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J. LEE WARREN JR.  
REGISTER OF DEEDS  
CUMBERLAND CO., N.C.

Prepared by/Return To:

Joel S. Jenkins, Jr., Atty.

Joe Hyding  
5851 Ramsey St  
Fay. NC 28311

NORTH CAROLINA

DECLARATION OF COVENANTS, CONDITIONS

AND RESTRICTIONS

CUMBERLAND COUNTY

WATERFORD VILLAS

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS made  
this 21<sup>st</sup> day of October, 2006 by JCH Contracting and Development Group, LLC, a North  
Carolina limited liability company, with principal offices located in Cumberland County, North  
Carolina, hereinafter referred to as "Declarant".

#### STATEMENT OF PURPOSE

Declarant is the owner of certain property in the County of Cumberland, State of North Carolina,  
which is more particularly described on Exhibit A attached hereto and incorporated herein by reference.  
Declarant desires to create thereon an exclusive residential community of single-family attached and  
unattached Townhouses to be named WATERFORD VILLAS.

Declarant desires to insure the attractiveness of the townhouse community and to prevent any future impairment thereof, to prevent nuisances, to preserve, protect and enhance the values and amenities of all properties within the townhouse community and to provide for the maintenance and upkeep of the exterior of all Townhouse units and the Common Area, as hereinafter defined. To this end the Declarant desires to subject the real property described on Exhibit A attached hereto to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of said property and each owner thereof.

Declarant has deemed it desirable, for the efficient preservation, protection and enhancement of the values and amenities in the townhouse community and to insure the residents' enjoyment of the specific rights, privileges and easements in the Common Area, as hereinafter defined, and to provide for the maintenance and upkeep of the exterior of all Townhouse units and the Common Area, to create an organization to which will be delegated and assigned the powers of owning, maintaining and administering the Common Area and maintaining the exterior of the Townhouse units, administering and enforcing the covenants and restrictions, and collecting and disbursing the assessments and charges hereinafter created.

To that end the Declarant has or will cause to be incorporated under North Carolina law, WATERFORD VILLAS OWNERS ASSOCIATION, INC., as a non-profit corporation for the purpose of exercising and performing the aforesaid functions.

NOW, THEREFORE, Declarant, by this Declaration of Covenants, Conditions and Restrictions, does declare that all of the property described on Exhibit A attached hereto and incorporated herein by reference is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, conditions, restrictions, easements, charges and liens set forth in this Declaration, which shall run with the real property and be binding on all parties owning any right, title or interest in said real Property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

#### ARTICLE I

##### DEFINITIONS

Section 1. "Association" shall mean and refer to Waterford Villas Owners Association, Inc., a North Carolina non-profit corporation, its successors and assigns.

Section 2. "Common Area" shall mean all real property (including the improvements thereto) owned by the Association for the common use and enjoyment of the owners. The

Common Area shall be all of the property shown on the attached Exhibit A, with the exception thereof of those portions of same upon which houses are built or shall be built. The Common Area shall be conveyed to the Waterford Villas Owners Association, Inc. when one hundred percent (100%) of the Townhouses have been constructed and conveyed out by the Declarant.

Section 3. "Declarant" shall mean and refer to JCH Contracting and Development, LLC, its successors and assigns.

Section 4. "Member" shall mean and refer to every person or entity who holds membership in the Association due to ownership of fee simple title to any Townhouse or Townhouse Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation. Membership shall be in two classes. Class A membership shall consist of all Owners of Lots other than the Declarant, its successors and/or assigns, and each Member shall be entitled to one (1) vote for each Lot owned, regardless of the number or record title holders per Lot. Class B membership shall be limited to the Declarant, its successors or assigns, and each Member shall be entitled to three (3) votes for each Lot owned.

Section 5. "Owner" shall mean and refer to the record owner, whether One or more persons or entities, of a fee simple title to any Townhouse which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 6. "Properties" shall mean and refer to the real property as described in Exhibit A, together with any other property added to the development as hereinafter provided.

Section 7. "Townhouse(s)" shall mean and refer to the attached single family dwelling unit(s) to be constructed by Declarant on portions of the Properties described in Exhibit A and may also include single unattached Townhouses, if same are permitted by governmental authority.

Section 8. "Townhouse Lot" shall mean and refer to any building lot as shown on Exhibit A, together with any additional lots as may be incorporated into the development as hereinafter provided.

## ARTICLE II

### PROPERTY SUBJECT TO THIS DECLARATION

#### AND WITHIN THE JURISDICTION OF

#### WATERFORD VILLAS OWNERS ASSOCIATION, INC.

Section 1. Existing Property The real property which is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration, and within the jurisdiction of the Association is located in Cross Creek Township, Cumberland County, North Carolina, and is more particularly described on the

plat attached hereto as Exhibit A, subject to the provisions of Article XIII, Section 4.

### ARTICLE III

#### PROPERTY RIGHTS

Section 1. Conveyance of Townhouses Each owner shall be conveyed a fee simple title only to the actual ground upon which the completed Townhouse is situated, together with one-half of the party wall separating two or more Townhouses.

Section 2. Owners' Easements of Enjoyment Every owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Townhouse, subject to the following provisions:

- (a) the right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area;
- (b) the right of the Association to suspend the voting rights and right to use the recreational facilities by an Owner for any period during which any assessment against his Townhouse remains unpaid; and for a period not to exceed sixty days for any infraction of its published rules and regulations; and
- (c) the right of the Association to grant utility, cable television, drainage and other easements of the type and for the purposes set forth in Article X.

Section 3. Owners' Easements for Ingress and Egress Every Townhouse shall be conveyed with a perpetual, non-exclusive right to use any common roadway, walkway or driveway in Waterford Villas, which may be constructed by the Declarant and conveyed to the Association as part of the Common Area for the purpose of providing vehicular and pedestrian access to and from each Townhouse.

Section 4. Delegation of Use. Any Owner may delegate, in accordance with the Bylaws of the Association (a copy of which is attached as Exhibit B), his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

### ARTICLE IV

#### MEMBERSHIP, VOTING RIGHTS AND CONTROL

Section 1. Every Owner of a Townhouse which is subject to assessment shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Townhouse which is subject to assessment.

Section 2. All rights, duties and privileges of Membership shall be as provided in the Bylaws.

Section 3. The Association shall be governed by a Board of Directors in accordance with the Bylaws.

#### ARTICLE V

#### COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Townhouse owned within the Properties, hereby covenants, and each Owner of any Townhouse, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. Any such assessment or charge, together with interest, costs, and reasonable attorney's fees, shall be a charge against the Townhouse and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment or charge, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person or entity who was the Owner of such property at the time when the assessment fell due.

Section 2. Purpose of Assessments. The assessments or charges levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents in the Properties and in particular for the maintenance, repair and reconstruction of the exterior of the Townhouses and the common roadways, driveways and parking areas and walkways serving the Townhouses and for the acquisition, improvement and maintenance of properties, services and facilities devoted to this purpose and related to the use and enjoyment of the Common Area, including, but not limited to, the cost of repair, replacement and additions thereto, the cost of labor, equipment, materials, management and supervision thereof, landscaping and grounds maintenance of Common Area, the payment of taxes or special assessments assessed against the Common Area, the procurement and maintenance of insurance in accordance with the Bylaws, the employment of attorneys and/or accountants to represent the Association, when necessary, and such other needs as may arise.

Section 3. Maximum Annual Assessment. Until January 1 of the calendar year following the conveyance of the first Townhouse, the annual assessment shall be \$900.00 per Townhouse unit. Annual assessments may be payable over a period not to exceed twelve (12) months, as set by the Board.

(a) The maximum annual assessments established above may be increased, effective January 1 of each calendar year, by no more than five percent (5%) from the previous year's annual assessment with a vote of the membership.

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(b) In addition to the annual assessment stated above, at the conveyance from the Declarant to the Owner, a one time start up fee in the amount of \$25.00 shall due and payable from the Owner.

(c) After the initial transfer from the Declarant to the original Owner of a Townhouse, there shall be a \$50.00 transfer fee for any subsequent transfer of title to a Townhouse.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Board of Directors of the Association may levy, in any assessment year, a special assessment 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 Area. In the event of a cost exceeding \$10,000.00 for such construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, then the Board of Directors may extend the assessment over a period not to exceed five (5) years in length, payable under such terms as the Board of Directors deems appropriate.

Section 5. Assessment Rate. Until such time as all Townhouses have been conveyed out by the Declarant, the Declarant shall be responsible only for its pro-rata share of the maintenance and upkeep expenses of the Common Area as determined by the Board of Directors of the Association.

Section 6. Date of Commencement of Annual Assessments; Due Date. The annual assessments shall become effective as provided in Section 3 hereof. The first annual assessment for each Townhouse conveyed by the Declarant shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors of the Association shall fix the annual assessment against each Townhouse at least thirty (30) days in advance of each 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 of the Association. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Townhouse have been paid. A properly executed certificate of the Association as to the status of assessments on a Townhouse is binding upon the Association as of the date of its issuance.

Section 7. Effect of Nonpayment of Assessments; Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall accrue a late charge of \$15.00, and after such thirty (30) days such delinquent assessment shall bear interest from the due date at the initial rate of eight percent (8.0%) per annum. Said rate may be changed from time to time by the Board of Directors of the Association. In addition to such interest charge, the delinquent owner shall also pay such late charge as may have been theretofore established by the Board of Directors of the Association to defray the costs of late payment. The Association may, after 90 days, bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property, and interest, late payment fee, costs and reasonable attorney's fees of such action or foreclosure shall be added to the amount of such assessment. No

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Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Townhouse.

Section 8. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage or deed of trust on a mortgage or deed of trust on a Townhouse or any mortgage or deed of trust to the Declarant. Sale or transfer of any Townhouse shall not affect the assessment lien. However, the sale or transfer of any Townhouse 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; provided, however, that the Board of Directors of the Association may, in its sole discretion, determine such unpaid assessments to be an annual or special assessment, as applicable, collectible prorata from all owners including the foreclosure sale purchaser. Such prorata portions are payable by all Owners. No sale or transfer shall relieve such Townhouse from liability for any assessments thereafter becoming due or from the lien thereof, but the liens provided for herein shall continue to be subordinate to the lien of any mortgage or deed of trust as above provided.

Section 9. Payment of Ad Valorem Taxes and Special Assessments. Upon default by the Owners Association in the payment of any ad valorem taxes levied against Common Areas or assessments for public improvements, which default continues for a period of six (6) months from the due date, each Owner of a townhouse or undeveloped lot in the development shall become personally obligated to pay to the tax assessing government authority a portion of such taxes or assessments in an amount determined by dividing the total taxes and/or assessments due by the total number of townhouses and townhouse lots. If not paid by any such Owner within thirty (30) days, such sum shall become a continuing lien, and the taxing or assessment government authority may either bring an action at law against the Owner personally obligated to pay the same or elect to foreclose the lien on the townhouse or townhouse lot.

The Owners Association is hereby empowered to levy assessments for the payment of expenditures for the items set forth in the preceding paragraph, and such assessments not paid by the Owner shall constitute a lien on the Owner's townhouse or townhouse lot.

## ARTICLE VI

### EXTERIOR MAINTENANCE

In addition to maintenance upon the Common Area, the Association shall provide exterior maintenance upon each Townhouse, which is subject to assessment hereunder, as follows: Paint, repair, replace and care of roofs, gutters, downspouts, exterior building surfaces, and other exterior improvements. Such exterior maintenance shall not include glass surfaces and each Owner shall be required to maintain his

own glass. In order to enable the Association to accomplish the foregoing, there is hereby reserved to the Association the right to unobstructed access over and upon each Townhouse at all reasonable times to perform maintenance as provided in this Article. In the event that the need for maintenance, repair, or replacement is caused through the willful or negligent act of the Owner, his family, guests, or invitees, the cost of such maintenance, replacement, or repairs incurred by the Association shall be added to and become a part of the assessment to which such Townhouse is subject.

## ARTICLE VII

### INTERIOR MAINTENANCE

Each Owner shall maintain, repair and replace at his expense, all interior portions of the improvements in his Townhouse which shall need repair. Further, each Owner shall repair, maintain and replace, at his own expense when necessary, the heating and air conditioning systems servicing his dwelling, as well as dryer vents, whether located in his Townhouse or in the Common Area adjacent to same.

## ARTICLE VIII

### PARTY WALLS

Section 1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the homes upon the Properties and placed on the dividing line between the Townhouses shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

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

Section 3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.



Section 4. Right to Contribution Runs With Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 5. Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators.

## ARTICLE IX

### USE RESTRICTIONS

Section 1. Land Use. All Townhouses shall be used for residential purposes only and common recreational purposes auxiliary thereto and for no other purpose. Only one family, or no more than three (3) unrelated individuals, may occupy a house as a principal residence at any one time. Declarant may maintain a sales office, models and construction office in one or more Townhouses or within separate temporary structures until all such units to be located on the Properties have been sold.

Section 2. Nuisance. No noxious or offensive activity shall be conducted in any house or in any dwelling, nor shall anything be done thereon or therein which may be or may become an annoyance or nuisance to the neighborhood.

Section 3. Animals. No animals, livestock, or poultry of any kind shall be kept or maintained in any Townhouse, except that dogs, cats or other household pets, limited to a total of two (2) such pets, may be kept or maintained provided they are not kept or maintained for commercial purposes. At no time shall any household pet be kept or maintained in any Townhouse that is commonly considered a vicious or dangerous breed of animal or to an animal that exceeds twenty-five (25) pounds in weight. When any household pet is allowed outside of any Townhouse, it shall be kept under control on a leash, accompanied by the owner at all times, and the Owner shall keep the Common Areas clear of any animal waste. At no times shall an animal be chained to a townhouse, tree, etc.

Section 4. Use of Common Area. The Common Area shall not be used in any manner except as shall be approved or specifically permitted by the Association.

Section 5. Signs. No signs or other advertising devices shall be displayed upon any Townhouse which are visible from the exterior of the dwelling or on the Common Area, or in the facilities thereon, without the written permission of the Association. Declarant, however, may post

temporary For Sale on the Properties until such time as all units owned by the Declarant have been sold. Any Owner may post a temporary For Sale sign or For Rent sign in a window inside a Townhouse.

Section 6. Garbage Disposal. All garbage shall be stored within the residence of each Owner. No Owner may change or supplement the garbage disposal facilities (if any) provided for such Owner's residence on the date of completion of construction thereof unless the Board of Directors of the Association shall first approve in writing the change or addition to the method of storage. It is provided, however, that if the public health authorities or other public agency shall require a specific method of garbage disposal, nothing herein contained shall prevent the compliance by Owners with obligatory public rules and regulations.

Section 7. Satellite and Radio Receiving Stations. No satellite and/or radio receiving stations or outside television or ham radio antennae shall be permitted, except as shall be approved or specifically permitted by the Board of Directors of the Association.

Section 8. Regulations. Reasonable regulations governing the use of the Common Area and external appearance of the Townhouses may be made and amended from time to time by the Board of Directors of the Association. Copies of such regulations and amendments thereto shall be furnished to each Homeowner by the Association upon request.

Section 9. Hazardous Activities. Nothing shall be done or kept in any Townhouse or in the Common Area which will increase the rate of insurance on the Common Area or any other unit without the prior written consent of the Board of Directors of the Association. No Owner shall permit anything to be done or kept in his Townhouse or in the Common Area which would result in the cancellation of insurance on any Townhouse or any part of the Common Area, or which would be in violation of any law,

#### ARTICLE X

#### EASEMENTS

The Association may reserve and grant easements for the installation and maintenance of driveways, walkways, parking areas, water lines, telephone and electric power lines, cable television lines, sanitary, sewer and storm drainage facilities, and for other utility installations over the Properties as provided in Article III, Section 2 (c), of this instrument. Each Owner by his acceptance of a deed to a Townhouse hereby grants to the Association an irrevocable power of attorney to execute such easements and rights of way.

Within any such easements, no structure, planting or other material shall be placed or permitted to

remain which may interfere with the installation of sewerage disposal facilities and utilities, or which may change the direction of flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements. In addition, the Association shall have the continuing right and easement to maintain all sewer and water lines located in the Townhouse or on the townhouse lot, including the right to go into Townhouse units and disturb the structure and floors thereof in order to maintain those lines located within or under said units.

Every Townhouse constructed which contributes to the support of an abutting Townhouse shall be burdened with an easement of support for the benefit of such abutting Townhouse. Further, all attachments to the exterior walls of a house which are a part thereof but which protrude beyond the delineated boundaries of the Townhouse, and which were constructed in conformity with the plans and specifications, shall be deemed to be included within said delineated boundaries of said house, and there is hereby reserved an easement to permit the construction of and continued existence of any such protruding attachment.

#### ARTICLE XI

##### INSURANCE

Each Owner shall secure and maintain in full force and effect, at such Owner's expense, one or more insurance policies insuring Owner's house and the improvements therein for the full replacement value thereof against loss or damage from all hazards and risks normally covered by a standard "Extended Coverage" insurance policy, including fire and lightning, vandalism and malicious mischief.

Each Owner, at Owner's expense, shall secure and maintain in full force and effect comprehensive personal liability insurance for damage to person or property of others occurring in said owner's Townhouse, any other Townhouse, or upon the Common Area, in an amount not less than the amount designated by the Association. Owner shall provide the Association with satisfactory evidence that such insurance as herein required is in full force and effect, and the Association will be given thirty (30) days notice prior to the expiration or cancellation of any owner's insurance coverage. In the event Owner fails or refuses to maintain such insurance coverage as herein required, the Association may, but shall not be obligated to, through its agent or representative, secure and maintain such insurance coverage for Owner's benefit, and the cost or expense thereof shall be deemed a special assessment levied by the Association against Owner and Owner's Townhouse in accordance with the other provisions of this Declaration, and Owner covenants and agrees to pay such special assessment upon demand.

This Insurance provision may be modified or amended to substitute one comprehensive insurance policy covering all Townhouses provided the approval of a majority of the owners is obtained and approval by 75% of the owners and holders of first deeds of trust on the Townhouses is obtained. Such approvals

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shall be in writing but need not be acknowledged and shall be attached to an amendment to this Declaration, which amendment shall be executed only by the Association and recorded in the Cumberland County Public Registry. To the extent allowable by law, the Association insurance coverage shall be secondary to the Owner's insurance policy.

## ARTICLE XII

### CONDEMNATION

Section 1. Partial Taking Without Direct Effect on Townhouses. If part of the Properties shall be taken or condemned by any authority having the power of eminent domain such that no Townhouse is taken, all compensation and damages for and on account of the taking of the Common Area, exclusive of compensation for consequential damages to certain affected Townhouses, shall be paid to the Board of Directors of the Association in trust for all Owners and their mortgagees according to the loss or damages to their respective interest in such Common Area. The Association, acting through the Board of Directors, shall have the right to act on behalf of the Owners with respect to the negotiation and litigation of the issues with respect to the taking and compensation affecting the Common Area, without limitation on the right of the Owners to represent their own interests. Such proceeds shall be used to restore the Common Area with the excess, if any, paid to the Owners, pro-rata. Nothing herein is to prevent Owners whose houses are specifically affected by the taking or condition from joining in the condemnation proceedings and petitioning on their own behalf for consequential damages relating to loss of value of the affected Townhouses or personal improvements therein, exclusive of damages relating to Common Area. In the event that the condemnation award does not allocate consequential damages to specific Owners, but its terms includes an award for reduction in value of Townhouses without such allocation, the award shall be divided between affected Owners and the Board of Directors of the Association as their interest may appear by arbitration in accordance with the rules of the American Arbitration Association.

Section 2. Partial or Total Taking Directly Affecting Townhouses If part or all of the Properties shall be taken or condemned by any authority having the power of eminent domain such that any

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Townhouse or a part thereof (including specific easements assigned to any Townhouse) is taken, the Association shall have the right to act on behalf of the Owners with respect to Common Area as provided in Section 1 of this Article and the proceeds shall be payable as outlined therein. The Owners directly affected by such taking shall represent and negotiate for themselves with respect to the damages affecting their respective Townhouses. All compensation and damages for and on account of the taking of any one or more of the Townhouses or personal improvements therein shall be paid to the Owners of the affected Townhouses and their mortgagees, as their interest may appear.

Section 3, Notice to Mortgagee. A notice of any eminent domain or condemnation proceeding shall be sent to holders of all first mortgages

### ARTICLE XIII

#### GENERAL PROVISIONS

Section 1, Enforcement. The Association, or any Owner, shall have the right to enforce by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2, Severability. Invalidation of any one of these covenants or restrictions by judgment court order shall in no wise affect any other provisions which shall remain in full force and effect.

Section 3, Amendment. The covenants and restrictions of this Declaration shall run with and bind the land for a term of twenty-five (25) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty-five (25) year period by an instrument signed by the Owners of not less than sixty-six and two-thirds percent ( $66\frac{2}{3}\%$ ) of the Townhouses, and thereafter by an instrument signed by the Owners of not less than fifty-one percent (51%) of the Townhouses. Any amendment must be properly recorded in the office of the Register of Deeds for Cumberland County, North Carolina. However, any proposed Amendment must be approved by the Declarant until such time as the Declarant has given up control of the Board of Directors of the Association, as provided in the Bylaws.

Section 4, Additional Rights Reserved By Declarant.

a. The Declarant reserves the right to remove portions of the property as described in Exhibit A from the effect of this Declaration. Any Property so removed may be used for residential purposes only and any structure erected thereon must be of similar architectural design and harmonious with the then existing structures within the townhouse community. Appropriate governmental authority must be obtained by the Declarant prior to the removal of any portion of the property described in Exhibit A.

b. The Declarant specifically reserves the right to extend any of the streets and/or utilities shown on the recorded map of Waterford Villass into any adjoining property which may be owned now or hereafter acquired by the Declarant or its assignees. Any such use shall carry with it the restriction and condition that those persons using said streets outside of the boundaries of Waterford Villass shall be responsible to the Association for their pro-rata share of the maintenance and upkeep of said streets and/or utilities.

c. Notwithstanding the provisions of Article III, Section I herein, the Declarant reserves the right to modify or change existing Townhouses to include, but shall not be limited to, the addition of decks, porches, patios and other related structures, and to convey said additions or modifications as part of the Townhouse unit(s) either at the time of sale to a purchaser or after said Townhouse has been conveyed to a purchaser. This right shall extend to the Declarant for so long as the Declarant retains control as set forth in the attached Bylaws.

IN WITNESS WHEREOF, the undersigned has caused this instrument to be signed and seal as of this 25<sup>th</sup> day of <sup>November</sup>~~August~~, 2006.

JCH Contracting & Development Group, LLC

By: Joe Hoving (SEAL)  
Member/Manager

North Carolina

Cumberland County

I, the undersigned notary public for the above stated county and state, hereby certify that Joe Hoving personally appeared before me this date and, being first duly sworn, that he is member/manager of JCH Contracting and Development Company, LLC., a North Carolina limited liability company, and that by authority duly given, and as the act of the company, he signed the foregoing instrument in its name on its behalf as its act and deed.

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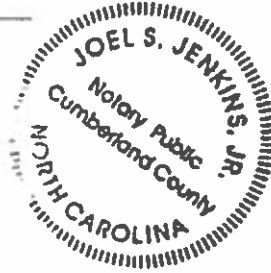
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Witness my hand and notarial stamp or seal this 25<sup>th</sup> day of <sup>November</sup>~~October~~, 2006.

Joel S. Jenkins Jr.

Notary Public

My Commission Expires: 3-5-2011



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## EXHIBIT "A"

BEING all of that property known as WATERFORD VILLASS, according to a plat of the same  
duly recorded in Plat Book \_\_\_\_\_, Page \_\_\_\_\_, Cumberland County, North Carolina, Registry.