01' 06" East 879.71 feet to an existing iron pipe and South 23° 59' 57" East 175.91 feet to an existing iron pipe marking Cooley's southwest corner; thence along Cooley's south line North 64° 35' 44" East 350.26 feet to an existing iron pipe in the west line of (now or formerly) Chris and Allysa M. McKenzie (see Deed Book 5242, Page 877); thence along McKenzie's west line South 04° 49' 56" West 83.56 feet to an existing iron pipe; thence continuing along McKenzie's west line and running along the west lines of Lots 7 and 6 of Terry L. Kimmer and Rae D. as shown in Plat Book 79, Page 57 South 02° 16' 00" West 536.97 feet to an existing iron pipe marking the southwest corner of Lot 6 of Plat 79-57 and the northeast corner of (now or formerly) Wesley Long Community Hospital, Inc. (see Deed Book 4538, Page 707); thence along Wesley Long's north line South 70° 04' 05" West 401.94 feet to an existing iron pipe marking the southeast corner of Lot 1 of Jerry M. Cooke and Phyllis H. Cooke as shown in Plat Book 130, Page 132; thence along the line of said Lot 1 North 17° 23' 39" West 416.77 feet to the point of BEGINNING, containing 26.4 acres, more or less, and being shown on a Final Plat of Village Woods Subdivision, Phase I, by CPT Engineering and Surveying, Inc., dated January 17, 2006, identified as Project No. 376-04.

SAVE AND EXCEPT:

1. Lot 6 conveyed to Jerry M. Cooke and Phyllis H. Cooke by Deed recorded in Book 6985, Page 1750, Guilford County Registry.
2. Such common open space as previously conveyed to the Village Woods Property Owners Association, Inc. by Deed recorded in Book 6985, Page 1741, Guilford County Registry.

EXHIBIT A-1

Revised Plat

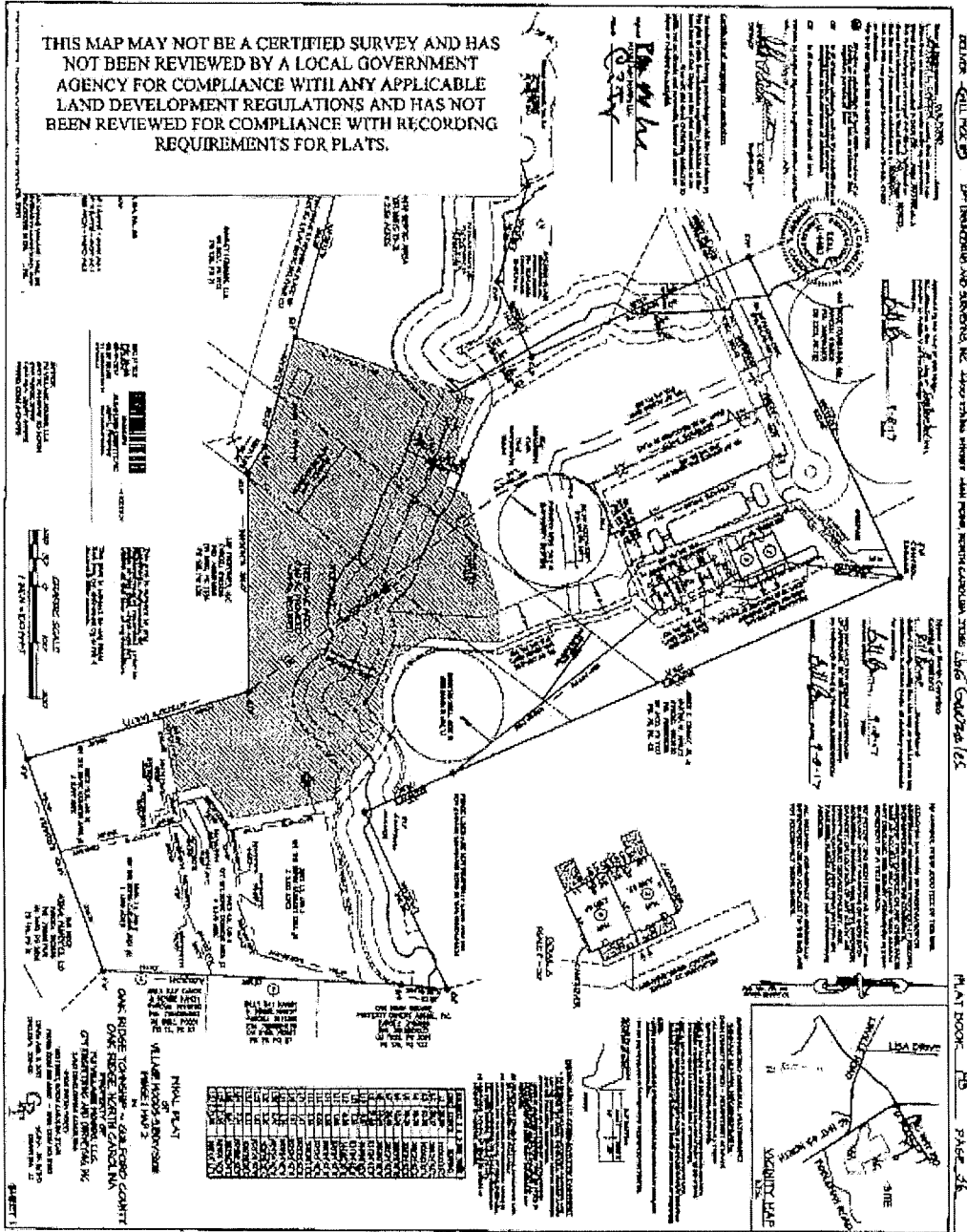


EXHIBIT B

**COMMON ELEMENTS – VILLAGE WOODS RESIDENTIAL DEVELOPMENT
(ALL PHASES)**

Common Elements include:

- Quiet Place
- Utility lines and connections located within or under Quiet Place
- Community Water System, including:
 - The community well
 - The well house
 - All component parts
 - The pump
 - All water lines (located outside the foundation of the Dwelling)
 - All other equipment necessary to provide water to each Lot
- Community Septic System, including:
 - The platted septic areas (#1, #2, #3 and #4)
 - All component parts
 - All sewer lines (located outside the foundation of the Dwelling)
 - All tanks (septic tanks and pump tanks)
 - All other equipment necessary to provide sewer service to each Lot
- Irrigation Well and Irrigation System
- Signage for Village Woods
- Electrical service for utilities and lighting
- Retaining Walls (installed by Declarant)
- Retaining Walls (installed by Authorized Builders, provided 1) such additional retaining walls are built to plans and specifications approved by Declarant, and 2) the Authorized Builder provides the Association with an acceptable warranty naming the Association as a third party beneficiary)

EXHIBIT C

**PHASE 1 COMMON ELEMENTS
(FOR PHASE 1 AND SUBSEQUENT PHASES ANNEXED INTO PHASE 1)**

- Parking lots and parking spaces (including the parking spaces in front of a Lot which are Limited Common Elements)
- Sidewalks
- Open space (including landscaped areas)
- Garden Area
- Playground
- Central Mall Area with Gazebo
- Fire pit

Notwithstanding any provision to the contrary in the Original Declaration or exhibit to the Deed recorded in Book 6985, Page 1741, Guilford County Registry, Common Elements do not include, and Declarant shall not install:

- A common mail kiosk
- A dumpster
- A composter
- A garden tool shed
- Any fencing
- Any additional curbing or paving in the area adjacent to the cul de sac where Quiet Place turns toward Lot 1
- Any other amenities not presently existing at Village Woods as of the date this Amended and Restated Declaration is recorded

EXHIBIT D

ASSIGNED SEPTIC FIELDS FOR PHASES I AND II

See Original Plat recorded in Book 169, Page 68, Guilford County Registry for areas marked:

1. "Units 1, 2 and 3 Off Site Septic Easement Area #4 (+/- 1.195 acres)"
2. "Units 4, 5 and 6 Off Site Septic Easement Area #3 (+/- .679 acre)"
3. "Units 7, 8 and 9 Off Site Septic Easement Area #2 (+/- 1.079 acres)"
4. "Units 10, 11 and 12 Off Site Septic Easement Area #1 (+/- 0.997 acre)"

EXHIBIT E

Preliminary Site Plan

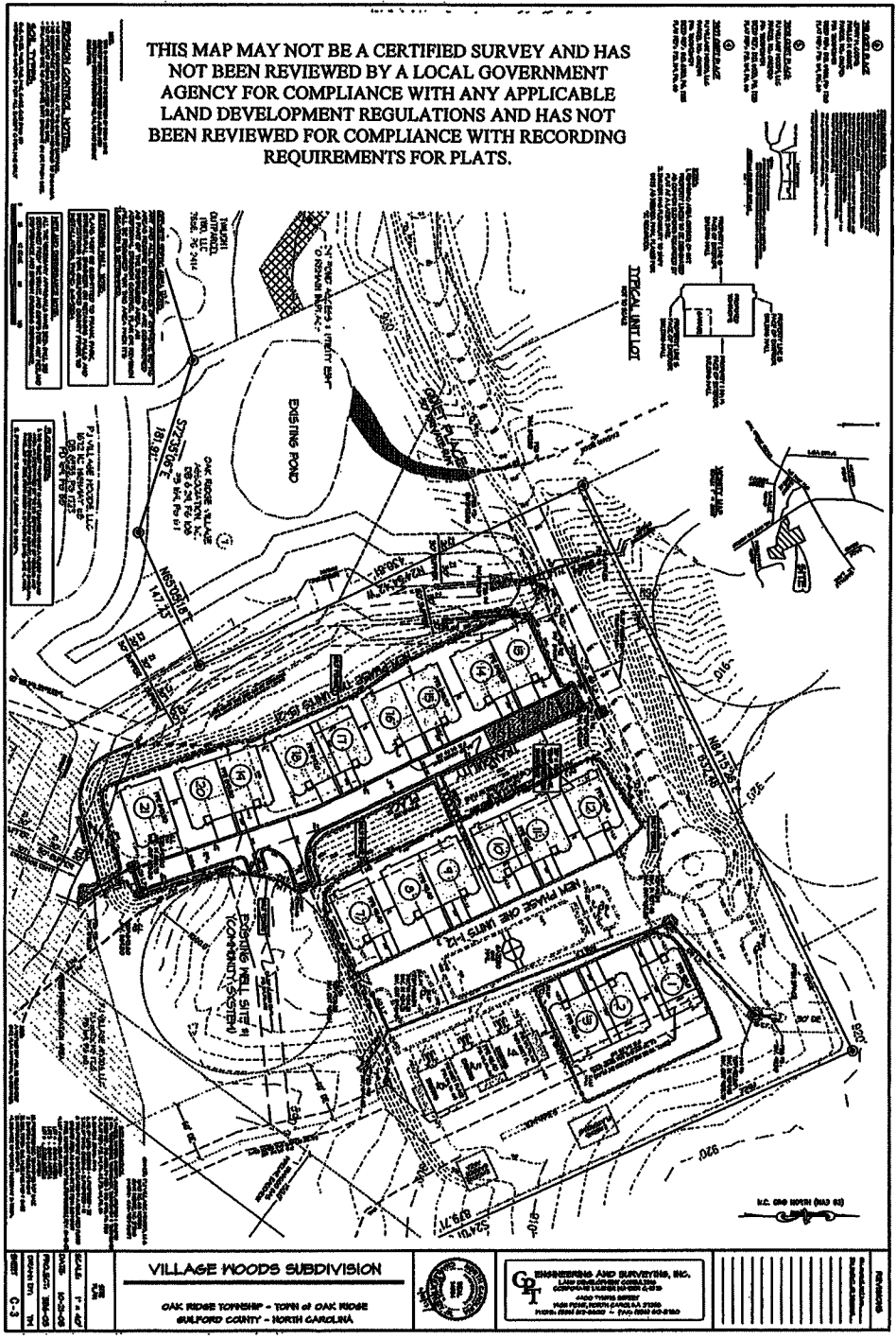


EXHIBIT F**ILLUSTRATION OF ALLOCATED INTERESTS**

Class	Lot	Vote (see Article IV, §2) (upon Commencement of Assessments)	Assessment (see Article V, §6)	Commencement of Assessments (see Article V, §7)
B	Lots 4 and 6 in Phase 1	N/A	N/A	N/A
A	Lots 4 and 6 in Phase 1	1 vote per Lot	Equal shares among all Class A members	Upon recordation of the Amended and Restated Declaration
B	Lot 5 in Phase 1 (until deeded or leased to third party for occupancy)	10 votes for Lot 5 (until deeded or leased to a third party for occupancy)	N/A	N/A
A	Lot 5 in Phase 1 (after deeded or leased to a third party for occupancy)	1 vote per Lot	Equal shares among all Class A members	Upon deed or lease of Lot 5 to third party for occupancy
B	Lots 2 and 3 in Phase 1	10 votes for each lot (while owned by Declarant)	N/A	N/A
A	Lots 2 and 3 in Phase 1	1 vote per Lot (upon earlier to occur of deed or lease to third party for occupancy or expiration of Builder Exemption Period)	Equal shares among all Class A members	Upon earlier to occur of deed or lease to third party for occupancy or expiration of Builder Exemption Period
B	Lot 1 in Phase 1	10 votes for Lot 1 (while owned by Declarant)	N/A	N/A
A	Lot 1 in Phase 1	1 vote per Lot (upon earlier to occur of deed or lease to third party for occupancy or expiration of Builder Exemption Period)	Equal shares among all Class A members	Upon earlier to occur of deed or lease to third party for occupancy or expiration of Builder Exemption Period
B	Lots 7-12 in Phase 2 (until deeded to an Authorized Builder)	10 votes for each Lot in Phase 2 per the Preliminary Site Plan (upon annexation, and while owned, by Declarant)	N/A	N/A
A	Lots 7-12 in Phase 2	1 vote per Lot (upon earlier to occur of deed or lease to third party for occupancy or expiration of Builder Exemption Period)	Equal shares among all Class A members	Upon earlier to occur of deed or lease to third party for occupancy or expiration of Builder Exemption Period

B	Lots 13-21 in Phase 3 (until deeded to an Authorized Builder)	10 votes for each Lot in Phase 3 per the Preliminary Site Plan (upon annexation, and while owned, by Declarant)	N/A	N/A
A	Lots 13-21 in Phase 3	1 vote per Lot (upon earlier to occur of deed or lease to third party for occupancy or expiration of Builder Exemption Period)	Equal shares among all Class A Members	Upon earlier to occur of deed or lease to third party for occupancy or expiration of Builder Exemption Period