RECORD AND RETURN TO: Richard M. Drew, Attorney at Law

PO Box 2756, Durham, NC 27705

STATE OF NORTH CAROLINA

COUNTY OF DURHAM

DECLARATION OF RESTRICTIONS AND COVENANTS FOR HOMESTEAD VILLAGE SUBDIVISION

THIS AGREEMENT, made and executed the 22nd day of December, 1995, by and between LANDWRIGHT CORPORATION, 1408 Christian Ave. #5, Durham, North Carolina 27705, a North Carolina corporation (hereinafter referred to as "Developer") and any and all individuals, partnerships or corporations hereafter acquiring any of the within-described property.

W I T N E S S E T H:

THE DEVELOPER, being the owner of all of the following described premises, situated within the County of Orange, State of North Carolina and being more particularly described as follows

(hereinafter referred to as the "Property", "HOMESTEAD VILLAGE" or the "Subdivision"):

See Exhibit "A" attached hereto and incorporated herein by reference.

The Developer has established a general plan for the improvement and development of the Property, and does hereby set forth and establish the following covenants, reservations, and restrictions upon which all lots and portions of such lots shall be improved or sold and conveyed by Developer as owner thereof. Each and every one of these covenants, conditions, reservations and restrictions is and all are for the benefit of each owner ("Owner") of land in the Subdivision, and shall inure to and pass and run with each and every lot ("Lot") now or hereafter subject to this Declaration, and shall bind each Owner and their successors or assigns. These covenants, conditions, reservations, and restrictions are imposed upon the Property, as well as any lands added hereto, all of which are to be construed as restrictive covenants running with the land.

The intent of the following covenants is to foster the development of a compatible neighborhood of people and homes, to protect all parties to this instrument against such improper use of lots within the development which would depreciate the monetary worth of other lots within the Subdivision, to foster a development which maintains an atmosphere of natural beauty and a harmonious blend of nature and residential dwellings, and to provide a mechanism for the maintenance and repair of the landscaping, stormwater impoundments and other common elements associated therewith.

[Recording: December 27, 1995; Book 1420, Pages 456-471, Orange County Registry. Handwritten indexing marks are retained in the recorded original.]

SECTION 1

1. THE ASSOCIATION. The Developer shall establish, coincidental with this Agreement, a Homeowners' Association (hereinafter referred to as "Association") as a non-profit North Carolina corporation named HOMESTEAD VILLAGE HOMEOWNERS ' ASSOCIATION, INC. to own and to maintain the entranceway(s), roadways, stormwater detention impoundments and common area landscaping, and to carry out the business of the lot owners in common one with the other. The Association's Bylaws are incorporated herein by reference.

2. MEMBERSHIP. Every lot Owner shall be a member of the Association, and membership shall be appurtenant to any and may not be separated from ownership of any lot within or annexed to Homestead Village. Homestead Village will consist of a total of 64 building lots. Additional lots may be annexed to the Property as described herein, and included under the jurisdiction of this Declaration, at the option of the Developer and upon the approval of U.S. Department of Housing and Urban Development ("HUD"), Federal Housing Administration ("FHA") and Veterans Administration ("VA"), effective when the Developer shall cause this Declaration to be recorded at Orange County Registry on the annexed lots, if any.

3. COMMON AREAS, ROADWAYS AND DETENTION BASINS. Subsequent to the recordation of this Declaration, the Developer shall deliver to the Association one or more deeds, free and clear of all encumbrances, conveying any Common Areas, Roadways or Detention Ponds to the Association as such Common Areas, Roadways or Detention Ponds are developed.

4. Voting. The Association shall have the following two (2) classes of voting members.

> Class A: Class A members shall be lot Owners with the exception of the Developer, and shall be entitled to one (1) vote for each lot owned. Developer may, however, be a Class

A member upon termination of Class B membership. When more than one (1) owner holds an interest in any lot, all such Owners shall be members. The vote of such lots shall be exercised as the owners, among themselves, determine, but in no event shall more than one (1) vote be cast with respect to any lot. Fractional voting is prohibited.

> Class B: The Class B member shall be the Developer. The Class B member shall be entitled to five (5) votes for each lot owned. The Class B membership shall cease and be converted to Class A membership upon one of the following events, whichever occurs first.
>
> a. December 31, 2000; or
>
> b. Seventy-Five percent (75%) of the lots are deeded

and conveyed to homeowners.

5. CREATION OF LIEN AND PERSONAL OBLIGATION ASSESSMENTS. Developer, for each lot owned, hereby covenants, and each owner of any lot by acceptance of a deed therefore, whether or not so expressed in such deed, is deemed to covenant and agree to pay to the Association annual assessments or charges, and _ special assessments for capital improvements, both such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall NOT pass to his successor in title unless expressly assumed by them.

6. PURPOSE OF ASSESSMENTS. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents in the Properties and for the improvement and maintenance of the Common Areas giving highest priority to the maintenance of the common area landscaping, entrances, roadways and the stormwater detention impoundments.

7. OPERATION AND MAINTENANCE OF STORM WATER DETENTION PONDS. The Association shall, among its other duties and obligations, operate and maintain the storm water detention ponds located upon the property in conformity with and according to the following maintenance plan:

(1) The Association shall conduct inspection of the detention ponds and outlet structures at regular three (3) month intervals, and after all significant storms. For these purposes, a significant storm is deemed to be one that causes the top of the water to rise above the barrel intake. On such occasions, the outlet structure and barrel shall be inspected for damage and/or clogging.

(2) The Association shall conduct a visual inspection every three (3) months of the inlets and outlets of the detention basin system to detect blockages or flooding at inlets or manholes, or erosion or damage to outlet devices. Inspections shall also be conducted following heavy rainfalls (two inches or more in twenty-four hours or less) or a significant storm.

(3) The Association shall conduct an annual inspection each year, such inspection to include removal of the covers of all structures, cleaning of debris or

deposits from said structures, and making necessary repairs as needed or indicated.

(4) The Association shall provide to the Town of Chapel Hill, semi-annually, a report concerning its operation and maintenance activities in accordance with the terms and provisions of, and approval by its Zoning Compliance permits. This report shall be signed by an independent inspector and an officer of the Association.

(5) The Association shall plant, or be responsible for planting, the wetted perimeter of the detention pond with water resilient vegetation appropriate to the soil and site characteristics, and shall maintain said vegetation to adequately insure growth of such vegetation.

(6) The Association shall repair in a timely manner any side slopes of the pond or basin which might exhibit sloughing, channel erosion, or vegetative washout, as well as reposition and/or replace any rip-rap which might become displaced or removed due to significant or heavy water flow, or other cause.

(7) During construction of the Subdivision, the detention ponds will be temporarily used as sediment control structures and maintained by the Developer. After construction is complete and the detention pond areas stabilized, permanent low flow concrete channel, vegetative cover, security fencing and landscaping have been installed by the Developer, the detention pond areas shall be conveyed to the Association for permanent maintenance.

(8) The Association shall, as part of its regular maintenance procedure, inspect and remove, every six (6) months, any silt and/or debris found in, around or upon said detention pond areas.

(9) The Developer shall, within thirty (30) days from project completion, provide to the Town of Chapel Hill a stamped Engineer's Certification verifying and confirming that construction of the detention pond areas are consistent with the plans and specifications previously approved by the Town of Chapel Hill.

(10) Until the detention pond and basin areas are conveyed to the Association, the Developer shall be responsible for the operation and maintenance of the storm water detention system ponds and basins, as aforesaid.

8. MAXIMUM ANNUAL ASSESSMENT. Until January 1, 1997, the maximum annual assessment shall be $100.00 per lot.

a. Effective from and after January 1, 1997, and while there exists a Class B membership, the maximum annual assessment may be increased each year not more than ten percent (10%) above the maximum assessment for the previous year.

b. For as long as the Class B membership exists, the Developer, or its successors, shall pay annual assessments equal to the difference between the costs necessary to operate the Association and the amount of all other assessments collected.

c. After the Class B membership has been extinguished, the maximum annual assessment may be increased above ten percent (10%) by an affirmative vote of a majority of members who are voting in person or by proxy, at a meeting duly called for this purpose.

d. The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

9. SPECIAL ASSESSMENTS. In addition to the annual assessment authorized above, the Association may levy, in any assessment year, special assessments applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the common areas, including fixtures and personal property related thereto (collectively, the "Common Areas"), provided that any such assessment shall have the assent of the majority of the votes of Class A members who are voting in person or by proxy at a meeting duly called for this purpose.

10. UNIFORM RATE OF ASSESSMENT. Annual assessments provided for herein shall commence as to each lot on the first day of the month following purchase of the lot by the initial occupant. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and fora reasonable charge, furnish a certification, signed by an officer of the Association, setting forth whether the assessments on a specified lot have been paid.

11. NON-PAYMENT OF ASSESSMENTS; REMEDIES OF THE ASSOCIATION. Any assessment not paid within thirty (30) days after the due date thereof shall bear interest from the due date at the rate of eight percent (8%) per annum. The Association may bring an action at law against the owner personally obligated to pay the same, or

foreclose this lien against the property. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his lot.

12. SUBORDINATION OF THE LIEN TO MORTGAGES. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Failure to pay any assessment due does not constitute a default under a Lot Owner's mortgage. Mortgagees shall not be required to collect assessments from Lot Owners, on behalf of the Association. Sale or transfer of any lot shall not affect the assessment lien. However, the sale or transfer of any lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such lot from liability for any assessments thereafter becoming due or from the lien thereof.

13. EXEMPT PROPERTY. All properties dedicated to and accepted by a local public authority, and all properties owned by a charitable or non-profit organizations exempt from taxation by the laws of the State of North Carolina shall be exempt from the assessments created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

Section 2

1. All lots in the above-described parcel of land shall be known and described as residential lots, and shall be used for single family residential purposes only. No structures shall be erected, placed or permitted to remain on any residential building lot other than one detached dwelling and a private garage for not more than three cars and other out-buildings incidental to residential use, subject, however, to other provisions set forth herein.

2. Each main structure of each dwelling constructed upon the lots or lots shall have a minimum heated and finished floor space of 1200 square feet. In determining the square footage of the primary dwelling, garages, storage houses, unfinished basements and un-enclosed porches shall be excluded. Provided, however, on a case-by-case basis, the Architectural Standards Committee ("ASC") in its sole discretion, by unanimous vote, may allow exceptions to the minimum square footage required. The decision of the ASC shall be made in good faith, and its decision shall be binding.

3. No dwelling or other structures shall be located on any lot nearer than 26 feet from the front property line, nor nearer to any interior lot line than 11 feet (15 feet from the side lot line or a corner lot) nor nearer the rear lot line than 25 feet, and a solar set back requirement of 13 feet.

4. No structure, including the dwelling and garage, whether attached or detached from the main dwelling, shall be constructed,

situated, or allowed to remain on any lot, unless the plans and specifications and location of the same shall have been first approved in writing by the ASC. If the ASC fails to approve or disapprove such specifications, plans and locations within two (2) weeks of receipt of same, then such plans and specifications shall be deemed approved as presented. The approval or disapproval of specifications, plans and location to be made by the ASC shall be reasonable and made in good faith. All parties to this Declaration, whether Developer, initial house builder, lot owner, or prospective purchaser, acknowledge that such approval shall take into account the nature of the improvements and the harmony of the proposed improvements with the surroundings, other buildings within the subdivision and the topography of the lot.

It is the intent of this Declaration to promote the proper maintenance and good design of all landscaping and trees and the natural setting and appearance of the lots. Each lot Owner shall be entitled to the reasonable enjoyment of his Lot and freedom to modify his landscaping to meet his individual needs. Trees exceeding ten (10") inches in diameter as measured four feet above the ground may only be removed after approval by the ASC.

Each individual house builder shall prior to the commencement of construction, submit two (2) copies of the proposed plans and specifications for the exterior of each model style to be built within Homestead Village to the ASC, such plans and specifications shall include:

a. Exterior elevation plans of every side of each model style and any additional structure to be erected upon any lot. Such plans shall include all variations of each model style including one or two car garages, bonus rooms, additional or expanded rooms, decks and porches (in excess of 250 square feet) and all changes which modify the foundation of any model;

b. Exterior color chips or color samples of all siding, trim and masonry combinations anticipated and the program, if any, to be followed with respect to complementary combinations of color and colors of adjacent houses; and

c. For information purposes, to be kept on file by the Association, the site plan describing the footprint of all structures, including dimensions, which shall contain the same and all information on the site plan as is required by the City of Chapel Hill for each building permit.

Each lot owner shall prior to the commencement of any additional construction after construction of the initial dwelling, submit two (2) copies of the proposed plans and specifications for the exterior of all improvements to the ASC, such plans and specifications shall include:

a. A site plan describing any changes in the footprint, including dimensions, of the dwelling and driveways and describing those items which are added to will change from any prior construction on the lot; and

b. Exterior elevation plans of every side of the changes in the dwelling and each structure to be erected upon the lot; and

c. Exterior color chip(s) or color sample(s) to be used on all exterior surfaces of either or both the original dwelling and/or the additional structure(s) erected or to be erected upon the lot; and

d. A landscaping plan describing the additional fences, ponds, exterior lighting and fixtures to be installed upon the lot and exterior of the structures.

e. The number of plans and the level of detail of each plan required shall be according to the rules and regulations established by the ASC from time to time and shall be in proportion to the complexity of the Owner's request, as determined by the ASC.

Approval of such plans, specifications, site plan and landscape plan shall be evidenced by written endorsement of the ASC on such plans, copies of which shall be delivered to the owner or owners of the lot upon which the prospective structure is contemplated prior to the beginning of construction. No external structural or color changes or deviation in or from such plans and specifications as approved shall be made without the prior written consent of the ASC.

Decisions by the ASC may be appealed to a decision of a majority vote of members voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting setting forth the time, place and purpose of the meeting.

All construction, once approved by the ASC requires the lot owner to obtain all applicable municipal approvals from the City of Chapel Hill and all other agencies. Construction not started within one year from the date of approval by the ASC shall be deemed abandoned and shall require the lot owner to resubmit all plans and specifications required above before initiating construction. Construction once started shall be diligently pursued until completion. No construction shall be vacated or delayed for more than ten consecutive calendar days, for any reason. No construction shall be delayed or postponed pending resolution of any disputes or disagreements. The lot owner shall take whatever steps are necessary to continue completion of the construction and to consult with the ASC, if modifications in the plans and specifications are necessary.

The Developer, the ASC or any lot owner shall be entitled to injunctive relief to stop or require the modifications, relocation, or removal of any construction in violation of these restrictions.

5. (a) Any and all out-buildings must be located to the rear of the main dwelling and shall not at any time be used as a temporary or permanent residence, except as allowed by the ASC.

(b) Recreational camping vehicles, boats and boat trailers may be stored on the property, provided they are stored to the rear of the main dwelling and suitably screened from all directions. Unlicensed automobiles must be stored in a garage.

(c) Any fuel tanks shall be to the rear of the improvements and buried in the ground or screened in a manner approved by the ASC.

(d) No clothes lines shall be permitted except to the rear of the house.

(e) No trade materials or improvements may be stored upon the premises and no tractor trailers may be parked at or on the premises. In addition, no mobile home shall be allowed on any lot within the development.

(f) All rubbish, trash, organic clippings, garbage or other waste shall be kept in sanitary containers in an enclosed location and appropriately screened.

(g) No outdoor burning of any material shall be permitted on any lot unless an adequate incinerator is used in compliance with all local, state or federal laws and required permits are obtained.

(h) No lot owner or person residing in the residence shall allow a home business to continue to function on the lot or within the premises which employs more than one non- resident or attracts, on average, more than two daily vehicular trips of visitors or trades/delivery vehicles to the lot.

(i) Adequate off-street parking spaces sufficient for the owner and other persons residing regularly in the residence shall be provided by the owner of each residential lot. Lot owners agree not to park their automobiles or other vehicles on the streets located within the subdivision for more than two consecutive nights.

(j) All radio and television antennae (including all forms of satellite dishes), shall not be constructed, installed or located upon the lot within the lands subject to this Declaration without the prior written approval of the

ASC, which approval shall only be given after review by the ASC of a written submission, including site plan, describing the nature of such construction and suitable screening therefore, installation or location, impact on existing vegetation, together with a specific description of all materials to be used, subject to the same approval requirements set forth in Paragraph 4 of this Declaration for other improvements.

(k) Concrete blocks or cinder blocks must be covered or parged if exposed as finished exterior of the dwelling or any structure on the lot.

(l) All exposed surfaces of any chimneys attached or within any structure shall be of masonry materials or covered in the same siding as the house.

(m) All roofs of all structures over heated areas shall be sloped at a pitch not less steep than 6 in 12, unless specifically approved by the ASC.

6. Easements for the installation and maintenance of the street, all utilities and drainage facilities are hereby reserved by the Developer for itself, its successors and/or assigns as shown on the recorded plat for Homestead Village Subdivision. Within these easements no structures, plantings or other materials shall be placed or permitted to remain which may change the direction of flow, obstruct, or retard the flow of water through drainage channels in these easements. The easement areas of each lot shall be maintained continuously by the owner of the lot.

7. No obnoxious or offensive activity shall be permitted on any lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood.

8. No trash, rubbish, stored materials, wrecked or inoperable vehicles or similar unsightly items shall be allowed to remain on any lot outside the approved enclosed structure. Provided, however, that the foregoing shall not be construed to prohibit temporary deposits of trash and other such debris for pick up by garbage or trash removal services.

9. No signs or billboards of any description may be displayed on the property, with the exception of "FOR SALE" which signs shall not exceed six (6) square feet in size and shall be limited to one sign per lot.

10. No animals, livestock or poultry of any kind shall be raised, bred, or maintained on any lot except household pets which may be kept thereof in reasonable numbers as pets for sole pleasure and use of the occupants, but not maintained or bred for any commercial use or purpose.

11. All fences shall not be over (4) feet high and shall be

of a type that enhances the beauty of the neighborhood and shall, prior to construction, be approved by the Architectural Standards Committee pursuant to Paragraph 4. In no event shall a chain link or metal type fence be approved in any area closer to the front property line than the rear of the residential dwelling. A decorative or stockade privacy fence may be erected subject to the submission of such plan to the ASC and granting architectural approval set forth in Paragraph 4 above.

12. The Architectural Standards Committee ("ASC") shall consist of a committee composed of three (3) members appointed in the following manner:

(a) So long as Developer owns one (1) or more lots located within lands subject to this Declaration, then Developer shall appoint two (2) members of the ASC. A majority of the owners of the lots, except the Developer, shall appoint on (1) member of the ASC.

(b) At the point in time that Developer no longer owns any lots as set forth above or Developer relinquishes its right to appoint members to the ASC in favor of the lot owners, a majority of the lot owners shall appoint each of the three (3) members of the ASC.

(c) Members of the ASC, once appointed, shall serve for a minimum of one (1) calendar year, unless removed for cause by a seventy-five (75%) percent vote of the lot owners.

Section 3

1. Term of Declaration. The terms and conditions of this Declaration shall be construed as covenants running with the land and shall be binding and effective for a period of twenty (20) years from the date hereof, at which time they shall be automatically extended for successive periods of ten (10) years each.

If any person, firm or corporation shall violate or attempt to violate any of these restrictions, it shall be lawful for the Developer or any other person, firm or corporation owning any of the lots to prosecute the violating party at law or in equity for any claim which these restrictions may create, either to prevent said person, firm or corporation from doing such acts and/or to recover damages for such violation or violations, including reasonable attorney's fees incurred in connection with the enforcement of these restrictions.

Invalidation of any one or more of these restrictions by judgment or court order shall in no way affect of the other provisions not expressly held to be void, and all other such provisions shall remain in full force and effect.

2. Amendments to Declarations. On or before a date (5) years from the date hereof, this Declaration may be amended in full or in part only after the assent of seventy-five (75%) percent of the votes of Class A members who are voting in person or by proxy at a meeting duly called for this purpose, and by an instrument signed by the owners of not less than seventy-five (75%) percent of the lots. After the date which is five (5) years from the date hereof, this Declaration may be amended in full or in party by an instrument signed by a simple majority of the owners of the lots. To be effective, any amendment of this Declaration must be recorded in the Office of the Register of Deeds of Orange County, North Carolina.

3. HUD/VA Approval. Notwithstanding any provision in this instrument to the contrary, as long as a Class B membership exists, the following actions shall require the approval of HUD/VA if the Developer desires to qualify sections of the Property for HUD/VA approval: (1) annexation of additional properties and dedication of additional Common Areas not covered by the attached Exhibit A; (2) amendment of this Declaration of Restrictions and Covenants; (3) mergers and consolidations; (4) mortgaging of Common Area.

4. MORTGAGES ON COMMON AREAS. The Common Areas cannot be mortgaged or conveyed without the prior consent of at least two- thirds of the Lot Owners (excluding the Developer). Before the Common Areas can be mortgaged or conveyed, the Association shall obtain prior written approval of HUD/VA.

5. DISSOLUTION OF INSOLVENCY: Upon dissolution or insolvency of the Association or upon loss of ownership of the Common Area by the Association for any cause whatsoever, any portion of the Common Area not maintained by a non-profit corporation, as hereinabove provided, shall be offered to the City of Chapel Hill to be dedicated for public use for purposes similar to those to which they were required to be devoted by the Association. If the City of Chapel Hill accepts the offer of dedication, such portion of the Common Area shall be conveyed by the Association to the City of Chapel Hill subject to the superior right of the Owner of each Lot to an easement for reasonable ingress and egress between his Lot and the public street.

In the event that the City of Chapel Hill refuses the offer of dedication and conveyances, the Association may transfer and convey such Common Area to any non-profit corporation, association, trust or other organization which is or shall be devoted to purposes and uses that would most nearly conform to the purposes and uses to which the Common Area was required to be devoted by the Association.

SECTION 4

In the case of failure of a lot owner to comply with the terms and provisions contained in this Declaration, the following relief shall be available:

1. An aggrieved lot owner or owners within the subdivision shall have the right to bring an action and recover sums due, damages, injunctive relief and/or such other and further relief as may be just and appropriate.

2. The remedies provided by this declaration are cumulative, and are in addition to any other remedies provided by law.

3. The failure of any person to enforce any restriction contained in these restrictions, the articles of incorporation or the bylaws shall not be deemed to waive the right to enforce such restrictions thereafter as to the same violation or subsequent violation or similar character.

SECTION 5

1. COMMON AREAS. The Developer hereby covenants for itself, its heirs and assigns, that it will convey fee simple title of Common Areas to the Association free and clear of all encumbrances and liens, except utility, antenna, drainage and sedimentation,

Sanitary sewer easements and easements and rights of way of governmental authorities.

2. EASEMENTS OVER COMMON AREAS. All of the Common Areas shall be subject to such easements for driveways, walkways, parking areas, water lines, sanitary sewers, storm drainage facilities, gas lines, telephone and electric power lines, street lighting and landscape decoration, cable television lines and other public utilities as shall established by the Developer or by its successors in title, prior to the conveyance of Lots to subsequent owners of the conveyance of the Property to the Association; and the Association shall have the power and authority to grant and establish upon, over and across the Property conveyed to it, such further easements as are requisite for the convenient use and enjoyment of the Property.

3. EASEMENTS IN FAVOR OF LOTS. All Common Areas shall be subject to an easement in favor of all Lots and shall be deemed appurtenant to all Lots, whereby the owner of each Lot shall have a right and easement of access and enjoyment in and to the Common Areas, subject to each of the following provisions:

a. The right of the Association to suspend the rights to use the amenities by an Owner or any person to whom said Owner has delegated his right or enjoyment for any period during which any assessment against his Lot remains unpaid;

b. The right of the Association to dedicate or transfer all or any part of the Common Areas for such purposes and subject to such conditions as may be agreed to by the members of the Board of Directors.

c. The right of the Association to dedicate or transfer all or any part of the Common Areas for public utility easements;

d. The right of the Association to formulate, publish and enforce rules and regulations as may be established from time to time according to the terms of this Declaration.

This instrument effecting such dedication, transfer, conveyance or mortgage shall be sufficient if it is executed by appropriate officers of the Association and contains a recital of the above provisions, and that they have been complied with.

SECTION 6

1. SUBORDINATION BY LENDER. West Durham Lumber Company ("Lender") holds a deed of trust and security agreement on the Property which is recorded in Book 1158, Page 539, Durham County Registry (the "Deed of Trust"). In consideration of the loan secured thereby and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by Lender, Lender does hereby subordinate the lien of its Deed of Trust to this Declaration so that this Declaration shall for all purposes be considered recorded prior to the Deed of Trust and the foreclosure of the Deed of Trust shall not extinguish this Declaration. Lender's signature below evidences such agreement to subordinate the operation of Deed of Trust to this Declaration.

IN WITNESS WHEREOF, the Developer has caused this instrument to be signed in its corporate name and its seal to be affixed by authority of its Board of Directors, as of the day and year first above written.

LANDWRIGHT CORPORATION

By: [signature] RICHARD H. WRIGHT, III President

ATTEST: [signature; see recorded original]

[Corporate seal]

BOOK 1420 PAGE 470

NORTH CAROLINA

COUNTY OF DURHAM

I, a Notary Public of the County and State aforesaid, certify that Melody W. Hine personally came before me this day and acknowledged that she is the Asst Secretary of LANDWRIGHT CORPORATION, a North Carolina 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 her as its Asst. Secretary.

WITNESS my hand and official stamp or seal, this the 22 day of December, 1995.

Jennifer H. Smith
NOTARY PUBLIC

My Commission Expires: 7-11-98

Jennifer H. Smith, Notary Public
Durham County, North Carolina
My Commission Expires 7-11-98

LENDER HEREBY EVIDENCES ITS SUBORDINATION OF ITS DEED OF TRUST AS SET OUT IN SECTION 6 ABOVE.

WEST DURHAM LUMBER COMPANY

ATTEST: Jackie Brown
Asst SECRETARY

By: Russell M. Fanning
President

NORTH CAROLINA

COUNTY OF DURHAM

I, a Notary Public of the County and State aforesaid, certify that Jackie Brown personally came before me this day and acknowledged that she is the Asst. Secretary of WEST DURHAM LUMBER COMPANY, a North Carolina 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 her as its Asst. Secretary.

WITNESS my hand and official stamp or seal, this the 22 day of December, 1995.

Melody W. Hine
NOTARY PUBLIC

My Commission Expires: 5/27/96

NORTH CAROLINA - ORANGE COUNTY

The foregoing certificate(s) of Jennifer H. Smith and Melody W. Hine,

~~A Notary~~ (or Notaries) Public of the designated Governmental units is (are) certified to be correct. Filed for registration this the 27th day of December 19 95, at 3:54:59 o'clock, P.M. in Record Book 1420 Page 456.

Return: _____

Betty June Hayes, Register of Deeds

By: Priscilla D. Tyree
~~Assistant~~/Deputy Register of Deeds

Facsimile: handwritten entries retained without conjectural transcription.

EXHIBIT A

BEGINNING at an existing concrete monument designated "Control Corner" located at the southwest corner of the land now or formerly belonging to Watts A. Scott and the northwest corner of the land now or formerly belonging the University of North Carolina, as shown on the plat and survey hereinafter referred to, and running thence along and with the northern property line of Peter A. Thorn, Laura F. Thorn, and M. Van Den Hanert, South 88 degs. 54' 48" West 628.78 feet to an iron pipe; thence along and with the northern property line of John A. Walker, North 85 degs. 55' 18" West 290.21 feet to the eastern right-of-way of Seawell School Road (S.R. 1834); thence along and with the eastern right-of-way of Seawell School Road (S.R. 1834) North 04 degs. 03' 03" East 449.75 feet to an iron pipe; thence South 85 degs. 25' 38" East 201.31 feet to an iron pipe, the southeast corner of the Property of Richard Zaffron; thence along and with Zaffron's eastern property line North 04 degs. 05' 16" East 479.79 feet to an iron pipe; thence along and with the eastern property line of Anita P. Whaley North 04 degs. 05' 10" East 249.98 feet to an iron pipe; thence along and with the eastern property line of James L. Sartin, Jr. North 04 degs. 04' 37" East 250.69 feet to an iron pipe located in the right-of-way of Homestead Road (S.R. 1777); thence South 84 degs. 36' 18" East 680.27 feet to an iron pipe in the right-of-way of said Homestead Road (S.R. 1777) located at the northwest corner of the land now or formerly belonging to Watts A. Scott, also designated control corner; thence along and with the western property line of Watts A. Scott South 02 degs. 35' 36" West 1356.70 feet to the existing concrete monument designated control corner the point and place of BEGINNING, containing approximately 24.44 acres, more or less, as shown on the plat and survey thereof entitled "BOUNDARY SURVEY - PROPERTY OF MARY ELLEN BURCH AND FRANCES BURCH SCOTT", dated April 21, 1993, prepared by The John R. McAdams Company, Inc., Registered

Land Surveyors, to which plat and survey reference is hereby made for a more particular description of same.

LESS AND EXCLUDING:

All of Lot No. 27 of HOMESTEAD VILLAGE, as shown on plat and survey thereof entitled "HOMESTEAD VILLAGE - SITE PLAN", dated October 1994, and prepared by The John R. McAdams Company, Inc.