



**20078 LONG
PROPERTY DOCUMENTS**

20078 Long

Inside this booklet, you will find important documents and details related to the home, including:

- Residential Property Disclosure (RPD)
- Mineral and Oil and Gas Disclosure (MOG)
- Feature Sheet
- Other Community & Property Documents



NORTH CAROLINA REAL ESTATE COMMISSION

Residential Property And Owners' Association Disclosure Statement

Protecting the Public Interest in Real Estate Brokerage Transactions

Property Address/Description: 20078 Long, Chapel Hill, NC 27517

Owner's Name(s): Joyce Coffman and Thomas Coffman

North Carolina law [N.C.G.S. 47E](#) requires residential property owners to complete this Disclosure Statement and provide it to the buyer prior to any offer to purchase. There are limited exemptions for completing the form, such as new home construction that has never been occupied. Owners are advised to seek legal advice if they believe they are entitled to one of the limited exemptions contained in N.C.G.S. 47E-2.

An owner is required to provide a response to every question by selecting Yes (Y), No (N), No Representation (NR), or Not Applicable (NA). An owner is not required to disclose any of the material facts that have a NR option, even if they have knowledge of them. However, failure to disclose latent (hidden) defects may result in civil liability. The disclosures made in this Disclosure Statement are those of the owner(s), not the owner's broker.

- If an owner selects Y or N, the owner is only obligated to disclose information about which they have actual knowledge. If an owner selects Y in response to any question about a problem, the owner must provide a written explanation or attach a report from an attorney, engineer, contractor, pest control operator, or other expert or public agency describing it.
- If an owner selects N, the owner has no actual knowledge of the topic of the question, including any problem. If the owner selects N and the owner knows there is a problem or that the owner's answer is not correct, the owner may be liable for making an intentional misstatement.
- If an owner selects NR, it could mean that the owner (1) has knowledge of an issue and chooses not to disclose it; or (2) simply does not know.
- If an owner selects NA, it means the property does not contain a particular item or feature.

For purposes of completing this Disclosure Statement: **"Dwelling"** means any structure intended for human habitation, **"Property"** means any structure intended for human habitation and the tract of land, and **"Not Applicable"** means the item does not apply to the property or exist on the property.

OWNERS: The owner must give a completed and signed Disclosure Statement to the buyer no later than the time the buyer makes an offer to purchase property. If the owner does not, the buyer can, under certain conditions, cancel any resulting contract. An owner is responsible for completing and delivering the Disclosure Statement to the buyer even if the owner is represented in the sale of the property by a licensed real estate broker and the broker must disclose any material facts about the property that the broker knows or reasonably should know, regardless of the owner's response.

The owner should keep a copy signed by the buyer for their records. If something happens to make the Disclosure Statement incorrect or inaccurate (for example, the roof begins to leak), the owner must promptly give the buyer an updated Disclosure Statement or correct the problem. Note that some issues, even if repaired, such as structural issues and fire damage, remain material facts and must be disclosed by a broker even after repairs are made.

BUYERS: The owner's responses contained in this Disclosure Statement are not a warranty and should not be a substitute for conducting a careful and independent evaluation of the property. **Buyers are strongly encouraged to:**

- Carefully review the entire Disclosure Statement.
- Obtain their own inspections from a licensed home inspector and/or other professional.

DO NOT assume that an answer of N or NR is a guarantee of no defect. If an owner selects N, that means the owner has no actual knowledge of any defects. It does not mean that a defect does not exist. If an owner selects NR, it could mean the owner (1) has knowledge of an issue and chooses not to disclose it, or (2) simply does not know.

BROKERS: A licensed real estate broker shall furnish their seller-client with a Disclosure Statement for the seller to complete in connection with the transaction. A broker shall obtain a completed copy of the Disclosure Statement and provide it to their buyer-client to review and sign. All brokers shall (1) review the completed Disclosure Statement to ensure the seller responded to all questions, (2) take reasonable steps to disclose material facts about the property that the broker knows or reasonably should know regardless of the owner's responses or representations, and (3) explain to the buyer that this Disclosure Statement does not replace an inspection and encourage the buyer to protect their interests by having the property fully examined to the buyer's satisfaction.

- **Brokers are NOT permitted to complete this Disclosure Statement on behalf of their seller-clients.**
- Brokers who own the property may select NR in this Disclosure Statement but are obligated to disclose material facts they know or reasonably should know about the property.

Buyer Initials
Buyer Initials

Owner Initials
Owner Initials

<i>JC</i>	<i>TC</i>
05/13/26 8:26 PM EDT	05/13/26 9:01 PM EDT

SECTION A. STRUCTURE/FLOORS/WALLS/CEILING/WINDOW/ROOF

	Yes	No	NR																																																																											
A1. Is the property currently owner-occupied? Date owner acquired the property: <u>2019</u> If not owner-occupied, how long has it been since the owner occupied the property? _____	☐	☒	☐																																																																											
A2. In what year was the dwelling constructed? <u>2005</u>			☐																																																																											
A3. Have there been any structural additions or other structural or mechanical changes to the dwelling(s)?	☐	☒	☐																																																																											
A4. The dwelling's exterior walls are made of what type of material? (Check all that apply) ☒ Brick Veneer ☐ Vinyl ☐ Stone ☒ Fiber Cement ☐ Synthetic Stucco ☐ Composition/Hardboard ☐ Concrete ☐ Aluminum ☐ Wood ☐ Asbestos ☐ Other: _____			☐																																																																											
A5. In what year was the dwelling's roof covering installed? <u>2021</u>			☐																																																																											
A6. Is there a leakage or other problem with the dwelling's roof or related existing damage?	☐	☒	☐																																																																											
A7. Is there water seepage, leakage, dampness, or standing water in the dwelling's basement, crawl space, or slab?	☐	☒	☐																																																																											
A8. Is there an infestation present in the dwelling or damage from past infestations of wood destroying insects or organisms that has not been repaired?	☐	☒	☐																																																																											
A9. Is there a problem, malfunction, or defect with the dwelling's: <table style="width: 100%; margin-top: 10px;"> <thead> <tr> <th></th> <th>NA</th> <th>Yes</th> <th>No</th> <th>NR</th> <th></th> <th>NA</th> <th>Yes</th> <th>No</th> <th>NR</th> <th></th> <th>NA</th> <th>Yes</th> <th>No</th> <th>NR</th> </tr> </thead> <tbody> <tr> <td>Foundation</td> <td>☐</td> <td>☐</td> <td>☒</td> <td>☐</td> <td>Windows</td> <td>☐</td> <td>☐</td> <td>☒</td> <td>☐</td> <td>Attached Garage</td> <td>☐</td> <td>☐</td> <td>☒</td> <td>☐</td> </tr> <tr> <td>Slab</td> <td>☒</td> <td>☐</td> <td>☐</td> <td>☐</td> <td>Doors</td> <td>☐</td> <td>☐</td> <td>☒</td> <td>☐</td> <td>Fireplace/Chimney</td> <td>☐</td> <td>☐</td> <td>☒</td> <td>☐</td> </tr> <tr> <td>Patio</td> <td>☐</td> <td>☐</td> <td>☒</td> <td>☐</td> <td>Ceilings</td> <td>☐</td> <td>☐</td> <td>☒</td> <td>☐</td> <td>Interior/Exterior Walls</td> <td>☐</td> <td>☐</td> <td>☒</td> <td>☐</td> </tr> <tr> <td>Floors</td> <td>☐</td> <td>☐</td> <td>☒</td> <td>☐</td> <td>Deck</td> <td>☐</td> <td>☐</td> <td>☒</td> <td>☐</td> <td>Other: _____</td> <td>☐</td> <td>☐</td> <td>☐</td> <td>☐</td> </tr> </tbody> </table>					NA	Yes	No	NR		NA	Yes	No	NR		NA	Yes	No	NR	Foundation	☐	☐	☒	☐	Windows	☐	☐	☒	☐	Attached Garage	☐	☐	☒	☐	Slab	☒	☐	☐	☐	Doors	☐	☐	☒	☐	Fireplace/Chimney	☐	☐	☒	☐	Patio	☐	☐	☒	☐	Ceilings	☐	☐	☒	☐	Interior/Exterior Walls	☐	☐	☒	☐	Floors	☐	☐	☒	☐	Deck	☐	☐	☒	☐	Other: _____	☐	☐	☐	☐
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Floors	☐	☐	☒	☐	Deck	☐	☐	☒	☐	Other: _____	☐	☐	☐	☐																																																																

Explanations for questions in Section A (identify the specific question for each explanation):

SECTION B. HVAC/ELECTRICAL

	Yes	No	NR
B1. Is there a problem, malfunction, or defect with the dwelling's electrical system (outlets, wiring, panels, switches, fixtures, generator, etc.)?	☐	☒	☐
B2. Is there a problem, malfunction, or defect with the dwelling's heating and/or air conditioning?	☐	☒	☐
B3. What is the dwelling's heat source? (Check all that apply; indicate the year of each system manufacture)			☐
☒ Furnace [_____ # of units] Year: <u>2019</u> ☐ Heat Pump [_____ # of units] Year: _____			
☐ Baseboard [_____ # of bedrooms with units] Year: _____ ☐ Other: _____ Year: _____			

Yes No NR

B4. What is the dwelling's cooling source? (Check all that apply; indicate the year of each system manufacture)

☒ Central Forced Air: _____ Year: 2019 ☐ Wall/Windows Unit(s): _____ Year: _____
☐ Other: _____ Year: _____

B5. What is the dwelling's fuel source? (Check all that apply)

☒ Electricity ☒ Natural Gas ☐ Solar ☐ Propane ☐ Oil ☐ Other: _____

Explanations for questions in Section B (identify the specific question for each explanation):

SECTION C.
PLUMBING/WATER SUPPLY/SEWER/SEPTIC

Yes No NR

C1. What is the dwelling's water supply source? (Check all that apply)

☒ City/County ☐ Shared well ☐ Community System ☐ Private well ☐ Other: _____

If the dwelling's water supply source is supplied by a private well, identify whether the private well has been tested for: (Check all that apply).

☐ Quality ☐ Pressure ☐ Quantity

If the dwelling's water source is supplied by a private well, what was the date of the last water quality/quantity test? _____

C2. The dwelling's water pipes are made of what type of material? (Check all that apply)

☐ Copper ☐ Galvanized ☐ Plastic ☐ Polybutylene ☒ Other: Unknown

C3. What is the dwelling's water heater fuel source? (Check all that apply; indicate the year of each system manufacture) ☒ Gas: Tankless ☐ Electric: _____ ☐ Solar: _____ ☐ Other: _____

C4. What is the dwelling's sewage disposal system? (Check all that apply)

☐ Septic tank with pump ☐ Community system ☐ Septic tank ☐ Drip system
☐ Connected to City/County System ☒ City/County system available ☐ Other: _____

☐ Straight pipe (wastewater does not go into a septic or other sewer system) *Note: Use of this type of system violates State Law.

If the dwelling is serviced by a septic system, how many bedrooms are allowed by the septic system permit? _____ ☐ No Records Available

Date the septic system was last pumped: _____

C5. Is there a problem, malfunction, or defect with the dwelling's:

	NA	Yes	No	NR		NA	Yes	No	NR
Septic system	☒	☐	☐	☐	Plumbing system (pipes, fixtures, water heater, etc.)	☐	☐	☒	☐
Sewer system	☐	☐	☒	☐	Water supply (water quality, quantity, or pressure)	☐	☐	☒	☐

Explanations for questions in Section C (identify the specific question for each explanation):

SECTION D. FIXTURES/APPLIANCES

	Yes	No	NR	
D1. Is the dwelling equipped with an elevator system?	☐	☒	☐	
If yes, when was it last inspected? 				
Date of last maintenance service: 				
D2. Is there a problem, malfunction, or defect with the dwelling's:				
NA Yes No NR				
Attic fan, exhaust fan, ceiling fan	☐	☐	☒	☐
Elevator system or component	☒	☐	☐	☐
Appliances to be conveyed	☐	☐	☒	☐
NA Yes No NR				
Irrigation system	☐	☐	☐	☒
Pool/hot tub /spa	☒	☐	☐	☐
TV cable wiring or satellite dish	☐	☐	☒	☐
NA Yes No NR				
Sump pump	☐	☐	☒	☐
Gas logs	☒	☐	☐	☐
Central vacuum	☒	☐	☐	☐
NA Yes No NR				
Garage door system	☐	☐	☒	☐
Security system	☐	☐	☒	☐
Other:	☐	☐	☐	☐

Explanations for questions in Section D (identify the specific question for each explanation):

SECTION E. LAND/ZONING

	Yes	No	NR
E1. Is there a problem, malfunction, or defect with the drainage, grading, or soil stability of the property?	☐	☒	☐
E2. Is the property in violation of any local zoning ordinances, restrictive covenants, or local land-use restrictions (including setback requirements?)	☐	☒	☐
E3. Is the property in violation of any building codes (including the failure to obtain required permits for room additions or other changes/improvements?)	☐	☒	☐
E4. Is the property subject to any utility or other easements, shared driveways, party walls, encroachments from or on adjacent property, or other land use restrictions?	☐	☒	☐
E5. Does the property abut or adjoin any private road(s) or street(s)?	☐	☒	☐
E6. If there is a private road or street adjoining the property, are there any owners' association or maintenance agreements dealing with the maintenance of the road or street? ☐ NA	☐	☒	☐

Explanations for questions in Section E (identify the specific question for each explanation):

SECTION F. ENVIRONMENTAL/FLOODING

	Yes	No	NR
F1. Is there hazardous or toxic substance, material, or product (such as asbestos, formaldehyde, radon gas, methane gas, lead-based paint) that exceed government safety standards located on or which otherwise affect the property?	☐	☒	☐

	Yes	No	NR
F2. Is there an environmental monitoring or mitigation device or system located on the property?	☐	☒	☐
F3. Is there debris (whether buried or covered), an underground storage tank, or an environmentally hazardous condition (such as contaminated soil or water or other environmental contamination) located on or which otherwise affect the property?	☐	☒	☐
F4. Is there any noise, odor, smoke, etc., from commercial, industrial, or military sources that affects the property?	☐	☒	☐
F5. Is the property located in a federal or other designated flood hazard zone?	☐	☒	☐
F6. Has the property experienced damage due to flooding, water seepage, or pooled water attributable to a natural event such as heavy rainfall, coastal storm surge, tidal inundation, or river overflow?	☐	☒	☐
F7. Have you ever filed a claim for flood damage to the property with any insurance provider, including the National Flood Insurance Program?	☐	☒	☐
F8. Is there a current flood insurance policy covering the property?	☐	☒	☐
F9. Have you received assistance from FEMA, U.S. Small Business Administration, or any other federal disaster flood assistance for flood damage to the property?	☐	☒	☐
F10. Is there a flood or FEMA elevation certificate for the property?	☐	☒	☐

NOTE: An existing flood insurance policy may be assignable to a buyer at a lesser premium than a new policy. For properties that have received disaster assistance, the requirement to obtain flood insurance passes down to all future owners. Failure to obtain flood insurance can result in an owner being ineligible for future assistance.

Explanations for questions in Section F (identify the specific question for each explanation):

SECTION G.
MISCELLANEOUS

	Yes	No	NR
G1. Is the property subject to any lawsuits, foreclosures, bankruptcy, judgments, tax liens, proposed assessments, mechanics' liens, materialmens' liens, or notices from any governmental agency that could affect title to the property?	☐	☒	☐
G2. Is the property subject to a lease or rental agreement?	☐	☒	☐
G3. Is the property subject to covenants, conditions, or restrictions or to governing documents separate from an owners' association that impose various mandatory covenants, conditions, and or restrictions upon the lot or unit?	☒	☐	☐

Explanations for question in Section G (identify the specific question for each explanation):

G3: Restrictive Covenants and ARB Guidelines
<https://communityfocusnc.com/communities/governors-village-property-owners-association>

SECTION H.
OWNERS' ASSOCIATION DISCLOSURE

If you answer 'Yes' to question H1, you must complete the remaining questions in Section H. If you answered 'No' or 'No Representation' to question H1, you do not need to answer the remaining questions in Section H.

	Yes	No	NR
H1. Is the property subject to regulation by one or more owners' association(s) including, but not limited to, obligations to pay regular assessments or dues and special assessments? If "yes," please provide the information requested below as to each owners' association to which the property is subject [insert N/A into any blank that does not apply]: a. (specify name) <u>Governors Village</u> whose regular assessments ("dues") are \$ <u>655.00</u> per <u>Semi Annually</u> . The name, address, telephone number, and website of the president of the owners' association or the association manager are: <u>Amy Ghiloni, Amy@CommunityFocusNC.com</u> b. (specify name) _____ whose regular assessments ("dues") are \$ _____ per _____. The name, address, telephone number, and website of the president of the owners' association or the association manager are: _____ c. Are there any changes to dues, fees, or special assessment which have been duly approved and to which the lot is subject? If "yes," state the nature and amount of the dues, fees, or special assessments to which the property is subject: _____	☒	☐	☐
H2. Is there any fee charged by the association or by the association's management company in connection with the conveyance or transfer of the lot or property to a new owner? If "yes," state the amount of the fees: <u>Yes, charged to sellers and buyers by management company</u>	☒	☐	☐
H3. Is there any unsatisfied judgment against, pending lawsuit, or existing or alleged violation of the association's governing documents involving the property? If "yes," state the nature of each pending lawsuit, unsatisfied judgment, or existing or alleged violation: _____	☐	☒	☐
H4. Is there any unsatisfied judgment or pending lawsuits against the association? If "yes," state the nature of each unsatisfied judgment or pending lawsuit: _____	☐	☐	☒

Explanations for questions in Section H (identify the specific question for each explanation):

H4: Not to sellers knowledge, but unknown.

Owner(s) acknowledge(s) having reviewed this Disclosure Statement before signing and that all information is true and correct to the best of their knowledge as of the date signed.

Owner Signature:

Joyce Coffman

dotloop verified
05/13/26 8:26 PM EDT
PFA0-9288-KD4B-BWOU

Date: _____

Owner Signature:

Thomas Coffman

dotloop verified
05/13/26 9:01 PM EDT
MYRA-EJOH-CULB-L9C1

Date: _____

Buyers(s) acknowledge(s) receipt of a copy of this Disclosure Statement and that they have reviewed it before signing.

Buyer Signature:

Date: _____

Buyer Signature:

Date: _____



STATE OF NORTH CAROLINA MINERAL AND OIL AND GAS RIGHTS MANDATORY DISCLOSURE STATEMENT

Instructions to Property Owners

1. The Residential Property Disclosure Act (G.S. 47E) ("Disclosure Act") requires owners of certain residential real estate such as single-family homes, individual condominiums, townhouses, and the like, and buildings with up to four dwelling units, to furnish purchasers a Mineral and Oil and Gas Rights Disclosure Statement ("Disclosure Statement"). This form is the only one approved for this purpose.
2. A disclosure statement is not required for some transactions. For a complete list of exemptions, see G.S. 47E-2(a). **A DISCLOSURE STATEMENT IS REQUIRED FOR THE TRANSFERS IDENTIFIED IN G.S. 47E-2(b)**, including transfers involving the first sale of a dwelling never inhabited, lease with option to purchase contracts where the lessee occupies or intends to occupy the dwelling, and transfers between parties when both parties agree not to provide the Residential Property and Owner's Association Disclosure Statement.
3. You must respond to each of the following by placing a check ☒ in the appropriate box.

MINERAL AND OIL AND GAS RIGHTS DISCLOSURE

Mineral rights and/or oil and gas rights can be severed from the title to real property by conveyance (deed) of the mineral rights and/or oil and gas rights from the owner or by reservation of the mineral rights and/or oil and gas rights by the owner. If mineral rights and/or oil and gas rights are or will be severed from the property, the owner of those rights may have the perpetual right to drill, mine, explore, and remove any of the subsurface mineral and/or oil or gas resources on or from the property either directly from the surface of the property or from a nearby location. With regard to the severance of mineral rights and/or oil and gas rights, Seller makes the following disclosures:

	Yes	No	No Representation
1. Mineral rights were severed from the property by a previous owner.	☐	☐	☒
2. Seller has severed the mineral rights from the property.	☐	☒	
3. Seller intends to sever the mineral rights from the property prior to transfer of title to the Buyer.	☐	☒	
4. Oil and gas rights were severed from the property by a previous owner.	☐	☐	☒
5. Seller has severed the oil and gas rights from the property.	☐	☒	
6. Seller intends to sever the oil and gas rights from the property prior to transfer of title to Buyer.	☐	☒	

Note to Purchasers

If the owner does not give you a Mineral and Oil and Gas Rights Disclosure Statement by the time you make your offer to purchase the property, or exercise an option to purchase the property pursuant to a lease with an option to purchase, you may under certain conditions cancel any resulting contract without penalty to you as the purchaser. To cancel the contract, you must personally deliver or mail written notice of your decision to cancel to the owner or the owner's agent within three calendar days following your receipt of this Disclosure Statement, or three calendar days following the date of the contract, whichever occurs first. However, in no event does the Disclosure Act permit you to cancel a contract after settlement of the transaction or (in the case of a sale or exchange) after you have occupied the property, whichever occurs first.

Property Address: 20078 Long, Chapel Hill, NC 27517

Owner's Name(s): Joyce Coffman and Thomas Coffman

Owner(s) acknowledge having examined this Disclosure Statement before signing and that all information is true and correct as of the date signed.

Owner Signature: Joyce Coffman Date _____

Owner Signature: Thomas Coffman Date _____

Purchaser(s) acknowledge receipt of a copy of this Disclosure Statement; that they have examined it before signing; that they understand that this is not a warranty by owner or owner's agent; and that the representations are made by the owner and not the owner's agent(s) or subagent(s).

Purchaser Signature: _____ Date _____

Purchaser Signature: _____ Date _____

Home Features

20078 LONG

GOVERNORS VILLAGE



INTERIOR LIVING:

- New hardwood floors installed throughout the main living areas
- Extensive custom millwork and architectural trim accents
- Tray and coffered ceiling details adding warmth and character throughout the home
- Open-concept living spaces filled with natural light
- Completely remodeled kitchen completed in 2022 with granite countertops, custom-styled cabinetry, and French Country-inspired finishes
- Smart Samsung refrigerator and smart double oven with flexible cooking functionality
- Deep stainless steel Kraus sink and cream subway tile backsplash
- Remodeled fireplace anchoring the main living room
- Formal dining room with coffered ceilings, beadboard detailing, and raised panel wainscoting
- Main-level primary suite with tray ceiling and transom windows
- Spa-inspired primary bathroom with zero-entry shower, rainfall shower head, pebble tile accents, and smart mirrors
- Dual custom walk-in closets including boutique-style secondary dressing closet
- French doors with frosted privacy glass accents
- Designer powder room with moody floral wallpaper and custom vanity details
- Upstairs guest bedrooms with connected baths and walk-in closets
- Dedicated laundry room with utility sink and built-in storage
- Two HVAC systems with Ecobee smart thermostats
- Smart home features including MyQ garage access and smart appliance integration
- Extensive storage throughout home



EXTERIOR FEATURES

- Painted white brick exterior with timeless French Country-inspired curb appeal
- Mahogany double entry doors with arched divided-light and textured privacy glass detailing
- Charming white picket fence creating a warm storybook-style front entry
- Mature landscaping with established greenery
- Lush Zeon grass in the front yard known for thriving in summer heat, going dormant in winter, and returning vibrant green each spring
- Spacious screened porch overlooking the private landscaped backyard
- Freshly painted screened porch with updated porch-to-garage entry door
- Encapsulated crawlspace for added efficiency and long-term maintenance benefits
- Newer roof installed in 2021 with transferable warranty

COMMUNITY & LOCATION:

- Located in Governors Village
- Minutes from Governors Club and its award-winning golf course
- Community amenities include pool, tennis courts, playground, scenic pond, and walking trails
- Convenient access to UNC Chapel Hill, Durham, Pittsboro, shopping, dining, and major commuter routes

All information is believed to be accurate but not guaranteed. Buyer to verify measurements, school assignments, membership details, and specifications. Please note some images have been virtually staged.



CHANEL HART D'APRIX

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chanel@hartandjahoo.com
Hart & Jahoo Real Estate Group, LPT
Realty
hartandjahoo.com





Governors Village

Architectural Review Board Procedures for Alterations and
Additions to Existing Home or Yard

(does not apply to Governors Village Townes or Lake Townes)

www.governorsvillagepoa.com (Towne Properties website)

www.governorsvillage.org (Governors Village website)

Updated December 2019

For New Construction: Use Architectural Design Guidelines

Architectural Review Board Purpose and Procedures and Homeowner Responsibilities

Composition of Architectural Review Board:

The Architectural Review Board (ARB) is a standing committee of the Governors Village Property Owners Association, Inc. The ARB is required under Article 10 of the Eighth Amendment to the Governor's Village Declaration recorded at book 845, page 500 of the Chatham County Register of Deeds ("the Declaration"). The ARB consists of 5 voting members and will at no time have fewer than three (3) voting members, who may, but shall not be required to be, also members of the Board of Directors.

- The Board will decide on an ARB Chair and the ARB members annually, typically between December and February, on or about when it elects the Officers and Committee liaisons.
- The ARB Chair may serve as chair for a maximum term of three consecutive years but may serve as a member for up to six years (inclusive of years as chair).
- ARB members may serve a maximum of six (6) consecutive years.
- While the ARB does not have the authority to choose its members, it may make recommendations to the Board for approval.
- If ARB Chair vacates the post for any reason, or is removed by the Board, the Board will select another ARB member to serve as Chair, or the Board will preside over the ARB until a new Chair is selected.
- If there are no willing volunteers to serve on the ARB, the Board will assume its responsibilities until a minimum of three voting members have been appointed.
- The ARB will review its processes, guidelines and documents at least once every three (3) calendar years and submit revised processes and documents to the Board for the Board's consideration. If no changes are recommended, the ARB must submit a summary of its review and explanation for not making changes.
- Approvals/denials of requests must be based on a vote of at least three ARB members. Individuals, including the ARB chair, may not make unilateral decisions.

The ARB serves at the pleasure of the Board and may be removed with or without cause at any time by the Board. Further, the Board reserves the right to revise, edit or modify the above procedures without notice to the membership and for any reason so long as the processes still remain consistent with Article 10 of the Declaration.

The ARB has several important purposes as established by the neighborhood covenants:

- To review and approve changes to enhance the property values in our neighborhoods.
- To guide residential development in architectural compatibility.
- To assure that all additions and alterations to existing homes meet the same standards of design excellence as the existing homes.

General Homeowner Responsibilities:

- It is the Owner's responsibility to verify and obtain the required utility and county licenses, permits, etc. for all site improvements.
- Property Owners must call an underground line locating service to map out all utility lines if you are going to be digging on your property. There is no charge, and the call is toll free: NC One Call Center, 800-632-4949. They require 72 hours advance notice for the service.
- Any alteration to property shall not prohibit proper drainage nor allow water to flow to a neighbor's property. The applicant is responsible for any drainage issues caused to neighboring properties.
- Most projects will have some impact on your neighbors. Please show consideration by discussing your project with them before commencing or submitting for approval. This will assure neighborhood compatibility and avoid possible conflicts.
- Homeowners are expected to maintain their properties in good and attractive condition. Regular neighborhood inspections by the association manager help maintain the neighborhood's appearance and value.
- Homeowners must comply with the ARB guidelines for all categories of projects and may not commence category 2 or 3 projects without ARB approval. Non-compliance will result in the ARB recommending a fine to the Board of Directors. The Board of Directors may impose fines of up to \$100 per day for unapproved or non-compliant alterations after notice and opportunity to be heard pursuant to N.C.G.S. §47F-3-107.1. In addition, the Board has the authority under North Carolina law to require homeowners to remove unapproved alterations at the homeowners' cost. This can be an extremely costly situation for the homeowner. Homeowners should not begin, or even contract for, exterior alterations until their application has been approved (unless otherwise stated in this document).

Architectural Review Board Procedures

Existing home and property alterations fall into 3 categories:

Category 1 - Projects not requiring ARB approval as long as the guidelines are followed.

Category 2 - Projects requiring ARB approval but are eligible for free, expedited electronic approval.

Category 3 - Projects requiring a full ARB review and approval.

Category 1 Projects:

- Minor landscaping projects (not in the strip between the sidewalk and the street) which have no drainage implications for neighboring properties and do not include structures or walls (including stacked blocks or rocks near property lines, or water features in front or side yards). Landscaping beds may be added, expanded or modified and must include mulch. Permitted plantings include flowers and plants/shrubs/trees commonly found in central North Carolina.
- Plants in the strip between the sidewalk and the street – Plants on the approved list below may be used without additional approval:
 1. Creeping Thyme Sun
 2. Creeping Phlox Sun
 3. Dwarf Mondo grass Sun/Shade
 4. Ajuga (Bugleweed) Part Sun/Shade
 5. Common Blue Violet Part shade/Shade
 6. Sedum Full sun

The ARB will consider other choices, if requested, through the category 2 ARB submission process.

- Sod or grass may be planted in existing yard areas and beds but may not replace original foundation beds along front and sides of home.
- Low-voltage, metal landscape lighting in landscape beds. Spot lights must not face neighboring homes.
- Painting of house and/or trim – No approval needed if same color(s).
- Painting of front door – Must be a single, solid color (no special effects).
- Staining deck or painting deck railing (paint color should match trim or house color).
- Roof shingles – No approval needed if they are the same style and are consistent with colors found throughout the neighborhood.

Category 1 Projects Continued:

- Irrigation system if designed and installed by a licensed, insured landscaper/contractor.
- Approved mailboxes and posts: Post and Pickets, LTD., 215 Tryon Road, Raleigh supplies and installs approved mailboxes. 919-772-7170.
- Satellite Dish – Must not be visible from the street.
- Any like-for-like replacement or repair of existing items (e.g., shutters, garage door, railings, lighting, fans, porch screen, gutters, leaders, air conditioning units).
- Replacement of rear door with same size door.
- Small tree removal (<4" caliper).
- Security systems (attached to home).
- Yard art in rear yard provided it is not easily visible to neighboring properties. Yard art constructed of plastic is not permitted. Statuary must not exceed 5' in height and 3' in width. Only one object exceeding 24" high X 24" deep will be allowed. For additional questions, please refer to ARB Resolution 2013-2.
- A single basketball goal.
- Signage
 - Only approved real estate signs may be used. Contact Towne Properties Management for more information.
 - Signs by painters, service companies, remodelers, etc. are not allowed and will be removed.
 - Open House signs are allowed from Friday-Sunday during the event.
 - Political signs placed in yards or windows are allowed 30 days prior to the election and must be removed 10 days following election.
 - Security system signs are permitted in the foundation beds around the house.

Projects that are not explicitly included in the Category 1 list must be submitted for ARB approval as either a Category 2 or Category 3 submission.

For Categories 2 and 3, the property owner must submit:

- Scaled site plan showing the location of the proposed alteration or addition, the existing building and the property lines.
- Detailed construction drawings of any alteration or addition drawn to scale. Drawings to include a full view of addition, with elevations, as it will look attached to existing structure.
- Samples of colors and materials. Please submit paint swatches to Towne Properties.
- Product brochures.
- Drainage plan.
- Drawings or photographs showing the existing conditions before the proposed changes.
- Landscape plan and planting schedule.

An architectural application requires the Architectural Request Form available from Towne Properties Management or the Governors Village websites by visiting:
www.governorsvillagepoa.com or www.governorsvillage.org.

For category 2 submissions, applications may be submitted whenever the homeowner would like to embark on an eligible project and has compiled all of the necessary information.

For category 3 submissions, applications must be submitted to Towne Properties Management by 5 PM on the Wednesday prior to the meeting. Property owners must provide all required information before it can be scheduled for review.

ARB applications should be submitted to:

Towne Properties Management
c/o Governors Village POA
PO Box 99149
Raleigh, NC 27624

Alternatively, applications can be faxed to Towne Properties Raleigh at 919-376-8800 or submitted electronically to the Community Service Administrator.

Category 2 Submissions - Projects eligible for free expedited review (decision or feedback within 7 days of submission)

- House painting (includes gazebos and play equipment) that features a new color scheme. Submission must include electronic or paper color chips and must include a confirmation that the main house color is not similar to neighboring homes (this includes homes with pending or approved submissions that have not yet been painted). Approval will be based on judgment as to whether the proposed change will be noticeably inconsistent or visually incompatible with the property and surrounding neighborhood.
- Changes to the house façade that do not involve altering the construction of the house (e.g. shutters, same size doors and windows)
- Large tree (>4" caliper) removal. Please mark the tree and contact Towne Properties to report a dying or overgrown tree that needs to be removed. The association manager or ARB member will inspect and contact you. If it is very urgent because of a dangerous situation, send a photograph of the tree and surrounding property and proceed with removal.
- Yard art. Statuary must not exceed 5' in height and 3' in width. Only one object exceeding 24" high X 24" deep will be allowed. Yard art constructed of plastic is not permitted. For additional questions, please refer to Resolution 2013-2.

Category 2 submission results, or requests for additional information, will be communicated via email to Towne Properties and the homeowner within 5 business days of the submission.

Category 3 - Projects requiring full ARB review.

An expedited review can be requested for a \$50 fee and will be considered within 7 days – Check made payable to “Governors Village POA.”

- Any addition or modification requiring construction or demolition to an existing dwelling (including the addition of, or change in size to, doors and windows). Additions should be compatible in scale, character, materials and color to the original house.
- Decks, patios, porches, screened porches, gazebos, permanent fireplaces/fire pits, permanent grills, or any other permanent structure (storage sheds are not allowed and will not be approved).
- Major landscape projects.
- Changes to the grade of the lot.
- Any change resulting in possible drainage implications for neighboring homes.
- Retaining walls.
- Solar panels.
- Fences (additional details provided later in the document).
- Play equipment (additional details provided later in the document).
- Any project that is not explicitly included in the Category 1 or 2 lists.

The ARB typically meets on the second Tuesday of each month to review large or complex submissions that cannot be easily reviewed and approved electronically (Category 3 submissions). Homeowners are invited to attend the meeting concerning their application. Please contact Towne Properties or the website regarding the actual time and place. If the meeting time causes a hardship, please notify Towne Properties for an alternative.

Meeting results are forwarded via email to the association management company and the homeowner within 48 hours. Approvals remain valid for 12 months from date of approval. If the project is not started within 6 months, the approval expires, and a new request will need to be submitted for approval.

Homeowner's right to appeal ARB decisions: Governors Village Covenants section 10.1.7

Upon approval by the ARB of any plans and specifications submitted to the ARB, the ARB shall notify the applicant in writing, which notification shall set forth any qualifications or conditions of approval. In the event the ARB disapproves any plans and specifications submitted to the ARB, the ARB shall so notify the applicant in writing, stating the grounds upon which the disapproval is based. Any applicant may request a formal meeting with the ARB to review the plans and specifications disapproved, the meeting to take place no later than thirty (30) days after written request for such meeting is received by the ARB (unless applicant waives this time requirement in writing.) The ARB shall make a final written decision no later than thirty (30) days after such meeting. In the event the ARB fails to provide such written decision within thirty (30) days, the plans and specifications shall be deemed approved. Upon continued disapproval, the applicant may appeal the decision of the ARB to the Board of Directors of the Master Association within thirty (30) days of the ARB's written review.

Additional information for fences:

Fences - Currently, the 2 approved installers for approved fencing are:

Ace Fence Builders, 240 Cross St., Burlington, NC. 919-929-2719; and Seegar's Fence Company in Durham, NC. 919-489-5303.

The approved fence systems are manufactured by Digger Specialties and Southern Vinyl Manufacturing.

- Governors Village: white vinyl picket fences in 6' sections, 3' high.
- Governors Park: 48" high white vinyl picket in front or back yards or 6' white vinyl privacy fence allowed in back yard only.
- Governors Forest and Lake: black anodized aluminum fencing was approved for both Governors Forest and Lake. This fence is available from multiple manufacturers. The approved heights are 4' in the front and 6' in the rear.

Additional information for play sets:

Play equipment must be placed in rear yards and shall not be easily visible from the street (in front) or adjacent houses. Natural wood equipment is encouraged. Painted metal equipment should be dark green or brown to blend with natural areas. Landscape screening may be required by the ARB at some highly visible locations. No portion of the playset may be nearer than 6' to the applicant's property line. Dimensions: No platform may be more than 5' above the ground. The highest point of the play set must not exceed 6' in total height above the highest raised platform. Extensions to the play set may not exceed a total of 8' wide. Ground cover under and surrounding the play set must be specified in the application.

OCT 29 2007.

FILED
CHATHAM COUNTY
REBA G. THOMAS
REGISTER OF DEEDS

BOOK 1360 PAGE 458

FILED Sep 14, 2007
AT 08:45:09 am
BOOK 01360
START PAGE 0458
END PAGE 0462
INSTRUMENT # 12172

Return: Poyner & Spruill LLP
PO Box 10096
Raleigh NC 27605

NORTH CAROLINA
CHATHAM COUNTY

DECLARATION SUBJECTING ADDITIONAL LAND
IN THE TOWNES OF GOVERNORS VILLAGE

THIS DECLARATION, made this 28th day of August, 2007, by GVT, LLC, a North Carolina limited liability company (hereinafter referred to as "Declarant") and ROBUCK HOMES TRIANGLE, LLC, a North Carolina limited liability company (hereinafter referred to as "Owner").

WITNESSETH: That

WHEREAS, Declarant has established a general plan and uniform scheme of development for the improvement of property known as The Townes of Governors Village, as set forth in that certain Declaration of Covenants and Restrictions for The Townes of Governors Village, recorded in Book 947, Page 415, as previously amended and supplemented in Book 953, Page 125 and Book 1058, Page 439, Chatham County Registry (the "Declaration"); and

WHEREAS, Owner is the owner of Phase Three Governors Village Townhomes, to be known as "Governors Lake Townes," as more particularly described on the plat entitled, "Phase Three Governors Village Townhomes," recorded at Plat Slide 2006-536, Chatham County Registry; and

WHEREAS, Section 2.2 of the Declaration authorizes the Declarant to subject additional property to the Declaration provided that such additional property is "Townes of Governors Village Property" or is immediately adjacent to the "Property," as those terms are defined in the Declaration, and is developed in a manner compatible with the Property;

WHEREAS, Declarant and Owner desire to subject Governors Lake Townes to the provisions of the Declaration; and

WHEREAS, Governors Lake Townes is immediately adjacent to the Property described in the Declaration and will be developed in a manner compatible with the Property described in the Declaration.

NOW, THEREFORE, Declarant hereby declares that the real property located in Chatham County, North Carolina, being all of that 10.697 acre, more or less, tract of land, including Blocks K, L, M, N, O, P, Q, R, S, T, U, V, W and X and Common Areas, all as shown on the plat entitled, "Phase

Three Governors Village Townhomes," recorded in Plat Slide 2006-536, Chatham County Registry, is and shall be annexed to, and shall be held, transferred, sold and conveyed subject to the Declaration.

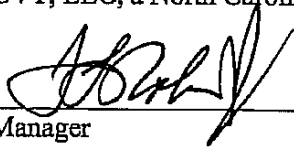
The herein described property shall be subject to all the terms, covenants, requirements and conditions of the aforesaid Declaration, the provisions of which are specifically incorporated herein by reference, and all references therein to the "Property" and the "Townes of Governors Village Property" shall be deemed to include and encompass that property described herein as if the same were and had been included in the Declaration to the same extent as if it had been originally described therein.

The Owner hereby joins in this Declaration Subjecting Additional Land in the Townes of Governors Village for the purpose of consenting to the terms and conditions hereof and to subject the herein described property to the terms and conditions of the Declaration.

IN WITNESS WHEREOF, the Declarant and the Owner have caused this instrument to be executed this 28th day of August, 2007.

DECLARANT:

GVT, LLC, a North Carolina limited liability company

By:  (SEAL)
Manager

Printed Name: Frank L. Robuck Jr.

OWNER:

ROBUCK HOMES TRIANGLE, LLC,
a North Carolina limited liability company

By:  (SEAL)
Manager

Printed Name: Charles Bishop

NORTH CAROLINA
COUNTY OF Wake

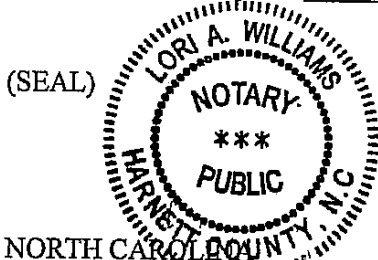
BOOK 1360 PAGE 462

I, Lori A. Williams, a Notary Public of Harnett County and State aforesaid, certify that Frank Shell personally came before me this day and acknowledged that he is Sr. Vice President of Crescent State Bank and that he, as Sr. Vice President, being authorized to do so, executed the foregoing on behalf of the corporation.

Witness my hand and official stamp or seal, this 31st day of August, 2007.

Lori A. Williams
Notary Public

My Commission Expires: 4-8-2011



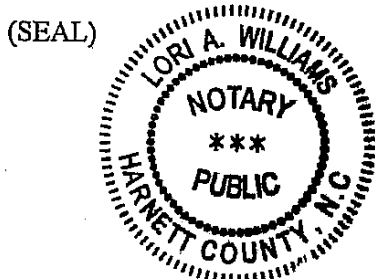
NORTH CAROLINA
COUNTY OF Wake

I, Lori A. Williams, a Notary Public of Harnett County and State aforesaid, certify that Thomas E. Holder, Jr., Trustee, personally came before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official stamp or seal, this 31st day of August, 2007.

Lori A. Williams
Notary Public

My Commission Expires: 4-8-2011



**AMENDED AND RESTATED
DECLARATION OF COVENANTS AND RESTRICTIONS
FOR THE TOWNES OF GOVERNORS VILLAGE**

This AMENDED AND RESTATED DECLARATION OF COVENANTS (these "Covenants") is made and executed by GVT, LLC, a North Carolina limited liability company (the "Declarant") and Governors Club Limited Partnership, a Delaware limited partnership (the "Developer"), and is joined by the Governors Village Property Owners Association, Inc. and The Townes of Governors Village Maintenance Association, Inc., both of which are North Carolina nonprofit corporations.

WITNESSETH:

WHEREAS, the Declarant is the owner of The Townes of Governors Village, a subdivision located in Chatham County, North Carolina, as more particularly described on the plat entitled, "Subdivision Plat, Governors Village Townhomes, Phase 1A," recorded in Plat Slide 2002-39 of the Chatham County Registry; and

WHEREAS, the Developer has subjected the Property and other property in Governors Village to the Governors Village Declaration, recorded in Book 702, Page 287 of the Chatham County Registry and amended in Book 704, Page 530; Book 724, Page 193; Book 730, Page 88; Book 733, Page 40; Book 757, Page 836; Book 776, Page 1071; Book 784, Page 397; Book 824, Page 132; Book 845, Page 500; Book 888, Page 607 of the Chatham County Registry; and

WHEREAS, Declarant and Developer desires to amend, restate and terminate the Declaration of Covenants and Restrictions for The Towns of Governors Village dated July 30, 2002 and recorded in Book 947, Page 415, Chatham County Registry; and

WHEREAS, it is in the best interest of the Declarant and to the benefit, interest and advantage of every party hereafter acquiring any property within The Townes of Governors Village that certain covenants, conditions, easements, assessments, liens and restrictions governing and regulating the use, occupancy and maintenance of the Property be established, in addition to those imposed by the Declaration, in order to preserve the values, amenities, desirability and attractiveness of the Property.

NOW THEREFORE, in consideration of the premises, the Declarant and Developer hereby amend, restate and terminate the Declaration of Covenants and Restrictions for the Towns of Governors Village dated July 30, 2002 and recorded in Book 947, Page 415, Chatham County Registry, and declare that the Property (as hereafter more particularly defined in Article I) shall be held, transferred, sold, conveyed and occupied, subject to the following covenants, restrictions, easements, reservations, assessments, charges, liens, and other provisions, which shall be construed as covenants running with the Property and shall be binding on all parties acquiring any right, title or interest in any of the Property and which shall inure to the benefit of each owner thereof.

ARTICLE I

DEFINITIONS

The following words, when used in these Covenants, shall have the following meanings, unless clearly indicated otherwise or prohibited by the context:

1.1 "Assessment" shall mean those charges made by the Association from time to time, against Lots and Members, for the purposes, and subject to the terms set forth herein.

1.2 "ARB" shall mean the Architectural Review Board, a committee of the Master Association created for the purpose of establishing and enforcing criteria for the construction of improvements within Governors Village.

1.3 "Association" shall mean The Townes of Governors Village Maintenance Association, Inc., a North Carolina nonprofit corporation, its successors and assigns. Any reference in these Covenants to any action or duties required or permitted to be taken by the Association shall refer to action by the Board of Directors of the Association unless it is clearly stated that such action shall be taken by the members of the Association.

1.4 "Common Area" shall mean all portions of the Property which are owned by the Association, or shown on the recorded plats of the Property as "Common Area" and such other property to which the Association may now or subsequently hold title for the common use, benefit and enjoyment of the owners of the Property and members of the Master Association. Common Area does not include "Common Property" owned or to be owned by the Master Association.

1.5 "Common Assessment" shall mean an assessment levied by the Association against all Owners pursuant to Section 6.1 of these Covenants.

1.6 "Common Property" shall mean all portions of the Property which are described as "Common Property" pursuant to the Declaration.

1.7 "Covenants" shall mean this instrument, as the same may be amended from time to time.

1.8 "Declarant" shall mean GVT, LLC, its affiliates, successors and assigns to whom the rights of Declarant hereunder are expressly transferred, in whole or in part, and subject to such terms and conditions as Declarant may impose on such transfer.

1.9 "Declaration" shall mean the Governors Village Declaration, recorded in Book 702, Page 287 of the Chatham County Registry and amended in Book 704, Page 530; Book 724, Page 193; Book 730, Page 88; Book 733, Page 40; Book 757, Page 836; Book 776, Page 1071; Book 784, Page 397; Book 824, Page 132; Book 845, Page 500; Book 888, Page 607 of the Chatham County Registry, and as the same may be amended from time to time.

1.10 "Developer" shall mean Governors Club Limited Partnership, a Delaware limited partnership, its affiliates, successors and assigns to whom the rights of Developer hereunder are expressly transferred, in whole or in part, and subject to such terms and conditions as Developer may impose on such transfer.

1.11 "Governors Village" shall mean the planned unit development project which is located in Chatham County, North Carolina, and known as Governors Village, as the same is legally described in the zoning applications and approvals thereof, plus any additional property added to that project by the Developer and made subject to the Declaration or substantially similar covenants and restrictions.

1.12 "Townes of Governors Village Lot" or "Lot" shall mean any lot shown on any subdivision plat of the Property recorded in the Chatham County Registry upon which one residential unit may be located, together with the dwelling constructed on the lot, if any.

1.13 "Townes of Governors Village Property" shall mean and refer to Tract 1 containing 3.66 acres, more or less, and Tract 2 containing 9.23 acres, more or less, as shown on the plat entitled, "Survey for Governors Village Townhome Property," dated July 24, 2001, recorded in Plat Slide 2001- 323, Chatham County Registry."

1.14 "Improvements" shall mean and refer to all structures of any kind, including, without limitation, any building, fence, wall, sign, mailbox, pool, paving, grading, parking area, building addition, alteration, screen enclosure, sewer, drain, disposal system, satellite dish, antenna, electronic and other signaling device, decorative building, landscaping or landscape device (including existing and planted trees and shrubbery) or object.

1.15 "Individual Assessment" shall mean an Assessment levied by the Association against an individual Owner pursuant to Section 6.2 of these Covenants.

1.16 "Institutional Mortgagee" shall mean a bank, bank holding company, trust company or subsidiary thereof, savings and loan association, insurance company, union pension fund, mortgage company approved by Declarant, an agency of the United States government, Federal National Mortgage Association, Developer or Declarant, which holds a first mortgage of public record on a Townes of Governors Village Lot and the holder of any mortgage of public record given or assumed by Declarant, whether a first mortgage or otherwise, and their successors and assigns.

1.17 "Master Association" shall mean Governors Village Property Owners Association, Inc., a North Carolina nonprofit corporation, its successors and assigns.

1.18 "Member" shall mean every person who is an "Owner" as defined below.

1.19 "Owner" shall mean the record owner, whether one or more persons or entities, of a fee simple title to any Townes of Governors Village Lot, excluding, however, any mortgagee unless and until such mortgagee has acquired record title pursuant to foreclosure or any proceeding in lieu of foreclosure.

1.20 "Property" shall mean all of the real property described in Section 2.1 of these Covenants and such additional property as is subjected to these Covenants by amendment pursuant to Section 2.2.

1.21 "Rules" shall mean the rules, regulations and procedures adopted by the Board of Directors of the Association.

ARTICLE II

PROPERTY SUBJECT TO THESE COVENANTS

2.1 Existing Property.

The property which shall be held, transferred, sold, conveyed and occupied subject to these Covenants is all of those tracts located in Chatham County, North Carolina, designated as lots numbered 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26 and 27, and all the common areas shown on the plat entitled, "Subdivision Plat, Governors Village Townhomes, Phase 1A," prepared by J. Lee Gragg, Civil Engineering and Land Surveying, recorded at Plat Slide 2002-39, Chatham County Registry.

2.2 Additional Property.

Declarant may, at any time and from time to time, subject additional property to these Covenants by recording in the public records of Chatham County an amendment to these Covenants, describing such additional property, provided, however, that all such additional property is Townes of Governors Village Property or is immediately adjacent to the Property and is developed in a manner compatible with the Property. Such amendments may be made by the Declarant, in its sole discretion, without the approval of any Owners or the joinder of any entity or individual.

2.3 Subdivision of Property.

Declarant may, at any time and from time to time, cause the Property to be subdivided into Lots, road and utility rights of way, Common Property and Common Areas and to be subjected to various easements by recording in the public records of Chatham County a plat showing such divisions. All such divisions shall be in accordance with these Covenants as amended.

ARTICLE III

THE ASSOCIATION

3.1 Formation.

At or about the time of the recording of these Covenants, the Declarant has caused the Association to be formed, by filing the Articles of Incorporation thereof in the Office of the Secretary of State of North Carolina. The Association was formed to provide for certain maintenance of the Property and Townes of Governors Village Lots including Improvements, and to have such other rights, obligations, duties and functions as may be set forth in these Covenants, and the Articles of Incorporation and Bylaws of the Association, as the same may be amended from time to time.

3.2 Membership.

Each Owner of a Lot shall automatically become a Member of the Association upon the date that the Owner acquires ownership of a Townes of Governors Village Lot, and shall remain a Member for so long as the Owner remains an Owner of the Townes of Governors Village Lot. Such membership shall be mandatory and may not be terminated by the Owner.

3.3 Voting.

After turnover of control pursuant to Section 3.6, there shall be only one class of membership and each Member of the Association shall be entitled to one vote for each Townes of Governors Village Lot owned by the Member on all matters on which Members may be entitled to vote. If an Owner consists of more than one person or entity, such persons or entities shall be collectively treated as a single Member for voting purposes. Votes shall be cast or exercised in such manner as provided by the Bylaws of the Association. Each Owner shall file with the Secretary of the Association a notice designating the name of the individual who shall be authorized to cast the votes for such Owner. In the absence of such designation, the Member shall not be entitled to vote on any matter.

3.4 Suspension of Membership Rights.

No Member of the Association shall have any vested right, interest or privilege in or to the assets, functions or affairs of the Association, or any right, interest or privilege which may be transferable, or which shall continue after the Member's membership ceases or while the Member is not in good standing. A Member shall be considered "not in good standing" during any period of time in which the Member is delinquent in the payment of any assessment levied by the Association, the Master Association or by any other association hereafter created by the Declarant or the Developer, or in violation of any provision of these Covenants, the Declaration, the Rules or any rules or regulations promulgated by the Master Association or by any other association created by the Declarant, or in violation of any provision of any declaration of covenants and restrictions for any other development within Governors Village. All such determinations shall be made by the majority of the Board of Directors of the Association after giving the Member notice and an opportunity to respond. A Member of the Association shall not be entitled to vote or exercise any other right or privilege of membership of the Association or of the Master Association while not in good standing in either or both associations.

3.5 Administration of the Association.

The affairs of the Association shall be administered by its Board of Directors in accordance with its Articles of Incorporation, its Bylaws, these Covenants and the Declaration, as the same may hereafter be amended from time to time. The Articles of Incorporation and the Bylaws of the Association may be amended in the manner set forth therein; provided, however, that no such amendment shall conflict with the terms of the Declaration or these Covenants.

3.6 Control by Declarant.

Notwithstanding anything contained herein to the contrary, the Declarant shall have the right to retain control of the Association and to appoint the members of the board of directors of the Association and there shall be two classes of members of the Association, until one year after Declarant has closed the sale of

ninety percent (90%) of all Townes of Governors Village Lots, or at any time prior thereto as determined by the Declarant, in the Declarant's sole discretion. For so long as the Declarant retains control of the Association, the Declarant shall have the right to appoint all of the members of the Board of Directors of the Association and no action of the members of the Association shall be effective unless and until approved by the Declarant. Directors appointed by the Declarant need not be an Owner of any property within the Townes of Governors Village Property. Any representative of Declarant serving on the Board of Directors of the Association shall not be required to disqualify himself 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 contract or matter between Declarant and the Association where Declarant may have a pecuniary or other interest. For so long as the Declarant retains control of the Association, the classes of membership shall be "Class A" and "Class B." Each Owner, other than the Declarant, shall be a Class A Member and be entitled to one vote for each Townes of Governors Village Lot owned. The Declarant shall be a Class B Member and entitled to three votes for each Townes of Governors Village Lot owned. In the event that the Declarant shall enter into any contracts or other agreements for the benefit of the Owners or the Association, the Declarant may, at its option, assign its obligations under such agreements to the Association, and in such event, the Association shall be required to accept and assume such obligations. At the time of the turnover of control of the Association, the Association shall record a notice of such change in control in the public records of Chatham County, North Carolina. After the turnover of control of the Association and for so long as Declarant owns any property within the Townes of Governors Village Property, the Declarant shall have the right to appoint one member to the Board of the Directors of the Association.

ARTICLE IV

COMMON AREA PROPERTY RIGHTS

4.1 Owners' Easements of Enjoyment.

Every Owner shall have a nonexclusive right and easement of enjoyment in and to the Common Areas in accordance with Rules adopted by the Board of Directors of the Association, which shall be appurtenant to and shall pass with the title to every Townes of Governors Village Lot, subject to the provisions of the Declaration, the Rules, Articles of Incorporation and Bylaws of the Association, these Covenants, and the following provisions:

4.1.1 The right of the Association to permit the use of and to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area;

4.1.2 The right of the Association to suspend the voting rights and right to use of the recreational facilities by an Owner for any period during which any assessment against his Lot remains unpaid; and, for a period not to exceed sixty (60) days, for any infraction of its published rules and regulations;

4.1.3 The right of the Association to dedicate or transfer all or any part of the Common Area to the Master Association or to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Members;

4.1.4 The right of the Association to impose regulations for the use and enjoyment of the Common Area and Improvements thereon, which regulations may further restrict the use of the

Common Area and specifically including the right to make permanent and temporary assignments of parking spaces and drives and to establish regulations concerning the use thereof;

4.1.5 The right of the Declarant and the Association, in accordance with its Articles of Incorporation and Bylaws, to borrow money for the purpose of improving the Common Area, Common Property and facilities thereon, and, in connection therewith, to mortgage the Common Area;

4.1.6 The right of the Association to exchange or convey portions of Common Area with the Declarant, the Developer, or an Owner for the purpose of eliminating unintentional encroachments of houses or other improvements onto portions of the Common Areas or for the purpose of meeting setback requirements;

4.1.7 The right of the Association to maintain the Common Area;

4.1.8 The restrictions contained on any plat, or other instrument filed separately, with respect to all or any portion of the Property; and

4.1.9 All of the provisions of these Covenants, the Declaration, and the Articles of Incorporation and By-laws of the Association and Master Association, and all rules and regulations adopted by the Association and the Master Association, including but not limited to the right and easement of enjoyment of members of the Master Association in the Common Area as provided in the Declaration.

4.2 Delegation of Use.

Any Owner may delegate, in accordance with the Bylaws, his rights of enjoyment of the Common Area and facilities to the members of his family and other lawful residents of his Townes of Governors Village Lot.

ARTICLE V

ASSOCIATION'S RESPONSIBILITIES

5.1 Maintenance of Grounds of Townes of Governors Village Lots.

The Association is authorized to and shall maintain the grounds and landscape of each Townes of Governors Village Lot, the Common Areas, the Common Property and the road rights of way as it, in its sole discretion deems appropriate to preserve a uniform, well-groomed, first rate appearance of the grounds and landscape. Such maintenance shall be performed whether the Townes of Governors Village Lot is occupied, unoccupied, improved or unimproved, and shall include, without limitation, mowing, removal of leaves, weeding, trimming of shrubs, sodding and irrigation, and the removal or planting of trees, shrubs or other vegetation at such times and in such manner as the Association, in its sole discretion, deems appropriate, subject to the approval of the ARB. The Association may designate private areas of the grounds, including but not limited to patios, terraces and fenced areas, to be the primary responsibility of the Owner to maintain.

5.2 Maintenance of Dwelling Exteriors.

The Association is authorized to and shall maintain the appearance of the exteriors of each dwelling located on each Townes of Governors Village Lot, whether occupied or unoccupied, as it in its sole discretion deems necessary to preserve a uniform, neat, attractive and first rate appearance and sound condition. The maintenance shall include, without limitation, the obligation to clean, caulk, paint, repair, replace, and care for, as the case may be, the exterior building surfaces, walks, driveways, parking spaces, decks, roofs, terraces, porches, balconies, alley ways, outdoor steps, sidewalks, awnings, shutters and windows; PROVIDED, HOWEVER, the Association shall not be responsible for any repairs or replacements to, or maintenance of, the exterior siding of the dwellings, gutters or downspouts, except that the Association shall be responsible for caulking and painting the exterior building surfaces and for cleaning out gutters and downspouts. Whenever it is necessary to repair or replace joists, rafters, or other structural components in order to best maintain the exterior, the Association may, but shall not be required to, do so.

In the event that the need for maintenance, repair or replacement is caused through the willful or negligent act of the Owner, his family, guests or invitees, or is caused by fire, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, aircrafts, vehicles and smoke, as the foregoing are defined and explained in North Carolina Standard Fire and Extended Coverage insurance policies, 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.

5.3 No Abrogation of Owner's Duties.

The responsibilities delegated to the Association under these Covenants shall in no way be construed as abrogating or in any way limiting any legal or other obligation that an Owner may have to keep his Townes of Governors Village Lot or dwelling safe or in repair, and the Owner shall not use as a defense or otherwise that the Owner has relied on the Association's performance or proper performance of such duties. The Owner remains obligated for maintenance and repair pursuant to Section 7.2.2 of the Declaration. The Association shall not be liable to the Owner, the Owner's invitees or licensees, or other party for any personal injury or property damage sustained as a result of the Association's failure to perform or to properly perform any of its duties under Section 5.1, 5.2 or 5.4 of these Covenants. However, the Owner shall not undertake any maintenance for which the Association is responsible unless the Owner has first in writing requested the Association to perform such maintenance and after fifteen (15) days (unless an emergency or unsafe condition exists) the Association has failed to undertake the requested maintenance; if an emergency or unsafe condition exists, the Owner shall take reasonable action to abate the emergency or unsafe condition.

5.4 Maintenance and Improvement of Common Areas and Common Property.

The Association shall maintain the grounds of all Common Areas and Common Property, except Common Property for which the Master Association accepts responsibility for maintenance and repair pursuant to the Declaration, as the Association, in its sole discretion, deems necessary to preserve a well-groomed, first rate appearance of the grounds. Such maintenance shall include, without limitation, mowing, removal of leaves, weeding, trimming of shrubs, sodding, and irrigation (using the irrigation system and water of the Association.) The Association shall be responsible for landscaping and beautifying the Common Areas and Common Property, except Common Property for which the Master Association accepts responsibility for maintenance and repair pursuant to the Declaration, and for the maintenance thereof, and may make, maintain and repair Improvements thereon as it, in its discretion, deems appropriate, subject only to approval of the ARB.

5.5 Approval by ARB.

All repairs, maintenance, landscaping, beautification and Improvements which may be made pursuant to the provisions of this Article V shall be in strict accordance with plans and specifications approved by the ARB.

5.6 Insurance.

The Board of Directors of the Association shall obtain and maintain insurance in the name of the Association in such amounts and covering such risks as the Board in its sole discretion deems appropriate to protect the Association or its officers, directors, employees or agents from risks associated with the performance of its duties under these Covenants or associated with its ownership of the Common Areas and Common Property.

Each Owner of a Townes of Governors Village Lot shall maintain comprehensive casualty insurance adequate to rebuild the entire dwelling on the Townes of Governors Village Lot, if any, including Party Walls and exterior surfaces.

5.7 Administrative Duties.

The Association shall keep books and records in connection with the monies expended and the assessments made and received by it pursuant to these Covenants, which shall include, but not be limited to, the name and address of each Owner, the amounts and due dates of all assessments, the dates assessments are paid by the respective Owners, and the outstanding balance due from any Owner, if any. In addition, the Association shall record minutes of all meetings and significant actions taken by the Association, and may retain counsel to assist in the preparation of such minutes. The Association shall file any corporate reports or property reports that it may be required to file under North Carolina law and shall pay all taxes, if any, and other expenses incurred in connection therewith, including, but not limited to the reasonable fees of counsel engaged by the Association.

5.8 Rule Making Authority.

The Board of Directors of the Association shall have the power and authority to make or adopt such rules and regulations, as it, in its sole discretion deems necessary or appropriate to govern the use of the Common Areas; the imposition of fines against Owners for violation of Rules; parking; noise control; lighting; window coverings; the maintenance of Townes of Governors Village Lots and dwellings; and any other rules necessary or appropriate concerning the appearance, condition, maintenance or use of the Townes of Governors Village Lots or the Common Areas, provided, however, that any architectural guidelines shall be approved by the ARB. Such rules and regulations may be in addition to those adopted by the Master Association. The Board of the Association shall have the authority to enforce these Covenants, its rules and regulations within the Property, the Declaration, and the rules and regulations of the Master Association. Notwithstanding the foregoing, the Master Association shall have the right to modify or to abolish any Rules that it, in its discretion, finds to adversely affect property values or threaten the general health, safety or welfare of the property owners or residents of Governors Village.

5.9 Failure to Perform Duties.

If the Association fails to perform any of its duties set forth in these Covenants or in any other document, the Master Association shall have the right to perform such duties on behalf of the Association.

5.10 Engagement of Employee or Independent Agents.

The Association shall have the right to engage the services of employees, a real estate management company, any independent agents, the Master Association, the Developer, or the Declarant to perform any of its duties under these Covenants.

ARTICLE VI

COMMUNITY ASSESSMENTS AND LIENS

6.1 Common Assessments.

The Association shall have the power and authority to levy against and collect from each Owner an assessment for the expenses incurred or to be incurred, by the Association in performing all of its duties set forth in Article V of these Covenants, except those which are assessed individually as provided in Section 6.2 below. The Association shall annually estimate the expense it expects to incur in connection with such duties, including, but not limited to, operating, management and administration fees and costs of the Townhome Association, assessments payable to the Master Association, and shall equally assess each Owner sufficient monies to meet this estimate. Prior to December 31, 2002, the maximum annual assessment shall be \$1,560.00. Thereafter, the maximum annual assessment that may be levied by the Board of Directors of the Association, without a vote of the Members, shall increase by twenty percent (20%) annually. Any annual assessment that would exceed the maximum annual assessment must be approved by a majority vote of the Association Members taken in accordance with the Bylaws of the Association. If the Association, through its Board of Directors, at any time determines that the assessments charged hereunder are not sufficient to pay the expenses, the Board of Directors shall have the authority to levy against and collect from the Owners additional assessments to meet such needs, provided that the total assessments levied during one fiscal year of the Association shall not exceed the maximum annual assessment unless approved by a vote of the Members as described herein. The Owner of a Townes of Governors Village Lot upon which a dwelling has not yet been constructed shall not be charged an assessment that exceeds twenty-five percent (25%) of the amount assessed against Owners of improved Townes of Governors Village Lots. The assessments may be levied in advance or in arrears, monthly, quarterly, semi-annually or annually, as determined by the Board of Directors of the Association. The Association may retain, in a capital reserve fund, a portion of the assessments paid hereunder for use toward future capital expenditures.

6.2 Individual Assessments.

In addition to the assessments set forth in Section 6.1 above, the Association shall have the power and authority to levy against and collect from an Owner an Individual Assessment for any expense that may be incurred by the Association in enforcing any covenant, rule or regulation, including fines, against an Owner and in performing any maintenance of whatsoever kind, the need for which was caused by an event described in the second paragraph of Section 5.2 hereof, including, but not limited to operating, management, and administrative fees and costs, including reasonable attorneys' and other professionals' fees. The Association shall also levy and collect an Individual Assessment for any expense incurred in maintenance of any improvement added by the Owner which was not included in the original plans approved by the ARB for that Townes of Governors Village Lot. Nonpayment of such Individual Assessment shall have the same effect and consequences as the nonpayment of any other assessment as set forth in Section 6.4 hereof.

6.3 Special Assessments.

The Association shall have the power and authority to levy against and collect from the Owners, special assessments upon the approval thereof by a majority vote of the Members of the Association taken in accordance with the Bylaws of the Association. Special assessments shall be made and collected for any purpose which the Members of the Association deem necessary or appropriate. Special assessments shall be assessed at a uniform rate for each Townes of Governors Village Lot. If a special assessment shall exceed \$1,000.00 per Townes of Governors Village Lot during any fiscal year, it shall require at least a sixty percent (60%) affirmative vote of the Members of the Association taken in accordance with the Bylaws of the Association. Special assessments shall be collectible in such manner as the Board of Directors of the Association shall determine.

6.4 Effect of Nonpayment of Assessments.

The Association shall give written notice to the Owners of the nature and amount of any assessment and the date such assessment is due and payable. If any assessment is not paid on the date when due, the assessment shall then become delinquent, with a late charge of twenty-five dollars (\$25.00), and shall bear interest at the rate of eighteen percent (18%) per annum, from the date when due until paid. The assessment, together with interest thereon and the cost of collection thereof, including but not limited to reasonable attorneys' fees, shall be a continuing lien against all property owned by the Owner against whom the assessment is made, and shall also be a continuing personal obligation of such Owner. Any successor in title of any Owner shall be held to constructive notice of the records of the Association to determine the existence of any delinquency in the payment of any assessments by the Owner. The Association may also record a claim of lien in the public records of Chatham County, North Carolina, against all property owned by the delinquent Owner, setting forth the amount of the unpaid assessment(s), the rate of interest due thereon, and the cost of collection thereof. If any assessment or any installment thereof, shall not be paid within thirty (30) days following the due date, the Association may declare the entire assessment (common, individual, or special) immediately due and payable.

The Association may, at any time thereafter, bring an action to foreclose the lien against the delinquent Owner's property, in the manner in which deeds of trust on real property are foreclosed, under a power of sale under Article 2A of Chapter 45 of the North Carolina General Statutes, and/or may institute a lawsuit on the personal obligation of the Owner. There shall be added to the amount of such assessment, the cost of such actions, including reasonable attorneys' fees, and in the event a judgment is obtained, such judgment shall include interest on the assessment as above provided and attorneys' fees incurred by the Association, together with the cost of the action.

6.5 Subordination to Lien of Mortgages.

Regardless of the effective date of the lien of any assessments made by the Association, such assessment lien shall be subordinate and inferior to the lien of the mortgage of any Institutional Mortgagee. The assessment lien shall also be subordinate to the lien of any mortgage securing any loan or loans made to the Declarant, whether a first mortgage or otherwise. Such subordination shall, however, apply only to the assessments which have come due and payable prior to a final sale or transfer of the mortgaged Townes of Governors Village Lot pursuant to a decree of foreclosure, or any other proceeding or conveyance in lieu of foreclosure of the mortgage. No sale or other transfer shall relieve any Townes of Governors Village Lot from liability for any assessments becoming due thereafter, nor from the lien of any such subsequent assessment. Any delinquent assessments that are extinguished pursuant to a sale or transfer in connection with the

foreclosure of a mortgage or any proceeding or deed in lieu of foreclosure shall be allocated and assessed pro rata to all Association members. The written opinion of the Association that the assessment lien is subordinate to a mortgage lien shall be dispositive of any question of subordination, provided, however, that such opinion shall have no effect upon the priority of a mortgage securing a loan or loans made to the Declarant.

6.6 Certificate of Assessments.

The Association shall prepare a roster of its Members and the assessments applicable thereto, which roster shall be kept at the office of the Association and shall be open to inspection by all Members of the Association. The Association, upon demand by a Member, shall prepare a certificate of assessments signed by an officer of the Association, setting forth whether the assessments of a Member of the Association have been paid and/or the amount which is due as of the date of the certificate. As to parties without knowledge of error who rely thereon, such certificate shall be presumptive evidence of payment or partial payment of any assessment therein stated as having been paid or partially paid.

ARTICLE VII

EASEMENTS

7.1 Easement for Maintenance of Townes of Governors Village Lots.

The Declarant reserves for the Association and its successors, assigns, employees and agents, an easement to enter upon each Townes of Governors Village Lot for the purpose of performing the duties set forth in Article V of these Covenants. Any such entrance shall not be deemed a trespass.

7.2 Utility, Drainage and Sidewalk Easements.

The Developer has reserved and granted easements for the installation and maintenance of utilities, drainage facilities and sidewalks on and entry easements across the Townes of Governors Village Property as more particularly described in Article V of the Declaration.

ARTICLE VIII

PARTY WALLS

8.1 General Rules of Law to Apply.

Each wall or floor connecting adjacent dwellings which is built as a part of the original construction of the homes upon the Townes of Governors Village Lots and situated on or about the dividing line between Townes of Governors Village Lots shall constitute a "Party Wall." 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.

8.2 Sharing of Repair and Maintenance.

The cost of reasonable repair and maintenance of a Party Wall shall be shared by the Owners who make use of the wall in proportion to such use.

8.3 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.

8.4 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 all damages resulting from such exposure.

8.5 Integrity of Wall.

Each Owner shall respect the integrity of a Party Wall and shall not in any way damage, use, or encroach upon the Party Wall in a manner which may reduce its effectiveness as a fire wall or sound barrier, impair its structural integrity, or otherwise interfere with its quiet use and enjoyment by the adjoining Owner.

8.6 Fixtures in Party Walls.

To the extent any duct, wire, conduit, or any other fixture lies within or partially within and partially outside a Party Wall, any portion thereof serving only one Townes of Governors Village Lot belongs to the Owner of the Townes of Governors Village Lot it serves. That Owner shall have the right and obligation to maintain, repair, and replace such fixtures as needed and in a manner to protect the integrity of the Party Wall. Any fixture serving more than one Townes of Governors Village Lot is a part of the Party Wall.

8.7 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. Upon the request of an Owner, an adjoining Owner shall certify in writing whether or not the adjoining Owner has any present right of contribution and, if so, the amount claimed.

8.8 Arbitration.

In the event of any dispute arising concerning a Party Wall, or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators. Any decision made by a panel of arbitrators pursuant to this provision will be final and binding on all parties to the arbitration and all parties who received advance notice of the arbitration and opportunity to participate in the arbitration. Judgment upon the award rendered by the panel of arbitrators may be entered by any court with competent jurisdiction.

ARTICLE IX

INSURANCE

9.1 By Owner. The Owner of each Townes of Governors Village Lot at its own expense shall procure and maintain the following fire and extended coverage insurance:

9.1.1 Coverage. Each Lot and all Improvements on each Lot shall be insured in an amount equal to one hundred percent (100%) insurable replacement value as determined annually by the Owner with the assistance of the insurance company providing coverage. Such coverage shall provide protection against:

- (i) Loss or damage by fire and other hazards, including extended coverage, vandalism and malicious mischief;
- (ii) Such other risks as from time to time shall be customarily covered with respect to Improvements on the Lot; and
- (iii) Such policies shall contain clauses providing form waiver of subrogation.

All such policies shall name the Association as one of the named insured as its interest appears and copies of said policies and renewals thereof shall be furnished to the Association. Upon failure by the Owner to promptly pay the premiums due on the policy insuring the Owner's Lot and Improvements, the Association may, but is not required to, pay the delinquent premium(s), and shall bill the Owner for such premium amount.

Owners may, at their option, obtain a insurance coverage at their own expense upon their own personal property and for their personal liability and living expense and such other coverage as they may desire.

9.1.2 Proceeds. All insurance policies purchased by the Owners shall be for the benefit of the Owners, the Association and their mortgagees, as their interests may appear.

9.1.3 Subrogation. Each insurer shall waive its right to subrogation under any policy maintained pursuant to this Section 9.1 against the Association.

9.1.4 Other Insurance. If, at the time of a loss, there is other insurance in the name of the Association covering the same risk covered by the Owner's policy, the Owner's policy shall provide primary insurance.

9.1.5 Issuance of Certificates; Cancellation. Any insurer that has issued an insurance policy under this section shall issue certificates or memoranda of insurance to the Owner and the Association and, upon written request, to any mortgagee or beneficiary under a deed of trust. Any insurer issuing an insurance policy under this Section 9.1 may not cancel or refuse to renew the policy until thirty (30) days after notice of the proposed cancellation or nonrenewal has been mailed to the Association, each Owner and each mortgagee or beneficiary under a deed of trust to whom certificates or memoranda of insurance have been issued at their respective last known addresses.

9.2 Distribution of Insurance Proceeds. Proceeds of insurance policies received by the Owner shall be distributed first.

9.3 Obligation to Rebuild. Any portion of the Property for which insurance is required under Section 9.1 of this Article which is damaged or destroyed shall be repaired or replaced promptly by the Owner unless (i) the Declaration and these Covenants are terminated, (ii) repair or replacement would be illegal under any state or local health, environmental or safety statute or ordinance, or (iii) the Owners decide at a duly called meeting not to rebuild by an affirmative vote of not less than eighty percent (80%) of all Members of the Association. If any portion of the Property is not repaired or replaced, (i) the insurance proceeds attributable to the damaged Property shall be used to restore the damaged area to a condition compatible with the remainder of the Property and (ii) the remainder of the proceeds shall be paid to the Association as part of its reserve fund.

ARTICLE X

INDEMNIFICATION OF OFFICERS AND DIRECTORS OF THE ASSOCIATION

Every officer and director of the Association shall be indemnified by the Association, to the fullest extent permitted by law, against all expenses and liabilities, including reasonable attorney's fees, incurred by or imposed upon him in connection with any proceeding to which he may be a party or in which he may become involved by reason of his being or having been an officer or director of the Association, whether or not he is an officer or director of the Association at such time; provided, however, with regard to any claim for reimbursement or indemnification hereunder based upon a settlement by the officer or director of the Association seeking such reimbursement or indemnification, the indemnification herein shall apply only if the Board of Directors approves such settlement and reimbursement as being in the best interests of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such officer or director of the Association may be entitled pursuant to applicable law.

ARTICLE XI

ARCHITECTURAL AND RELATED PROVISIONS

11.1 Architectural Plans.

The ARB has the absolute and sole right to designate the design and site the location of all dwellings and other Improvements to be situated on each Townes of Governors Village Lot, including but not limited to the nature, kind, shape, height, materials, basic exterior finishes and colors, floor plans, proposed parking location, front, side and rear elevation, and quality of materials. No dwelling or other Improvement shall be constructed, reconstructed, remodeled, altered or added to thereafter, unless permitted by the ARB, and then only after the Owner has obtained the prior written approval of the Association and the ARB, in accordance with the procedures established by them.

11.2 Window Coverings.

All drapes, window shades, or other window coverings installed in the windows of dwellings which are visible from the exterior of the dwellings shall comply with the Rules.

ARTICLE XII

GENERAL PROVISIONS

12.1 Assignment.

Any or all of the rights, powers, obligations, easements and estates reserved by or granted to the Declarant or the Association herein may be assigned by the Declarant or the Association as the case may be. Any such assignment or transfer shall be made by an appropriate instrument in writing in which the assignee or transferee shall join for the purpose of evidencing its consent to such assignment and its acceptance of the rights and duties, powers and obligations herein contained. Such assignee or transferee shall thereupon have the same rights and powers and be subject to the same obligations and duties as are herein given to the Declarant or the Association. After such assignment, the Declarant and/or the Association, as the case may be, shall be relieved and released of all obligations with respect to such rights, powers, obligations, easements or estates.

12.2 Amendment.

Prior to the turnover of control of the Association, as defined in Section 3.6 of these Covenants, these Covenants may be amended upon the execution by the Declarant and the Association of an appropriate instrument and the recordation thereof in the public records of Chatham County, North Carolina. After the turnover of control, these Covenants may be amended by an instrument signed by (i) the Master Association; (ii) the Declarant, if the Declarant is the owner of any Property then subject to these Covenants; and (iii) by the Owners of at least two-thirds (2/3) of the Townes of Governors Village Lots then existing. Any such amendment shall not become effective until the instrument evidencing such change has been filed in the public records of Chatham County, North Carolina. By way of clarification, this process of amendment does not apply to addition of additional property to these Covenants as described in Section 2.2 of these Covenants.

12.3 Duration.

All of the covenants, restrictions and other provisions of these Covenants, amended as provided herein, shall run with and bind the Property for the initial term of fifty years from the date of the recordation of these Covenants, after which time they shall be automatically extended for successive periods of ten years each, unless an instrument executed by the Owners of at least seventy-five percent (75%) of the Townes of Governors Village Lots then existing, and by all Institutional Mortgagees, to terminate these Covenants has been recorded in the public records of Chatham County.

12.4 Enforcement.

Enforcement of these Covenants shall be by a proceeding at law or in equity against any party violating or attempting to violate the same and/or against the Property subject thereto to enforce any lien created by these Covenants. In the event that Declarant and/or the Association fail to enforce the terms of these Covenants, then any Member of the Association may do so. The failure or refusal of the Declarant or the Association or any Members thereof to enforce any of the provisions of these Covenants shall in no event be deemed to constitute a waiver of the right to do so thereafter. The cost of any such litigation shall be borne by the Owner in violation, provided that such proceeding results in a finding that such Owner was in violation of any of these Covenants or Rules adopted pursuant hereto.

12.5 Notices.

Any notice required or permitted to be given under these Covenants shall be given or made in writing by personal delivery or by United States Postal Service certified mail return receipt requested, addressed:

If the Declarant, then to: GVT, LLC
5800 Farrington Place
Raleigh, N.C. 27609

If the Owner, then to: The last known address of the Owner as it appears on the records of the Association at the time of such delivery or mailing.

If the Association,
then to: The Townes of Governors Village Maintenance Association, Inc.
c/o GVT, LLC
5800 Farrington Place
Raleigh, N.C. 27609

Each party may give notice to each of the other parties of a change of its address for the purpose of giving notice under this Section, which thereafter, until changed by like notices, shall be the address of such party for all purposes of these Covenants. Notices shall be deemed given for all purposes as of the date such notice is personally delivered or three calendar days after being deposited with the United States Postal Service.

12.6 Gender and Number.

The use of the singular herein shall include the plural and the use of any gender shall include all genders.

12.7 Severability.

Invalidation of any provision of these Covenants by a court of competent jurisdiction shall in no way effect any other provision hereof.

12.8 Captions.

The captions used in these Covenants are inserted solely as a matter of convenience and shall not be relied upon or used in construing the text of these Restrictive Covenants.

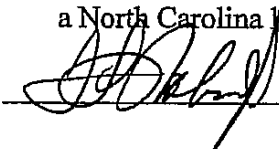
12.9 Effective Date.

These Covenants shall become effective upon their recordation in the public records of Chatham County, North Carolina.

IN WITNESS WHEREOF, the Declarant and the Developer have caused these Covenants to be executed as of the 15th day of August, 2002.

DECLARANT:

GVT, LLC,
a North Carolina limited liability company

By: 

Printed Name: ^{Manager} F. L. Robuck, Jr.

NORTH CAROLINA
CHATHAM COUNTY
NASH

I, a Notary Public for said County and State, do hereby certify F. L. Robuck, Jr.,
Manager of GVT, LLC, a limited liability company, personally appeared before me this day and acknowledged
the due execution of the foregoing instrument on behalf of the company.

Witness my hand and official stamp or seal, this 15th day of August, 2002.

My Commission
Expires: 3-10-2003

(SEAL)

Shannon M. Bottoms

NOTARY PUBLIC

DEVELOPER:

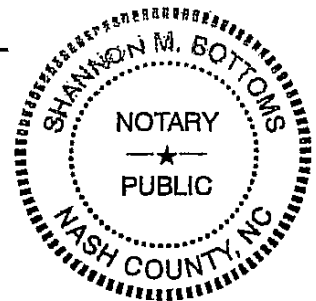
GOVERNORS CLUB LIMITED
PARTNERSHIP,
a Delaware Limited Partnership

By: GOVERNORS CLUB DEVELOPMENT
CORPORATION, a General Partner

By: _____

President

Printed Name: _____



NORTH CAROLINA
CHATHAM COUNTY

I, _____, a Notary Public of the County and State aforesaid,
certify that _____ personally came before me this day and acknowledged that he is _____
President of Governors Club Development Corporation, General Partner of Governors Club Limited
Partnership, a Delaware limited partnership, and that he, as _____ President, being authorized to do so,
executed the foregoing on behalf of the corporation.

Witness my hand and official stamp or seal, this _____ day of _____, 2002.

My Commission
Expires:
(SEAL)

NOTARY PUBLIC

THE TOWNES OF GOVERNORS
VILLAGE COVENANTS PAGE 18

Manager
Printed Name: F. L. Robuck, Jr.

NORTH CAROLINA
~~CHATHAM~~ COUNTY
NASH

I, a Notary Public for said County and State, do hereby certify F. L. Robuck, Jr.,
Manager of GVT, LLC, a limited liability company, personally appeared before me this day and acknowledged
the due execution of the foregoing instrument on behalf of the company.

Witness my hand and official stamp or seal, this 15th day of August, 2002.

My Commission
Expires: 3-10-2003

(SEAL)

Shannon M. Bottoms

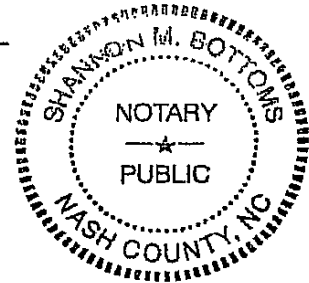
NOTARY PUBLIC

DEVELOPER:

GOVERNORS CLUB LIMITED
PARTNERSHIP,
a Delaware Limited Partnership

By: GOVERNORS CLUB DEVELOPMENT
CORPORATION, a General Partner

By: Dane L. Vincent
Vice President
Printed Name: Dane L. Vincent



NORTH CAROLINA
~~CHATHAM~~ COUNTY
Nash

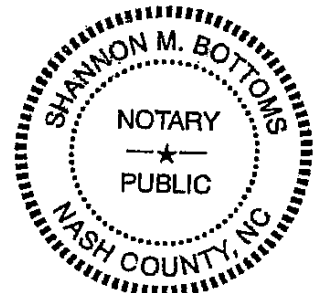
I, Shannon M. Bottoms, a Notary Public of the County and State aforesaid,
certify that Dane L. Vincent personally came before me this day and acknowledged that he is Vice
President of Governors Club Development Corporation, General Partner of Governors Club Limited
Partnership, a Delaware limited partnership, and that he, as Vice President, being authorized to do so,
executed the foregoing on behalf of the corporation.

Witness my hand and official stamp or seal, this 22nd day of August, 2002.

My Commission
Expires: 3-10-2003
(SEAL)

Shannon M. Bottoms
NOTARY PUBLIC

THE TOWNES OF GOVERNORS
VILLAGE COVENANTS PAGE 18



JOINDER

Governors Village Property Owners Association, Inc. and The Townes of Governors Village Maintenance Association, Inc. hereby join in these Covenants for the sole purpose of agreeing to perform their obligations as contained herein, as of the 22nd day of August, 2002.

GOVERNORS VILLAGE PROPERTY
OWNERS ASSOCIATION, INC.

By:

Dane L. Vincent
Vice President

NORTH CAROLINA
~~CHATHAM~~ COUNTY
Nash

I, Shannon M. Bottoms, a Notary Public of the County and State aforesaid, certify that Dane L. Vincent personally came before me this day and acknowledged that he is Vice President of Governors Village Property Owners Association, Inc., and that he, as Vice President, being authorized to do so, executed the foregoing on behalf of the corporation.

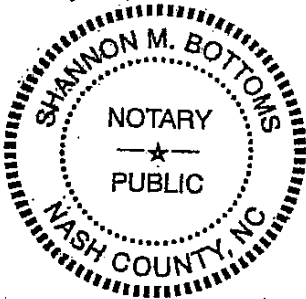
Witness my hand and official stamp or seal, this 22nd day of August, 2002.

My Commission

Expires: 3-10-2003

(SEAL)

NOTARY PUBLIC



THE TOWNES OF GOVERNORS
VILLAGE MAINTENANCE
ASSOCIATION, INC.

By:

Charles F. Bishop IV
President

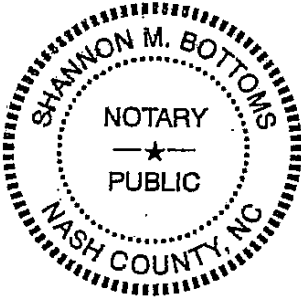
NORTH CAROLINA
CHATHAM COUNTY
Nash

I, Shannon M. Bottoms, a Notary Public of the County and State aforesaid, certify that Charles F. Bishop IV personally came before me this day and acknowledged that he is _____ President of The Townes of Governors Village Maintenance Association, Inc., and that he, as _____ President, being authorized to do so, executed the foregoing on behalf of the corporation.

Witness my hand and official stamp or seal, this 15th day of August, 2002.

My Commission
Expires: 3-10-2003
(SEAL)

Shannon M. Bottoms
NOTARY PUBLIC



SUBORDINATION OF LENDER

SouthTrust Bank, owner and holder of the note secured by a certain deed of trust, dated August 30, 2001 and recorded in Book 888, at Page 618 as modified by Modification of Deed of Trust dated November 27, 2001 and recorded in Book 902, Page 25, in the Chatham County Public Registry and First State Service Corporation, Trustee under that deed of trust, hereby subordinate the lien of the referenced deed of trust, as modified, to all the provisions of the foregoing Declaration of Covenants and Restrictions for The Townes of Governors Village.

IN WITNESS WHEREOF, the parties hereto have caused this subordination to be executed this 15th day of August, 2002.

SOUTHTRUST BANK

By: *Mark Carlton*
Sr Vice President

FIRST STATE SERVICE CORPORATION,
TRUSTEE

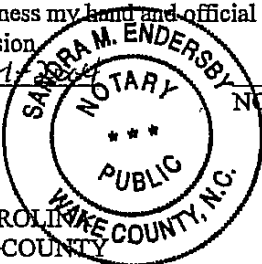
By: *Simon Nguyen*
Asst Vice President

NORTH CAROLINA
WAKE COUNTY

I, Sandra M Endersby, a Notary Public of the County and State aforesaid, certify that Mark Carlton personally came before me this day and acknowledged that he is Sr Vice President of SouthTrust Bank and that he, as Sr Vice President, being authorized to do so, executed the foregoing on behalf of the corporation.

Witness my hand and official stamp or seal, this 15 day of August, 2002.

My Commission Expires: 9-1-2004
(SEAL) *Sandra M Endersby*
NOTARY PUBLIC

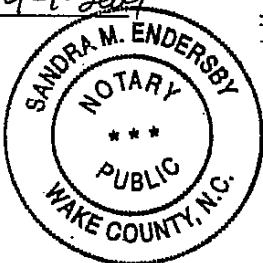


NORTH CAROLINA
WAKE COUNTY

I, Sandra M Endersby, a Notary Public for said County and State, do hereby certify that Simon Nguyen, personally appeared before me this day and acknowledged that he is the Asst Vice President of First State Service Corporation, Trustee, and that he, as Asst Vice President, being authorized to do so, the due execution of the foregoing instrument on behalf of the corporation.

Witness my hand and official seal, this the 15 day of August, 2002.

My Commission Expires: 9-1-2004
(SEAL) *Sandra M Endersby*
NOTARY PUBLIC



[gc\covenant\willamnt.493]

BOOK 845 PAGE 500

Eighth Amendment to the
Governors Village Declaration

THIS EIGHTH AMENDMENT (the "Amendment") to the Governors Village Declaration is made as of the 15th day of November, 2000, by Governors Club Limited Partnership, a Delaware Limited Partnership (the "Declarant"), and is joined by Governors Village Property Owners Association, Inc., (the "Master Association"), a North Carolina nonprofit corporation;

WITNESSETH

WHEREAS, the Declarant has established a general plan and uniform scheme of development for the improvement of property designated as Phases One, Two, Three, Four, Governors Forest and the Apartment Tract of Governors Village, as set forth in the Governors Village Declaration, recorded in Book 702 at Page 287 as amended in Book 704, Page 530, Book 724, Page 193, Book 730, Page 88, Book 776, Page 1071, Book 757, Page 836, Book 784, Page 397 and Book 824, Page 132 of the Chatham County Registry (the "Declaration").

WHEREAS, the Master Association and the Declarant have determined that this Amendment is in the best interests of the Owners, individually and as a community.

WHEREAS, the Master Association and the Declarant wish to restate the Declaration to reflect the previous seven amendments and include this amendment.

WHEREAS, Section 13.2.2 of the Declaration provides that the Declaration may be amended upon the initiation of the Declarant upon approval of at least 51 % of the votes of the members.

NOW, THEREFORE, the Declarant, with the approval of at least 51 % of the votes of the Members as indicated by the joinder of the Master Association, hereby amends the Declaration as follows:

Amendment and Restatement of the Declaration.

* The Declaration of Covenants and Restrictions for Governors Village including the First through the Seventh Amendments, and this Eighth Amendment which includes text amendments as set forth in the following restatement, are compiled and restated in their entirety as follows:

2000 NOV 17 A 10:31
KATIA G. THOMAS
REGISTER OF DEEDS
CHATHAM COUNTY, NC.

FILED

GOVERNORS VILLAGE DECLARATION

THIS DECLARATION OF COVENANTS AND RESTRICTIONS is made and executed by GOVERNORS CLUB LIMITED PARTNERSHIP, a Delaware Limited Partnership, its successors and assigns (the "Declarant"), joined by GOVERNORS VILLAGE PROPERTY OWNERS ASSOCIATION, INC., a North Carolina nonprofit corporation (the "Master Association").

WITNESSETH

WHEREAS, it is the intent of Declarant to establish a general plan and uniform scheme of development and improvement of the Property; and

WHEREAS, Declarant wishes to provide for the preservation and enhancement of property values, amenities and opportunities within the Property in order to contribute to the personal and general health, safety and welfare of the property owners and residents therein, and to maintain the land and improvements therein, and to this end wishes to subject the Property to the covenants, restrictions, easements, reservations, assessments, charges, liens and other provisions hereinafter set forth.

NOW THEREFORE, Declarant hereby declares that the Property is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, restrictions, easements, reservations, assessments, charges, liens and other provisions hereinafter set forth in this Declaration of Covenants for Governors Village.

ARTICLE 1 - DEFINITIONS

The following terms, as used in this Declaration, shall have the following meanings:

1.1 "Apartment Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of the fee simple title to any parcel of land for apartment development, excluding however, Declarant and any mortgagee unless and until such Declarant and mortgagee have acquired title pursuant to foreclosure or any proceeding in lieu of foreclosure.

1.2 "Apartment Owner Member" shall mean and refer to the Apartment Owner.

1.3 "Architectural Review Board" or "ARB" shall mean and refer to that permanent committee of the Master Association, created for the purpose of establishing and enforcing criteria for the construction of Improvements within the Property.

1.4 "Articles of Incorporation" shall mean and refer to the Articles of Incorporation of the Master Association as they may exist from time to time.

1.5 "Assessment" shall mean and refer to those charges made by the Master Association from time to time, against Units, Association Members and the Apartment Owner, for the purposes, and subject to the terms, set forth herein.

1.6 "Association(s)" shall mean and refer to the property owners associations created or to be created to govern portions of the Property.

1.7 "Association Member" shall mean and refer to an Association which is a Member of the Master Association.

1.8 "Board" or "Board of Directors" shall mean and refer to the Board of Directors of the Master Association.

1.9 "By-Laws" shall mean and refer to the By-Laws of the Master Association as they may exist from time to time.

1.10 "Common Areas" shall mean and refer to all portions of the Property which are intended for the common use and enjoyment of only the Owners in a particular Association, and which are identified and dedicated to the Association on any recorded subdivision plats of the Property, or conveyed to the Association by deed or in this Declaration or any other declaration of covenants that may hereafter be recorded in the County.

1.11 "Common Expenses" shall mean and refer to all expenses incurred by the Master Association in connection with its ownership, maintenance and other obligations set forth herein, except Governors Village Swim and Tennis Club Expense.

1.12 "Common Property" shall mean and refer to all portions of the Property which are intended for the common use and enjoyment of the Owners, and which are identified and dedicated to the Master Association on any recorded subdivision plats of the Property, or conveyed to the Master Association by deed or in this Declaration or any other declaration of covenants and restrictions that may hereafter be recorded in the County.

1.13 "Common Surplus" shall mean and refer to the excess of all receipts of the Master Association, including but not limited to Assessments, rents, profits and revenues in excess of the amount of Common Expenses.

1.14 "Condominium Residence" shall mean and refer to any existing or proposed residential condominium unit and its undivided percentage of ownership in the common land upon which such condominium is constructed or to be constructed.

1.15 "County" shall mean and refer to Chatham County, North Carolina.

1.16 "Declarant" shall mean and refer to Governors Club Limited Partnership, a Delaware limited partnership, its affiliates, successors and assigns to whom the rights of Declarant hereunder are expressly transferred, in whole or in part, and subject to such terms and conditions as Declarant may impose. With regard to the Governors Forest Property but not with respect to any other property in Governors Village, Governors Club Limited Partnership acknowledges that it has assigned to Landmark Homes, Inc., t/a Sunstar Homes, a North Carolina corporation, its affiliates, successors and assigns ("Landmark Homes") the rights of Declarant arising under Sections 1.41 "Street"; 4.8.10; 4.8.11; 5.1.1; 5.1.6; 5.1.7; 6.3; and 13.6 of the Declaration. With regard to the Governors Forest Property, but not with respect to any other property in Governors Village, and the sections of the Declaration just enumerated, "Declarant" shall mean and refer to Landmark Homes, its affiliates, successors and assigns to whom its rights as Declarant hereunder are expressly transferred, in whole or in part.

1.17 "Declaration" shall mean and refer to this instrument and all exhibits hereto, as the same may be amended from time to time.

1.18 "Development Plan" or "Master Plan" shall mean and refer to that certain graphic representation of the proposed manner of the development of Governors Village, which is attached hereto as Exhibit B, and the graphic representation of the proposed manner of development of any future additional property to be added to Governors Village. Declarant reserves the right for as long as Declarant owns any property within Governors Village to change the design and size of the residential, commercial and office Developments, Common Property, Common Areas and Governors Village Swim and Tennis Club areas, to change the number of Units and Developments within Governors Village and to change the mix of Unit and Development types in its sole and absolute discretion without approval by any Owners, Associations, the Master Association or any other entity or individual.

1.19 "Development(s)" shall mean and refer to such residential, commercial and office developments, including, without limitation, the Village Homesites, the Governors Village Apartment Tract, or condominiums which are now or which may hereafter be located within Governors Village.

1.20 "Garage Apartment" shall mean an apartment located above a garage.

1.21 "Governors Forest Property" shall mean and refer to the 60.704 acre, more or less, tract of land labeled as Lot 1 on the plat, "Boundary Survey of Governors Forest for Governors Club Limited Partnership," dated February 8, 2000 and recorded in Plat Slide 2000-137; Chatham County Registry.

1.22 "Governors Village" shall mean and refer to the Dossett and Polk portions of the Governors Club planned unit development project which is located in Chatham County, North Carolina, as same is legally described in the zoning applications and approvals and the Horton Lake Tract as shown on the plat recorded in Plat Slide 96-332; plus any additional

property added to Governors Village by Declarant as provided in Section 2.2 below and made subject to these or substantially similar covenants and restrictions.

1.23 "Governors Village Apartment Tract" shall mean that tract bounded by Mt. Carmel Church Road, Whippoorwill Lane and Moring and shown on the plat "Governors Village Apartment Tract" by McKim & Creed, dated June 18, 1997. The Governors Village Apartment Tract shall be 40 Unit Equivalents for up to 242 residential apartments for voting, assessments and other purposes.

1.24 "Governors Village Swim and Tennis Club." "Club" or "Club Property" shall mean and refer to any portion of the Property which is intended for the common use and enjoyment of the Homesite Owners exclusively, and which is identified as "Governors Village Swim and Tennis Club" and dedicated to the Master Association as "Governors Village Swim and Tennis Club" on any recorded subdivision plats of the Property, or conveyed to the Master Association by deed or in this Declaration or any other declaration of covenants that may hereafter be recorded in the County.

1.25 "Governors Village Swim and Tennis Club Expense" or "Club Expense" shall mean and refer to all direct expenses of operation, maintenance and management; property taxes and insurance coverage; legal and accounting fees directly attributable to the operation; repairs and replacements; charges for utilities; cleaning services; and the creation of reasonable reserves; all other expenses deemed by the Board of Directors of the Master Association to be necessary and proper for the management, maintenance, repair and operation of the Governors Village Swim and Tennis Club.

1.26 "Homesite" shall mean and refer to any lot located within the areas of Governors Village designated as a "Village Homesite," a "Homesite," or a "Residential Lot" in the Declaration, the Development Plan or any amendment to the Development Plan, or shown on the plats of the Property, including Lots 1 through 244 and any lots which may be shown on recorded subdivision plats of the Governors Forest Property, together with the dwellings constructed thereon, if any.

1.27 "Home Occupations" shall mean and refer to any use conducted on residential premises and carried on by the occupants thereof, which use is incidental and secondary to the use of the premises for residential purposes and does not change the character thereof. The Board may regulate Home Occupations.

1.28 "Improvements" shall mean and refer to all structures of any kind, including, without limitation, any building, fence, wall, sign, mailbox, paving, grading, parking area, building addition, pool, alteration, screen enclosure, sewer, drain, disposal system, satellite dish, antenna, electronic and other signaling device, decorative building, landscaping or landscape device (including existing and planted trees and shrubbery) or object.

1.29 "Institutional Mortgagee" shall mean and refer to a bank, bank holding company, trust company or subsidiary thereof, savings and loan association, insurance company, union pension fund, mortgage company approved by Declarant, an agency of the United States Government, Federal National Mortgage Association, or Declarant, which holds a first mortgage of public record on a Unit, and the holder of any mortgage of public record given or assumed by Declarant, whether a first mortgage or otherwise, and their successors and assigns.

1.30 "Maintenance Association" shall mean and refer to an association created or to be created for the purpose of providing maintenance services and to own and operate Common Areas within a Development.

1.31 "Master Association" shall mean and refer to Governors Village Property Owners Association, Inc., a North Carolina nonprofit corporation, its successors and assigns.

1.32 "Master Association Property" shall mean and refer to all real and personal property, other than the Common Property, which may be acquired by the Master Association for the benefit and private use and enjoyment of all Owners.

1.33 "Member" shall mean and refer to Association Members, Residential Members, the Apartment Owner Member and the Declarant. Declarant shall be a Member of the Master Association from and after the date of recordation of this Declaration in the public records of the County.

1.34 "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Unit, any Apartment Owner, excluding however, Declarant and any mortgagee unless and until such Declarant or mortgagee has acquired title pursuant to foreclosure or any proceeding in lieu of foreclosure.

1.35 "Parks" shall mean and refer to areas designated on the plats as Common Property and Parks shall be for the enjoyment of the Members.

1.36 "Privacy Landscape Easement Area" shall mean and refer to that area of a Village Homesite which is located between the Privacy Wall of a Residence and a neighboring Homesite. It may be bounded on either end by a fence.

1.37 "Privacy Wall Side" shall mean and refer to the side of a Governors Village Residence which is opposite the driveway of the respective Homesite, or as designated by the ARB on the approved site plan.

1.38 "Property" shall mean and refer to that real property legally described in Exhibit A attached hereto and such additional property as may be submitted to this Declaration from time to time pursuant to Article 2 of this Declaration.

1.39 "Residence" shall mean and refer to a dwelling constructed or to be constructed on a Homesite.

1.40 "Residential Member" shall mean and refer to the Owner of a Homesite who is a member of the Master Association, except that the Owner of a Homesite on the Governors Forest Property shall not be a Residential Member unless the Homesite owned by the Owner is subject to assessment pursuant to Article 6 of this Declaration.

1.41 "Street" shall mean and refer to any street, highway or other thoroughfare which is constructed by Declarant within Governors Village and is dedicated to the public, the Master Association or an Association by deed or on any plat of the Property, whether the same is designated as a street, avenue, boulevard, drive, place, court, road, terrace, way, circle, lane, walk, or other similar designation, and shall also include all drives that are designated as "driveway-common area" on the recorded plats, but shall not include Parcels A and B as shown on the plat entitled "Revision of Moring Right-of-Way in Governors Village," dated April 13, 2000, recorded in Plat Slide 2000-213, Chatham County Registry.

1.42 "Surface Water Management System" shall mean and refer to those lakes, swales, culverts, canals and other facilities created and used for drainage of the Property and storm water management.

1.43 "Unit" shall mean and refer to a Condominium Residence or Homesite.

1.44 "Unit Equivalent" shall mean and refer to a portion of a Development which is not divided into Homesites that is determined by the Declarant to be equivalent to a Unit for voting, assessments and other purposes.

1.45 "Village Homesite" shall mean and refer to any Homesite located within the areas of Governors Village designated as Phase One, Phase Two, Phase Three or Phase Four and any Homesite located within the Governors Forest Property, together with the Residence, if any, constructed on such Homesite. Village Homesites are also included in the term 'Homesite.'

ARTICLE 2 - PROPERTY SUBJECT TO THIS DECLARATION

2.1 Existing Property. The property which shall be subject to this Declaration upon the recordation hereof in the public records of the County is the Property.

2.2 Additional Property. Declarant may, at any time and from time to time, subject additional property to this Declaration by recording in the public records of the County an amendment to this Declaration, describing such additional property and amending this Declaration to make the additional property subject to covenants and restrictions consistent with the Development Plan, provided, however, that all such additional property is shown on the

Development Plan or is adjacent to the property shown on the Development Plan and developed in a manner compatible with the Development Plan. Except as otherwise provided herein, such amendments may be made by Declarant in its sole and absolute discretion without the approval of any other Owners, Associations, the Master Association or the joinder of any entity or individual.

ARTICLE 3 - GOVERNORS VILLAGE PROPERTY OWNERS ASSOCIATION

3.1 Formation. At or about the time of the recording of this Declaration, Declarant has caused the Master Association to be formed by the filing of the Articles of Incorporation therefor in the office of the Secretary of State of North Carolina. The Master Association is formed to be a representative organization for the Owners with a Board to promulgate rules and regulations for the Governors Village community; to operate, maintain and ultimately own the Common Property; to enforce the covenants, conditions, restrictions and other provisions set forth in this Declaration; to act to protect and enhance the personal and general health safety and welfare of the Owners and residents and to maintain the community; to enforce rules and regulations, including traffic regulations, promulgated by the Master Association; and to provide for and to promote the common interests of Governors Village. The Master Association may also arrange and provide for personal services (i.e., landscape maintenance and housekeeping) to individual Members provided all costs are paid by the Members using the services. The Master Association shall have such other specific rights, obligations, duties and functions as are set forth in this Declaration and in the Articles of Incorporation and the By-Laws of the Master Association. Subject to the additional limitations provided herein and in the Articles of Incorporation and By-Laws, the Master Association shall have all of the powers and be subject to all of the limitations of a nonprofit corporation as contained in the North Carolina Statutes in existence as of the date of recording this Declaration. Declarant, by subjecting additional property to this Declaration, may cause additional membership and classes of membership in the Master Association and may designate the ownership, voting and assessment basis for such additional membership.

3.2 Membership.

3.2.1 General. Each Owner of a Homesite, upon his acquisition of the Homesite, shall automatically become a member of the Master Association and shall remain a member for so long as such Owner remains the Owner of the Homesite. Such membership shall be mandatory and may not be terminated by any Owner. Each Association created by the Declarant, or by any other party approved by the Declarant, shall automatically become a member of the Master Association upon the incorporation of such Association with the North Carolina Secretary of State. Such membership shall be mandatory and may not be terminated by any such Association. No person or entity who holds an interest of any type or nature whatsoever in a Homesite or other Property only as security for the performance of an obligation may be appointed as a member of the Master Association. Declarant shall be considered a member of the Master

Association from and after the date of recordation of this Declaration in the public records of the County.

3.2.2 Classes of Membership. Membership in the Master Association shall be divided into the following three specific classes: (i) Association Members, (ii) Residential Members and (iii) Apartment Owner Members. Each class of membership shall have specific members of the Board of Directors representing it, pursuant to the Bylaws of the Master Association. Declarant may add additional classes of membership so long as Declarant has control of the Master Association.

3.3 Voting. Only Members of a specific class shall be entitled to vote on matters solely affecting that particular class. Whether a matter solely affects only one class of voting membership shall be determined by the majority vote of the entire Board of Directors. All Members shall be entitled to vote on all other matters coming before the membership. Each Residential Member shall have one vote for each Homesite owned. All other members have the number of votes equal to the number of Units or Unit Equivalents for which they are assessed. Votes shall be cast or exercised by each Member in such manner as may be provided in the By-Laws of the Master Association. Each Association Member and Apartment Member shall file with the Secretary of the Master Association a notice designating the name of the individual who shall represent that Member on the Board of Directors of the Master Association, and who shall be authorized to cast the votes of such Member. In the absence of such designation, the Association Member and Apartment Member shall not be entitled to vote on any matters coming before the Board of Directors. Anything contained herein to the contrary notwithstanding, after transfer of control of the Master Association, the Declarant shall be entitled to cast that number of votes equal to the number of Units and Unit Equivalents made subject to this Declaration, less the number of Units and Unit Equivalents which are owned by an Owner other than the Declarant. Anything contained herein to the contrary notwithstanding, the Owner of a Homesite on the Governors Forest Property shall not be entitled to vote on matters coming before the membership of the Master Association unless the Homesite owned by the Owner is subject to assessment pursuant to Article 6 of this Declaration.

3.4 Administration of the Master Association. The affairs of the Master Association shall be administered by the Board of Directors in accordance with this Declaration, the Articles of Incorporation and the By-Laws of the Master Association. The Articles of Incorporation and By-Laws may be amended in the manner set forth therein; provided, however, that no such amendment shall conflict with the terms of this Declaration or adversely affect the rights of Declarant, without Declarant's prior written approval; and provided further that no amendment, alteration or rescission may be made which affects the rights or privileges of any Institutional Mortgagee, without the express prior written consent of the Institutional Mortgagee so affected. Any attempt to amend contrary to these prohibitions shall be of no force or effect.

3.5 Suspension of Membership Rights. No Member shall have any vested right, interest or privilege in or to the assets, functions, affairs or franchises of the Master

Association, or any right, interest or privilege which may be transferable, or which shall continue after the Member's membership ceases, or while the Member is not in good standing. A Member shall be considered "not in good standing" during any period of time in which the Member is delinquent in the payment of any Assessment, or in violation of any provision of this Declaration, any rules or regulations promulgated by the Master Association, the Traffic Regulations, or in violation of any provision of the Declaration of Covenants for any Development or any rules or regulations promulgated by an Association. All such determinations shall be made by a majority of the Board of Directors. While not in good standing, the Member shall not be entitled to vote or exercise any other right or privilege of membership of the Master Association.

3.6 Control by Declarant. Anything contained herein to the contrary notwithstanding, Declarant shall have the right to retain control of the Master Association until one year after Declarant has closed the sale of ninety percent (90%) of all Units and ninety percent (90%) of all Unit Equivalents within Governors Village or at any time prior thereto as determined by Declarant, in Declarant's sole discretion. At the time of turnover of control of the Master Association, the Master Association shall record a Notice of Turnover in the public records of the County. So long as Declarant retains control of the Master Association, Declarant shall have the right to appoint all members of the Board of Directors and to approve the appointment of all officers of the Master Association, and no action of the membership of the Master Association shall be effective unless, and until, approved by Declarant. So long as Declarant owns any property within Governors Village, the Declarant shall have the right to appoint all members of the Architectural Review Board. After turnover of control of the Master Association and so long as Declarant owns any property within Governors Village, the Declarant shall have the right to appoint one (1) member of the Board of Directors. Directors appointed by the Declarant need not be a Member of the Master Association, a member of any Association or an Owner. In the event that Declarant shall enter into any contracts or other agreements for the benefit of Owners, or the Master Association, Declarant may, at its option, assign its obligations under the agreements to the Master Association, and in such event, the Master Association shall be required to accept such obligations.

ARTICLE 4 - COMMON PROPERTY, SWIM AND TENNIS CLUB AND MASTER ASSOCIATION PROPERTY

4.1 Common Property. The Common Property is intended for the use and enjoyment of the Owners and their guests and invitees. Rules and regulations for the use of the Common Property shall be established by the Board. Title to the Common Property shall remain vested in Declarant until the date that Declarant relinquishes control of the Master Association, as such date is defined hereinabove or Declarant sooner conveys all or portions of the Common Property to the Master Association. Notwithstanding the manner in which fee simple title is held, the Master Association shall be responsible for the management, maintenance and operation of the Common Property and the Master Association Property, and for the payment of all property taxes and other assessments which are liens against the Common Property and the Master Association

Property, from and after the date of recordation of this Declaration. Simultaneously with its relinquishment of control of the Master Association, Declarant shall convey all of its right, title and interest in the Common Property to the Master Association. Anything contained herein to the contrary notwithstanding, the following provisions shall apply to the Common Property identified and dedicated to the Master Association on any recorded subdivision plats of the Governors Forest Property: (i) title to the Common Property on the Governors Forest Property shall not be conveyed to the Master Association until such time as it is confirmed by the manager of the Master Association that the General Assessments collected from the Owners of the Homesites on the Governors Forest Property pursuant to Article 6 of this Declaration are sufficient to pay for the maintenance of the Common Property on the Governors Forest Property, provided, however, whether or not such General Assessments are sufficient, the Common Property on the Governors Forest Property may be conveyed to the Master Association at such time as Landmark Homes, its affiliates, successors and assigns to whom its rights as "Declarant" hereunder are expressly transferred, no longer own any Homesites on the Governors Forest Property; (ii) prior to conveyance of the Common Property on the Governors Forest Property to the Master Association, the owner of said Common Property shall be responsible for the management, maintenance and operation of the Common Property on the Governors Forest Property and for the payment of all property taxes and other assessments which are liens against the Common Property on the Governors Forest Property; and (iii) when the Common Property on the Governors Forest Property is conveyed to the Master Association, the Master Association shall be granted all right, title and interest in the Common Property on the Governors Forest Property. Prior to conveyance of the Common Property on the Governors Forest Property to the Master Association, the Common Property on the Governors Forest Property shall be maintained to the same standards that other Common Property in Governors Village is maintained; if the owner of the Common Property on the Governors Forest Property fails to maintain the Common Property on the Governors Forest Property in accordance with this provision, the Master Association shall have the right and power to enter onto the Common Property on the Governors Forest Property and perform such maintenance without any liability for damages for wrongful entry, trespass or otherwise to any person. The owner of the Common Property on the Governors Forest Property shall be liable for the cost of such work and shall promptly reimburse the Master Association for such cost.

4.2 Governors Village Swim and Tennis Club. The Governors Village Swim and Tennis Club is intended for the use of the Residential Members and their guests and invitees. The Master Association is responsible for the management, maintenance and operation of the Governors Village Swim and Tennis Club. Declarant will convey title to the Governors Village Swim and Tennis Club to the Master Association when it conveys the Common Property. The Governors Village Swim and Tennis Club rules and regulations, including setting reasonable user fees, will be established by the Residential Members of the Board.

4.3 Master Association Property. The Master Association shall have the power and authority to acquire and convey such interest in real and personal property as it may deem beneficial to its Members, provided, that any such acquisition or conveyance is approved

in advance in writing by the Declarant during such time the Declarant owns any property within Governors Village. Such interests may include fee simple or other absolute ownership interests, leaseholds, or such other possessory use interests as the Master Association may determine to be beneficial to its members.

4.4 Maintenance of Common Property, Club Property and Master Association Property. The Master Association is authorized to and shall, either by virtue of the appointment of a real estate management agent, or through its own personnel, be responsible for the maintenance and repair of the Master Association Property, the Club Property and the Common Property, including the performance of obligations which may be placed upon those properties by applicable regulatory agencies, except to the extent maintenance is the responsibility of an Association or Apartment Owner. This maintenance obligation shall commence upon the Declarant's designation of the completion of any property or facility or portion thereof, which designation may be made solely at the discretion of the Declarant. Specifically, the property the Master Association shall maintain and be responsible for shall include, but not be limited to the following:

4.4.1 Security Facilities. Such security system(s), lights and other security facilities which shall be operated and maintained for the benefit of Governors Village.

4.4.2 Streets and Sidewalks. All Streets and Sidewalks within Governors Village which are deemed complete by Declarant, except to the extent responsibility for maintenance is assumed and performed by a governmental agency or is the responsibility of an Association or Apartment Owner.

4.4.3 Surface Waters, Lakes and Dams. The Surface Water Management System, Lakes and Dams which shall be maintained as required by regulatory agencies, except to the extent maintenance is the responsibility of an Association or Apartment Owner.

4.4.4 Landscaping. All landscaping of the Common Property, Club Property, Master Association Property and buffer easements, including, without limitation, all sodding, irrigation and the planting and care of trees and shrubbery; except to the extent maintenance is the responsibility of an Association or the Apartment Owner. The irrigation system shall include the water withdrawal structure, pump, and transmission lines.

4.4.5 Signs. All signs located on the Common Property or Governors Village Swim and Tennis Club.

4.4.6 Maintenance Structures. All maintenance buildings located or to be located on property owned or maintained by the Master Association.

4.4.7 Fences. All fencing located on the Common Property and Governors Village Swim and Tennis Club and all perimeter fencing for which the Master Association holds an easement for construction and maintenance.

4.5 Rules and Regulations Governing Use of the Master Association Property, the Governors Village Swim and Tennis Club and Common Property. The Master Association, through its Board of Directors, shall regulate the use of the Common Property, the Master Association Property and the Club Property by its Members and Owners and may from time to time promulgate such rules and regulations consistent with Declaration, governing the use thereof as it may deem to be in the best interest of its Members. Only the Residential Members of the Board shall vote on rules and regulations governing the use of the Governors Village Swim and Tennis Club. No rules or regulations may be adopted which would adversely affect the rights of any Institutional Mortgagee, without the prior written consent of such Institutional Mortgagee. A copy of all rules and regulations established hereunder and any amendments thereto shall be made available to all Members of the Master Association at the office of the Master Association. Such rules and regulations, and all provisions, restrictions and covenants contained in this Declaration and any declaration of covenants for the Developments, including, without limitation, all architectural and use restrictions contained therein, may be enforced by legal or equitable action by the Master Association. So long as Declarant retains control of the Master Association pursuant to Section 3.6 of this Declaration, the Declarant will make reasonable rules and regulations governing the use of the Common Property, Master Association property and the Club Property.

4.6 Traffic Regulations. The Master Association, through its Board of Directors, shall have the right to post motor vehicle speed limits throughout Governors Village, and to promulgate traffic regulations (the speed limits and traffic regulations are collectively referred to herein as the "Traffic Regulations") for use of Streets not accepted for maintenance and regulation by a governmental agency. The Master Association, through its Board of Directors, shall also have the right to establish enforcement mechanisms for violation of the Traffic Regulations, including without limitation, the assessment of fines which shall be collected as an individual Assessment from Owners, the removal of vehicles from the Property, and the suspension of an Owner's rights and easements of enjoyment, as provided hereinbelow. Those who violate the Traffic Regulations shall be entitled to notice and a hearing before the Board of Directors, prior to the imposition of any fine, the removal of any vehicle, the deprivation of any rights or the enforcement of any other penalty for violation of the Traffic Regulations.

4.7 Owners' Easements of Enjoyment.

4.7.1 Subject to the provisions hereinbelow, each Owner shall have a right and easement of enjoyment in and to the Common Property, which easement shall be appurtenant to, and shall pass with, the title.

4.7.2 Subject to the provisions hereinbelow, each Residential Member shall also have an easement of enjoyment in and to the Club Property, which easement shall be appurtenant to, and shall pass with, the title.

4.7.3 Each Owner of a Village Homesite, except the Owner of a Homesite on the Governors Forest Property, shall have an easement to go upon any adjacent Privacy Landscape Easement Area for the improvement and maintenance of the landscape.

4.7.4 Each Owner of a Village Homesite, except the Owner of a Homesite on the Governors Forest Property, shall have an easement ten (10) feet in width along the boundary of the Homesite or Common Property adjacent to his Privacy Wall Side for the construction, maintenance and repair of his Residence and fence on his Homesite. This easement shall be used only as reasonably necessary and at reasonable times after giving notice to the Owner of the adjacent Homesite.

4.8 Extent of Owners' Easements. The rights and easements of enjoyment created hereby shall be subject to the following:

4.8.1 The right of Declarant and the Master Association to borrow money for the purpose of improving the Common Property and Club Property and, in connection therewith, to mortgage the Common Property and Club Property.

4.8.2 The right of Declarant and the Master Association to take such steps as are reasonably necessary to protect the Common Property and Club Property and, in connection therewith, to mortgage those properties.

4.8.3 The right of the Master Association to suspend the enjoyment rights and easement of any Owner for any period during which an Assessment remains unpaid by the Owner, and for any period during which the Owner is in violation of this Declaration, the declaration of covenants or the declaration of condominium for any Development, or any of the rules and regulations promulgated by the Master Association, or by any Association or the Traffic Regulations, provided, however, that the enjoyment rights and easement of an Owner shall not be so suspended on the basis of a delinquency in the payment of Assessments by the Association to which the Owner belongs if the Owner is current in the payment of the Owner's individual Assessments.

4.8.4 The right of the Master Association to properly maintain the Common Property and the Club Property.

4.8.5 The rules and regulations and the Traffic Regulations covering the use and enjoyment of the Common Property and the Club Property, as promulgated by the Master Association.

4.8.6 The right of Declarant to dedicate or transfer all, or any part, of the Common Property to any governmental or quasi-governmental agency, authority, utility, water management or water control district.

4.8.7 Restrictions contained on any plat, or other instrument filed separately, with respect to all or any portion of the Property.

4.8.8 All of the provisions of this Declaration, any declaration of covenants and declaration of condominium for the Developments, and the Articles of Incorporation and By-Laws of the Master Association and the Associations, if any, and all exhibits thereto, and all rules and regulations adopted by the Master Association and the Associations, if any, and the Traffic Regulations, as same may be amended from time to time.

4.8.9 The right of the Master Association to dedicate Streets to a public agency without any Membership approval. The right of the Master Association to dedicate or transfer all or any other part of the Common Property, Club Property and the Master Association Property to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members, provided that no such dedication, transfer or determination as to the purposes or conditions thereof shall be effective unless approved by a two-thirds (2/3) vote of the total membership, or two-thirds (2/3) vote of the Residential Members with regard to the Club Property, at a duly called meeting of the Master Association, and unless written notice of the proposed agreement and action thereunder is sent to all Members at least ninety (90) days in advance of any action, and provided further, that any such dedication or transfer is approved in advance in writing by the Declarant during such time the Declarant owns any property within Governors Village.

4.8.10 The right of the Declarant to develop Governors Village, including additional property, and to sell or lease property to purchasers or lessees. As a material condition for ownership of property in Governors Village, each Owner releases Declarant from any claim that the Owner might have for interference with his quiet enjoyment of the Common Property, the Governors Village Swim and Tennis Club or the Master Association Property due to the development of Governors Village, regardless of where the construction operations are performed; and each Owner acknowledges and agrees that Declarant shall have the sole right of design, construction, development and improvement of the Common Property, the Governors Village Swim and Tennis Club, the Master Association Property, the Units of Governors Village, the Apartment Developments, other Developments and additional property (with the exception only of Homesites).

4.8.11 The right of the Declarant to dedicate nonexclusive mutual easements across the Common Property to other properties of Governors Village, including additions to Governors Village.

For so long as Declarant owns or has any use rights to any property subject to this Declaration, Declarant shall have the right to transact any business necessary to consummate sales of property throughout Governors Village, including, but not limited to, the right to maintain office(s) on the Common Property or the Master Association Property in location(s) to be selected by Declarant, to have employees in such offices, to construct and maintain other structures or appurtenances which are necessary or desirable for the development and sale of the Property throughout Governors Village including without limitation, sales models and parking lots; to post and display a sign or signs on any Units owned by Declarant or the Common Property or Master Association Property; and to use the Common Property and Club Property to show Units and other Developments. Sales office signs and all other structures and appurtenances pertaining to the sale or development of property within Governors Village shall not be considered Common Property and shall remain the property of the Declarant. Declarant may authorize other builder/developers to exercise the rights reserved in this paragraph, singularly or in concert with Declarant.

After turnover of control of the Master Association, and regardless of whether Declarant owns or has any use rights to any property in Governors Village, Declarant or its assignee shall have the right, but not the obligation, to continue to exercise the rights granted to Declarant under Section 13.6 hereinbelow at no cost or charge of any kind except its pro rata share of utility expenses and real estate taxes and payment of a rental for use of property based on the current market rate for commercial space in the County. This office shall be used as a real estate brokerage office to assist Owners in the sale or lease of their Units and obtaining necessary approvals for such transfers. No other commercial or real estate offices shall be located on the Common Property, Club Property or upon any Homesites after turnover of control of the Master Association.

4.9 Contracts. Declarant, its affiliates, successors or assigns, may be the management agent for the Master Association and may hire such employees, including, but not limited to attorneys, accountants, bookkeepers, gardeners and laborers, as the Declarant may deem necessary in order to maintain the Master Association Property, the Governors Village Swim and Tennis Club and the Common Property. No agreement between the Master Association and Developer, its successors or assigns shall be held invalid solely for the reason that at the time of entering into the agreement, employees, offices or agents of the Declarant or its affiliates, successors or assigns are officers, directors and/or employees of the Master Association.

4.10 Continual Maintenance. In the event of a permanent dissolution of the Master Association, the Residential Members shall immediately hold title to the Governors Village Swim and Tennis Club and the Members shall immediately thereupon hold title to all other Common Property as tenants in common and shall collectively provide for the continued maintenance and upkeep thereof. In no event shall the County be obligated to accept any dedication offered to them by the Master Association or the Members pursuant to this section, but said County may accept such a dedication and any such acceptance must be made by formal resolution of the then empowered County Board of Commissioners.

ARTICLE 5 - EASEMENTS

5.1 Easement Grants. The following easements are hereby granted and reserved to or by Declarant over, across and through the Property:

5.1.1 Utility Easements. Easements for the installation and maintenance of utilities are reserved by the Declarant and may be granted by Declarant to the Master Association and to public and private utilities across the Governors Village Apartment Tract and across the front, side and rear lines of each Homesite, in the dimensions set forth below, or as otherwise shown on the recorded subdivision plats of the Property, for present and future utility services to Governors Village, including, but not limited to, water lines, sanitary sewer lines, storm drainage culverts, sprinkler lines, natural gas lines, electrical wires, television wires, telephone cables, irrigation lines, security wires, street lights, communication lines, communication devices, and other services, known and unknown as follows:

- a. Village Homesites: The easement shall run along the entire length of each front, rear and side line for a width of five (5) feet.
- b. Governors Village Apartment Tract: The easement shall be across all perimeter landscape buffer areas shown on the recorded plat and shall also run along the entire perimeter of this tract and the boundary of all perimeter landscape buffers for a width of five (5) feet. There shall also be an easement fifteen (15) feet in width along all utility lines installed to serve the Governors Village Apartment Tract and an easement for all pump stations and other utility facilities installed to serve the Governors Village Apartment Tract.

Within these easement areas, no structure, planting or other material (other than sod), which may interfere with the installation and maintenance of utility facilities, shall be placed or permitted to remain unless such structure, planting or other material was installed or approved by the Declarant or ARB. The Declarant, the Master Association and their respective successors and assigns (or such other entity as is indicated on the plats of the Property) are hereby granted access to all easements within which such facilities are located for the purpose of operation, maintenance and replacement thereof.

In the event that Homesites are recombined or reconfigured with the joinder of the Declarant, then the easements reserved herein shall run along the newly established lines and the easements along the old lines shall be abolished, unless some easement is expressly reserved.

5.1.2 Drainage Easements. Easements for the installation and maintenance of drainage facilities are granted to the Master Association, as shown on the recorded

subdivision plats of the Property, (1) to run along the entire length of each front, rear and side line of Village Homesites for the same widths set forth in 5.1.1(a) above or as otherwise shown on the recorded plats; and (2) to run across the Governors Village Apartment Tract in the same locations and for the same widths as set forth in 5.1.1(b) above for utility easements, including any drainage facilities which are installed by the Declarant or, with the consent of the Apartment Owner, the Master Association. In addition, an easement for the impoundment of waters is reserved upon lake-front property for a width necessary to accommodate an increase in the elevation of any lake waters one (1) foot above its spill-way elevation. (Any lake on the Governors Village Apartment Tract shall be the responsibility of the Apartment Owner and this section shall not apply.) Within these easement areas, no structure, planting or material (other than sod), which may interfere with the installation and maintenance of drainage facilities or which may obstruct or retard the flow of water through lakes, streams or drainage channels, shall be placed or permitted to remain, unless such structure, planting or other materials was installed by the Declarant. The Declarant and the Master Association and their respective successors and assigns, shall have access to all such drainage easements for the purpose of operation and maintenance of the lakes, streams and Surface Water Management System. Ownership and use of the lakes (except any on the Governors Village Apartment Tract) are reserved to the Master Association.

In the event that Homesites are recombined or reconfigured with the joinder of the Declarant, then the easements reserved herein shall run along the newly established lines and the easements along the old lines shall be abolished, unless some easement is expressly reserved.

5.1.3 Maintenance Easement. The Common Property, Club Property and the Common Areas are hereby declared to be subject to a perpetual, non-exclusive easement in favor of the Master Association, employees and agents of the Master Association, and of any management entity contracted by the Master Association in order that such employees, agents or management entity may carry out their duties.

5.1.4. Easements Across Common Property and Club Property. Easements are hereby reserved through the Common Property, including, without limitation, the Streets and the easements shown on the plat(s) of the Property, for use by Owners and by Developer, for their use and the use of their agents, employees, licensees and invitees, for all purposes in connection with the use, development and sales of the Property. Easements are also reserved through the Club Property for reasonable use by Homesite Owners and by Developer in connection with the use, development and sales of the Property. Easements are also reserved for the Developer, Owners of Homesites 49, 50, 57, 58, 65, and 66, and Owners of Homesites on which the Privacy Wall Side adjoins Common Property to go upon the adjacent Common Property for the construction, maintenance and repair of Residences and fences as provided in Article 4 above. Only the Declarant may dedicate any street, road, or driveway easements through the Property, including the Common Property.

5.1.5 Easement of Entry by Master Association and Declarant.

Declarant reserves for itself and the Master Association, their successors, assigns and agents, a special easement for the right to enter upon any of the Property, such entry to be made by personnel with tractors or other suitable devices, for the purposes of mowing, removing, cleaning, cutting or pruning underbrush, weeds or other unsightly growth, or for the purpose of building or repairing any land contour or other earth work, which in the opinion of the Declarant or the Master Association detracts from or is necessary to maintain the overall beauty, ecology, setting and safety of the property. Any such entrance shall not be deemed a trespass. The Declarant or the Master Association and its agents may likewise enter upon any Homesite, Development or other portion of the Property to remove any trash which has collected or to remove any unauthorized Improvement, vehicle or other object, without such entrance and removal being deemed a trespass. The provisions in this paragraph shall not be construed as an obligation on the part of Declarant or the Master Association to undertake any of the foregoing.

5.1.6 Location and Control of Easements. The Declarant reserves for itself and the Master Association the power and authority, without the consent or approval of any Association or the Owners being required, to create, terminate, locate, relocate and control the use of any easements or rights of way of whatever nature, which are not included in the Development Plan or dedicated as Streets on the recorded plats of the Property. The Declarant further reserves for itself and the Master Association the power and authority, without the consent or approval of any Association or the Owners being required, to levy and collect from any non-Owner the cost of construction or maintenance, or both, of any easement or right of way of whatever nature, that the non-Owner uses or claims a right to use.

5.1.7 Sidewalk Easement. Declarant reserves for itself and the Master Association, their successors, assigns and agents, a sidewalk easement across the front of all Homesites and across the side of the Governors Village Apartment Tract adjacent to Moring for use and enjoyment by the residents of Governors Village and others, only under such rules as may be promulgated by the Master Association from time to time. The sidewalk easement is ten (10) feet in width, lies on the Homesites and the Governors Village Apartment Tract adjacent to all Street right-of-way boundaries, and includes the right to usual and necessary access for purposes of construction, maintenance, repair, removal, and replacement. In the event sidewalks are constructed on the easements reserved herein or in the road rights-of-way adjacent to the Homesites and the Governors Village Apartment Tract, the Master Association shall be responsible for the maintenance and management of such sidewalks.

5.1.8 Village Homesite Maintenance Easement. Declarant reserves for itself and Owners of Village Homesites an easement to go upon Village Homesites for the construction, maintenance and repair of Residences as provided in Article 4 above.

ARTICLE 6 - ASSESSMENTS AND LIEN

6.1 Authority of Master Association. The Master Association, through its Board of Directors, shall have the power and authority to make and collect Assessments as hereinafter set forth.

6.2 General Assessments. General Assessments shall be determined annually for the purpose of maintenance and management of the Master Association, the Master Association Property, the Common Property except the Governors Village Swim and Tennis Club and for the purpose of promoting the safety and welfare of the Owners, provided however, that such General Assessments are not attributable to the direct costs of owning and operating the Governors Village Swim and Tennis Club or to only one specific class of membership. Without limiting the foregoing, General Assessments shall be used for the payment of: operation, maintenance and management of the Master Association Property; operations and maintenance of the Surface Water Management System; property taxes and assessments against and insurance coverage for the Common Property and the Master Association Property; legal and accounting fees; maintenance of the Streets, sidewalks and street lights; operation, improvement and maintenance of the Parks; security costs; management fees; normal repairs and replacements; charges for utilities used upon the Common Property and the Master Association Property; cleaning services; expenses and liabilities incurred by the Master Association in the enforcement of its rights and duties against Members, Owners or others; maintenance of vacant property; the creation of reasonable reserves; and all other expenses deemed by the Board of Directors of the Master Association to be necessary and proper for management, maintenance, repair, operation and enforcement; except the Club Expenses.

6.3 Basis and Collection of General Assessments. The Master Association shall annually estimate the Common Expense it expects to incur and the period of time involved therein and may assess the Association Members, the individual Homesite Owners and the Apartment Owner sufficient monies to meet this estimate. No other provision of this Declaration to the contrary notwithstanding, however, no general, special or emergency assessment shall be levied against the Declarant or any property owned by the Declarant. All Units and Unit Equivalents shall be assessed at a uniform rate. Assessments against the Homesites will be collected from the individual Homesite Owners. Assessments against Units governed by an Association shall be collected from the respective Association Member based upon the number of Units or Unit Equivalents governed by such Association Member; Assessments against property in other Developments shall be collected from the respective Owners based upon the number of Unit Equivalents owned, provided, however, that as additional property is subjected to this Declaration, Declarant shall have the right to determine, in its sole discretion, the basis for assessment of such additional property. Prior to December 31, 1997, the maximum annual assessment shall not exceed Four Hundred Dollars (\$400.00) per Unit and per Unit Equivalent. Thereafter, the maximum General Assessment that may be made by the Board of Directors, without a vote of the membership, shall increase by ten percent (10%) annually. Should the Master Association, through its Board of Directors, at any time determine that the Assessments

made are not sufficient to pay the expenses, or in the event of emergency, the Board of Directors shall have authority to levy and collect additional General Assessments to meet such needs. General Assessments shall be collectible in advance monthly, quarterly, semi-annually or annually, as the Board of Directors shall determine.

The Governors Village Apartment Tract shall be 40 Unit Equivalents for up to 242 residential apartments. In the event more than 242 apartments are constructed, then the number of Unit Equivalents shall increase at a ratio one (1) Unit Equivalent per six (6) apartments.

6.4 Special Assessments. The Master Association shall have the power and authority to levy and collect special Assessments from Association Members, the individual Owners, and the Apartment Owner. Without limiting the foregoing, special Assessments shall be used for the payment of: the acquisition of property; the cost of construction of capital Improvements to the Common Property or the Master Association Property; the cost of construction, reconstruction, unexpected repair or replacement of a capital Improvement, including the necessary fixtures and personal property related thereto, and the expense of indemnification of each director and officer of the Master Association and each member of the ARB. Special Assessments shall be assessed at a uniform rate for each Unit and Unit Equivalent assessed. Special Assessments against Units governed by an Association shall be collected from the respective Association Members, based upon the number of Equivalent Units governed by such Association Member, provided, however that as additional property is subjected to this Declaration, Declarant shall have the right to determine in its sole discretion, the basis for assessment of such additional property. If a special Assessment shall exceed Four Hundred Dollars (\$400.00) per Unit, it shall require the approval of the Members of the Master Association, to be obtained at a duly convened regular or special meeting at which a quorum exists and which is called at least in part to secure this approval. Approval shall be by an affirmative vote of at least sixty percent (60%) of the votes present in person or by proxy. Special Assessments shall be collectible in such matter as the Board of Directors shall determine.

6.5 Emergency Special Assessments. The Master Association may levy an emergency special Assessment when, in the sole determination of the Board of Directors, there is potential danger of damage to persons or property. Such emergency special Assessments may be utilized to pay for preventative, protective or remedial construction, reconstruction, improvements, repairs or replacements. Events justifying emergency special Assessments include, but are not limited to, hurricanes, floods, and fires. Emergency special Assessments shall be collectible from Association Members, individual Homesite Owners and the Apartment Owner, in such manner as the Board of Directors shall determine.

6.6 Individual Assessments. The Master Association shall have the power and authority to levy and collect an individual Assessment against a particular Unit, an Association, or the Apartment Owner, for the cost of maintenance, repairs or replacements within or without the Unit, any Association property, or the Apartment Property, as the case may be, which the owner thereof has failed or refused to perform, and which failure or refusal has, in the opinion

of the Master Association, endangered or impaired the use or value of other portions of the Property. The Master Association shall have a right of entry onto the Property to perform necessary maintenance, repairs, and replacements, including the right to abate or eliminate any nuisance, which right of entry shall be exercised only after the giving of reasonable prior notice and opportunity on the part of the owner to abate or eliminate any non-emergency nuisance. An individual Assessment may also be made for any personal services provided the individual Member. The individual Assessment may include an administrative fee charged by the Master Association in an amount to be determined by the Board of Directors in its discretion from time to time. All individual Assessments shall be collectible in such manner as the Master Association shall determine. All Association By-Laws and Declarations shall provide for such individual assessment by the Master Association.

6.7 Governors Village Swim and Tennis Club Assessments. All Owners of Homesites shall pay Assessments for Governors Village Swim and Tennis Club Expense. The Homesite Owner members of the Board of the Master Association shall annually estimate the Club Expense and determine the amount of General Assessment for Governors Village Swim and Tennis Club and the basis and collection thereof shall be in the same manner that the General Assessments are determined and collected in accordance with Section 6.2 and 6.3 above. Prior to December 31, 1997, the maximum annual General Assessment for the Club shall not exceed Two Hundred Dollars (\$200.00) per Unit. Thereafter, the maximum General Assessment that may be made, without a vote of the membership, shall increase by ten percent (10%) annually. Should the Master Association, through the Homesite Owner members of its Board of Directors, at any time determine that the Assessments made are not sufficient to pay the expenses, or in the event of emergency, the Board of Directors shall have authority to levy and collect additional General Assessments to meet such needs.

The Master Association shall have the power and authority to levy and collect Special Assessments, Emergency Special Assessments and Individual Assessments for Club Expense from Homesite Owners. These assessments shall be determined and collected on the same basis as set forth in Section 6.4, 6.5, and 6.6 above. All types of Governors Village Swim and Tennis Club Assessments shall be determined by the Board of Directors with only the Directors elected by Homesite Owners voting. Where Membership approval is required, only the Homesite Owners shall vote.

The Master Association shall also have the power to levy and collect user fees established pursuant to Article 4.

6.8 Effect of Non-Payment of Assessments. All notices of Assessments from the Master Association to the Association Members, the Homesite Owners, and the Apartment Owner shall designate when the Assessment is due and payable. If any Assessment is not paid on the date when due, the Assessment shall then become delinquent, with a late charge of twenty-five dollars (\$25.00), and shall bear interest at the rate of eighteen percent (18%) per annum, from the date when due until paid. The Assessment, together with interest thereon and the costs of

collection thereof, including attorneys' fees, shall be a continuing lien against all Units owned or governed by, and all property owned by, the Homesite Owner and the Association Member against which the Assessment is made, all property owned by the Apartment Owner, as the case may be, and shall also be the continuing personal obligation of the Association Member, the Homesite Owner, or the Apartment Owner, as the case may be. Any successor in title to any Owner shall be held to constructive notice of the records of the Master Association to determine the existence of any delinquency in the payment of Assessments by the Association Member to which the Property is subject, by a Homesite Owner, or by the Apartment Owner, as the case may be. The Master Association may also record a claim of lien in the Public Records of the County against all Units owned or governed by and/or all property owned by the delinquent Homesite Owner, Association Member against all Homesites and/or all property owned by the Apartment Owner, as the case may be, setting forth the amount of the unpaid Assessment, the rate of interest due thereon, and the costs of collection thereof. If any Assessment, or any installment thereof, shall not be paid within thirty (30) days following the due date, the Master Association may declare the entire Assessment immediately due and payable.

Each Association's By-Laws and Declarations shall provide for the apportionment of any past due Master Association Assessment among its members in accordance with its Articles of Incorporation, Bylaws and Declarations, which shall require that said proportional assessment will become a lien upon the individually owned Unit (and its undivided interest in common property of the Association, if applicable), upon demand by the Master Association. Should any Association fail to record said lien within thirty (30) days after its due date with the Register of Deeds of the County, the Master Association shall have such rights as its Attorney in Fact, coupled with an interest. Should any Association fail to pay, when due, any General or Special Assessment of the Master Association, then in such event the defaulting Association shall assign its rights in said individually liened Units, upon demand, to the Master Association for its enforcement. The foregoing rights of the Master Association shall be in addition to those lien rights given herein to lien Association property.

The Master Association may, at any time thereafter, bring an action to foreclose the lien against any one or more of the Units, or the Apartment Property, in the manner in which deeds of trust on real property are foreclosed, under a power of sale under Article 2A of Chapter 45 of the General Statutes, and/or a suit on the personal obligation of the Association Member, the member of an Association, the Homesite Owner, or the Apartment Owner, as the case may be. There shall be added to the amount of such Assessment the costs of such action, including attorneys' fees, and in the event a Judgment is obtained, such Judgment shall include interest on the Assessment as above provided and attorneys' fees incurred by the Master Association, together with the costs of the action. Regardless of the date of recordation of any claim of lien, the effective date thereof shall relate back, and it shall take priority, as of the date of recordation of this Declaration. Each Owner of a Condominium Residence or Unit in an Association may relieve his Unit of the Assessment lien by paying to the Master Association the proportionate amount of the Assessment of an Association that is attributable to his Unit, as determined by the Master Association which shall execute and record a release of lien with respect to such Unit. Upon such

payment, the Master Association shall execute and record a release of lien with respect to such Unit.

6.9 Additional Assessments. The Assessments provided for herein shall be in addition to any other assessments, charges or taxes which may be levied by any of the Associations or other entity.

6.10 Certificate of Assessments. The Master Association shall prepare a roster of the Associations, the Homesite Owners, the Apartment Owner and the Assessments applicable thereto, which roster shall be kept in the office of the Master Association and shall be open to inspection by all Members, Owners and the Apartment Owner. The Master Association shall, upon demand by a Member, Owner, or the Apartment Owner, prepare a Certificate of Assessments signed by an officer of the Master Association, setting forth whether the Assessments of an Association Member, member of an Association, Homesite Owner or the Apartment Owner have been paid and/or the amount which is due as of the date of the Certificate. As to parties without knowledge of error who rely thereon, such Certificate shall be presumptive evidence of payment or partial payment of any Assessment therein stated as having been paid or partially paid.

6.11 Subordination to Lien of Mortgages. Regardless of the effective date of the lien of any Assessments made by the Master Association, such Assessment lien shall be subordinate and inferior to the lien of the mortgage of any Institutional Mortgagee. The Assessment lien shall also be subordinate to the lien of any mortgage securing a loan or loans made to the Declarant, whether a first mortgage or otherwise. Such subordination shall, however, apply only to the Assessments which have become due and payable prior to a final sale or transfer of the mortgaged Unit pursuant to a decree of foreclosure, or in any other proceeding or conveyance in lieu of foreclosure of the mortgage. No sale or other transfer shall relieve any Unit from liability for any Assessment becoming due thereafter, nor from the lien of any such subsequent Assessment. Any delinquent Assessments which are extinguished pursuant to a sale or transfer in connection with the foreclosure of a mortgage or any proceeding or deed in lieu of foreclosure shall be allocated and assessed to all Association Members, Homesites, or to the Apartment Owner, as the case may be. The written opinion of the Master Association that the Assessment lien is subordinate to a mortgage lien shall be dispositive of any questions of subordination, provided, however, that such opinion shall have no effect upon the priority of a mortgage security a loan or loans made to the Declarant.

6.12 Exempt Property. The following property shall be permanently exempt from the payment of all Assessments to the Master Association and Associations:

6.12.1 All property dedicated to, or owned by, the Master Association or an Association.

6.12.2 Any portion of the Property dedicated or conveyed to the state or any municipal corporation.

6.12.3 Any portion of the Property owned by Declarant, including any portion of the Governors Forest Property owned by Landmark Homes, its affiliates, successors and assigns to whom its rights as Declarant hereunder are expressly transferred, in whole or in part.

ARTICLE 7 - MAINTENANCE OF PROPERTY

7.1 Association Responsibilities. Each Association shall be responsible for the maintenance of all common property or common or limited common elements (as same defined in the Declaration of Covenants or the Declaration of Condominium for such Development) such as landscaping, signs, drains, walks, parking areas, buffers or other amenities dedicated to the Association on the plat of any portion of the Property, or as otherwise established by other legal documentation affecting such common property or common elements.

7.2 Unit Owner Responsibilities.

7.2.1 Condominium Residences. Each Condominium Residence Owner shall be responsible for the maintenance of the interior areas of his Condominium Residence and for maintenance of the windows, doors and screen enclosures of his Condominium Residence. Each Owner of a Condominium Residence shall obtain casualty insurance for the interior of his Unit, to protect the Owner's interest in the Unit.

7.2.2 Homesites. The Owner of any Homesite shall be responsible for all maintenance and repair of such Homesite, including, without limitation, the Residence located thereon. If a Residence is damaged by casualty, the Owner must immediately clear the site of casualty. If reconstructed, the reconstruction must be substantially in accordance with the original plans and specifications of the Residence, or if not, then according to plans and specifications approved by the Architectural Review Board.

7.3 Master Association Responsibilities. The Master Association shall be responsible for the maintenance of all Master Association Property and all Common Property, pursuant to Section 4.4 of this Declaration.

7.4 Maintenance of Apartment Property. The Apartment Owner shall be solely responsible for the maintenance and repair of the Governors Village Apartment Tract and all Improvements constructed thereon by the Apartment Owner.

7.5 Individual Assessment. Notwithstanding anything contained in this section to the contrary, the expense of any maintenance, repair or reconstruction of any portion of the Common Property, the Master Association Property, the Governors Village Swim and Tennis Club or such other property as is to be maintained by the Master Association, necessitated solely by the negligent or willful acts of an Owner or his invitees, licensees, family or guests shall be

born solely by such Owner, and his Property shall be subject to an individual Assessment for such expense by the Master Association. No Owner shall have the right to repair, alter, add to, replace, paint or in any other way maintain the Common Property, Club Property, the Master Association Property or such other property to be maintained by the Master Association or an Association.

7.6 Architectural Review Board. All repairs and replacements which are to be made by an Owner pursuant to the provisions set forth hereinabove, shall be subject to the approval of the Architectural Review Board, as set forth in Article 10 of this Declaration.

ARTICLE 8 - ADDITIONAL USE RESTRICTIONS

The Declaration of Covenants and the Declaration of Condominium for any Development shall include use, architectural and landscaping restrictions which shall govern portions of the Property. Such architectural, landscaping and use restrictions, and all other provisions, restrictions and covenants in the foregoing Declaration of Covenants and Declaration of Condominium, as well as all rules and regulations adopted by the Associations, may be enforced by legal or equitable action of the Master Association.

ARTICLE 9 - INSURANCE

The Master Association is hereby authorized to purchase property and casualty insurance, other than title insurance, on the Common Property, the Club Property and the Master Association Property as well as liability, indemnity and fidelity insurance, in such amounts and with such companies as the Board of Directors shall deem appropriate.

ARTICLE 10 - ARCHITECTURAL AND LANDSCAPE CONTROLS

10.1 Architectural Review Board. It is the intent of Declarant to create a general plan and uniform scheme of development of the Property and to create within the Property a residential and business community of high quality and harmonious Improvements. Accordingly, the Architectural Review Board (the "ARB") shall have the right to approve or disapprove all architectural, landscaping and locating of any proposed Improvements, as well as the general plan for development of all Units and Developments within the Property. The ARB may, in its sole discretion, impose standards for construction and development which may be greater or more stringent than standards prescribed in applicable building, zoning or other governmental codes. The procedures of the ARB shall be as set forth below.

10.1.1 The ARB shall be a permanent committee of the Master Association and shall administer and perform the architectural and landscape review and control functions of

the Master Association and the Associations. The ARB shall consist of five (5) voting members who shall initially be named by the Declarant and who shall hold office at the pleasure of the Declarant. So long as Declarant owns any property within Governors Village, the Declarant shall have the right: to change the number of members on the ARB provided, however, that the ARB shall at all times consist of at least three (3) members; to appoint all members of the ARB; and to remove and replace all members appointed to the ARB. The Declarant shall determine which member of the ARB shall serve as its Chairman, or which members of the ARB shall serve as Co-Chairmen. In the event of the failure, refusal or inability to act of any of the members appointed by the Declarant, and in the event that the Declarant fails to fill any such vacancy within thirty (30) days of such occurrence, the remaining members of the ARB shall fill such vacancy by appointment. At such time as Declarant no longer owns any property within Governors Village or at such earlier date as Declarant may decide, the Declarant shall assign to the Master Association the rights, powers, duties and obligations of the ARB, whereupon the Board of Directors shall determine how many persons shall serve on the ARB, provided that the ARB shall at all times consist of no less than three (3) members, shall appoint the members of the ARB, shall provide for the terms of the members of the ARB, and shall determine which member of the ARB shall serve as its Chairman. There shall be no requirement that any of the members of the ARB be a member of either the Master Association or one of the Associations or an Owner within Governors Village. Any three (3) members of the ARB shall constitute a quorum to transact business at any meeting, and the action of the majority present shall constitute the action of the ARB.

10.1.2 No Improvements shall be constructed, erected, removed, or planted, nor shall any addition to or any change, replacement or alteration be made, unless and until the approval thereof shall be obtained in writing from the ARB. 

10.1.3 Each applicant shall submit a preliminary application to the ARB with respect to any proposed Improvement or Improvements that he may contemplate. The preliminary application shall include such information as may be required by the application form promulgated by ARB. Prior to the commencement of any work on such Improvement, the plans and specifications therefor, including the identity of each contractor and subcontractor which is intended to be engaged for the construction of same, shall be subject to a final review and approval by the ARB. At that time, the applicant shall submit to the ARB such additional information as the ARB may reasonably require, which may include, without limitation, three (3) sets of plans and specifications for the proposed improvements sealed by an architect licensed in the State of North Carolina so that the ARB may be able to adequately make the determinations required of it pursuant to this Declaration, a surface water drainage plan showing existing and design grade and/or contours relating to the predetermined ground floor finish elevation as established by Declarant, three (3) sets of plans and specifications for the Unit, the landscaping design plan and irrigation system showing all proposed Improvements, including their site locations, three (3) copies of a detailed tree survey, showing all existing trees of four (4) inches or more in diameter and vegetation stands, and a written application on such form and together with such fees, as may be provided or required by the ARB. The ARB may also require, without limitation, submission

of samples of building materials and colors proposed to be used, as well as requiring the location of the proposed Improvements to be staked out on the ground.

10.1.4 In the event the information submitted to the ARB is, in the ARB's opinion, incomplete or insufficient in any manner, the ARB may request and require the submission of additional or supplemental information.

10.1.5 No later than thirty (30) days after receipt of all information required by the ARB for final review (unless the applicant waives this time requirement), the ARB shall respond to the applicant in writing. The ARB shall have the right to refuse to approve any plans and specifications which are not suitable or desirable, in the ARB's sole discretion, for aesthetic or any other reasons. In approving or disapproving such plans and applications, the ARB shall consider the suitability of the proposed Improvements, and the materials of which the same are to be built, the site upon which such Improvements are proposed to be erected, the harmony thereof with the surrounding area and the effect thereof on adjacent or neighboring property. In the event the ARB fails to respond within said thirty (30) day period (or such additional time as may be allowed by the applicant), the plans and specifications shall be deemed approved by the ARB.

10.1.6 In the event commencement of construction of a proposed Improvement does not occur within five (5) months of approval, the approval will terminate and the Improvement will be treated as if originally disapproved. Unless specific waiver is approved by the ARB, the construction of any Improvement shall be completed within eighteen (18) months after commencement of construction. For purposes of this Section, "commencement of construction" shall mean and refer to the first to occur of any of the following events in connection with the proposed Improvement: the clearing of the site; the commencement of significant excavation; the assembling of significant construction material at the site; the demolition or removal of an existing structure at the site; the preparation of the foundation; or the erection of part or all of the structure. Anything contained herein to the contrary notwithstanding, the provisions of this Section shall not apply to Homesites on the Governors Forest Property.

10.1.7 Upon approval by the ARB of any plans and specifications submitted to the ARB, the ARB shall notify the applicant in writing, which notification shall set forth any qualifications or conditions of approval. In the event that the ARB disapproves any plans and specifications submitted to the ARB, the ARB shall so notify the applicant in writing, stating the grounds upon which such disapproval is based. Any applicant may request a formal meeting with the ARB to review the plans and specifications disapproved, the meeting to take place no later than thirty (30) days after written request for such meeting is received by the ARB (unless applicant waives this time requirement in writing). The ARB shall make a final written decision no later than thirty (30) days after such meeting. In the event the ARB fails to provide such written decision within thirty (30) days, the plans and specifications shall be deemed approved. Upon continued disapproval, the applicant may appeal the decision of the ARB to the Board of Directors of the Master Association within thirty (30) days of the ARB's written review

and disapproval. Review by the Board of Directors shall take place no later than thirty (30) days subsequent to the receipt by the Board of Directors (unless applicant waives this time requirement in writing). If the Board of Directors fails to hold such a meeting within thirty (30) days after receipt of request of such meeting, then the plans and specifications shall be deemed approved. The Board of Directors shall make a final decision no later than thirty (30) days after such meeting. In the event the Board of Directors fails to provide such written decision within said thirty (30) days of the ARB's decision, such plans and specifications shall be deemed approved. The decision of the Board of Directors shall be final and binding upon the applicant, his heirs, legal representatives, successors and assigns; provided, however, that no Improvement shall be erected or shall be allowed to remain which violates any of the covenants, conditions or restrictions contained in this Declaration, the Declaration of Covenants or the Declaration of Condominium for the Developments, or which violates any zoning or building ordinance or regulation.

10.1.8 Any and all alterations, deletions, additions and changes of any type or nature whatsoever to the plans and/or specifications approved by the ARB shall be subject to the approval of the ARB in the same manner as is required for approval of original plans and/or specifications.

10.1.9 There is specifically reserved unto the ARB, and to any agent or member of the ARB, the right of entry and inspection upon any portion of the Property for the purpose of determination by the ARB, whether there exists any construction of any Improvement which violates the terms of any approval by the ARB or the terms of this Declaration, the Declaration of Covenants and Restrictions or the Declaration of Condominium for the Developments, or any amendments thereto, or of any other covenants, conditions and restrictions to which any deed or other instrument of conveyance makes reference. If any Improvement of any nature shall be constructed or altered without the prior written approval of the ARB, the Owner or Association shall, upon demand of the Master Association, cause such Improvement to be removed, or restored in order to comply with the plans and specifications originally approved by the ARB. The Owner or Association shall be liable for the payment of all costs of such removal or restoration, including all costs and attorneys' fees incurred by the Master Association. Such costs may also be the basis for an individual Assessment. The ARB is specifically empowered, upon receipt of Board of Directors' approval to enforce the architectural and landscaping provisions of this Declaration and the Declaration of Covenants for the Developments, by any legal or equitable remedy, and in the event that it becomes necessary to resort to litigation to determine the propriety of any constructed Improvement, or to remove any unapproved Improvement or restore any tree or natural area, the Master Association shall be entitled to the recovery of court costs, expenses and attorneys' fees in connection therewith. All costs, expenses and attorneys' fees of the ARB, including those incurred in connection with its enforcement or other powers, as provided herein, shall be borne by the Master Association; provided, however, that nothing herein shall be deemed to negate the Master Association's right to an award of the Master Association's and the ARB's attorneys' fees and costs if the Master Association is the prevailing party in any administrative or judicial proceeding. In the event that any Owner or

Association fails to comply with the architectural and landscape provisions contained herein or in the Declaration of Covenants or Declaration of Condominium for the Developments, or other rules and regulations promulgated by the ARB, the ARB may, in addition to all other remedies contained herein, record against that Owner's Unit a Certificate of Non-Compliance stating that the Improvements on the Unit fail to meet the requirements of the ARB.

10.1.10 The ARB is empowered to publish or modify from time to time, design and development standards for the entire Governors Village project or for one or more of the Developments, or for the Homesites, including, but not limited to, the following:

- a. Roof and roof design.
- b. Fences, walls and similar structures.
- c. Exterior building materials and colors.
- d. Exterior landscaping.
- e. Signs and graphics, mail boxes, address numbers and exterior lighting.
- f. Building set backs, side yards and related height, bulk and design criteria.
- g. Pedestrian and bicycle ways, sidewalks, pathways and trails.
- h. Plumbing and wastewater fixtures and systems.

The design and development standards may also include specific site, landscaping and building plans and specifications. The nature and the type of Improvements that may be made by an Owner may be limited to those included in the plans and specifications designated by the ARB.

10.1.11 Anything contained herein to the contrary notwithstanding, any Improvements of any nature made or to be made by the Declarant, including, without limitation, Improvements made or to be made to the Common Property and Club Property, shall not be subject to the review of the ARB.

10.1.12 The ARB may adopt a schedule of reasonable fees for processing requests for approval. Such fees, if any, shall be payable to the Master Association at the time that the plans and specifications and other documents are submitted to the ARB. The payment of such fees, as well as other expenses of the ARB required to be paid, shall be deemed to be an individual Assessment, enforceable against the Owner and the Unit as provided hereinabove. The ARB is expressly reserved the right and power, exercisable in its sole discretion, to procure the services of a consultant of its own choosing for purposes of assisting the ARB in its review of any plans or specifications, and the cost of such consulting services shall be the responsibility of the respective applicant or Owner of the subject property.

10.1.13 Neither the Declarant, the directors or officers of the Master Association, the members of the ARB, nor any person acting on behalf of any of them, shall be liable for any costs or damages incurred by an Owner or Association within Governors Village or any other party whatsoever, due to any mistakes in judgment, negligence or any action of the ARB in connection with the approval or disapproval of plans and specifications. Each Owner or Association and occupant of any property within Governors Village agrees, as do their successors and assigns by acquiring title thereto or an interest therein, or by assuming possession thereof, that they shall not bring any action or suit against the Declarant, the directors or officers of the Master Association, the members of the ARB, or their respective agents, in order to recover any damages caused by the actions of the ARB. The Master Association shall indemnify, defend and hold the ARB and each of its members harmless from all costs, expenses and liabilities, including attorneys' fees, of all nature resulting by virtue of the acts of the ARB or its members. Neither the Declarant, the directors or officers of the Master Association, the members of the ARB, nor any person acting on behalf of any of them, shall be responsible for any defects in any plans or specifications, nor for any defects in any Improvements constructed pursuant thereto. Each party submitting plans and specifications for approval shall be solely responsible for the sufficiency thereof and for the quality of construction performed pursuant thereto.

ARTICLE 11 - USE RESTRICTIONS

11.1 Restrictions on use of Homesites. The following restrictions shall apply to Homesites.

11.1.1 Homesite Restrictions. One (1) Homesite, as shown on the plats for the Homesites, shall be the minimum land area upon which a Residence and a Garage may be constructed.

11.1.2 Floor Area. Each Residence on a Village Homesite shall have a minimum square footage of heated floor space of one thousand five hundred seventy (1,570) square feet, except that each Residence on a Homesite on the Governors Forest Property shall have a minimum square footage of heated floor space of two thousand two hundred (2,200) square feet.

The design of all floor areas is subject to ARB approval. The calculation of square footage shall not include: garages, covered walks, open and/or screen porches, patios and pool areas. Square footage measurements shall be taken from inside exterior walls of Residences. The ARB may grant variances as regards first floor minimum footage for designs to fit the particular topography or design of any building site.

11.1.2.1 Maximum Footprint of Residences. A Residence constructed on a Village Homesite, except a Homesite on the Governors Forest Property, may cover a maximum of three thousand two hundred (3,200) square feet of the ground area of the Homesite. The calculation of the ground area covered by a residence for purposes of this Section

shall include all roofed areas both heated and unheated, but shall not include the ground area covered by a Garage or a one-story breeze way to a Garage or uncovered decks and patios. Anything contained herein to the contrary notwithstanding, no maximum footprint or maximum square footage restrictions shall apply to the Homesites on the Governors Forest Property.

11.1.3 Garages. Each Homesite may have an enclosed garage located to the rear of the Residence. Garage doors shall be kept in closed position when garage is not being used. No carports will be permitted except a roofed shelter which is part of an enclosed Garage may be allowed by the ARB. The maximum footprint of a Garage including any shelter, storage or tool areas shall be six hundred (600) square feet. The ARB may allow a larger footprint not to exceed nine hundred (900) square feet based upon the size of the Homesite, design, site plan, impact on adjoining Homesites and other relevant factors. Anything to the contrary contained herein notwithstanding, the provisions of this Section shall not apply to Homesites on the Governors Forest Property.

11.1.4 Garage Apartment. An apartment may be constructed above a garage. Each Homesite may have one Garage Apartment with a maximum square footage of heated floor space of six hundred (600) square feet. The ARB may allow a larger floor space based upon the size of the Homesite and the primary residence, the design, the site plan, the impact on adjoining Homesites and other relevant factors.

11.1.5 Clearing and Removal of Trees. In reviewing building plans, the ARB shall take into account the natural vegetation, such as trees and shrubs, located on or near a Unit, and shall encourage the Owner to incorporate them in his landscaping plan. No Homesite may be cleared for any reason without the prior written approval of the ARB. No trees of four (4) or more inches in diameter at two (2) feet above the natural grade shall be cut or removed without the prior written approval of the ARB. When such a tree is removed the Owner will replace it with a similar tree of equal value on another portion of the Homesite, if so directed by the ARB.

11.1.6 Landscaping. Landscaping for all Property, including Homesites, shall be subject to ARB approval.

11.1.7 Accessory Buildings. No accessory buildings of any kind except a garage will be permitted on any Village Homesite.

11.1.8 Construction Phase. During construction of a Residence or other Improvement, the Homesite shall be kept in a neat and orderly condition so as not to cause an unsightly condition of the Homesite. In the event the Owner or his agent or employee (including, without limitation, any contractor or subcontractor) shall fail to maintain the construction site as specified herein and such failure continues for at least seven (7) days following delivery of written notice thereof from the master Association, the Master Association shall have the right, exercisable in its sole discretion, to remove any rubbish, refuse, any unsightly debris and/or growths from the Homesite. In the event the Master Association, after such notice, causes the

subject work to be done, then, and in that event, the costs of such work, together with interest thereon at the maximum rate permitted by the civil usury laws of the State of North Carolina, shall be charged to the Owner as an individual Assessment, and shall become a lien on the subject Homesite, which lien shall be effective, have priority and be enforceable pursuant to the procedures set forth in Article 6 of this Declaration.

11.1.9 Temporary Structures. No structure or object of a temporary character, such as, but not limited to, trailers, construction trailers, shacks, sheds and garages, barns, or other temporary or other outbuildings shall be erected, kept or maintained on any Homesite for any use whatsoever, either temporarily or permanently, except that a temporary construction office may be used on a building site when approved, in advance, by the ARB. The architectural site plan shall indicate the location of such temporary structure and shall include drawings reflecting the appearance of same.

11.1.10 Maintenance of Homesites. All Homesites shall be kept in a clean and sanitary condition and no unsightly landscaping condition, rubbish, refuse, garbage or any fire hazards allowed to exist or accumulate. All Homesites and all areas between Homesite lines and pavements shall be maintained by the Owners in the manner required by the Master Association. In the event an Owner fails to maintain his Homesite as aforesaid, the Master Association shall have the right, exercisable in its sole discretion, to mow, burn or clear any weeds, grass, underbrush or unsightly landscaping condition or debris and/or growths from any Homesite deemed by the Master Association to be a health menace, fire hazard or a detraction from the aesthetic appearance of Governors Village provided, however, that at least seven (7) days prior notice shall be given by the Master Association to the Owner of such Homesite before such work is done by the Master Association. Such entry by the Master Association shall not be deemed a trespass. The Master Association may also, at the request of any Homesite Owner, including the Declarant, and for an agreed charge to the Homesite Owner, maintain any undeveloped Homesites, so as to prevent such undeveloped Homesites from becoming unsightly as defined hereinabove. In the event the Master Association, after such notice or request, causes the subject work to be done, then, in that event, the costs of such work, together with interest thereon at the maximum rate permitted by the civil usury laws of the State of North Carolina shall be charged to the Owners and shall become a lien on the subject Homesite, which lien shall be effective, have priority and be enforceable pursuant to the procedures set forth in Article 6 of this Declaration.

11.1.11 Subdivision of Homesites. No Homesite shall be resubdivided to form a lot smaller than a Homesite. Any Owner of more than one (1) contiguous Homesite may apply to the ARB for permission to use such Homesite as a site for a Residence; and, upon the written consent of the ARB, the contiguous Homesites shall then be defined as the "Homesite" for purposes of this Declaration, except that such Homesites shall continue to be treated as separate and distinct Homesites for purposes of voting and Assessments. The Owner of such Homesites shall not be required to set back from the common line between the Homesites.

11.1.12 Setbacks. Every Residence, Garage and other Improvement shall be sited as shown on a recorded plat or site plan adopted by the ARB, or as otherwise specified by the ARB. All Village Homesites shall have the following minimum and maximum setback requirements, unless otherwise indicated on the site plan adopted by the ARB or on the recorded plats:

a. Front Yard Setbacks:

- i. Governors Village Phases One and Two:
A minimum of twenty (20) feet and a maximum of thirty (30) feet from the abutting street right of way.
- ii. Governors Village Phases Three and Four (sometimes referred to as Governors Park):
A minimum of fifteen (15) feet and a maximum of (30) feet from the abutting street right of way.
- iii. Governors Forest Property: A minimum of thirty-five (35) feet from the abutting street right-of-way, and there shall be no maximum Front Yard Setback.

The ARB, in its sole discretion, can enlarge or reduce these front yard setbacks with respect to a particular Homesite, but in no event shall such setback be less than ten (10) feet from the abutting street right of way. In the case of corner Homesites, there shall be a setback of at least ten (10) feet from the intersecting side street right of way, and the ARB shall determine the fronting street.

b. Rear Yard Setbacks. Rear yard setbacks shall be generally opposite the front yard, but final determination shall be made by the ARB. For all Homesites other than the Homesites on the Governors Forest Property, the minimum distance for the garage shall be five (5) feet. For Homesites on the Governors Forest Property, the Rear Yard Setback shall be a minimum of ten (10) feet.

c. Side Setbacks. The remaining setbacks (other than front yard or rear yard setbacks) shall be:

- i. For Homesites 49, 50, 57, 58, 65, and 66, and Homesites on which the Privacy Wall Side adjoins Common Property, no side setback for the Privacy

Wall Side and a ten (10) foot setback from the remaining side line, except that the Garage shall be set back three (3) feet. Roof overhangs may extend into the Common Property.

- ii. For all other Homesites except the Homesites on the Governors Forest Property: Five (5) foot setback on the Privacy Wall Side and ten (10) foot setback from the remaining side line, except that the Garage shall be set back three (3) feet.

- iii. For all Homesites on the Governors Forest Property, the side setbacks shall be a minimum of ten (10) feet.

d. Driveways. The maximum driveway width from the street past the side of the house shall be ten (10) feet. Any area between the edge of the driveway surface and the adjoining property line shall be subject to landscaping requirements in the discretion of the ARB.

e. No structure of any kind, including without limitation fences higher than six (6) feet, shall be permitted in any building setback area, except that subject to prior approval by the ARB:

- i. Roof overhangs may intrude into setback areas;
- ii. Cantilevered portions of a home, such as chimneys, may intrude into the setbacks; and
- iii. Air-conditioning equipment, water softeners, sprinkler controls and other similar utilitarian devices are permitted provided they do not extend more than four (4) feet into the setback area and provided further that they are all sited and screened from view in a manner approved by the ARB.

Ground level terraces and decks may be allowed, provided they must be set back at least two (2) feet from any adjoining property line.

f. The Declarant shall have the right to waive minor violations of the setback requirements contained here in this Section 11.1.11, if said violation does not exceed twenty-five percent

(25%) of the required setback. After the Declarant has turned over control of the Master Association, the Master Association shall have the right to waive minor setback requirements as is given to the Declarant herein.

11.1.13 Fences, Walls and Hedges. The composition, location and height of any fence, wall or hedge to be constructed on any Homesite shall be approved in advance by the ARB. Fences of a standard design for Governors Village shall be used and may be required by the ARB and shall be subject to the ARB Guidelines setting forth design and development standards pursuant to Section 10.1.10, as amended from time to time. The ARB shall require the composition of any fence, wall or hedge to be consistent with the material used in the surrounding Residences and other fences, if any. Fencing design must accompany the final working drawings submitted to the ARB for any proposed Residence.

11.1.14 Swimming Pools. Any swimming pool or jacuzzi to be constructed on any Homesite shall be constructed in the ground and subject to the requirements of the ARB, which shall include, but not be limited to, the following:

- a. Composition to be of material thoroughly tested and accepted by the industry for such construction.
- b. Full compliance with the North Carolina Residential Building Code.
- c. Swimming pools, pool decks, fencing, screen enclosures, patio and terrace slabs may not extend into the minimum yard setback areas, except by special permit from ARB.
- d. Pools may be heated only through methods approved by the ARB.
- e. If an Owner elects to purchase two (2) adjoining Homesites and to use one (1) of those Homesites for recreational purposes, the Homesite used for recreational purposes must be adequately screened by landscaping and/or walls or fences on both the front and sides, as required by the ARB. It shall be the intent of the ARB to screen any such recreational facilities from the public view.
- f. The Owners of swimming pools may be required to maintain liability insurance, agree to indemnify the Master Association, provide for draining the pool, and comply with other rules and standards established by the ARB.

11.1.15 Lighting. Landscape, recreation, security and any other exterior lighting shall be designed so as to not be an annoyance to the surrounding residents. All outdoor lighting shall be designed, installed, and maintained so that the source of the light (the bulb) cannot be seen off premises. Such lighting shall not be controlled by light sensitive switches. Time clock controls may be used but in no event shall such lighting be permitted to be on after eleven o'clock (11:00) p.m., except that the prohibition on such lighting being on after eleven o'clock (11:00) p.m. shall not apply to the Homesites on the Governors Forest Property.

11.1.16 Swales and Berms. Each Owner shall refrain from altering or interfering with the functioning of all swale and berm areas abutting his Homesite.

11.1.17 Driveway. All driveways and parking areas shall have hard impervious, dustless surfaces, such as concrete or brick unless otherwise approved by the ARB. The design, location and materials of all driveways and parking areas shall be approved in advance by the ARB. Driveways may connect to Streets at only one point for each Homesite, except that Driveways may connect to Streets at a maximum of two points for each Homesite on the Governors Forest Property, and such connection(s) shall provide continuity of any drainage swale or curb and shall blend into the Street pavement. The design and location of all driveways and parking areas shall be approved in advance by the ARB.

11.1.18 Utilities. The central water and sewage system provided for service of the Property shall be used by all Owners. Each Owner shall connect his water line to the water distribution main serving his Homesite and shall connect his sewer line to the sewage collection line serving his Homesite and shall pay all availability charges, connection charges, periodic charges, and the like in connection therewith. Each Owner shall maintain and repair his water and sewer lines up to the point of delivery and collection. No individual water supply system shall be permitted. No septic tank or drain field shall be allowed on any Homesite. Water for irrigation of a Homesite may be supplied by an underground well if approved by the ARB.

11.1.19 Homesite Filling. No Homesite may be cleared, graded, cut or filled for any reason until the ARB has reviewed and approved the preliminary application for the Residence or other Improvement. The site plan, along with the tree survey and other documents required by the ARB, must clearly delineate the extent of clearing, grading, cutting and filling.

11.1.20 Property Bordering on Wet Lands. Homesites bordering on wet lands as shown and delineated on the Development Plan shall be required to leave undisturbed a minimum upland dimension of ten (10) feet for the entire length of natural vegetation abutting the wet lands bordering on any portion of such Homesites. Such undisturbed areas shall be noted on the landscape plan for each Homesite as being undisturbed.

11.1.21 Homesites Bordering on Lakes. Homesites bordering on lakes shall be required to provide shoreline gradings, using swale and earthen berm design, to detain a minimum of one (1) inch of surface water run-off from all impervious paved surfaces. Such

design shall appear on the landscaping plan for the Homesite, and shall be evidenced by grade elevations and profile drawings showing typical cross-sections. A combination of the above alternatives shall be encouraged by the ARB to provide a more natural lake shoreline. Each Owner shall be responsible for providing to the ARB sedimentation control plans and devices to insure that the development of all Improvements shall not cause filling or damage to the Lakes. No docks, piers, or suspended walkways of any kind shall be constructed in or out over any of the Lakes within Governors Village, except by Declarant.

11.2 Restrictions on Use of Homesites and the Property. The following restrictions shall apply to all Homesites and the Property, as indicated.

11.2.1 Residential Use. Except as provided in Sections 4.8.11 and 13.6 of this Declaration and as allowed by the Master Association pursuant to Section 11.5, all Homesites shall be used only as residential dwellings and for no other purpose except Home Occupations. The Governors Village Apartment Tract shall be used only for residential dwellings and Home Occupations except that it may also be used for (1) offices and maintenance facilities used only in connection with the leasing, operation, maintenance and repair of the apartments and related facilities located thereon; (2) pools, tennis courts, community meeting rooms and other facilities serving residents; and (3) any other use approved in writing by Declarant. No business or commercial buildings may be erected on any Homesite or the Governors Village Apartment Tract, and no business may be conducted on any part thereof, except as specifically reserved herein.

11.2.2 Clotheslines. Any clothesline or outside drying area shall be located only in the backyard of any Homesite and screened from the Streets. Any clothesline or outside drying area on any other Property shall be screened from the Streets.

11.2.3 Residence Graphics. The size and design of all signs, numbering for the Unit, mailboxes and other such materials shall be approved by the ARB and shall display continuity and conformity throughout Governors Village. Except in connection with development or sales of property throughout Governors Village by Declarant, no signs, billboards, advertisements or notices of any kind, including, without limitation, "For Sale" or "For Rent" signs, shall be displayed for public view on any Homesite or on the Property, without the prior written approval of the ARB, or except as may be required by legal proceedings. Upon ARB approval as to the size, design, color, materials, content location and any other standards or requirements set forth in ARB guidelines, "For Sale" signs may be displayed with respect to completed residences or residences under construction. With respect to vacant homesites, the ARB will not grant permission for signs unless their erection is reasonably necessary to avert serious hardships to the Owner. If such permission is granted, the ARB reserves the right to restrict size, design, color, materials, content and location of such sign(s). No sign shall be nailed or attached to any tree. The ARB shall have the right to adopt reasonable rules regarding signs to be used during construction of residences and other buildings, such as Owner identification, name of contractor or architect.

11.2.4 Garbage and Trash Containers. No Homesite or other Property shall be used or maintained as a dumping ground for rubbish, trash or other waste. All trash, garbage and other waste shall be kept in sanitary containers and, except as required during trash collection, all containers shall be kept secure and within an enclosure which the ARB shall require to be constructed on each Homesite or other Property.

11.2.5 Antenna. No radio, television or other electronic antenna, aerial or satellite receiving dish, or other reception or transmission device may be erected or maintained anywhere on the Property or on the exterior of any residence (unless installed by the Declarant or the Master Association), without the prior written approval of the ARB.

11.2.6 Nuisances. No use or practice which is either an annoyance to Owners or an interference with the peaceful possession and use of the Property by Owners shall be allowed. No Owner shall commit or permit any nuisance or any immoral or illegal activity on or about the Property. For greater clarification, no Owner shall knowingly or willfully make or create any unnecessary, excessive or offensive noise or disturbance which destroys the peace, quiet and/or comfort of the Owners, or allow any such noise or disturbance to be made on or about his Unit.

11.2.7 Boats, Trailers and Motor Vehicles. The Master Association may adopt rules and regulations regarding parking of vehicles. The Association may also regulate the parking and storage of commercial vehicles, boats, boat trailers, buses, motor homes, trucks, camping trailers, vans, or other similar vehicles, whether of a recreational nature or otherwise. Only private passenger vehicles may be parked at curbside. Vehicles of repairmen, delivery men and moving vans may be parked at curbside or on the driveways and private parking areas of a Homesite or Condominium Residence for no longer than eight (8) hours in a twenty-four (24) hour period. The Master Association shall have the right to authorize the towing of any vehicles which are in violation of these provisions, or the Traffic Regulations promulgated by the Master Association, and to collect the cost thereof from Owners, as an individual Assessment.

11.2.8 The number of adult residents of each Residence and each apartment on the Governors Village Apartment Tract shall be limited to four (4). A Garage Apartment may not be occupied by more than two adult residents.

11.2.9 All Residences shall be constructed wholly within the Property, and legal access to all Homesites shall be exclusively by way of the Streets and driveways within the Development Plan or as dedicated on the recorded plats of the Property. No Homesites nor the Governors Village Apartment Tract shall be accessed by drives entering Mt. Carmel Church Road or Whippoorwill Lane.

11.3 Additional Protective Covenants. Declarant may include, in any contract, plat, or deed for any of the Property, additional protective covenants and restrictions not inconsistent with those contained herein.

11.4 Animals. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Homesite, in any apartment or on the common areas. However, dogs, cats and other common household pets ("Pets") may be kept on Homesites, in Garage Apartments and in other apartments subject to such rules and regulations as may be adopted by the Association, provided that:

- a. Pets may not be kept, bred or maintained for commercial purposes;
- b. No more than two (2) dogs, excluding offspring not yet three months old, may be kept on a Homesite or in a Garage Apartment or other apartment at any time;
- c. No more than four (4) of any combination of Pets, excluding offspring not yet three months old, which ever go outside the Residence on the Homesite or the Garage Apartment or other apartment may be kept on a Homesite or in a Garage Apartment or other apartment at any time; and
- d. No animals shall be allowed to run loose at any time, except that Pets may be allowed to run loose within fenced-in-areas approved by the ARB on Homesites, subject to such rules and regulations as may be adopted by the Association.

11.5 Rules and Regulations Governing Use of the Property. The Master Association, through its Board of Directors, shall regulate the use of the Property by Owners and may from time to time promulgate such rules and regulations governing the use thereof as it may deem to be in the best interest of Members. Only the Residential Members of the Board shall vote on rules and regulations governing the use of Homesites. The Board may adopt rules and regulations regarding Home Occupations and other non-residential uses of Homesites and apartments; provided, however, that no rules or regulations may be adopted which adversely affect the rights of Owners to use their Homesites for residential purposes, nor the rights of the Apartment Owner to use the Governors Village Apartment Tract for rental residential apartment purposes and other uses approved by the Declarant, nor which would adversely affect the rights of any Institutional Mortgagee, without the prior written consent of such Owner or Institutional Mortgagee. A copy of all rules and regulations established hereunder and any amendments thereto shall be made available to all members of the Master Association at the office of the Master Association. Such rules and regulations may be enforced by legal or equitable action by the Master Association.

No person shall use the Common Property, the Master Association Property, the Club, any Unit, or any other Property, in any manner contrary to, or not in accordance with, such rules and regulations as may be promulgated by the Master Association, the Association governing

the Development in which the Unit is located, or such Traffic Regulations as may be promulgated by the Master Association from time to time.

11.6 Storage, Accessory Buildings, Utility Enclosures, and Waste Receptacles on the Property. Except as otherwise specifically provided herein, the Property shall not be used for outdoor storage, including but not limited to construction materials, vehicles not regularly used and currently licensed, and waste and maintenance equipment and supplies, except in locations designated on the plats or designated by the Declarant or the Master Association. Outdoor waste receptacles will be kept secure and screened as approved by the Architectural Review Board. Storage, maintenance and accessory buildings shall not be constructed or maintained on the property except in the Maintenance Area and in other locations specifically approved by the Declarant and the Architectural Review Board. Except as may be otherwise approved by the Declarant and the Architectural Review Board, all cable, electric, gas, telephone, sewer, sewer grinder pumps, sewage and water pump stations and other utilities shall be installed and maintained underground; except that telephone and electrical junction boxes and electrical transformers may be installed above ground in utility boxes as approved by the Declarant and the Architectural Review Board.

ARTICLE 12 - INDEMNIFICATION OF OFFICERS, DIRECTORS AND MEMBERS OF THE ARB AND MEMBERS OF THE MASTER ASSOCIATION

Every officer and director of the Master Association and member of the ARB shall be indemnified by the Master Association against all expenses and liability, including attorneys' fees, incurred by or imposed upon him in connection with any proceeding to which he may be a party or in which he may become involved by reason of his being or having been an officer, director, or member of the ARB or the Master Association, whether or not he as an officer, director, or member of the ARB or Master Association is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided, however, that in the event of any claim for reimbursement or indemnification hereunder based upon a settlement by the officer, director, or member of the ARB or Master Association seeking such reimbursement or indemnification, the indemnification herein shall apply only if the Board of Directors approves such settlement and reimbursement as being in the best interests of the Master Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such officer, director or member of the ARB or Master Association may be entitled.

ARTICLE 13 - GENERAL PROVISIONS

13.1 Assignment. Any or all of the rights, powers and obligations, easements and estates reserved by or granted to the Declarant or the Master Association or the Associations or the Maintenance Association may be assigned by the Declarant, the Master Association or the Associations, as the case may be. Any such assignment or transfer shall be made by an

appropriate instrument in writing in which the assignee or transferee shall join for the purpose of evidencing its consent to such assignment and its acceptance of the rights and powers, duties and obligations herein contained. Such assignee or transferee shall thereupon have the same rights and powers to be subject to the same obligations and duties as are herein given to the Declarant and/or the Master Association or the Association. After such assignment, Declarant, the Master Association, and/or the Associations shall be relieved and released of all obligations with respect to such rights, powers, obligations, easements or estates.

13.2 Amendment. This Declaration may be amended upon the recordation of an appropriate instrument in the Public Records of the County, subject however, to the following provisions:

13.2.1 Except as provided hereinbelow, an amendment initiated by any party other than Declarant must obtain the approval of at least seventy percent (70%) of the votes of Members; provided, however, that until such time as Declarant relinquishes control of the Master Association, as described hereinabove, all amendments must include the express written joinder and consent of the Declarant.

13.2.2 This Declaration may be amended upon the initiation of Declarant, at any time, upon approval of at least fifty-one percent (51%) of the votes of the Members. Provided, however, that the Declaration may be amended by Declarant, at any time, for the purpose of subjecting additional real property to the provisions hereof, for the purpose of designating the basis of voting, membership, and assessment for such additional real property, for the purpose of establishing covenants, conditions and restrictions for the additional real property, for the purpose of correcting errors and ambiguities of language, for the purposes of granting easements to Declarant or to additional property over the Common Property, and for the purpose of complying with the requirements of government authorities and lenders (including FNMA), without the joinder or consent of Owners, the Master Association, the Associations, Institutional Mortgagees, or any other party, except that when additional real property is subjected to this Declaration, the joinder of the Association, if any, which will govern the additional property shall be required.

13.2.3 No amendment or change to this Declaration or to the exhibits hereto shall be effective to affect or impair the validity or priority of a first mortgage held by an Institutional Mortgagee encumbering a Unit, or to affect or impair the rights granted herein to Institutional Mortgagees, without the written consent thereto by the Institutional Mortgagee owning and holding the mortgage encumbering the Units, which consent shall be executed with the formalities required for deeds and recorded with the amendment.

13.2.4 Any duly adopted amendment to this Declaration shall run with and bind the Property for the same period and to the same extent as do the covenants and restrictions set forth herein.

13.3 Duration. All of the covenants, restrictions and other provisions of this Declaration shall run with and bind the Property for an initial term of fifty (50) years from the date of recordation of this Declaration, after which time they shall be automatically extended for successive periods of ten (10) years each, unless an instrument executed by at least seventy-five percent (75%) of the votes of the Members then existing, and by all Institutional Mortgagees, has been recorded, agreeing to change or terminate these covenants and restrictions.

13.4 Covenants Running with the Property. The agreements, covenants, conditions, restrictions, Assessments, liens and other provisions contained herein shall constitute a servitude upon the Property and each portion thereof, shall run with the Property, shall be binding upon the Owners of any portion thereof, and shall inure to the benefit of Declarant, the Master Association, the Associations, and the Owners.

13.5 Enforcement. Enforcement of the covenants, restrictions, conditions, obligations, reservations, rights, powers, Assessments, liens and other provisions contained herein shall be by a proceeding at law or in equity against any persons or entities violation or attempting to violate same and/or against the Property subject thereto to enforce any lien created by this Declaration. In the event that Declarant and the Master Association fail to enforce the terms of this Declaration, then any Member may do so. The failure or refusal of Declarant, the Master Association or any Member to enforce any of the provisions of this Declaration shall in no event be deemed to constitute a waiver of the right to do so thereafter. The cost of any such litigation shall be borne by the Owner in violation, provided that such proceeding results in a finding that such Owner was in violation of the covenants and restrictions contained herein or the covenants and restrictions contained in the Declaration of Covenants for a portion of the Development.

13.6 Declarant's Rights. Any other provision in this Declaration to the contrary notwithstanding, Declarant is irrevocably empowered to sell or lease Units on any terms to any purchasers or lessees, for so long as it owns any property in Governors Village. Also, for so long as Declarant owns or has any right to transact any business necessary to consummate sales of property throughout Governors Village including, but not limited to, the right to maintain office(s) on the Property in location(s) to be selected by Declarant, to have employees in such offices, to construct and maintain other structures or appurtenances which are necessary or desirable for the development and sale of property throughout Governors Village, including without limitation, sales models and parking lots; to post and display a sign or signs on any Units owned by Declarant or on the Common Property; and to use the Common Property and to show Units. Sales office signs and all other structures and appurtenances pertaining to the sale or development of property within Governors Village shall not be considered Common Property and shall remain the property of the Declarant.

13.7 Notice. Any notice required or permitted to be given by this Declaration shall be given or made in writing by personal delivery or by certified mail addressed:

To the Declarant at: GOVERNORS CLUB
LIMITED PARTNERSHIP
Post Office Box 2615
Chapel Hill, North Carolina 27515;

or to the Owner at: The last known address of Owner as appears on the
records of the Master Association at the time of such
delivery of mailing;

or to the Master
Association at: GOVERNORS VILLAGE PROPERTY
OWNERS ASSOCIATION, INC.
Post Office Box 2615
Chapel Hill, North Carolina 27515.

As additional property is subjected to this Declaration by amendment to the Declaration, the address of the governing Association shall be set forth in such amendment. Any notice given in accordance with the provisions of this subsection shall be deemed to be effective, if personally delivered, on the date of such delivery, or if mailed by registered or certified mail, on the date upon which the return receipt is signed or delivery is refused or the notice is designated by the postal authorities as not deliverable, as the case may be. Each party may give notice to each of the other parties of a change of its address for the purposes of giving notice under this subsection, which thereafter, until changed by like notice, shall be the address of such party for all purposes of this Declaration.

13.8 Plats. In addition to this Declaration, and any subsequent declarations and amendments, the Property shall be subject to the additional covenants, restrictions, reservations and other terms and provisions set forth in the plats of portions of the Property, which are recorded or to be recorded in the Public Records of the County. Also, each Owner must abide by all applicable laws, regulations and ordinances of the federal government, the County, and the State of North Carolina.

13.9 Gender and Number. The use of the singular herein shall include the plural, and the use of any gender shall include all genders.

13.10 Severability. Invalidation of any one of the covenants or restrictions contained herein by Judgment or Court Order shall in no way affect any other provision hereof, which shall remain in full force and effect.

13.11 Captions. The captions used in this Declaration and the exhibits annexed hereto are inserted solely as a matter of convenience and shall not be relied upon or used in construing the text of this Declaration or any exhibits hereto.

13.12 Effective Date. This Declaration shall become effective upon its recordation in the Public Records of the County.

IN WITNESS WHEREOF, Declarant has caused this Declaration to be executed this 15th day of November, 2000.

GOVERNORS CLUB LIMITED PARTNERSHIP
a Delaware Limited Partnership

By: GOVERNORS CLUB DEVELOPMENT CORPORATION
a North Carolina Corporation, General Partner

By: [Signature]
Vice President



Attest: [Signature]
Secretary

(Corporate Seal)

STATE OF NORTH CAROLINA
COUNTY OF CHATHAM Durham

I, a Notary Public of said County and State, hereby certify that Linda K. Ray personally appeared before me this day and acknowledged that he is Asst. Secretary of Governors Club Development Corporation, a North Carolina corporation, a General Partner of Governors Club Limited Partnership, and that by authority duly given and as the act of the corporation as General Partner of Governors Club Limited Partnership, the foregoing instrument was signed in its name by its Vice President, sealed with its corporate seal and attested by him as its Asst. Secretary.

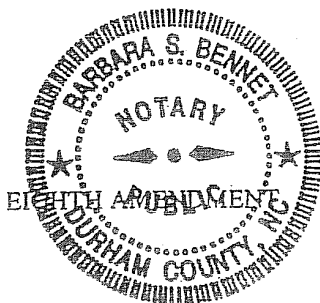
Witness my hand and official stamp or seal, this 15th day of November, 2000.

My Commission

Expires: 9-25-01

(SEAL)

Barbara S. Bennet
NOTARY PUBLIC



JOINDER OF GOVERNORS VILLAGE PROPERTY OWNERS ASSOCIATION, INC.

At least 51% of the votes of the Members were cast in favor of this Amendment which was initiated by the Declarant. Therefore, Governors Village Property Owners Association, Inc., a North Carolina Nonprofit Corporation, hereby joins in these covenants for the purpose of confirming that more than 51% of the votes of the Members have approved this Amendment, agreeing to this Amendment and to perform its obligations contained herein, as of the 15th day of November, 2000.



GOVERNORS VILLAGE PROPERTY OWNERS ASSOCIATION, INC.,
a North Carolina nonprofit corporation

By: [Signature]Vice PresidentAttest: [Signature]

Secretary

NORTH CAROLINA

COUNTY OF CHATHAM Durham

I, a Notary Public of said County and State, hereby certify that Linda K. Ray personally appeared before me this day and acknowledged that he is Secretary of Governors Village Property Owners Association, Inc., a North Carolina nonprofit corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its Vice President, sealed with its corporate seal and attested by him as its Asst. Secretary.

Witness my hand and official stamp or seal, this 15th day of November, 2000.

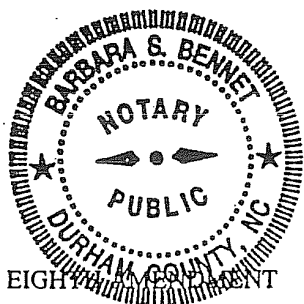
My Commission

Expires: 9-25-01

(SEAL)

Barbara S. Bennet

NOTARY PUBLIC

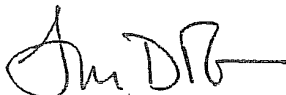


BOOK 845 PAGE 546
SUBORDINATION OF LENDER

CENTURA BANK, owner and holder of the Notes secured by deeds of trust, one recorded in Book 704, Page 476 as modified by Amendments to the Deed of Trust recorded in Book 731, Page 266, Book 751, Page 226 and one recorded in Book 806, Page 839 (Lot 119 only) and a Collateral Assignment and Chattel Mortgage recorded in Book 704, Page 537 in the Chatham County Registry, and CB Services Corp. as Trustee under said Deeds of Trust and Collateral Assignment and Chattel Mortgage, hereby subordinate the lien of the aforesaid Deeds of Trust and Collateral Assignment and Chattel Mortgage to all the provisions of the foregoing Governors Village Declaration.

IN WITNESS WHEREOF, the parties hereto have caused this Subordination to be executed this 28 day of SEPTEMBER, 2000.

CENTURA BANK

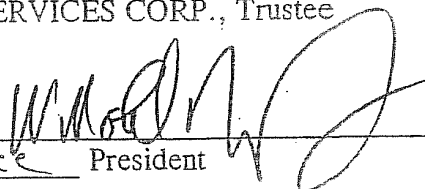
By: 

President
BANK OFFICER

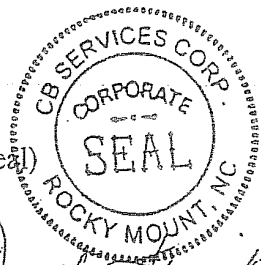
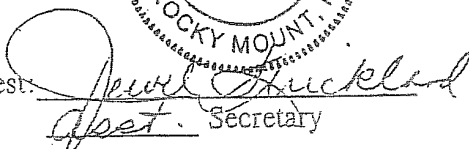
(corporate seal)

Attest: 
Asst. Secretary

CB SERVICES CORP., Trustee

By: 
VICE President

(corporate seal)


Attest: 
Asst. Secretary

NORTH CAROLINA
COUNTY OF Nash

BOOK 845 PAGE 547

I, a Notary Public of the County and State aforesaid, certify that Jewel Strickland personally came before me this day and acknowledged that he is Assistant Secretary of Centura Bank, a North Carolina banking corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its Vice President, sealed with its corporate seal and attested by Jewel Strickland as its Asst. Secretary. ^{a Bank Officer on behalf of Centura Bank} *ds*

Witness my hand and official stamp or seal, this 28 day of September, 2000.

My Commission

Expires: 11-26-2000

(SEAL)

Dianne B. Shreve
NOTARY PUBLIC

DIANNE B. SHREVE
NOTARY PUBLIC
NASH COUNTY, NC

NORTH CAROLINA
COUNTY OF Nash

I, a Notary Public of the County and State aforesaid, certify that Jewel Strickland personally came before me this day and acknowledged that he is Asst. Secretary of CB Services Corp., a North Carolina banking corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its Vice President, sealed with its corporate seal and attested by Jewel Strickland as its Asst. Secretary.

Witness my hand and official stamp or seal, this 28 day of September, 2000.

My Commission

Expires: 11-26-2000

(SEAL)

Dianne B. Shreve
NOTARY PUBLIC

DIANNE B. SHREVE
NOTARY PUBLIC
NASH COUNTY, NC

EXHIBIT A

GOVERNORS VILLAGE DECLARATION
DESCRIPTION OF PHASES ONE, TWO, THREE, FOUR,
THE GOVERNORS VILLAGE APARTMENT TRACT
AND GOVERNORS FOREST

Governors Village, Phases One, Two, Three and Four, the Governors Village Apartment Tract and Governors Forest, being all that property located in Williams Township, Chatham County, North Carolina, including, *inter alia*, Lots Number 1 through 244, the roadway easements, the Apartment Tract, the Common Property and Governors Forest, as shown on the plats entitled "Governors Village, Phase One," dated June 14, 1996, including two sheets recorded in Plat Slides 96-218 and 96-219, as modified by the plat entitled "Revision Plat, Governors Village, Phase One, Governors Drive Revision," dated March 13, 1998, recorded in Plat Slide 98-228; the plats entitled "Governors Village, Phase Two," dated September 13, 1996, including three sheets recorded in Plat Slides 96-344, 96-345, and 96-346; the plat entitled "Governors Village Apartment Tract," dated June 18, 1997, recorded in Plat Slide 97-247; the plats entitled "Governors Village, Phase Three," dated July 18, 1997, including three sheets recorded in Plat Slides 97-347, 97-348 and 97-349, as modified by the plat entitled "Recombination, Lots 151 through 154 and Common Property, Phase Three, Governors Village," dated September 2, 1997, recorded in Plat Slide 97-398, and as modified by the plat entitled "Recombination, Lots 149 through 152 and Right-of-Way, Phase Three, Governors Village," dated October 21, 1998, recorded in Plat Slide 99-125; the plats entitled "Governors Village, Phase Four," dated March 27, 1998, including three sheets recorded in Plat Slides 98-229, 98-230 and 98-231; the 60.704 acre, more or less, tract of land labeled as Lot 1 on the plat entitled "Boundary Survey of Governors Forest for Governors Club Limited Partnership," dated February 8, 2000, recorded in Plat Slide 2000-137; and Parcels A and B as shown on the plat entitled "Revision of Moring Right-of-Way in Governors Village, dated April 13, 2000, recorded in Plat Slide 2000-213, Chatham County Registry.

U:\FILES\GV\COVENANT\8thAmendment\92000

BOOK 845 PAGE 647

FILED

THIRTY-NINTH AMENDMENT TO THE
DECLARATION OF COVENANTS AND RESTRICTIONS
FOR
GOVERNORS CLUB

2000 NOV 17 P 3:35

ROSA G. THOMAS
REGISTER OF DEEDS
CHATHAM COUNTY, N.C.

THIS THIRTY-NINTH AMENDMENT (the "Amendment") to the Declaration of Covenants and Restrictions for Governors Club is made as of the 15th day of November, 2000, by Governors Club Limited Partnership, a Delaware Limited Partnership (the "Declarant"), upon approval of the Members of and is joined by Governors Club Property Owners Association, Inc., (the "Master Association"), a North Carolina nonprofit corporation.

WITNESSETH

WHEREAS, the Declarant has established a general plan and uniform scheme of development for the improvement of property designated as Phases One; Two; Three; Four; Five; Six; Seven; Eight; Nine; Nine-A; Ten, Sections A and B; Eleven; Twelve-A; Thirteen; Fourteen-A; Fourteen-B; Fifteen; Sixteen; Seventeen; Eighteen; Nineteen; Twenty; and Twenty-One of Governors Club, as set forth in the Declaration of Covenants and Restrictions for Governors Club, recorded in Book 538 at Page 505 of the Chatham County Registry as amended (the "Declaration").

WHEREAS, the Master Association and Declarant have determined that it would be in the best interest of the Master Association and its Members, individually, and as a community, to make the provisions of the North Carolina Planned Community Act, being Chapter 47F of the North Carolina General Statutes (hereinafter the "Planned Community Act") applicable to the Declaration and the property/planned community that is subject to the Declaration and that comprises the Master Association; and

WHEREAS, the Declarant and Master Association have elected and desire to amend the Declaration to make the provisions of the Planned Community Act applicable to the Declaration and to the property/planned community that is subject to the Declaration and that comprises the Master Association; and

WHEREAS, Section 13.2.2 of the Declaration provides that the Declaration may be amended upon the initiation of the Declarant and upon approval of at least 51% of the vote of the Members; and

WHEREAS, the aforesaid election and this Amendment were approved by the affirmative vote of 68.97% of the Members of the Master Association.

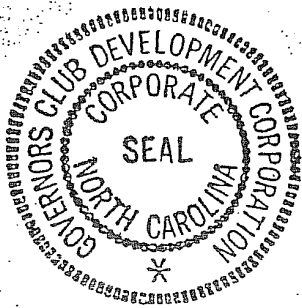
NOW, THEREFORE, the Declarant, who initiated this Amendment, and the Members who gave their approval by an affirmative vote of 68.97% as confirmed by the joinder of the Master Association, hereby amend the Declaration as follows:

The Declaration of Covenants and Restrictions for Governors Club, as amended by the First through Thirty-Eighth Amendments, is hereby further amended to make the provisions of

the North Carolina Planned Community Act, being Chapter 47F of the North Carolina General Statutes, applicable to the Declaration and to the property/planned community that is subject to the Declaration and that comprises the Master Association.

IN WITNESS WHEREOF, the Declarant and Master Association have caused the Amendment to be executed as of day and year first above written.

GOVERNORS CLUB LIMITED PARTNERSHIP



By: Governors Club Development Corporation,
General Partner

By: [Signature]
President

Attest: [Signature]
Asst. Secretary

(Corporate Seal)

NORTH CAROLINA

Durham
WAKE COUNTY

I, a Notary Public, in and for said county and state, do hereby certify that Linda K. Ray, personally came before me this day and acknowledged that he/she is Asst. Secretary of Governors Club Development Corporation, a North Carolina corporation, a General Partner of Governors Club Limited Partnership, and that by authority duly given and as the act of the corporation as General Partner of Governors Club Limited Partnership, the foregoing instrument was signed in its name by its President, sealed with its corporate seal and attested by [Signature] as its

Asst. Secretary.

Vice

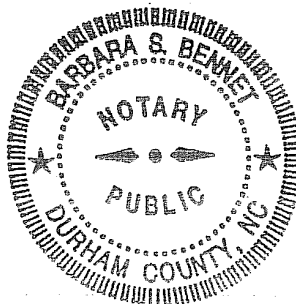
Linda K. Ray

Witness my hand and seal this 15 day of November 2000.

Barbara S. Bennet
Notary Public

(NOTARIAL SEAL)

My commission expires: 9-25-01



JOINDER OF GOVERNORS CLUB PROPERTY OWNERS ASSOCIATION, INC.

By an affirmative vote of 68.97% the Members voted to approve this Amendment which was initiated by the Declarant. Therefore, Governors Club Property Owners Association, Inc., a North Carolina Nonprofit Corporation, hereby joins in this Amendment for the purposes of confirming that 68.97% of the Members have approved this Amendment, and agreeing to this Amendment and to perform its obligations contained herein, as of the ____ day of ____ 2000.

GOVERNORS CLUB PROPERTY OWNERS ASSOCIATION, INC.

By:

President

William C. Chant

 President

Attest:

Secretary

Michael J. Pasquale

 Secretary

(Corporate Seal)

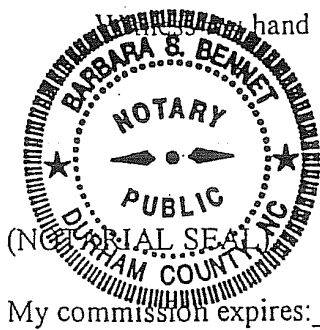
NORTH CAROLINA

Durham

WAKE COUNTY

Pasquale, I, a Notary Public, in and for said county and state, do hereby certify that *Michael J.* personally came before me this day and acknowledged that ~~he~~ she is Secretary of Governors Club Property Owners Association, Inc., a North Carolina nonprofit corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal and attested by as its Secretary.

hand and seal this 15th day of November, 2000.



Barbara S. Bennet

 Notary Public

My commission expires: 9/25/01

SUBORDINATION OF LENDER

CENTURA BANK, owner and holder of the note secured by 11 Deeds of Trust recorded as follows: in Book 704, Page 476 as modified by the Amendment to the Deed of Trust recorded in Book 731, Page 266; Book 705, Page 925 (Lot 1065 only); Book 706, Page 627 (Lot 938 only); Book 707, Page 34 (Lot 935 only); Book 711, Page 986 (Lot 1013 only); Book 712, Page 31 (Lot 554 only); Book 717, Page 931 (Lot 389 only); Book 728, Page 842 (Lot 1087 only); Book 729, Page 200 (Lot 1011 only); Book 729, Page 186 (Lot 136 only); Book 733, Page 468 (Lot 1153 only) and the Collateral Assignment and Chattel Mortgage recorded in Book 704, Page 537 in the Chatham County Registry and CB Services Corp. as Trustee under said Deeds of Trust and Collateral Assignment and Chattel Mortgage, hereby subordinate the liens of the aforesaid Deeds of Trust and Collateral Assignment and Chattel Mortgage to all the provisions of the foregoing Thirty-Ninth Amendment to the Declaration of Covenants and Restrictions for Governors Club, except that the liens of the aforesaid Deed of Trust shall not be subordinate to the provisions of Section 5.1.16 of the Declaration of Covenants and Restrictions for Governors Club.

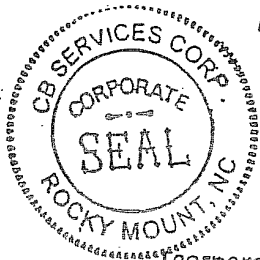
IN WITNESS WHEREOF, the parties hereto have caused this Subordination to be executed this 16th day of November, 2000.

CENTURA BANK

By: [Signature]
Bank Officer

(corporate seal)

Attest: [Signature]
Asst. Secretary



(corporate seal)

Attest: [Signature]
Asst. Secretary

CB SERVICES CORP., TRUSTEE

By: [Signature]
Vice President

NORTH CAROLINA

BOOK 845 PAGE 651

WAKE COUNTY

I, a Notary Public, in and for said county and state, do hereby certify that Jewel Strickland, personally came before me this day and acknowledged that he/she is Assistant Secretary of Centura Bank, a North Carolina banking corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its Bank Officer, ^{on behalf of Centura Bank SA} sealed with its corporate seal and attested by Jewel Strickland as its Asst. Secretary.

Witness my hand and seal this 16th day of November, 2000.

DIANNE B. SHREVE
NOTARY PUBLIC
NASH COUNTY, NC

Dianne B Shreve
Notary Public

(NOTARIAL SEAL)

My commission expires: 11-26-2000

NORTH CAROLINA

WAKE COUNTY

I, a Notary Public, in and for said county and state, do hereby certify that Jewel Strickland, personally came before me this day and acknowledged that he/she is Assistant Secretary of CB Services Corp., a North Carolina banking corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its Vice President, sealed with its corporate seal and attested by Jewel Strickland as its Asst. Secretary.

Witness my hand and seal this 16th day of November, 2000.

DIANNE B. SHREVE
NOTARY PUBLIC
NASH COUNTY, NC

Dianne B Shreve
Notary Public

(NOTARIAL SEAL)

My commission expires: 11-26-2000

Prepared by and return to Brad [redacted], Vernon & Robinson, Post Office Box 607, Pittsboro, North Carolina 27312

BOOK 888 PAGE 607

Ninth Amendment to the
Governors Village Declaration

011540

THIS NINTH AMENDMENT (the "Amendment") to the Governors Village Declaration is made as of the 30th day of August, 2001, by Governors Club Limited Partnership, a Delaware Limited Partnership (the "Declarant"), and is joined by Governors Village Property Owners Association, Inc., (the "Master Association"), a North Carolina nonprofit corporation;

WITNESSETH

WHEREAS, the Declarant has established a general plan and uniform scheme of development for the improvement of property designated as Phases One, Two, Three, Four, Governors Forest and the Apartment Tract of Governors Village, as set forth in the Governors Village Declaration, recorded in Book 702 at Page 287 as amended in Book 704, Page 530, Book 724, Page 193, Book 730, Page 88, Book 776, Page 1071, Book 757, Page 836, Book 784, Page 397, Book 824, Page 132 and Book 845, Page 500 of the Chatham County Registry (the "Declaration").

WHEREAS, Articles 2 and 13 of the Declaration provide that the Declarant may subject additional property to the provisions of the Declaration, if that additional property is shown on the development plan of Governors Village or is adjacent to the property shown on the development plan, and that the Declarant may amend the Declaration for the purpose of correcting errors and ambiguities of language.

WHEREAS, the property known as the Governors Village Townhome Property is shown on the development plan or is adjacent to the property shown on the development plan and will be developed in a manner compatible with the development plan.

WHEREAS, the Declarant wishes to amend the Declaration to subject the Governors Village Townhome Property to the provisions of the Declaration, to designate the basis of voting, membership and assessment for such additional property, to establish covenants, conditions and restrictions for the additional property and to correct errors and ambiguities of language.

NOW, THEREFORE, the Declarant hereby amends the Declaration as follows:

1. Submission of Governors Village Townhome Property to the Declaration.

Exhibit A of the Declaration is hereby amended to add the property known as the Governors Village Townhome Property to the property description contained therein by deleting the description in Exhibit A in its entirety and substituting the following description in its stead:

BOOK 888 PAGE 608

EXHIBIT A

"GOVERNORS VILLAGE DECLARATION
DESCRIPTION OF PHASES ONE, TWO, THREE, FOUR,
THE GOVERNORS VILLAGE APARTMENT TRACT, GOVERNORS FOREST
AND THE GOVERNORS VILLAGE TOWNHOME PROPERTY

Governors Village, Phases One, Two, Three and Four, the Governors Village Apartment Tract, Governors Forest and the Governors Village Townhome Property, being all that property located in Williams Township, Chatham County, North Carolina, including, *inter alia*, Lots Number 1 through 244, the roadway easements, the Apartment Tract, the Common Property, Governors Forest and the Governors Village Townhome Property, as shown on the plats entitled "Governors Village, Phase One," dated June 14, 1996, including two sheets recorded in Plat Slides 96-218 and 96-219, as modified by the plat entitled "Revision Plat, Governors Village, Phase One, Governors Drive Revision," dated March 13, 1998, recorded in Plat Slide 98-228; the plats entitled "Governors Village, Phase Two," dated September 13, 1996, including three sheets recorded in Plat Slides 96-344, 96-345, and 96-346; the plat entitled "Governors Village Apartment Tract," dated June 18, 1997, recorded in Plat Slide 97-247; the plats entitled "Governors Village, Phase Three," dated July 18, 1997, including three sheets recorded in Plat Slides 97-347, 97-348 and 97-349, as modified by the plat entitled "Recombination, Lots 151 through 154 and Common Property, Phase Three, Governors Village," dated September 2, 1997, recorded in Plat Slide 97-398, and as modified by the plat entitled "Recombination, Lots 149 through 152 and Right-of-Way, Phase Three, Governors Village," dated October 21, 1998, recorded in Plat Slide 99-125; the plats entitled "Governors Village, Phase Four," dated March 27, 1998, including three sheets recorded in Plat Slides 98-229, 98-230 and 98-231; the 60.704 acre, more or less, tract of land labeled as Lot 1 on the plat entitled "Boundary Survey of Governors Forest for Governors Club Limited Partnership," dated February 8, 2000, recorded in Plat Slide 2000-137; Parcels A and B as shown on the plat entitled "Revision of Moring Right-of-Way in Governors Village, dated April 13, 2000, recorded in Plat Slide 2000-213; and Tract 1 containing 3.66 acres, more or less, and Tract 2 containing 9.23 acres, more or less, as shown on the plat entitled "Survey for Governors Village Townhome Property," dated July 24, 2001, recorded in Plat Slide 2001- 323, Chatham County Registry."

The Declarant hereby declares that the property described in Exhibit A of the Declaration, as amended herein, is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, restrictions, easements, reservations, assessments, charges, liens and other provisions set forth in the Declaration, as the same may be amended from time to time.

2. Section 1.19 "Developments" of Article 1 of the Declaration is hereby amended by deleting the text of said Section in its entirety and substituting the following text in its stead:

NINTH AMENDMENT

BOOK 888 PAGE 609

"1.19 "Development(s)" shall mean and refer to such residential, commercial and office developments, including, without limitation, the Village Homesites, the Governors Village Apartment Tract, the Governors Village Townhome Property or condominiums which are now or which may hereafter be located within Governors Village."

3. Article 1 of the Declaration is hereby amended by adding the following Section 1.26 to immediately precede the existing Section 1.26 "Homesite," and each Section succeeding this newly added Section 1.26 shall be renumbered sequentially to adjust for the addition of this new Section 1.26:

"1.26 "Governors Village Townhome Property" shall mean and refer to Tract 1 containing 3.66 acres, more or less, and Tract 2 containing 9.23 acres, more or less, as shown on the plat entitled, "Survey for Governors Village Townhome Property," dated July 24, 2001, recorded in Plat Slide 2001- 323, Chatham County Registry."

4. Section 1.27 "Homesite" of Article 1 of the Declaration is hereby amended by deleting the text of said Section in its entirety and substituting the following text in its stead:

"1.27 "Homesite" shall mean and refer to any lot located within the areas of Governors Village designated as a "Village Homesite," a "Homesite," or a "Residential Lot" in the Declaration, the Development Plan or any amendment to the Development Plan, or shown on the plats of the Property, including Lots 1 through 244 and any lots which may be shown on recorded subdivision plats of the Governors Forest Property and the Governors Village Townhome Property, together with the dwellings constructed thereon, if any."

5. Section 1.42 "Street" of Article 1 of the Declaration is hereby amended by deleting the text of said Section in its entirety and substituting the following text in its stead:

"1.41 "Street" shall mean and refer to any street, highway or other thoroughfare which is constructed by Declarant within Governors Village, or is constructed by the developer or developers of the Governors Village Townhome Property on the Governors Village Townhome Property, and is dedicated to the public, the Master Association or an Association by deed or on any plat of the Property, whether the same is designated as a street, avenue, boulevard, drive, place, court, road, terrace, way, circle, lane, walk, or other similar designation, and shall also include all drives that are designated as "driveway-common area" on the recorded plats, but shall not include Parcels A and B as shown on the plat entitled "Revision of Moring Right-of-Way in Governors Village," dated April 13, 2000, recorded in Plat Slide 2000-213, Chatham County Registry."

BOOK 888 PAGE 610

6. The first paragraph of Section 4.4 of Article 4 of the Declaration, which ends just before sub-section 4.4.1, is hereby amended by deleting the text of said paragraph in its entirety and substituting the following text in its stead:

"4.4 Maintenance of Common Property, Club Property and Master Association Property. The Master Association is authorized to and shall, either by virtue of the appointment of a real estate management agent, or through its own personnel, be responsible for the maintenance and repair of the Master Association Property, the Club Property and the Common Property, including the performance of obligations which may be placed upon those properties by applicable regulatory agencies, except to the extent maintenance is the responsibility of an Association or Apartment Owner. This maintenance obligation shall commence upon the Declarant's designation of the completion of any property or facility or portion thereof, which designation may be made solely at the discretion of the Declarant. Any provision of this Declaration to the contrary notwithstanding, the Master Association shall not be responsible for maintenance and repair of any Common Areas, Common Property, Streets, alleys, thoroughfares, sidewalks, parks, open spaces or other property within the Governors Village Townhome Property unless the Master Association, in writing, accepts and assumes responsibility for maintenance and repair of such property; except as specifically provided herein, the owner or owners of the Governors Village Townhome Property, or an Association created by them, shall be responsible for maintenance and repair of all Common Areas, Common Property, Streets, alleys, thoroughfares, sidewalks, parks, open spaces and other property within the Governors Village Townhome Property. Specifically, the property the Master Association shall maintain and be responsible for shall include, but not be limited to, the following, excluding any such property which is within the Governors Village Townhome Property:"

7. Section 4.7.1 of Article 4 of the Declaration is hereby amended by deleting the text of said Section in its entirety and substituting the following text in its stead:

"4.7.1 Subject to the provisions hereinbelow, each Owner shall have a right and easement of enjoyment in and to (a) the Common Property and (b) all Common Areas, Common Property, Streets, alleys, thoroughfares, sidewalks, parks and open spaces within the Governors Village Townhome Property, which easement shall be appurtenant to, and shall pass with, the title."

8. Section 4.8 of Article 4 of the Declaration is hereby amended by adding Section 4.8.12 to read as follows:

"4.8.12 The right of the owner or owners of the Governors Village Townhome Property to properly maintain, and to make and enforce reasonable rules and regulations concerning the use and enjoyment of, the Common Areas, Common Property, Streets, alleys, thoroughfares, sidewalks, parks and open spaces within the Governors Village Townhome Property."

BOOK 888 PAGE 611

9. Section 5.1.1 of Article 5 of the Declaration is hereby amended by adding Section 5.1.1.c to read as follows:

"c. Governors Village Townhome Property: The easement shall be across all portions of the Governors Village Townhome Property exterior to structures and within common walls or party walls between structures on separate Homesites on the Governors Village Townhome Property."

10. Section 5.1.2 of Article 5 of the Declaration is hereby amended by deleting the text of said Section in its entirety and substituting the following text in its stead:

"5.1.2 Drainage Easements. Easements for the installation and maintenance of drainage facilities are granted to the Master Association, as shown on the recorded subdivision plats of the Property, (1) to run along the entire length of each front, rear and side line of Village Homesites for the same widths set forth in 5.1.1(a) above or as otherwise shown on the recorded plats; (2) to run across the Governors Village Apartment Tract in the same locations and for the same widths as set forth in 5.1.1(b) above for utility easements, including any drainage facilities which are installed by the Declarant or, with the consent of the Apartment Owner, the Master Association; and (3) to run across all portions of the Governors Village Townhome Property exterior to structures, including any drainage facilities which are installed by the Declarant or, with the consent of the owner of the Governors Village Townhome Property, the Master Association. In addition, an easement for the impoundment of waters is reserved upon lake-front property for a width necessary to accommodate an increase in the elevation of any lake waters one (1) foot above its spill-way elevation. (Any lake on the Governors Village Apartment Tract shall be the responsibility of the Apartment Owner and this section shall not apply.) Within these easement areas, no structure, planting or material (other than sod), which may interfere with the installation and maintenance of drainage facilities or which may obstruct or retard the flow of water through lakes, streams or drainage channels, shall be placed or permitted to remain, unless such structure, planting or other materials was installed by the Declarant. The Declarant and the Master Association and their respective successors and assigns, shall have access to all such drainage easements for the purpose of operation and maintenance of the lakes, streams and Surface Water Management System. Ownership and use of the lakes (except any on the Governors Village Apartment Tract) are reserved to the Master Association.

In the event that Homesites are recombined or reconfigured with the joinder of the Declarant, then the easements reserved herein shall run along the newly established lines and the easements along the old lines shall be abolished, unless some easement is expressly reserved."

11. Section 5.1.7 of Article 5 of the Declaration is hereby amended by deleting the text of said Section in its entirety and substituting the following text in its stead:

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"5.1.7 Sidewalk Easement. Declarant reserves for itself and the Master Association, their successors, assigns and agents, a sidewalk easement across the front of all Homesites (except the Homesites on the Governors Village Townhome Property), across the side of the Governors Village Apartment Tract adjacent to Moring and across the Governors Village Townhome Property within the rights-of-way of all Streets, alleys or other thoroughfares where sidewalks are constructed by the owner or owners of the Governors Village Townhome Property, for use and enjoyment by the residents of Governors Village and others, only under such rules as may be promulgated by the Master Association from time to time. The sidewalk easement: (a) is ten (10) feet in width, except on the Governors Village Townhome Property, where the easement is the width of the paved surface of the sidewalk, but not less than four (4) feet; (b) lies on the Homesites (except the Homesites on the Governors Village Townhome Property), the Governors Village Apartment Tract and the rights-of-way of all Streets, alleys or other thoroughfares where sidewalks are constructed by the owner or owners of the Governors Village Townhome Property; and (c) includes the right to usual and necessary access for purposes of construction, use, maintenance, repair, removal, and replacement. In the event sidewalks are constructed on the easements reserved herein or in the road rights-of-way adjacent to the Homesites and the Governors Village Apartment Tract, the Master Association shall be responsible for the maintenance and management of such sidewalks. The Master Association shall not be responsible for maintenance and repair of any sidewalks within the Governors Village Townhome Property unless the Master Association, in writing, accepts and assumes responsibility for maintenance and repair of such sidewalks; except as specifically provided herein, the owner or owners of the Governors Village Townhome Property, or an Association created by them, shall be responsible for maintenance and repair of all sidewalks within the Governors Village Townhome Property."

12. Section 11.2.1 "Residential Use" of Article 11 of the Declaration is hereby amended by deleting the text of said Section in its entirety and substituting the following text in its stead:

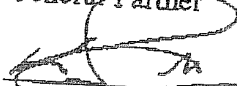
"11.2.1 Residential Use. Except as provided in this Section and in Sections 4.8.11 and 13.6 of this Declaration and as allowed by the Master Association pursuant to Section 11.5, all Homesites shall be used only as residential dwellings and for no other purpose except Home Occupations. The Governors Village Apartment Tract shall be used only for residential dwellings and Home Occupations except that it may also be used for (1) offices and maintenance facilities used only in connection with the leasing, operation, maintenance and repair of the apartments and related facilities located thereon; (2) pools, tennis courts, community meeting rooms and other facilities serving residents; and (3) any other use approved in writing by Declarant. The Governors Village Townhome Property shall be used only for residential dwellings and Home Occupations, except that no portion of the Governors Village Townhome Property nor any Homesite on

BOOK 888 PAGE 613

the Governors Village Townhome Property may be used for: (1) a bank, savings and loan, finance company, credit agency or other similar financial institution; or (2) a real estate leasing, brokerage, sales, listing or advertising office or facility or other office or facility engaged directly or indirectly in the leasing, listing, promotion, sale or advertising of real estate. No business or commercial buildings may be erected on any Homesite, the Governors Village Apartment Tract or the Governors Village Townhome Property, and no business may be conducted on any part thereof, except as specifically reserved herein. Any provision of this Declaration to the contrary notwithstanding, GVT, LLC, a North Carolina limited liability company is hereby non-exclusively authorized as a builder/developer to exercise the rights reserved to the Declarant in Section 4.8.11 of this Declaration within the Governors Village Townhome Property, including any Homesite within the Governors Village Townhome Property, for so long as GVT, LLC owns or has any use rights to any property within the Governors Village Townhome Property; provided that these rights are not assignable by GVT, LLC without the prior written consent of the Declarant."

IN WITNESS WHEREOF, the Declarant has caused this Amendment to be executed as of the date first above written.

By: GOVERNORS CLUB LIMITED PARTNERSHIP
Governors Club Development Corporation,
General Partner

By: 
Vice President

BOOK 888 PAGE 614

NORTH CAROLINA
COUNTY OF CHATHAM ORANGE

I, a Notary Public of said County and State, hereby certify that Kheis
Pascalella personally appeared before me this day and acknowledged that
he is Vice President of Governors Club Development Corporation, a North Carolina corporation,
a General Partner of Governors Club Limited Partnership, and that he, as
Vice President, being authorized to do so, executed the foregoing on behalf of the
corporation.

Witness my hand and official stamp or seal, this 30 day of August, 2001.

Kathleen C Baker
NOTARY PUBLIC

My Commission

Expires: 10/5/03

(Seal)

Kathleen C. Baker
Notary Public

Orange County, NC

My Commission expires: 10/5/03

BOOK 888 PAGE 615

JOINDER OF MASTER ASSOCIATION

GOVERNORS VILLAGE PROPERTY OWNERS ASSOCIATION, INC., a North Carolina nonprofit corporation, hereby joins in this Ninth Amendment to the Governors Village Declaration for the sole purpose of agreeing to perform its obligations as contained herein.

GOVERNORS VILLAGE PROPERTY OWNERS ASSOCIATION, INC.,
a North Carolina nonprofit corporation

By:

[Signature]
President

NORTH CAROLINA
COUNTY OF CHATHAM ORANGE

I, Kathleen C. Baker, a Notary Public of the County and State aforesaid, certify that Chris Paocarella personally came before me this day and acknowledged that he is Vice-President of Governors Village Property Owners Association, Inc., a North Carolina corporation, and that he, as Vice-President, being authorized to do so, executed the foregoing on behalf of the corporation.

Witness my hand and official seal or stamp, this the 30 day of August, 2001.

Kathleen C. Baker
Notary Public

My Commission Expires: 10/5/03

(Seal)

Kathleen C. Baker
Notary Public
Orange County, NC

My Commission expires: 10/5/03

REBA G. THOMAS
REGISTER OF DEEDS
CHATHAM COUNTY, N.C.
2001 AUG 30 P 1:35

FILED

NINTH AMENDMENT

9

GOVERNORS VILLAGE

NORTH CAROLINA, CHATHAM COUNTY

The foregoing Certificate(s) of KATHLEEN C. BAKER

Public is (are) certified to be correct. This instrument was presented for registration at 1:35 Notary(ies)
P.M. on August 30 2001 and recorded in Book 888 Page 607

REBA G. THOMAS,
REGISTER OF DEEDS FOR CHATHAM COUNTY

By [Signature]
Assistant

()

17. 11. 1911

()

()

OCT 29 2007.

FILED
CHATHAM COUNTY
REBA G. THOMAS
REGISTER OF DEEDS

BOOK 1360 PAGE 458

FILED Sep 14, 2007
AT 08:45:09 am
BOOK 01360
START PAGE 0458
END PAGE 0462
INSTRUMENT # 12172

Return: Poyner & Spruill LLP
PO Box 10096
Raleigh NC 27605

NORTH CAROLINA
CHATHAM COUNTY

DECLARATION SUBJECTING ADDITIONAL LAND
IN THE TOWNES OF GOVERNORS VILLAGE

THIS DECLARATION, made this 20th day of August, 2007, by GVT, LLC, a North Carolina limited liability company (hereinafter referred to as "Declarant") and ROBUCK HOMES TRIANGLE, LLC, a North Carolina limited liability company (hereinafter referred to as "Owner").

WITNESSETH: That

WHEREAS, Declarant has established a general plan and uniform scheme of development for the improvement of property known as The Townes of Governors Village, as set forth in that certain Declaration of Covenants and Restrictions for The Townes of Governors Village, recorded in Book 947, Page 415, as previously amended and supplemented in Book 953, Page 125 and Book 1058, Page 439, Chatham County Registry (the "Declaration"); and

WHEREAS, Owner is the owner of Phase Three Governors Village Townhomes, to be known as "Governors Lake Townes," as more particularly described on the plat entitled, "Phase Three Governors Village Townhomes," recorded at Plat Slide 2006-536, Chatham County Registry; and

WHEREAS, Section 2.2 of the Declaration authorizes the Declarant to subject additional property to the Declaration provided that such additional property is "Townes of Governors Village Property" or is immediately adjacent to the "Property," as those terms are defined in the Declaration, and is developed in a manner compatible with the Property;

WHEREAS, Declarant and Owner desire to subject Governors Lake Townes to the provisions of the Declaration; and

WHEREAS, Governors Lake Townes is immediately adjacent to the Property described in the Declaration and will be developed in a manner compatible with the Property described in the Declaration.

NOW, THEREFORE, Declarant hereby declares that the real property located in Chatham County, North Carolina, being all of that 10.697 acre, more or less, tract of land, including Blocks K, L, M, N, O, P, Q, R, S, T, U, V, W and X and Common Areas, all as shown on the plat entitled, "Phase

Three Governors Village Townhomes," recorded in Plat Slide 2006-536, Chatham County Registry, is and shall be annexed to, and shall be held, transferred, sold and conveyed subject to the Declaration.

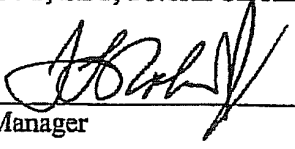
The herein described property shall be subject to all the terms, covenants, requirements and conditions of the aforesaid Declaration, the provisions of which are specifically incorporated herein by reference, and all references therein to the "Property" and the "Townes of Governors Village Property" shall be deemed to include and encompass that property described herein as if the same were and had been included in the Declaration to the same extent as if it had been originally described therein.

The Owner hereby joins in this Declaration Subjecting Additional Land in the Townes of Governors Village for the purpose of consenting to the terms and conditions hereof and to subject the herein described property to the terms and conditions of the Declaration.

IN WITNESS WHEREOF, the Declarant and the Owner have caused this instrument to be executed this 28th day of August, 2007.

DECLARANT:

GVT, LLC, a North Carolina limited liability company

By:  (SEAL)
Manager

Printed Name: Frank L. Robuck Jr.

OWNER:

ROBUCK HOMES TRIANGLE, LLC,
a North Carolina limited liability company

By:  (SEAL)
Manager

Printed Name: Charles Bishop

NORTH CAROLINA
COUNTY OF Wake

BOOK 1360 PAGE 462

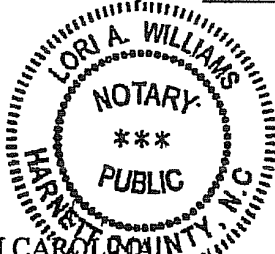
I, Lori A. Williams, a Notary Public of Harnett County and State aforesaid, certify that Frank Shell personally came before me this day and acknowledged that he is Sr. Vice President of Crescent State Bank and that he, as Sr. Vice President, being authorized to do so, executed the foregoing on behalf of the corporation.

Witness my hand and official stamp or seal, this 31st day of August, 2007.

Lori A. Williams
Notary Public

My Commission Expires: 4-8-2011

(SEAL)



NORTH CAROLINA
COUNTY OF Wake

I, Lori A. Williams, a Notary Public of Harnett County and State aforesaid, certify that Thomas E. Holder, Jr., Trustee, personally came before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official stamp or seal, this 31st day of August, 2007.

Lori A. Williams
Notary Public

My Commission Expires: 4-8-2011

(SEAL)

