

DECLARATION OF RIGHTS, RESTRICTIONS,
AFFIRMATIVE OBLIGATIONS AND CONDITIONS
APPLICABLE TO ALL PROPERTY IN WOODCROFT

WHEREAS, THE WOODCROFT COMPANY, a North Carolina Partnership (the "Company"), is the owner of certain lands located within a community known as "Woodcroft" in Durham, North Carolina.

WHEREAS, the Company wishes to declare certain restrictive covenants affecting certain lands in Woodcroft.

NOW, THEREFORE, the Company does hereby declare that the covenants contained herein shall be covenants running with the land and shall apply to the lands described in Exhibit "A" attached hereto (the "Properties"), and such additions thereto as may hereinafter be made pursuant to paragraph (8) of Part VI hereof. The Company reserves in each instance the right to add additional restrictive covenants in respect to lands to be conveyed in the future within the Properties, or to limit therein the application of this Declaration.

DEFINITIONS

"Woodcroft" when used herein shall refer to the lands in Durham County, North Carolina, which are shown as a part of Woodcroft on the Company's Master Plan as revised from time to time.

Whenever used herein, the term "Company" or "the Company" shall refer to Woodcroft Company, a North Carolina Partnership, its successors and assigns, and any agent or agents appointed by Woodcroft Company, its successors and assigns, to act on its behalf for the purpose of administering or enforcing, in whole or in part, the rights reserved unto the Company in this Declaration.

Whenever used herein, the term "Association" shall refer to Woodcroft Community Association, Inc., a North Carolina non-profit, non-stock corporation, its successors and assigns, and any other community or owners association within Woodcroft organized by the Company or by others with the consent of the Company.

The terms "Property" and "Properties" when used herein shall refer to any tract of land or subdivision thereof in Woodcroft which has been subjected to the provisions of this Declaration of any Supplemental Declaration under the provisions of paragraph (8) of Part VI hereof, as may be referenced in deeds issued by the Company or any third party with the consent of the Company, including, without limitation, all that tract or parcel of land, situate, lying

and being in Durham County, North Carolina, which is more particularly described in Exhibit "A" attached hereto and by specific reference made a part hereof.

The terms "Property Owner", "Owner of Property", and "Owner" when used in this Declaration shall mean and refer to all owners of an interest in real property in Woodcroft which has been subjected to the provisions of this Declaration, including, but not limited to, owners of property or tracts of land and owners of condominium units, whether such property, tracts or units are used or intended to be used for residential, commercial or recreational purposes.

The term "Master Plan" when used in this Declaration shall mean and refer to the drawing which represents the conceptual plan for the future development of Woodcroft. Since the concepts of the future development of Woodcroft is subject to continuing revision and change by the Company, present and future references to the "Master Plan" shall be references to the latest revision thereof.

The term "Open Space" when used in this Declaration shall mean and refer to all those parcels and tracts of land within the Properties designated on the Master Plan or on recorded plats as "Open Space" (hereinafter sometimes referred to as "Open Space Areas").

The term "Private Open Space" when used in this Declaration shall mean and refer to all those parcels and tracts of land within the Properties designated on the Master Plan or on recorded plats as "Private Open Space" (hereinafter sometimes referred to as "Private Open Space Areas").

The covenants and restrictions below will be referred to as the General Property Covenants of July 2, 1984, 1984 and will be recorded in the Register of Deeds Office, Durham, North Carolina, and may be incorporated by reference in deeds to real property issued by the Company by reference to the book and page of recording in the land records of said Register of Deed's office.

PART I.
COVENANTS, RESTRICTIONS AND AFFIRMATIVE
OBLIGATIONS APPLICABLE TO ALL
PROPERTIES IN WOODCROFT

The primary purpose of these covenants and restrictions and the foremost consideration in the origin of same has been the creation of a community which is aesthetically pleasing and functionally convenient. The establishment of certain objective standards relating to design, size and location of dwellings and other structures makes it

impossible to take full advantage of the individual characteristics of each parcel of Property and of technological advances and environmental values. In order to implement the purposes of these covenants, the Company shall establish and amend from time to time objective standards and guidelines, including, but not limited to, Architectural Standards and Construction Specifications, Uniform Sign Regulations, Uniform Mailbox Regulations, Landscape Guidelines, and Environmental Rules and Regulations as defined hereinafter, which shall be in addition to and more restrictive than said Conditional Use, and which shall be binding on all Property Owners within Woodcroft.

1. No building, fence, or other structure shall be erected, placed, or altered, nor shall a building permit for such improvement be applied for on any Property in Woodcroft until the proposed building plans, specifications, exterior color or finish, plot plan (showing the proposed location of such building or structure, drives, and parking areas), the land management plan described in paragraph 1 of Part II, and construction schedule shall have been approved in writing by the Company. In addition, the Company may, at its election, require prior written approval of a landscape plan. The Company further reserves the right to promulgate and amend from time to time architectural standards and construction specifications (hereinafter referred to as the "Architectural Standards and Construction Specifications") for specific neighborhoods and areas or for all Properties within Woodcroft, and such Architectural Standards and Construction Specifications shall establish, define, and expressly limit those standards and specifications which will be approved in said neighborhoods and areas or within the Properties, including, but not limited to, architectural style, exterior color or finish, roofing material, siding material, driveway material, landscape design, and construction technique. Refusal or approval of plans, location, exterior color or finish, or specifications may be based by the Company upon any ground, including purely aesthetic considerations, which in the sole and uncontrolled discretion of the Company shall seem sufficient. No alteration in the exterior appearance of any building or structure, including exterior color or finish, shall be made without like prior written approval by the Company. One (1) copy of all plans and related data shall be furnished the Company for its records. In the event approval of such plans is neither granted nor denied within thirty (30) days following receipt by the Company of written demand for approval, the provisions of this paragraph shall be thereby waived.

2. In order to assure that buildings and other structures will be located and staggered so that the maximum view, privacy, sunlight, and breeze will be available to each building or structure within the confines of each

Property, and to assure that structures will be located with regard to the topography of each Property, taking into consideration the location of large trees and other aesthetic and environmental considerations, the Company reserves the right to control absolutely and solely to decide (subject to the provisions of the Zoning Ordinance of the County and City of Durham, North Carolina) the precise site and location of any building or structure on any Property in Woodcroft for reasons which may in the sole and uncontrolled discretion and judgment of the Company seem sufficient. Such location shall be determined only after reasonable opportunity is afforded the Property Owner to recommend a specific site. The provisions of this paragraph shall in no way be construed as a guarantee that the view, privacy, sunlight, or breeze available to a building or structure on a given Property shall not be affected by the location of a building or structure on an adjacent Property.

3. Each Property Owner shall provide space for the parking of automobiles off public streets prior to the occupancy of any building or structure constructed on said property in accordance with reasonable standards established by the Company.

4. Except as may be required by legal proceedings, no sign shall be erected or maintained on any Property by anyone including, but not limited to, a Property Owner, a tenant, a realtor, a contractor, or a subcontractor, until the proposed sign size, color, content, number of signs, and location of sign(s) shall have been approved in writing by the Company. Refusal or approval of size, color, content, number of signs, or location of sign(s) may be based by the Company upon any ground, including purely aesthetic considerations, which in the sole and uncontrolled discretion of the Company seems sufficient. The Company further reserves the right to promulgate and amend from time to time uniform sign regulations (the "Uniform Sign Regulations") which shall establish standard design criteria for all signs, including, but not limited to, real estate sales signs, erected upon any Property in Woodcroft.

The Company and its agent shall have the right, whenever there shall have been placed or constructed on any Property in Woodcroft any sign which is in violation of these restrictions, to enter immediately upon such Property where such violation exists and summarily remove the same at the expense of the Property Owner.

5. It shall be the responsibility of each Property Owner, tenant, contractor, or subcontractor to prevent the development of any unclean, unsightly, unkempt, unhealthy, or unsafe conditions of buildings or grounds on any Property which shall tend to substantially decrease the beauty or safety of Woodcroft, the neighborhood as a whole, or the

specific area. The Company and its agents shall have the right to enter upon any Property for the purpose of correcting such conditions, including, but not limited to, the removal of trash which has collected on the Property, and the cost of such corrective action shall be paid by the Property Owner. Such entry shall not be made until thirty (30) days after the Owner of the Property has been notified in writing of the need to take corrective action and unless such Owner fails to perform the corrective action within said thirty (30) days period; provided, however, that should such condition pose a health or safety hazard, such entry shall not be made until the Owner has been notified in writing of the need to take immediate corrective action and unless such Owner fails to perform the corrective action immediately. The provisions of this paragraph shall not create any obligation on the part of the Company to take any such corrective action.

6. No mailbox shall be erected or maintained on any Property until the proposed mailbox design, color, and location have been approved in writing by the Company. Refusal or approval of design, color, or location may be based by the Company upon any ground, including purely aesthetic considerations, which in the sole and uncontrolled discretion of the Company seems sufficient. No alteration in the exterior appearance of any mailbox shall be made without like prior written approval by the Company. The Company further reserves the right to establish uniform mailbox regulations (the "Uniform Mailbox Regulations") which shall define standard design criteria for all mailboxes erected upon any Property in Woodcroft.

7. Prior to the occupancy of a building or structure on any Property, proper and suitable provisions shall be made for the disposal of sewage by connection with the sewer mains of the Durham public sewer system which is the only system presently approved by Durham County for use in Woodcroft, or other means of sewage disposal if other means are approved by Durham County and City for use in Woodcroft.

8. Prior to the occupancy of a building or structure on any Property, proper and suitable provisions for water shall be made by connection with the water lines of the Durham City and County public water system which is the only system presently approved by Durham City and County for use in Woodcroft, or other water system if other water system is approved by Durham City and County for use in Woodcroft.

9. The Company reserves unto itself, its successors and assigns, and its agent, a perpetual, alienable, and releaseable easement and right, on, over and under the Properties to erect, maintain, and use electric, Community Antenna Television, and telephone poles, wires, cables, conduits, drainage ways, sewers, water mains, and other

suitable equipment for the conveyance and use of electricity, telephone equipment, gas, sewer, water, drainage, or other public conveniences or utilities on, in, or over those portions of such Property as may be reasonably required for utility line purposes; provided, however, that no such utility easement shall be applicable to any portion of such Property as may (a) have been used prior to the installation of such utilities for construction of a building whose plans were approved pursuant to these covenants by the Company, or (b) such portion of the Property as may be designated as the site for a building on a plot plan for erection of a building which has been filed with the Company and which has been approved in writing by said Company. These easements and rights expressly include the right to cut any trees, bushes, or shrubbery, make any gradings of the soil, or to take any other similar action reasonably necessary to provide economical and safe utility installaand to maintain reasonable standards of health, safety, and appearance. The Company further reserves the right to locate wells, pumping stations, siltation basins, and tanks within Woodcroft in any Open Space or on any Property designated for such use on the applicable plat of said Property, or to locate same upon any Property with the permission of the Owner of such Property. Such rights may be exercised by any licensee of the Company, but this reservation shall not create any obligation on the part of the Company to provide or maintain any such utility or service.

PART II
 ADDITIONAL RESTRICTIONS TO IMPLEMENT
 EFFECTIVE ENVIRONMENTAL AND
 LAND MANAGEMENT CONTROLS

In order to protect the natural beauty of the vegetation, topography, and other natural features of all Properties within Woodcroft, the following environmental and land management controls are hereby established:

1. Topographic and vegetation characteristics of Properties within Woodcroft shall not be altered by excavation, grading, removal, reduction, addition, clearing, cutting, pruning, seeding, planting, transplanting, or any other means without the prior written approval of the Company. In addition, the Company may, at its election, require prior written approval of a landscape plan. Refusal or approval of plans or any alteration of topographic or vegetation characteristic(s) may be based by the Company upon any ground, including purely aesthetic considerations, which in the sole and uncontrolled discretion of the Company seems sufficient. Written approval will be granted for the minimum amount of earth movement and vegetation reduction required in plans and specifications approved pursuant to the provisions of paragraph 1 of Part I of these covenants.

Should written notice be served by the Company upon any Property Owner requiring corrective alteration of topographic and vegetation characteristics pursuant to paragraphs 3 and 4 of this Part II, such notice shall be deemed to constitute written approval by the Company for such corrective alteration under the provisions of this paragraph 1.

2. Notwithstanding anything in the foregoing to the contrary, the Company reserves the right to promulgate and amend from time to time landscape guidelines (referred to hereinafter as the "Landscape Guidelines") which shall establish approved standards, methods, and procedures for landscape management on specific Properties in Woodcroft and such authorized standards, methods, and procedures may be utilized by the Owners of such specified Properties without prior written approval by the Company; provided, however, no trees measuring six (6) inches or more in diameter at a point two (2) feet above ground level may be removed without the prior written approval of the Company. Approval for the removal of trees located within ten (10) feet of the main dwelling or accessory building or within ten (10) feet of the approved site for such building will be granted unless such removal will substantially decrease the beauty of the Property. The provisions of this paragraph 2 shall in no way constitute a waiver of the requirement to receive prior written approval for any alteration of topographic or vegetation characteristics, pursuant to the provisions of paragraph 1 of Part I, other than for those alterations specifically authorized in said Landscape Guidelines.

3. In order to implement effective and adequate erosion control the Company and its agents shall have the right to enter upon any Property before or after a building or structure has been constructed thereon for the purpose of performing any grading or landscaping work or constructing and maintaining erosion prevention devices. Provided, however, that prior to exercising its right to enter upon the Properties for the purpose of performing any grading or landscaping work or constructing or maintaining erosion prevention devices, the Company shall give the Owner of the Property the opportunity to take any corrective action required by giving the Owner of the Property written notice indicating what type of corrective action is required and specifying in that notice that immediate corrective action must be taken by the Owner. If the Owner of the Property fails to take the corrective action specified immediately, Company or its agent may then exercise its right to enter upon the Property in order to take the necessary corrective action. The cost of such erosion prevention measures, when performed by the Company or its agent, shall be kept as low as reasonably possible. The cost of such work, when performed by the Company or its agent on an improved Property or any Property for which a building permit has been issued

by the appropriate governmental authorities, shall be paid by the Owner thereof.

4. In order to implement effective insect, reptile, rodent, and woods fire control, the Company and its agents have the right to enter upon any Property for the purpose of mowing, removing, clearing, cutting, or pruning underbrush, weeds, or other unsightly growth which in the opinion of the Company detracts from the overall beauty, setting, and safety for Woodcroft. The cost of this vegetation control shall be kept as low as reasonably possible and shall be paid by the Owner of the Property. Such entry shall not be made until thirty (30) days after the Owner of the Property has been notified in writing of the need of such work and unless such Owner fails to perform the work within said thirty (30) day period. The provisions in this paragraph shall not create any obligation on the part of the Company to mow, clear, cut or prune any Property.

5. In addition, the Company reserves unto itself, its successors and assigns, and its agent, a perpetual, alienable, and releasable easement and right on, over, and under any Property to dispense pesticides and take other actions which in the opinion of the Company are necessary or desirable to control insects and vermin, and to cut fire breaks and take other actions which in the opinion of the Company are necessary or desirable to control fires on any Property or any improvements thereon.

The rights reserved unto the Company, its successors and assigns, and its agents, in this paragraph 5 and in paragraphs 3 and 4 above shall not be unreasonably employed and shall be used only where necessary to effect the stated intents and purposes of said paragraphs.

PART III ADDITIONAL RESTRICTIONS AFFECTING OPEN SPACE AREAS

1. It is the intent of the Company to maintain and enhance (or to convey subject to open space restrictions to the Association) certain Properties which the Company designates as "Open Space" (hereinafter referred to as "Open Space Areas") or "Private Open Space" (hereinafter referred to as "Private Open Space Areas") on its Master Plan or on plats recorded in the Office of the Register of Deeds of Durham County, North Carolina, by the Company. It is the further intent and purpose of these restrictions and covenants to protect, maintain, and enhance the conservation of natural and scenic resources; to promote the conservation of soils, wet lands, wildlife, game and migratory birds; to enhance the value of abutting and neighboring Properties adjacent to such forests, open areas and open spaces; and to afford and enhance recreation opportunities, preserve historic sites and implement generally the Woodcroft Master

Plan for development. The Company reserves the right to review and modify the Master Plan at its sole option from time to time based upon its continuing architectural and design program, and such modifications may change the boundaries of certain Open Space or Private Open Space areas designated as such upon the Master Plan. The Company further reserves the right to transfer, sell, convey, give, donate, or lease to the Association or to any other third party any parcel of land designated as Open Space or Private Open Space on the Master Plan.

2. An easement in Open Space Areas is hereby granted to the Owners of the Properties in Woodcroft, tenants of such Properties, and their guests, which easement shall entitle such Owners, tenants, and their guests, to enjoy the Open Space Areas subject to the rules and regulations established by the Company.

3. Land designated as "Open Space Areas" may be employed in the construction, maintenance, and enjoyment of the following facilities:

- (a) Social, recreational, and community buildings;
- (b) Public and private profit making clubs, golf courses and other recreational facilities;
- (c) Daycare centers, nursery schools and kindergartens;
- (d) Indoor and outdoor recreational establishments;
- (e) Art school and/or art gallery and/or nature museum;
- (f) Light commercial activities;
- (g) Emergency squad(s) and fire stations.

4. Land designated as "Private Open Space Areas" shall be subject to the easement granted in paragraph 2 of this Part III in every respect except that the enjoyment thereof shall be and is hereby limited to Owners of Property, tenants of such Property, and their guests, which Property is immediately contiguous and adjacent to such land, and to Owners of non-contiguous Property, tenants of such Property, and their guests, which Property is designated on plats of Property in Woodcroft as being entitled to the enjoyment thereof. The easement in Private Open Space Areas hereby granted shall not extend to any area not clearly designated as "Private Open Space". All expenses incurred in the protection, maintenance, and enhancement of "Private Open Space Areas" shall be paid equally by the Property Owners who are entitled to an easement of enjoyment over such areas.

5. Upon receipt of the written request of seventy-five (75%) percent of the Owners having an easement

of enjoyment over a Private Open Space Area, the Company may permit the construction, maintenance, and operation of indoor and/or outdoor recreation and community facilities upon such Private Open Space Area. The cost of such construction, maintenance, and operation shall be at the sole cost of the Owners entitled to such easement of enjoyment.

6. The Company reserves unto itself, its successors and assigns, and its agents, the right to enter upon any Open Space Area or Private Open Space Area for the purpose of constructing, landscaping, maintaining, and operating any (i) indoor and/or outdoor recreational and community facilities, including, but not limited to, tennis courts, platform tennis courts, handball courts, squash courts, basketball courts, swimming pools, gymnasiums, golf courses, ice skating rinks, and any showers, locker rooms, or other club facilities associated with such uses, putting greens, picnic shelters, picnic tables, parks, horseback riding stables, riding arenas, riding trails, walking trails, bike trails, boardwalks, decks, boating facilities and marinas, boat rental facilities, boat storage facilities, trailer storage facilities, fishing facilities, beach facilities, bicycle rental facilities, operating farms and/or animal pastures, wildlife conservancies and feeding stations, nature interpretive areas, amphitheatres, community meeting facilities, and all rest room facilities, parking lots, service buildings, and concession-type food services associated with all such uses; and (ii) places of worship; libraries; fire stations and rescue squads; post offices; day care centers, nursery schools, and other schools and instructional centers; non-profit or charitable community, civic, or cultural clubs and institutions; and other similar community facilities. The Company further reserves the right to authorize the construction, landscaping, maintenance, or operation of such facilities within the Open Space Areas and Private Open Space Areas by the Association or any other third party. The provisions of this paragraph shall not create any obligation on the part of the Company to construct, landscape, maintain, or operate any such facilities.

7. The Company and its agent shall have the right to protect from the erosion the lands described as Open Space Areas or Private Open Space Areas by planting trees, plants, and shrubs where and to the extent necessary, or by such mechanical means as construction and maintenance of siltation basins, or other means deemed expedient or necessary by the Company. The right is likewise reserved unto the Company and its agent to take steps necessary to provide and insure adequate drainage ways in Open Space Areas and Private Open Space Areas, to cut fire breaks, remove diseased, dead, or dangerous trees, and carry out other similar activities.

8. The Company reserves unto itself, its successors and assigns, and its agent, a perpetual, alienable, and releasable easement of right to go on, over, and under any Open Space Area or Private Open Space Area to erect, maintain, and use electric, Community Antenna Television, and telephone poles, wires, cables, conduits, drainage ways, sewers, water mains, and other suitable equipment for the conveyance and use of electricity, telephone equipment, gas, sewer, water drainage, or other public conveniences or utilities. These reservations and rights expressly include the right to cut any trees, bushes, or shrubbery, rights to make any gradings of the soil, or take any other similar action reasonably necessary to provide economical and safe utility installation and to maintain reasonable standards of health, safety and appearance. The Company further reserves unto itself, its successors and assigns, and its agents, the right to locate, construct, and maintain wells, pumping stations, siltation basins, and tanks within such Open Space Areas and Private Open Space Areas. Such rights shall not create any obligation on the part of the Company to provide or maintain any such utility or service.

9. No television antenna, radio receiver, radio sender, or other similar device shall be attached to the exterior portion of any building or structure on any Open Space Area or Private Open Space Area, or installed on any Open Space Areas or Private Open Space Areas within Woodcroft, provided, however, that the provisions of this paragraph shall not prohibit the Company from installing or approving the installation of equipment necessary for a master antenna system, Community Antenna Television (C.A.T.V.), mobile radio systems, or other similar systems on any Open Space Areas or Private Open Space Areas within Woodcroft.

10. No dumping of trash, garbage, sewage, sawdust, or any unsightly or offensive material shall be placed upon any Open Space Area or Private Open Space Area, except as is temporary and incidental to the bona fide improvement of the area in a manner consistent with its classification as an Open Space Area or Private Open Space Area.

11. The granting of the easement in Open Space Areas and Private Open Space Areas in this Part III in no way grants to the public or to the owners of any land outside the Properties in Woodcroft the right to enter any Open Space Area or Private Open Space Area without the prior written permission of the Company.

12. The Company expressly reserves unto itself, its successors and assigns, and its agent, every reasonable use and enjoyment of said Open Space Areas and Private Open Space Areas, in a manner not inconsistent with the provisions of this Declaration.

13. The Company reserves unto itself, its successors and assigns, and its agent, a perpetual, alienable, and releasable easement of right to go on, over, and under any Open Space Areas to erect, maintain, and use any suitable equipment and support structures incidental thereto for the purpose of extracting any hydrocarbons located under the Properties. This easement and right expressly includes the right to cut any trees, bushes, or shrubbery, reasonably necessary to provide economical and safe mineral extraction. Such actions by the Company or its agent will be conducted within the framework of the intentions of these Covenants, and with regard to the beauty and safety of Woodcroft. Such rights may be exercised by any licensee of the Company.

14. The Company reserves unto itself, its successors and assigns, and its agent, a perpetual, alienable, and releasable easement of right to go on, over, and under any Open Space Areas and Private Open Space Areas to construct and maintain a bike trail network. These reservations and rights expressly include the right to cut any tree, bushes, or shrubbery, rights to make any gradings of the soil, or take any other similar action reasonably necessary to provide an economical and functional internal transportation network, and to maintain reasonable standards of safety and appearance. Such rights may be exercised by any licensee or assignee of the Company, but this reservation shall not create any obligation on the part of the Company to provide or maintain any such bike trail network.

15. The Company reserves unto itself, its successors and assigns, the right to convey "Open Space Areas" and "Private Open Space Areas" to the Association. Such conveyance shall be made subject to the provisions of this Part III, all other restrictions and limitations of record, and any other restrictions or limitations which the Company, in its sole and uncontrolled discretion, shall elect to impose. As an appurtenance to such conveyances, the Association shall have all of the powers, immunities, and privileges reserved unto the Company in this Part III as well as all of the Company's obligations with respect thereto, including the obligation to maintain and enhance set out in paragraph 1 of this Part III; provided, however, that so long as the Company, its successors and assigns, is the Owner of Property subject to the provisions of this Declaration, the Company and its agent, in addition to and jointly with the Association, shall retain all rights of easement reserved unto it in this Part III and shall, furthermore, retain all rights of entry granted in this Part III for the purposes of correcting, repairing, enhancing, improving, cleaning, preserving, clearing out, removing, or taking any action to prevent a violation of these Covenants, and the retention of said rights of easement and entry by the Company shall in no way create any obligation on the part of the Company to perform any affirmative action. Property conveyed to the

Association pursuant to the authority of this paragraph 15 shall become "Common Properties" or "Restricted Common Properties" as prescribed by the "Declaration of Covenants and Restrictions of the Woodcroft Community Association and Woodcroft Company, a North Carolina Partnership," which are to be recorded in the Office of the Register of Deeds of Durham County, North Carolina, contemporaneously herewith.

16. It is expressly understood and agreed that the granting of the easements set out in this Part III in no way places a burden of affirmative action on the Company, that the Company is not bound to make any of the improvements noted herein, or extend to any Property Owner any service of any kind, except as such may be undertaken at the expense of the Association.

PART IV
ADDITIONAL RESTRICTIONS AFFECTING
RESIDENTIAL PROPERTIES

1. "Residential Properties" as used in this Part IV shall mean and refer to all those parcels or tracts of land within the Properties defined as "Single Family Lots", "Patio Home Sites", and "Multiple Family Tracts" in paragraphs 2, 3 and 4 of this Part IV.

2. "Single Family Lots" or "Lots" as used herein shall mean and refer to all those parcels or tracts of land within the Properties intended for subdivision or subdivided into Properties or lots intended for the construction of detached dwelling units including Single Family A (Conventional) and Single Family C (Cluster), and attached Single Family D (Duplex) as defined and controlled by the applicable zoning for Woodcroft granted by the Durham City Council.

3. "Patio Home Sites" or "Sites" as used herein shall mean and refer to all those parcels or tracts of land within the Properties intended for subdivision or subdivided into Properties or lots intended for construction of detached dwelling units and on which a Patio Wall will be required to be erected, including Single Family B (Patio or Zero Lot Line), as defined and controlled by the applicable zoning for Woodcroft granted by the Durham City Council.

4. "Multiple Family Tract" or "Tracts" as used herein shall mean and refer to all those parcels or tracts of land within the Properties intended for development of or developed as attached dwelling units including Multiple Family A (Townhouse Lots) and Multiple Family B (Condominiums and Apartments) as defined by the applicable zoning for Woodcroft granted by the Durham City Council.

5. Plans required under paragraph 1 of Part I of these Covenants will not be approved unless the proposed house, dwelling unit, phase or group of Multiple Family dwelling units, or any other structures will have the minimum square footage of enclosed dwelling space. Such minimum requirements for each Lot, Site, or Tract will be specified in each sales contract and stipulated in each deed. The term "enclosed dwelling area" as used in these minimum size requirements does not include garages, terraces, decks, open porches, screened porches, and the like areas.

6. (a) All Residential Properties shall be used for residential purposes, recreational purposes incidental thereto, and for customary accessory uses. The use of a portion of a dwelling unit on a Residential Property as an office by the Owner or tenant thereof shall be considered a residential use if such use does not create undue customer or client traffic, as determined by the Company in its sole and uncontrolled discretion, to and from the unit or the Property.

(b) No structure, except as hereinafter provided, shall be erected, altered, placed or permitted to remain on an Single Family Lot or Patio Home Site other than one (1) detached single family dwelling and one (1) small one-story accessory building which may include a detached private garage, provided the use of such accessory building does not overcrowd the Property, as determined by the Company in its sole and uncontrolled discretion, and provided, further, that such building is not used for any activity normally conducted as a business. Such accessory building may not be constructed prior to the construction of the main building.

(c) A guest suite or like facility without a kitchen may be included as part of the main dwelling or accessory building on any Single Family Lot or Patio Home Site, but each suite may not be rented or leased except as part of the entire premises including the main dwelling, and provided, however, that such suite would not result in over-crowding the Property, as determined by the Company in its sole and uncontrolled discretion.

(d) The provisions of this paragraph six (6) shall not prohibit the Company or its agent from using any house, other dwelling units, or accessory buildings as models.

7. (a) The exterior of each house, dwelling unit, phase or group of Multiple Family dwelling units, and all other structures must be completed (i) within one (1) year after the construction of same shall have commenced on all Single Family Lots and Patio Home Sites, and (ii) within two (2) years after the construction of same shall have

commenced on all Multiple Family Tracts, except where such completion is impossible or would result in great hardship to the Owner or builder due to strikes, fires, national emergency or natural calamities. Houses and other dwelling structures may not be temporarily or permanently occupied until the exteriors thereof have been completed. During the continuance of construction, the Owner of the Lot, Site, or Tract shall require the contractor to maintain the Property in a reasonably clean and uncluttered condition, pursuant to the provisions of paragraph 5 of Part i of these Covenants.

(b) The failure to complete the exterior of any house, dwelling unit, phase or group of Multiple Family dwelling units, or any other structure within the time limit set forth in paragraph 7(a) above shall constitute a violation and breach of these Covenants. The Company hereby reserves unto itself, its successors and assigns, and its agent, a perpetual, alienable, and releasable easement and right on, over, and under all Residential Properties for the purpose of taking any action necessary to effect compliance with paragraph 7(a) above, including, but not limited to, the right to enter upon any Property for the purpose of completing the exterior of such house, dwelling unit, phase or group of Multiple Family dwelling units, or any other structure which is in violation of paragraph 7(a). Such entry shall not be made until thirty (3) days after the Owner of the Property has been notified in writing of the violation of these Covenants, and unless such Owner has failed to complete said exterior within said thirty (30) days period. The cost of such corrective action, when performed by the Company or its agents, shall be paid by the Owner of the Property on which the corrective action is performed. The provisions of this paragraph shall not create any obligation on the part of the Company to take any action to effect compliance with paragraph 7(a).

8. (a) Each Residential Property Owner shall provide a screened area to serve as a service yard and an area in which garbage receptacles, fuel tanks or similar storage receptacles, electric and gas meters, air conditioning equipment, clotheslines, and other unsightly objects must be placed or stored in order to conceal them from view from the road and adjacent Properties. Pursuant to the provisions of paragraph 1 of Part I, plans for such screened area delineating the size, design, specifications, exterior color or finish, and location must be approved by the Company prior to construction. No alteration in the exterior appearance of any screened area shall be made without like prior written approval by the Company. Garbage receptacles and fuel tanks may be located outside of screened area only if located underground, and such underground garbage receptacles and fuel tanks and their location must likewise be approved by the Company prior to construction.

(b) There shall be no curbside garbage pickup. Garbage pickup shall only take place at the garbage receptacle location approved by the Company in paragraph 8(a) above, unless otherwise required by the City of Durham.

9. No mobile home, trailer, tent, barn or other similar out building or structure shall be placed on any Residential Property at any time, either temporarily or permanently. Boats, or utility trailers, campers, recreational vehicles, oversized vehicles, or utility trailers may be maintained on a Residential Property, but only within an enclosed or screened area such that they are not generally visible from adjacent Properties. Pursuant to the provisions of paragraph 1 of Part I, plans for such enclosed or screened area delineating the size, design, specifications, exterior color or finish, and location must be approved by the Company prior to construction. No alteration in the exterior appearance of any enclosed or screened area shall be made without like prior written approval by the Company.

10. No structure of a temporary character shall be placed upon any Residential Property at any time, provided, however, that this prohibition shall not apply to shelters or temporary structures used by the contractor during the construction of the main dwelling unit, or phase or group of Multiple Family dwelling units, it being clearly understood that these latter temporary shelters may not, at any time, be used as residences or permitted to remain on the Property after completion of construction. The design and color of structures temporarily placed on a Residential Property by a contractor shall be subject to reasonable aesthetic control by the Company.

11. No television antenna, radio receiver, radio sender, or other similar device shall be attached to or installed on any Residential Property or on the exterior portion of any building or structure on any Residential Property except as follows:

(a) The provisions of this paragraph shall not prohibit the Company from installing or approving the installation of equipment necessary for a master antenna system, Community Antenna Television (C.A.T.V.), mobile radio systems, or other similar systems within the Properties; and

(b) Should C.A.T.V. services be unavailable and good television reception not be otherwise available, the Owner or tenant of a dwelling unit, or the Owner of a Multiple Family Tract, may make written application to the Company for permission to install a television antenna and such permission shall not be unreasonably withheld.

12. The utility and drainage easement reserved by the Company in paragraph nine (9) of Part I of these Covenants shall be located along any two (2) of the boundary lines of each Single Family Lot or Patio Home Site.

13. No Single Family Lot, Patio Home Site, or Townhouse Lot (following the subdivision of a Multiple Family Tract into individual lots on which Townhouses are intended to be constructed) shall be subdivided or its boundary lines changed, nor shall application for same be made to Durham County, except with the prior written consent of the Company. However, the Company hereby expressly reserves unto itself, its successors and assigns, and is agent, the right to replat any Single Family Lot(s), Patio Home Site(s), or Townhouse Lot(s), all hereinafter referred to as "lot(s)", owned by it and shown on the plat of any subdivision within the Properties in order to create a modified building lot or lots; and to take such other steps as are reasonably necessary to make such replatted Lot(s) suitable and fit as a building site including, but not limited to, the relocation of easements, walkways, rights of way, private roads, bike trails, bridges, parks, recreational and community facilities, and other amenities to conform to the new boundaries of said replatted lot(s), provided that no lot originally shown on a recorded plat is reduced to a size more than 10 (10%) per cent smaller than the smallest lot shown on the first plat of the subdivision section recorded in public records. The provisions of this paragraph shall not prohibit the combining of two (2) or more contiguous lots into one (1) larger lot. Following the combining of two (2) or more lots into one (1) larger lot, only the exterior boundary lines of the resulting larger lot shall be considered in the interpretation of these covenants.

14. In addition to the foregoing, the following restrictions shall apply to all Patio Home Sites:

(a) Each dwelling unit, or "Patio Home", constructed on a Patio Home Site must be constructed so as to utilize a Patio Wall as designated on the recorded subdivision plat. Said Patio Wall shall be constructed simultaneously with the Patio Home and shall be located so that the exterior of said Patio Wall shall be located two (2) feet inside of and parallel to the designated property line on the recorded subdivision plat. Patio Walls constructed pursuant to the provisions of this paragraph shall contain no openings which provide a view of the adjoining Patio Home Site or decrease the privacy of the adjoining Patio Home Site. Patio Walls shall be of sufficient height and length, and shall extend sufficiently beyond the front and back faces of the Patio Home to provide adequate privacy for the adjoining Patio Home, its entrances, and its outdoor living areas. Such determination of required Patio Wall height, overall length, and length of

front and back extensions shall be made by the Company, in its sole and uncontrolled discretion, and such determination may be based upon any ground, including purely aesthetic considerations.

(b) Each Patio Home shall utilize a portion of the Patio Wall as one of its exterior walls, unless an alternative location of the Patio Home is approved pursuant to the provisions of paragraph 14(c) of this Part IV, and shall be constructed so that neither the Patio Wall nor the Patio Home provides any window or view openings looking into or overlooking the adjacent Patio Home Site and provides no access way or entry way into said adjacent Patio Home Site.

(c) Should an Owner of a Patio Home Site desire to locate his Patio Home on a portion of the Site other than contiguous to the Patio Wall, said Owner may apply to the Company for approval of the alternative location. A site plan showing the proposed alternative location shall not relieve the Owner's responsibility to construct a Patio Wall as required by paragraph 14(a) of this Part IV. Approval or disapproval of an application for alternative location of a Patio Home may be based by the Company upon any ground, including purely aesthetic considerations, which in the sole and uncontrolled discretion of the Company shall seem sufficient.

(d) The cost of construction, maintenance and repair of a Patio Wall shall be the sole responsibility of the Patio Home Site Owner on whose Patio Home Site the Patio Wall is situated.

(e) There shall be reserved a two-foot easement on each Patio Home Site between the exterior of the Patio Wall and/or Patio Home and the parallel property boundary line for the use and enjoyment of the adjacent Patio Home Site Owner, only as hereinafter provided. Said two-foot easement area and the exterior of the Patio Wall and/or Patio Home may be used by an adjacent Patio Home Site landscaping and shall be used in a manner which does not interfere with the structural integrity of the Patio Wall and/or Patio Home, and which does not prevent proper construction, maintenance, or repair of the Patio Wall and/or Patio Home.

(f) An eight-foot easement is further reserved along the boundary line of each Patio Home Site, opposite the boundary line along which the Patio Wall is to be constructed, for the construction, maintenance, and repair of the Patio Wall and/or Patio Home on the adjoining site. The use of said easement area by an adjoining Patio Home Site Owner shall not exceed a reasonable period of time during construction nor shall it exceed a period of thirty (30) days each year for essential maintenance. Any shrubbery or

planting in the eight-foot easement area that is removed or damaged by the adjoining Patio Home Site Owner during the construction, maintenance, or repair of his Patio Wall and/or Patio Home shall be repaired or replaced at the expense of the said adjoining Patio Home Site Owner causing such damages.

(g) Each Patio Home shall be constructed with appropriate means to insure that no excessive rain water is discharged upon the adjoining Patio Home Site.

15. In addition to the foregoing, the following restrictions shall apply to all Multiple Family Tracts:

(a) In addition to the minimum square footage requirements specified in Paragraph 5 of Part IV, plans required under paragraph 1 of Part I for any Multiple Family Tract will not be approved unless the proposed house, dwelling unit, phase or group of dwelling units, or any other structures will have no more than the maximum number of dwelling units, maximum height above the ground, maximum number of residential dwelling floors, maximum occupancy of individual units, and total maximum occupancy or density of all units combined within a given Multiple Family Tract. Such maximum requirements for each Tract, as determined by the Company in its sole discretion, will be specified in each sales contract and stipulated in each deed. No structure or structures shall be erected, altered, placed or permitted to remain on any Multiple Family Tract except as provided for in these covenants and restrictions.

(b) Owners of Multiple Family Tracts within Woodcroft shall, prior to leasing apartment units to tenants for a period of less than six (6) months, obtain the Company's written approval.

(c) No apartment building, buildings, or any portion of an apartment building shall be converted to a condominium or cooperative form of Ownership within the Properties without the prior written consent of the Company. The Company's decision in determining whether to grant consent for such conversion may be based on any ground which in its sole and uncontrolled discretion shall seem sufficient. Should such consent be granted, the resulting condominium or cooperative shall continue to be subject to these Multiple Family Covenants.

PART V
ADDITIONS, LIMITATIONS; DURATION AND
VIOLATION OF COVENANTS TOGETHER WITH AFTERWORD

1. (a) All covenants, restrictions, and affirmative obligations set forth in this Declaration and any amendments thereto shall run with the land and shall be binding on all

parties and persons claiming under them specifically including, but not limited to, the successors and assigns, if any, of the Company for a period of thirty (30) years from the execution date of this Declaration. Upon the expiration of said thirty (30) year period all said covenants shall be automatically extended for successive periods of ten (10) years. The number of ten (10) year extension periods hereunder shall be unlimited, and this Declaration shall be automatically extended upon the expiration of the initial thirty (30) year period and each ten (10) year extension period for an additional ten (10) year period; provided, however, that there shall be no extension of this Declaration if during the last year of the initial thirty (30) year period, or during the last year of any subsequent ten (10) year extension period, fifty-one (51%) per cent or more of the total votes (as determined in subparagraph (1(c)) hereinafter) entitled to be cast by all Owners of all Properties subject to the provisions of this Declaration vote in favor of terminating this Declaration at the end of its then current term at a duly called meeting of the Owners of the Properties. The presence at said meeting of Owners or ballots entitled to cast sixty (60) percent of the total vote of all the Owners of all the Properties shall constitute a quorum. In the event that the Owners of the Properties vote to terminate this Declaration, the President and Secretary of the Company, its successors and assigns, shall execute a certificate which shall set forth the Resolution of Termination which such Resolution was adopted, the date that notice of such meeting was given, the total number of votes of all Owners of all the Properties, the total number of votes required to constitute a quorum at said meeting, the total number of votes present at said meeting, the total number of votes necessary to adopt a Resolution terminating this Declaration, the total number of votes cast in favor of the Resolution, and the total number of votes cast against such Resolution. Such certificate shall be recorded in the Register of Deeds of Durham County, North Carolina, and therein as they relate to the termination of this Declaration.

(b) A "duly called meeting" shall mean and refer to any open meeting of the Owners of the Properties (or a portion of said Owners) called by the Company, its successors and assigns, or its agent for said purpose, subject to the giving of proper notice and the quorum requirements established in subparagraph (1(a)) and in paragraph (2) herein. "Proper notice" shall be deemed to be given when delivered personally or sent by mail to each such Owner not less than thirty (30) days in advance of said meeting. There shall be sent with such notice a statement of certain motions to be introduced for vote of the Owners and a ballot on which each Owner may vote for or against each motion. Each ballot which is presented at such meeting shall be counted in calculating the quorum requirements for said meeting, provided, however, such ballots shall not be

counted in determining whether a quorum is present to vote upon motions not appearing on the ballot.

(c) The votes to which each Owner of Property subject to this Declaration shall be entitled shall be determined as follows:

- (i) The Owner of any Property which is also subject to the provisions of the Declaration of Covenants and Restrictions of the Woodcroft Community Association and Woodcroft Company, a North Carolina Partnership (referred to hereinafter in this subparagraph (c) as "said covenants") shall be entitled to as many votes as equals the total number of votes to which he is entitled as a Type "A", "B", "C", or "D" Member of the Association as defined and determined in said covenants.
- (ii) The Owner of any Property which is also subject to said covenants and which is classified as an "Exempt Property" pursuant to said covenants shall be entitled to as many votes as equals the total number of votes to which he would be entitled as a Type "B", "C", or "D" Member of the Association had his Property not been exempted from assessment.
- (iii) The Owner of any Property which is not subject to said covenants shall be entitled to as many votes as equals the total number of votes to which he would be entitled as a Type "A", "B", "C", or "D" Member of the Association if his Property were to be subject to said covenants.

2. All proposed Amendments to this Declaration shall be submitted to a vote of the Owners of Properties substantially affected by a change in covenants at a duly called meeting (as defined in subparagraph (1(b)) hereinabove) of said Owners. Unless the contrary shall be determined by a court of equity jurisdiction, "substantially affected" shall mean those Properties shown on (a) the plats showing the Properties to be modified in permitted use by the change, and (b) the plats which subdivided the Property immediately abutting the Property shown on plats identified in (a) recorded in the Register of Deeds Office of Durham County, North Carolina. Any such Amendment shall be deemed approved if two-thirds (2/3) of the votes (as determined in subparagraph 1(c) hereinabove) cast at such meeting vote in favor of such Amendment. The presence at said meeting of Owners or ballots entitled to cast sixty (60%) percent of the total vote of all the Owners of Property substantially affected by a change in covenants shall constitute a quorum. If the required quorum is not present at said meeting, the Company may, in its sole uncontrolled discretion, call

another meeting or meetings subject to the giving of proper notice, and the required quorum at such subsequent meeting or meetings shall be one-half ($\frac{1}{2}$) of the required quorum at the preceding meeting. If any proposed Amendment to this Declaration is approved by the Owners as set forth above, the President and Secretary of the Company shall execute an Addendum to this Declaration which shall set forth the Amendment, the effective date of the Amendment (which in no event shall be less than sixty (60) days after the date of the meeting of the Owners at which such Amendment was adopted), the date of the meeting of the Owners at which such Amendment was adopted, the date that notice of such meeting was given, the total number of votes of Owners of Properties substantially affected by such Amendment, the total number of votes required to constitute a quorum at a meeting of said Owners, the total number of votes of said Owners present at said meeting, the total number of votes cast for and against such Amendment, the total number of votes necessary to adopt such Amendment, the total number of votes cast in favor of such Amendment, and the total number of votes cast against such Amendment. Such Addendum shall be recorded in the Register of Deeds Office of Durham County, North Carolin.

3. The Company reserves unto itself, its successors and assigns, the right to add additional restrictive covenants in respect to lands within the Properties to be conveyed in the future by the Company to the Association or to any other third party, or to limit therein the application of these covenants. The right to add additional restrictions or to limit the application of these covenants shall be reasonably exercised.

4. In the event of a violation or breach of any of the restrictions contained hererin by any Property Owner, tenant of such Owner, or agent of such Owner, the Owners of Properties in the neighborhood or in Woodcroft, or any of them, jointly or severally, shall have the right to proceed at law or in equity to compel a compliance to the terms hereof or to prevent the violation or breach in any event. In addition to the foregoing, the Company and/or the Association shall have the right to proceed at law or in equity to compel a compliance to the terms hereof or to prevent the violation or breach in any event.

In addition to the foregoing, the Company or its agent shall have the right, whenever there shall have been placed or constructed on any Property in Woodcroft any building, structure, chemical, substance, object, material, or condition which is in violation of these restrictions, to enter upon such Property where such violation exists and summarily abate or remove the same at the expense of the Owner, if after thirty (30) days written notice of such violation it shall not have been corrected by the Owner, tenant, or agent

of the Owner; provided, however, that whenever stated in these covenants that the Company may serve notice requiring immediate corrective action, and such action is not performed immediately by the Owner, tenant, or agent of the Owner, the Company or its agent shall have the right to enter immediately and summarily abate or remove such violation at the expense of the Owner. Any such entry and abatement or removal shall not be deemed trespass.

In addition to the foregoing, the Company or its agent shall have the right, whenever permitted by any restriction contained in Part II of this Declaration, to enter immediately (unless otherwise specifically stated in said Part II) any Property in Woodcroft to implement environmental controls, to take corrective action, or to take any action necessary to effect compliance with the Environmental Rules and Regulations. Whenever specifically stated in said Part II, the cost of such action, when performed by the Company or its agent shall be paid by the Owner of the Property on which the work is performed. Entrance upon any Property pursuant to the provisions of said Part II shall not be deemed a trespass.

5. Whenever the Company or its agent is permitted by this Declaration to correct, repair, enhance, improve, clean, preserve, clear out, remove, or take any action on any Property or on the easement areas adjacent thereto, entering the Property and taking such action shall not be deemed a trespass.

6. The failure to enforce any rights, reservations, restrictions or conditions contained in this Declaration, regardless of how long such failure shall continue, shall not constitute a waiver or of a bar to such right to enforce.

7. Whenever the Company or its agent is permitted by this Declaration to correct, repair, enhance, improve, clean, preserve, clear out, remove, or take any action on any Property or on the easement areas adjacent thereto, and whenever it is stated in this Declaration that the cost of such action (hereinafter called the Cost of Corrective Action) shall be paid by the Owner of the Property on which such corrective action is performed, the Cost of Corrective Action, together with such interest thereon at the maximum annual rate permitted by law from the due date and costs of collection therefor including a reasonable attorney fee as hereinafter provided, shall be a charge and continuing lien on the real Property and improvements thereon, against which the Cost of Corrective Action is charged, in the hands of the then Owner, his heirs, devisees, personal representatives, tenants, and assigns, and in addition shall also be the personal obligation of the Owner of such real Property at the time when such Cost of Corrective Action

becomes due and payable. The Cost of Corrective Action shall be billed at the completion of such corrective action, and all bills shall be due and payable thirty (30) days from the date of mailing of same.

If the Cost of Corrective Action is not paid within thirty (30) days after the due date, the Company or its agent may bring an action at law against the Property Owner personally and there shall be added to the amount of such Cost of Corrective Action the costs of preparing the filing of the complaint in such action and a reasonable attorney's fee, and in the event a judgment is obtained, such judgment shall include interest on the Cost of Corrective Action as above provided and a reasonable attorney's fee together with the costs of the action.

The lien of the Cost of Corrective Action provided for herein shall be subordinate to the lien of any first deed of trust now or hereafter placed upon any Property subject to these covenants. In the event a creditor (other than the Company or the creditor of the Company) acquires title to any Property pursuant to foreclosure or any other proceeding or deed in lieu of foreclosure, said creditor shall be subject to any lien of the Cost of Corrective Action placed upon such Property during the time in which the creditor holds title to such Property.

8 (a) The Company reserves unto itself, its successors and assigns, the right to bring within the plan and operation of this Declaration additional property described in Exhibit "B" attached hereto and any other property acquired by the Company which is adjacent to or near the "Properties". Such property may be subjected to this Declaration as one parcel or as several smaller parcels at different times. The additions authorized herein shall be made by recording a Supplementary Declaration of Rights, Restrictions, Affirmative Obligations and Conditions with respect to the additional property which shall extend the operation and effect of the Rights, Restrictions, Affirmative Obligations and Conditions of this Declaration to such additional property. The Supplementary Declaration may contain such complementary additions and/or modifications of the Rights, Restrictions, Affirmative Obligations and Conditions contained in this Declaration as may be necessary or convenient, in the sole judgment of the Company, to reflect the different character, if any, of the added properties and as are not inconsistent with the plan of this Declaration, but such modifications shall have no effect upon the Property described in Exhibit "A" or upon any other additions to the Properties.

(b) Upon the prior written approval of the Company, the owner of any property who desires to bring such property within the plan and operation of this Declaration

and to subject it to the jurisdiction of the Company shall record a Supplementary Declaration of Rights, Restrictions, Affirmative Obligations and Conditions with respect to the additional property which shall extend the operation and effect of the Rights, Restrictions, Affirmative Obligations and Conditions of this Declaration to such additional property. The Supplementary Declaration may contain such complementary additions and/or modifications as may be necessary or convenient, in the sole judgment of the Company, to reflect the different character, if any, of the added properties and as are not inconsistent with the plan of this Declaration, but such modifications shall have no effect upon the Properties described in Exhibit "A" or upon any other additions to the Properties.

9. The Company reserves unto itself, its successors and assigns, the right to assign in whole or in part to the Association its rights reserved in these covenants to grant approvals (or disapprovals), to establish rules and regulations, to administer and enforce the provisions of this Declaration, and all other rights reserved herein by the Company including, but not limited to, the right to approve (or disapprove) plans, specifications, color, finish, plot plan, land management plan, and construction schedules for any or all buildings or structures to be erected in any or all of the Properties. The assignment of such rights shall be subject to any conditions, limitations, or restrictions which the Company, in its sole and uncontrolled discretion, may elect to impose at the time of assignment. Following the assignment of such rights, the Association shall assume all of the Company's obligations which are incident thereto (if any), and the Company shall have no further obligation or liability with respect thereto. The assignment of such right or rights by the Company to the Association shall be made by written instrument which shall be recorded in the Office of the Register of Deeds of Durham County, North Carolina.

Notwithstanding anything in the foregoing to the contrary, so long as the Company, its successors and assigns, is the Owner of Property subject to the provisions of this Declaration, the Company shall retain all rights of easement reserved unto it in this Declaration, and shall, furthermore, retain all rights of entry granted in this Declaration for the purposes of correcting, repairing, enhancing, improving, cleaning, preserving, clearing out, removing, or taking any action to prevent a violation of these Covenants, and the retention of said rights of easement and entry by the Company shall in no way create any obligation on the part of the Company to perform any affirmative action.

10. The Company reserves unto itself, its successors and assigns, the right to appoint the Association its agent for the purpose of administering and enforcing, in whole or

in part, the rights reserved unto the Company in this Declaration including, but not limited to, the right to approve (or disapprove) plans, specifications, color, finish, plot plan, land management plan, and construction schedules for any or all buildings or structures to be erected within any or all of the Properties. Such appointment may be temporary or permanent, and shall be subject to any conditions, limitations, or restrictions which the Company, in its sole and uncontrolled discretion, may elect to impose. Upon any such appointment of the Association as agent by the Company, the Association shall assume any obligations which are incident thereto.

11. Woodcroft Company, has established and published certain covenants and land use restrictions (the "Declaration of Covenants and Restrictions of the Woodcroft Community Association and Woodcroft Community, a North Carolina Partnership") affecting certain Properties in Woodcroft. Said covenants are to be recorded contemporaneously herewith in the Records in the Register of Deeds Office of Durham County, North Carolina. Properties described in Exhibit "A" and Owners of Properties described in Exhibit "A" shall also be subject to the provisions of the said covenants established by Woodcroft Company. Additional Properties brought within the plan and operation of this Declaration pursuant to paragraph (8) hereinabove, and Owners of such additional Properties may become subject to the provisions of the said covenants established by Woodcroft Company, pursuant to the rules and regulations stipulated in Article II of the said covenants established by Woodcroft Community Association, Inc. In the event of any conflict between this Declaration and the said covenants established by Woodcroft Community Association, Inc., this Declaration shall prevail.

12. Notwithstanding anything contained herein to the contrary, all the provisions of these covenants shall be subject to and conform with the provisions of (i) the Zoning Ordinances of the County and City of Durham, North Carolina, and the rules and regulations promulgated thereunder, as may from time to time hereafter be amended or modified, (ii) the Master Plan for the development of Woodcroft as may from time to time hereafter be amended or modified.

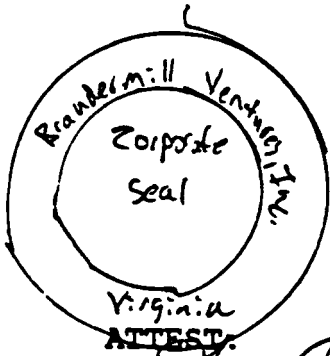
13. The Company or its agent shall not be liable to any Property Owner or ot any other person on account of any claim, liability, damage, or expense suffered, incurred by, or threatened against any Property Owner or such other person on account of any claim, liability, damage, or expense suffered, incurred by, or threatened against any Property Owner or such other person arising out of or in any way relating to the subject matter of any reviews, acceptances, inspections, permissions, consents, or required approvals which must be obtained from the Company or from

the County and City of Durham, North Carolina, whether given, granted, or withheld.

14. Severability. Should any covenants or restriction herein contained, or any article, section, subsection, sentence, clause, phrase, or term of this Declaration be declared to be void, invalid, illegal, or unenforceable, for any reason, by the adjudication of any court or other tribunal having jurisdiction over the parties hereto and the subject matter hereof, such judgment shall in no way affect the other provisions hereof which are hereby to be severable and which shall remain in full force and effect.

The WOODCROFT COMPANY

By: BRANDERMILL VENTURES, INC., Partner



By [Signature]
President

[Signature]
Assistant Secretary

EXHIBIT "A"

BEING all that certain property conveyed to THE WINDERMERE COMPANY, now THE WOODCROFT COMPANY, by deed dated May 9, 1983, filed May 10, 1983, at 4:47 p.m. in Book 1114, at Page 137, of the Durham County Registry; SAVING AND EXCEPTING all that certain property conveyed by the following Deeds:

- (1) Deed to K. Neal Hunt, recorded in Book 1148, Page 266, of the Durham County Registry.
- (2) Deed to Durham Woodcroft Associates, Ltd., recorded in Book 1151, Page 627, Durham County Registry.
- (3) Deeds to K. Neal Hunt recorded in Book 1158, Page 720, and 723, of the Durham County Registry.

NORTH CAROLINA

COUNTY OF DURHAM

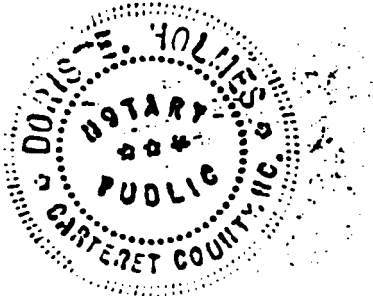
I, Doris E. Holmes, a Notary Public, do hereby certify that Gerald W. Owen, Jr., personally came before me this day and acknowledged that he is Asst. Secretary of BRANDERMILL VENTURES, INC., General Partner of THE WOODCROFT COMPANY, a North Carolina General Partnership, and that by authority duly given 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 himself as its Assistant Secretary, all as the act of the general partnership.

WITNESS my hand and notarial seal this 2nd day of July, 1984.

Doris E. Holmes
Notary Public

My Commission Expires:

September 15, 1985



FILED
BOOK 1163 PAGE 1-21

JUL 5 11 30 AM '84

RUTH C. GARRETT
REGISTER OF DEEDS
DURHAM COUNTY, NC

State of North Carolina - Durham County

The foregoing certificate(s) of

Doris E. Holmes

A Notary (Notaries) Public of the Designated Governments
units is (are) certified to be correct.

This the 5th day of July A.D. 19 84

Ruth C. Garrett

Register of Deeds

Ruth C. Garrett
By: Assistant, Deputy
Register of Deeds