

**Powell Place Townhomes**  
**Declaration of Covenants, Conditions and Restrictions**

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Powell Place Towns

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DECLARATION OF COVENANTS, CONDITIONS  
AND RESTRICTIONS FOR  
POWELL PLACE TOWNHOMES

POWELL PLACE TOWNS, LLC, DECLARANT

DECEMBER 12, 2005

CHATHAM COUNTY

DECLARATION OF COVENANTS, CONDITIONS  
AND RESTRICTIONS FOR POWELL PLACE  
TOWNHOMES

NORTH CAROLNA

THIS DECLARATION made on the date hereinafter set forth by Powell Place Towns, LLC, a North Carolina limited liability company, hereinafter referred to as "Declarant".

WITNESSETH:

WHEREAS, Declarant has the consent of Builder Resource and Development Limited Partnership, a Virginia limited partnership, which is the owner of certain property in or near the Town of Pittsboro, County of Chatham, State of North Carolina, and a portion of a community known as Powell Place, which property is more particularly described on Exhibit "A" attached hereto, to subject the property described on Exhibit "A" to the easements, restrictions, covenants and conditions described in this Declaration; and

WHEREAS, Powell Place Townhomes will be a development consisting of approximately one hundred (100) townhome lots which are a part of the Powell Place Community Association (as recorded in Book 1158, Page 138, Chatham County Registry) and other sub-associations including the Powell Place Townhome Association; and

WHEREAS, Builder Resource and Development Limited Partnership will convey said property subject to certain protective covenants, conditions and restrictions as hereinafter set forth and as previously set forth in a Declaration of Rights, Restrictions, Affirmative Obligations and Conditions Applicable to All Property in Powell Place, (as recorded in Book 1158, Page 115, Chatham County Registry); and

WHEREAS, the members of the Powell Place Townhome Association, Inc. shall be responsible for paying the Common Expenses as provided below; and

NOW, THEREFORE, Declarant hereby declares that all of the property described on Exhibit "A" shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with, the real property and be binding on all parties having any right, title or interest in the described 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. "Amenities" shall mean any facilities constructed, erected or installed on the Property for the use, benefit and enjoyment of Members.

Section 2. "Association" shall mean and refer to Powell Place Townhome Association, Inc., a North Carolina corporation, its successors and assigns.

Section 3. "Board" or "Board of Directors" shall mean those persons elected or appointed and acting collectively as the Directors of the Association.

Section 4. "Building" shall mean and refer to a multi-unit structure containing townhomes, constructed or erected on the Property.

Section 5. "Common Expenses" shall mean and include:

- a) All sums lawfully assessed by the Association against its members;
- b) Expenses for maintenance of the townhomes as provided in this Declaration;
- c) Expenses of administration, maintenance, repair, or replacement of the buildings and grounds around the buildings;
- d) Expenses declared to be Common Expenses by the provisions of this Declaration or the Bylaws;
- e) Hazard, liability, or such other insurance premium as the Declaration or the bylaws may require the Association to purchase, or as the Association may deem appropriate to purchase;
- f) Any other expenses determined by the Board or approved by the members to be Common Expenses of the Association. Any expenses associated with the master association, Powell Place Community Association, will not be Common Expenses of the Association.

Section 6. "Declarant" shall mean and refer to Powell Place Towns, LLC, its successors and assigns, to whom the rights of Declarant hereunder may be expressly transferred, in whole or in part, and subject to such terms and conditions as Declarant may impose.

Section 7. "Living Unit" shall mean and refer to any Lot on which a dwelling unit has been fully constructed and made ready for occupancy as a residence for which a Certificate of Occupancy has been issued, and owned by anyone other than the original builder thereof unless occupied as a residence.

Section 8. "Lot" shall mean and refer to any townhouse lot subdivided from a tract of land shown upon any recorded subdivision map of the Property; as such maps may be from time to time amended. The entire Property of Powell Place Townhomes shall be comprised of Lots only which shall be owned in fee simple by Lot Owners.

Section 9. "Member" shall mean and refer to every person or entity who or which holds membership in the Association.

Section 10. "Owner" or "Lot Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 11. "Person" shall mean and refer to any individual, corporation, partnership, association, trustee or other legal entity.

Section 12. "Property" shall mean and refer to that certain real property hereinbefore described on Exhibit "A", and such additions thereto as may hereafter be brought within the jurisdiction of the Association as this Declaration may provide.

Section 13. "Townhome" shall mean and refer to a dwelling unit or residence constructed upon a lot within the Property and constituting a part of a building.

## ARTICLE II

### PROPERTY RIGHTS

Section 1. Parking Rights. No motorboats, houseboats nor other boats or water-borne vehicles, trailers, campers, motorhomes, trucks, tractors or commercial vehicles may be parked on the Property or on the rights of way of any streets adjoining the Property by any Lot Owner, its family members, tenants, guests or contract

purchasers, except within a fully enclosed garage. The repair or extraordinary maintenance for automobiles or other vehicles on common area is prohibited.

Section 2.      TV Antennas. The Association shall regulate the erection of television, radio or other antennas, dishes or disks on individual Townhomes.

### ARTICLE III

#### MEMBERSHIP AND VOTING RIGHTS

Section 1.      Every record Owner of a Lot, 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 Lot, which is subject to assessment.

Section 2.      The right of any Member to vote may be suspended by the Board of Directors for just cause pursuant to its rules and regulations and the Articles and Bylaws of the Association.

### ARTICLE IV

#### COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1.      Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Property, hereby covenants, and each Owner of any Lot 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 which are Common Expenses, and (2) special assessments for extraordinary maintenance and capital improvements, and (3) special assessments for purchase and reconstruction of townhomes as hereinafter defined. The annual and special assessments, together with interest and costs, and reasonable attorney's fees for collection, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment fell due. The personal obligation for the delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

The Association shall also have the authority, through the Board of Directors to establish, fix and levy a special assessment on any Lot to secure the liability of the Owner thereof to the Association arising from breach by such Owner of any of the provisions of this Declaration which breach shall require the expenditure of time and money or both, by the Association for repair or remedy.

Each Owner covenants for himself, his heirs, successors and assigns, to pay each assessment levied by the Association on the Lot described in such conveyance to him within ten (10) days of the due date as established by the Board and further covenants that if said assessment shall not be paid within thirty (30) days of the due date, the amount of such assessment shall be in default and become a lien upon said Owners' Lot as provided herein and shall continue to be such lien until fully paid.

Section 2.      Purpose of Assessments. The annual assessments levied by the Association, which may be collected in monthly, quarterly or annual installments at the discretion of the Board of Directors, shall be used exclusively for the paying of Common Expenses to promote the recreation, health, safety, and welfare of the residents of the Property and in particular, but not limited to, for the exterior maintenance of the Buildings and Lots, the procurement and maintenance of insurance in accordance with the Declaration and Bylaws or as deemed appropriate by the Board, the employment of counsel, accountants and other professionals for the Association when necessary, and such other needs as may arise.

Section 3. Amount of Assessment.

- a) Initial Maximum Assessment. Prior to December 31, 2005, the maximum annual assessment shall not exceed an amount equal to One Hundred Twenty-five Dollars (\$125.00) per Living Unit per month (multiplied by twelve to calculate the amount of the maximum annual assessment per year).
- b) Increase by Association. From and after December 31, 2005, the annual assessment effective for any year may be increased from and after January 1 of the succeeding year by the Board of Directors, without a vote of the membership, by a percentage which may not exceed the greater of ten percent (10%) or the percentage increase reflected in the U.S. City Average, Consumer Price Index - United States and selected areas for urban wage earners and clerical workers, all items most recent index and percentage changes from selected dates. (published by the U.S. Bureau of Labor Statistics, United States Department of Labor Washington, D.C.), or such other Index as may succeed the Consumer Price Index, for that twelve-month period ending the immediately preceding October 1.
- c) Increase by Members. From and after December 31, 2005, the annual assessment may be increased by a percentage greater than permitted by this Article by an affirmative vote of two-thirds (2/3) of each class of members who are voting in person or by proxy, at a meeting duly called for such purpose. The limitations herein set forth shall not apply to any increase in assessments undertaken as an incident to a merger or consolidation in which the Association is authorized to participate under its Articles of Incorporation.
- d) Criteria for Establishing Annual Assessment. In establishing the annual assessment for any assessment year, the Board of Directors shall consider all current costs and expenses of the Association, any accrued debts, and reserves for future needs, but it may not fix the annual assessment in an amount in excess of ten percent (10%) or the sums derived by application of the Consumer Price Index formula provided in Subsection (b) without the consent of members required by Subsection (c) of this Section 3.
- e) The Board of Directors may fix the monthly assessment at an amount not in excess of the maximum.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, 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 extraordinary maintenance in connection with exterior maintenance, including fixtures and personal property related thereto and any property for which the Association is responsible, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose, except that the Board without a vote by the Members may approve one special assessment every year not to exceed \$400.00.

Section 5. Replacement Reserve. Out of the Common Expenses annual assessment, the Board shall create and maintain a reserve fund for the periodic maintenance, repair, and replacement of improvements to the Buildings.

Section 6. Notice and Quorum for Any Action Authorized Under Section 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under this Article shall be sent to all members not less than 30 days nor more than 60 days in advance of the meeting. At the first such meeting called, the presence of members or proxies entitled to cast twenty-five percent (25%) of all votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

Section 7. Uniform Rate of Special Assessment. Special assessments must be fixed at a uniform rate for all Lots.



Section 8. Date of Commencement of Annual Assessments; Due Dates. The annual assessments provided for herein shall commence as to each Lot upon the conveyance of the Lot from Builder Resource and Development Limited Partnership to the Owner. The annual assessment for the period during which the conveyance occurs shall be prorated, and the Owner shall pay a portion of the annual assessment prorated from the date on which the conveyance occurs through the end of that assessment period. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge if it deems appropriate, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of the issuance.

With the exception of Lots that it owns on which the Inspections Department of Chatham County or the Town of Pittsboro has previously issued a Certificate of Occupancy, neither the Declarant nor Builder Resource and Development Limited Partnership shall pay any monthly assessment for any Lots it owns. For any such Lots owned by the Declarant or Builder Resource and Development Limited Partnership on which a Certificate of Occupancy has been previously issued, the annual assessment payable on each such Lot shall commence on the first day of the month following receipt of the Certificate of Occupancy on such Lot.

Section 9. Working Capital. In addition to the regular assessments to be charged and paid hereunder, each new Lot Owner shall, at the time of conveyance of each Lot, pay to the Association a sum equal to up to three (3) months, as determined by the Board from time to time, of the then-current annual assessment on that Lot as additional working capital of the Association. These amounts need not be segregated but may be commingled with regular assessment funds.

Section 10. Effect of Nonpayment of Assessments; Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall be delinquent, in default and shall bear interest at a rate of 18% per annum, which rate of interest may be adjusted within legal limits from time to time by the Board of Directors. The Association may bring an action at law against the Owner personally obligated to pay the same plus interest, costs, late payment charges, as established by the Board from time to time, and reasonable attorneys' fees, and may foreclose the lien against the Lot. No Owner may waive or otherwise escape liability for the assessments provided for herein by abandonment of the Lot.

The lien herein granted unto the Association shall be enforceable pursuant to Article 2A of Chapter 45 of the General Statutes from and after the time of recording a Claim of Lien in the Office of the Clerk of Superior Court in the County in which the Property is located in the manner provided therefore by Article 2 of Chapter 44 of the North Carolina General Statutes, which claim shall state the description of the Lot encumbered thereby, the name of the record owner, the amount due and date when due. The claim of lien shall be recordable any time after thirty (30) days after the due date of the assessment or any installment thereof and the lien shall continue in effect until all sums secured by said lien as herein provided shall have been fully paid. Such claims of lien shall include all assessments which are due and payable when the claim of lien is recorded, plus interest, costs, reasonable attorneys' fees, advances to pay taxes and prior encumbrances and interest thereon, all as above provided. Such claims of lien shall be signed by an officer or agent of the Association. Upon full payment of all sums secured by such claim of lien, the same shall be satisfied of record.

Section 11. Subordination of the Lien to Mortgages and Ad Valorem Taxes. The lien of the assessments provided for herein shall be subordinate to the lien of any institutional first mortgage and ad valorem taxes on said Lot. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to such mortgage or tax foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments, which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 12. Exempt Property. Any portion of the Property dedicated to, and accepted by, a local public authority and any portion of the Property owned by a charitable or non-profit organization exempt from

taxation by the laws of the State of North Carolina shall be exempt from the assessment created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

Section 13. Foreclosure of Liens for unpaid Common Expenses. In any action brought by the Board to foreclose on a Lot because of unpaid Common Expenses, the Lot Owner shall be required to pay a reasonable rental for the use of the Lot, and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same. The Board, acting on behalf of all Lot Owners, or on behalf of any one or more individual Lot Owners, if so instructed, shall have the power to purchase such Lot at the foreclosure sale and to acquire, hold, lease, mortgage, convey, or otherwise deal with the same, subject, however, to applicable restrictions of record. A suit to recover a money judgment for unpaid assessments may be maintainable without foreclosing or waiving the lien securing the same.

## ARTICLE V

### PARTY WALLS

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

Section 2. Sharing of Repairs 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. Easement to Adjoining Lot. The Owner of any Lot may construct, maintain, reconstruct, repair, or extend a party wall in any direction (subject to and within the limitations of architectural control and other limitation of this Declaration) with the right to go upon the adjoining Lot to the extent reasonably necessary to perform such construction or maintenance. Such construction shall be done expeditiously. Upon completion of such construction, such Owner shall restore the adjoining Lot to as near the same condition which prevailed on it before the commencement of such construction as is reasonably practicable.

Section 5. Weatherproofing. Notwithstanding any other provision of this Article, an Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole costs of furnishing the necessary protection against such elements.

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

Section 7. Certification by Adjoining Property Owner That No Contribution is Due. If any Owner desires to sell his property, he may, in order to assure a prospective purchaser that no adjoining Owner has a right of contribution as provided in this Article V, request of the adjoining Owner a certificate that no right of contribution exists, whereupon it shall be the duty of each adjoining Owner to make such certification immediately upon request without charge; provided, however, that where the adjoining Lot Owner claims a right of contribution, the certification shall contain a recital of the amount claimed.

Section 8.     Arbitration. In the event of any dispute arising concerning a party wall or under the provisions of this Article, such dispute shall be settled by arbitration as provided by the laws of North Carolina, relating to arbitration as then existing.

## ARTICLE VI

### ARCHITECTURAL CONTROL

No site preparation (including, but not limited to, grading, elevation work, sloping or tree work) or initial construction, erection or installation of any improvements, including but not limited to, building, fences, signs, walls, screens, plantings or other structure shall be commenced, erected, placed, altered or maintained upon the Property or any Lot, nor shall any exterior addition to, or change, or alteration therein be made to any improvement by any Owner, other than Declarant, until the plans and specifications showing the nature, kind, shape, height, materials, exterior design, colors, siding, location and elevations of the proposed improvements shall have been submitted to, and approved in writing, as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an Architectural Committee composed of one or more representatives appointed by the Board. In this connection, the construction or planting of fences, walls, screens, and other structures will not be permitted if in the opinion of the Board, or Architectural Committee, as applicable, such construction or planting constitutes an unreasonable obstruction of the view of another Owner. In the event said Board, or its designated Committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required; and this Article will be deemed to have been fully complied with; provided that plans and specifications that contain inaccurate or missing data or information when submitted shall not be deemed to be approved notwithstanding the foregoing.

Refusal of approval of such plans, location or specifications may be based upon any grounds, including purely aesthetic and environmental, that in the sole discretion of the Board or Committee, it shall deem sufficient. The Association shall not be responsible for any defects in the plans and specifications submitted to it or in any structure erected according to such plans and specifications.

The Association shall have the right, at its election, but shall not be required, to enter upon any of the Property during and after site preparation or construction, erection, or installation of improvements to inspect the work being undertaken and to determine that such work is being performed or has been performed in conformity with the approved plans and specifications and in a good and workmanlike manner, utilizing approved methods and good quality materials.

Any reference to "Association" in this Article shall mean the Board or the Architectural Committee, if vested with authority by the Board. Notwithstanding the provisions of this Article VI, architectural control of Powell Place Townhomes may also be regulated by the Powell Place Community Association as well.

## ARTICLE VII

### ANNEXATION OF ADDITIONAL PROPERTIES

Section 1.     Approval of Annexation. Annexation of additional property to the Powell Place Townhomes which shall be subject to this Declaration, except as provided in Section 2 of this Article VII, shall require the assent of two-thirds (2/3) of the Class A membership and two-thirds (2/3) of the Class B membership, if any, present in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all members not less than 10 days nor more than 30 days in advance of the meeting setting forth the purposes of the meeting. The presence of members or of proxies entitled to cast twenty-five percent (25%) of the votes of each class of membership shall constitute a quorum. If the required quorum is not present at any meeting, another meeting may be called subject to the notice requirement set forth above and the required quorum shall be one-half (1/2) of the

required quorum of the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting. In the event that two-thirds (2/3) of the Class A membership or two-thirds (2/3) of the Class B membership are not present in person or by proxy, members not present may give their written assent to the action taken thereat.

Section 2.      Annexation by Declarant. If within ten (10) years of the date of conveyance by Builder Resource and Development Limited Partnership of the first Lot, the Declarant should desire to add additional property in Powell Place as Powell Place Townhome lots which shall be subject to this Declaration, such property may be annexed by the Declarant without the consent of Members. In so doing, Declarant may file and record such amendments to this Declaration as are necessary without the consent of the Members in order to subject such additional lands to the terms of this Declaration and the jurisdiction of the Association.

Section 3.      Recording Annexation Documents. Annexation of additional lands shall be accomplished by recording in the Chatham County Registry a Declaration of Annexation, duly executed by the Declarant if the Declarant has the right to annex pursuant to Section 2 above (and by the Association if pursuant to Section 1 above), describing the lands annexed and incorporating the provisions of this Declaration, either by reference or by fully setting out said provisions of this Declaration. The additional lands shall be deemed annexed to the Property on the date of recordation of the Declaration of Annexation, and in the case of an annexation by the Declarant, no action or consent on the part of the Association or any other person or entity shall be necessary to accomplish the annexation except any local governmental authority if required by its ordinances.

## ARTICLE VIII

### EXTERIOR MAINTENANCE

Section 1.      Exterior Maintenance by Association. The Association shall provide exterior maintenance upon each Building and Living Unit which is subject to assessment hereunder, as follows: paint, repair, replace and care for roofs, gutters, downspouts, exterior building surfaces, trees, shrubs (excluding those installed by an Owner), grass, walks, mailboxes, fences installed by Builder Resource and Development Limited Partnership, Declarant or the Association, exterior post lights (excluding electricity therefor) installed by Builder Resource and Development Limited Partnership, Declarant or the Association, and other exterior improvements. Such exterior maintenance shall not include gas grill repair or replacement glass surfaces, or screens for windows and doors, or any improvements contained within courtyards or areas secured by the Owner or the repair or reconstruction of any improvements on any Lot, the cost of which repair or reconstruction would be covered by casualty insurance, whether or not a policy of casualty insurance is in effect. Further, the Owner of any Lot may at his election plant trees, shrubs, flowers and grass in his rear yard and shall also maintain his rear yard provided that such maintenance by the Owner does not hinder the Association in performing its maintenance of the exterior of the dwelling and the remaining yard spaces. No such maintenance by a Lot Owner shall reduce the assessment payable by him to the Association. If, in the opinion of the Association any such Owner fails to maintain his rear yard in a neat and orderly manner, the Association may revoke the Owner's maintenance rights for a period not to exceed one year and the Association shall perform maintenance during the revocation period at the expense of the Owner. The Owner shall not plant any perennial vegetation in the front yard except with the prior written approval of the Association.

Section 2.      Mailbox Maintenance. The Board of Directors, at its discretion, may decide to include the maintenance and replacement of mailboxes as an Association expense, if the mailboxes are housed in a common facility.

Section 3.      Damage by Owner. In the event that the need for maintenance or repair is caused through the willful or negligent act of the Owner of a Lot, his family, or tenants, guests, contractors, or invitees, or contract purchasers the cost of such maintenance or repairs shall be added to, and become a part of, the assessment to which such Lot is subject.

Section 4.      Inspection Rights Reserved. In order to enable the Association to accomplish the foregoing, there is hereby reserved to the Association, its agents, employees or contractors, the right to unobstructed

access over and upon each Lot or Living Unit at all reasonable times for inspection and to perform maintenance as provided in this Article.

Section 5. Casualty Loss Not Included. Maintenance and repairs under this Article arise from normal usage and weathering and do not include maintenance and repairs made necessary by fire or other casualty or damage.

## ARTICLE IX

### USE RESTRICTIONS

Section 1. Rules and Regulations. The Board of Directors of the Association shall have the power to formulate, amend, publish and enforce reasonable rules and regulations concerning the use and enjoyment of the yard space of each Lot. Such rules and regulations may provide for imposition of fines or penalties for the violation thereof, or for the violation of any of the covenants and conditions contained in this Declaration.

Section 2. Use of Property. No portion of the Property (except for any temporary office of the Declarant and/or its assignees and/or any model townhouses used by Declarant and/or its assignees) shall be used except for single-family residential purposes and for purposes incidental or accessory thereto.

Section 3. Quiet Enjoyment. No obnoxious or offensive activity shall be carried on upon the Property, nor shall anything be done which may be, or may become, a nuisance or annoyance to the neighborhood.

Section 4. Animals. No animals, livestock or poultry of any kind shall be kept or maintained on any Lot or in any dwelling except that dogs, cats or other household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes and are controlled in accordance with applicable governmental ordinances and are not a nuisance to other Owners.

Section 5. Insurance. Nothing shall be kept, and no activity shall be conducted on the Property, which will increase the rate of insurance, applicable to residential use, for the Property or the contents thereof. No Owner shall do or keep anything, nor cause or allow anything to be done or kept, on his Lot which will result in the cancellation of insurance on any portion of the Property, or the contents thereof, or which will be in violation of any law, ordinance, or regulation.

Section 6. Offensive Behavior. No immoral, improper, offensive, or unlawful use shall be made of the Property, or any part thereof, and all valid laws, ordinances and regulations of all governmental agencies having jurisdiction thereof shall be observed. All laws, orders, rules, regulations, or requirements of any governmental agency having jurisdiction thereof, relating to any portion of the Property, shall be complied with, by and at the sole expense of the Owner or the Association, whichever shall have the obligation to maintain or repair such portion of the Property.

Section 7. Structural Integrity. Nothing shall be done in or to any Building which will impair the structural integrity of any Building or which would impair or alter the exterior of any Building or portion thereof, except in the manner provided in this Declaration.

Section 8. Business. No industry, business, trade, occupation, or profession of any kind, whether commercial or otherwise, shall be conducted, maintained, or permitted on any part of the Property, except that home offices for the use of the occupants of a Living Unit that do not affect traffic on the rights of way or streets adjoining the Property or increase the noise generated within the Living Unit shall not be prohibited, and except that the Declarant and its agents and assignees may use any unsold townhome for sales or display purposes.

Section 9. Signs. No Owner shall display, or cause or allow to be displayed, to public view any sign, placard, poster, billboard, or identifying name or number upon any Building or Lot, except as allowed by the

Association pursuant to its Bylaws or regulations or as required by local governmental authority; provided, however, that the Owner of any Lot, or their respective agents, may place one "For Sale" or "For Rent" sign on the Lot, so long as the sign does not exceed six square feet in surface area and complies with any other rules and regulations adopted by the Association or local governmental authority; and provided further that the Declarant and any mortgagee who may become the Owner of any Lot, or their respective agents and assignees, may place "For Sale" or "For Rent" signs on any unsold or unoccupied townhomes or Lots. Notwithstanding anything to the contrary contained herein, during the development of the Property and the marketing of townhomes, the Declarant and its agents and assignees may maintain a sales office and may erect and display such signs as the Declarant deems appropriate as aids to such development and marketing, provided that such signs do not violate any applicable laws.

Section 10. Waste. No Lot shall be used or maintained as a dumping ground for rubbish, trash or garbage. Waste of any nature shall not be kept on any part of the Property except on a temporary basis in sanitary containers.

Section 11. Garbage Disposal. All garbage shall be stored within the residence of each Owner or in the rear of the Owner's Living Unit so as not to be visible from any street, not including alleyways. No Owner may change or supplement the garbage disposal facilities provided for such Owner's residence on the date of completion of the construction thereof, unless the Architectural Committee or the Board of Directors 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 agencies, shall require a specific method of garbage disposal, nothing herein contained shall prevent the compliance by Owners with obligatory public rules and regulations.

Section 12. Clothes Drying. No drying or airing of any clothing or bedding shall be permitted outdoors on any Lot or in any other enclosed area (including patios) within the Property.

Section 13. Yard Sales. No yard sale shall be conducted upon the Property at any time whatsoever, except for such yard sales as may be sponsored by the Association from time to time.

Section 14. Attachments. No permanent attachments of any kind or character whatsoever (including, but not limited to, television and radio antennas) shall be made to the roof or exterior walls of any residence on a Lot, unless such attachments shall have been first submitted to and approved by the Architectural Control Committee, as hereinafter defined.

Section 15. Disabled Vehicles. Any disabled, unlicensed or inoperable motorized vehicle must be stored in a closed garage.

Section 16. Leases. Leasing of a Living Unit shall be permitted subject to reasonable rules regarding the permitted duration and permitted maximum percentage of all Living Units on the Property that may be leased at any given time that may be adopted from time to time by resolution of the Board, without the necessity of amending this Declaration. Prior to or in lieu of the Board's adoption of such rules, the minimum term of permitted leases shall be six (6) months and the maximum percentage of all Living Units that may be leased at any given time shall be twenty percent (20%). In no event, however, may the number of leased Living Units on the Property exceed any limitation established by the Federal Housing Administration or the Veterans Administration. No portion of any Living Unit (other than the entire Living Unit) may be leased and no transient tenants may be accommodated. Each lease shall be in writing on either pre-printed forms approved by the NC Board of Realtors or on other such forms approved by the Association. Each such lease shall contain a provision to the effect that the rights of the tenant to use and occupy the Living Unit shall be subject and subordinate in all respects to the provisions of this Declaration, to the Association's Bylaws, and to such rules and regulations relating to the Property as the Board of Directors may from time to time promulgate. Every lease shall contain a provision that failure of the tenant to comply with the terms of this Declaration and the Association's Bylaws and rules and regulations shall constitute an act of default under the lease. Prior to entering into any lease, the Owner of the Living Unit proposed to be leased shall present the lease to the Board for approval in order for the Board to confirm that the lease is in compliance with the provisions of this Declaration. The provisions of this subsection shall not apply to any institutional mortgagee of any Lot who

comes into possession of the Lot as a result of a foreclosure sale or as a result of any proceeding in lieu of foreclosure.

## ARTICLE X

### EASEMENTS

Section 1. Utility Easements. All of the Property shall be subject to such easements for driveways, walkways, parking areas, water lines, sanitary sewers, storm drainage facilities, gas lines, telephone and electric power line and other public utilities as shall be established by the Declarant or as have been established by the owners of record title to the Property prior to the subjecting of the Property to this Declaration; and the Association shall have the power and authority to grant and establish upon, over, under and across the Property conveyed to it, such further easements as are requisite for the convenient use and enjoyment of the Property without approval of the membership.

Section 2. Adjoining Areas. Each Owner is hereby declared to have an easement, and the same is hereby granted by the Declarant, over all adjoining Lots for the purpose of accommodating any encroachment due to engineering errors, errors in original construction, additional settlement or shifting of the building, surface water runoff, underground piping of storm water and water runoff, or any other cause. There shall be valid easements for the maintenance of said encroachment; provided however, that in no event shall a valid easement for encroachment be created in favor of an Owner or Owners if said encroachment occurred due to the willful misconduct of said Owner or Owners. In the event a structure on any Lot is partially or totally destroyed, and then repaired or rebuilt, the Owners of each Lot agree that minor encroachments over adjoining Lots shall be permitted and that there shall be valid easements for the maintenance of said encroachments so long as they shall exist.

Section 3. Unintentional Encroachments. In the event that any building on a Lot shall encroach upon any other Lot for any reason not caused by the purposeful or negligent act of the Owner or agents or such Owner, then an easement appurtenant to such Lot shall exist for the continuance and maintenance of such encroachment upon the other Lot for so long as such encroachment shall naturally exist.

Section 4. Overhanging Roofs and Eaves. Each Lot and its Owner within the Properties is hereby declared to have an easement, and the same is hereby granted by the Declarant, over each adjoining Lot for overhanging roofs and eaves and the maintenance thereof.

Section 5. Easement for the Benefit of Governmental Authorities. An easement is hereby established for the benefit of the Town of Pittsboro, or other governmental agency, over all Lots for the setting, removing and reading of water meters (which shall be separate for each Living Unit), maintaining and replacing water, sewer and drainage facilities, for police protection, fire fighting and garbage collection, postal services, and the rendering of such other services as are appropriate and necessary for the use and enjoyment of the Property. In no case shall the Town of Pittsboro or other responsible agency, be responsible for failing to provide any emergency or regular fire, police, or other public service to the Property or to any of its occupants when such failure is due to the lack of access to such area due to inadequate design or construction, blocking of access routes, or any other factor within the control of the Declarant, the Association, the Owners or occupants. All conveyances of any portion of the Property shall be subject to these limitations on the Town's or other agency's responsibilities.

Section 6. Easement for Benefit of Utility Company. The Declarant reserves the right to subject the Property to a contract with various utility companies, including but not limited to electrical power, natural gas, telephone, water/sewer and cable TV, for the installation of underground lines, cables and connector posts which may require an initial payment or a continuing monthly payment to the utility by the owner of each Lot.

Section 7. Priority of Easements. Each of the easements hereinabove referred to shall be deemed to be established upon the recordation of this Declaration and shall henceforth be deemed to be covenants running with the land for the use and benefit of the Lots superior to all other encumbrances which may hereafter be applied against or in favor of the Property or any portion thereof.

Section 8. Declarant Easement. If any encroachment shall occur subsequent to subjecting the Property to this Declaration as a result of settling or shifting of any building or as a result of any permissible repair, construction, reconstruction, or alteration, there is hereby created and shall be a valid easement for such encroachment and for the maintenance of the same. Every Lot shall be subject to an easement for entry and encroachment by the Declarant for a period not to exceed twenty four (24) months following conveyance of a Lot to an Owner for the purpose of correcting any problems that may arise regarding grading and drainage. The Declarant, upon making entry for such purpose, shall restore the affected lot or lots to as near the original condition as practicable.

Section 9. Structural Support. Every portion of a townhome which contributes to the structural support of the Building shall be burdened with an easement of structural support for the benefit of all other townhomes within the Building.

Section 10. Emergencies. Every Lot and townhome shall be subject to an easement for entry by the Association for the purpose of correcting, repairing, or alleviating any emergency condition which arises upon any Lot or within any townhomes and that endangers any building or portion of any common area.

Section 11. Maintenance Easement. The Association reserves an easement over and across every Lot for the purpose of performing the maintenance requirements of the Association as prescribed herein.

Section 12. Easements for Repairs. Each Lot Owner shall have a perpetual access easement over any adjoining Lot to the extent reasonably necessary to perform repair, maintenance, or reconstruction of his townhome. Such repair, maintenance, or reconstruction shall be done expeditiously, and, upon completion of the work, the Owner shall restore the adjoining Lot to as near the same condition as that which prevailed prior to the commencement of the work as is reasonably practicable.

## ARTICLE XI

### INSURANCE

Section 1. Insurance to be Maintained by the Association. The following insurance coverage shall be maintained in full force and effect by the Association:

- a) Public liability and property damage insurance in such amounts and in such forms as shall be required by the Association, but public liability shall be an amount of at least \$1,000,000 for each occurrence. Similar liability coverage shall also be purchased by the Association on behalf of its directors and officers.
- b) All liability insurance shall contain cross-liability endorsements to cover liability of the Owners as a group to an individual Owner.
- c) Fidelity bond coverage covering those that shall be responsible or shall handle funds of the Association.
- d) Such other insurance coverage as it may determine to be desirable and necessary, including fire and hazard insurance covering all buildings located on the Property as specified in Section 4, if it is determined by the Board of Directors that the interests of the Owners will be better served by the Association procuring such insurance.

Section 2. Premiums. Premiums for insurance policies purchased by the Association shall be paid by the Association and charged ratably to Owners as an assessment according to the applicable provisions of this Declaration.



Section 3. Insurance Beneficiaries. All such insurance policies shall be purchased by the Association for the benefit of the Association and the Owners.

Section 4. Insurance to be Maintained by Owners. Each Owner shall pay for and maintain in full force and effect at all times casualty insurance in an amount equal to the full replacement value on its Building, improvements and Living Unit, including the value of excavation and foundation.

Casualty coverage shall afford protection against:

- a) Loss or damage to property by fire or other hazards covered by a standard extended coverage endorsement;
- b) Liability insurance in an amount of at least \$1,000,000 for each occurrence
- c) Such other risks as from time to time shall be customarily covered with respect to buildings and improvements similar in construction, location and use as the buildings and improvements of Powell Place Townhomes, including, but not limited to, vandalism and malicious mischief.

Such insurance shall be issued with an insurer licensed to do business in North Carolina and holding a rating of "A" or better by Best's Insurance Reports, and such policy must provide that the insurer will not cancel, reduce or substitute coverage without first giving the Association and any mortgagee named in the policy thirty (30) days prior written notice thereof. Within thirty (30) days after becoming the Owner of a Living Unit, and from time to time thereafter as may be required by the Association, each Owner shall provide to the Association, in a form that is reasonably acceptable to the Association, written evidence that the insurance required by this section is in effect for each Living Unit that the Owner owns.

## ARTICLE XII

### REPAIR, RESTORATION OR RECONSTRUCTION OF CASUALTY DAMAGE

Section 1. Repair and Restoration. Except as otherwise herein provided, damage to or destruction of a townhome shall be promptly repaired, restored or reconstructed by the affected Owners, such repair and restoration or reconstruction, insofar as possible, to be in accordance with the original plans and specifications of the original Building. In the event that the Owners of damaged townhomes default in the obligation to promptly repair and restore or reconstruct as herein provided, the Association may (but shall be under no obligation to) repair and restore or reconstruct the damaged townhomes. In order to enable the Association to accomplish the foregoing, there is hereby reserved to the Association and its agents the right to unobstructed access over and upon each Lot at all reasonable times to perform repair and restoration or reconstruction as provided in this Article. In the event of action by the Association as herein permitted, the Owners of damaged townhomes shall be liable for assessment for the entire cost of such repair and restoration or reconstruction and subject to exercise of the enforcement remedies herein provided in the event of failure of timely payment of the assessment.

## ARTICLE XIII

### RIGHTS OF INSTITUTIONAL LENDERS

Section 1. Rights Reserved to Institutional Lenders. "Institutional Lender" or "Institutional Lenders", as the terms are used herein, shall mean and refer to banks, savings and loan associations, savings banks, insurance companies, U.S. Department of Veterans Affairs, Federal Housing Administration, Federal National Mortgage Association and other reputable mortgage lenders, guarantors and insurers of first mortgages. So long as any Institutional Lender or Institutional Lenders shall hold any mortgage upon any Lot, or shall be the Owner of any Lot, such Institutional Lender or Institutional Lenders shall have the following rights:

- a) To be furnished with at least one copy of the Annual Financial Statement and Report of the Association, including a detailed statement of annual carrying charges or income collected and operating expenses, such Financial Statement and Report to be furnished within 120 days of the end of each calendar year.
- b) To be given notice by the Association of the call of any meeting of the membership to be held for the purpose of considering any proposed Amendment to the Declaration, or the Articles of Incorporation and Bylaws of the Association, which notice shall state the nature of the amendment being proposed, and to be given permission to designate a representative to attend all such meetings.
- c) To be given notice of default in the payment of assessments by any Owner of a Lot of sixty (60) days or more encumbered by a mortgage held by the Institutional Lender or Institutional Lenders, such notice to be given in writing and to be sent to the principal office of such Institutional Lender or Institutional Lenders, or to the place which it or they may designate in writing to the Association.
- d) To inspect the books and records of the Association and the Declaration, Bylaws and any Rules and Regulations during normal business hours and to obtain copies thereof.
- e) To be given notice of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.
- f) Any proposal requiring consent of the mortgage holders.

Whenever any Institutional Lender desires the benefits of the provisions of this section, such Lender shall serve written notice of such fact upon the Association by Registered Mail or Certified Mail addressed to the Association and sent to its address stated herein, or to the address of the Property, identifying the Lot upon which any such Institutional Lender or Institutional Lenders hold any mortgage or mortgages, or identifying any Lot owned by them, or any of them, together with sufficient pertinent facts to identify any mortgage or mortgages which may be held by them, and which notice shall designate the place to which notices are to be given by the Association to such Institutional Lender.

#### ARTICLE XIV

##### 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 or court order shall in no way affect any other provisions, which shall remain in full force and effect.

Section 3. General Amendments. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) 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 (20) year period by an instrument signed by not less than sixty seven percent (67%) of the Lot Owners, and thereafter by an instrument signed by not less than sixty seven percent (67%) of the Lot Owners.

Section 4. Amendments Permitted Without Membership Approval. The following amendments may be effected by the Declarant, or the Board, as the case may be, without consent of the members:

- a) Until such time as eighty percent (80%) of the Lots have been conveyed to Owners other than the Declarant or Builder Resource and Development Limited Partnership, this Declaration may be amended by the Declarant.

- b) Declarant may amend this Declaration by annexation of additional lands as specified in Article VII, Section 2 herein.
- c) The Declarant, so long as either it or Builder Resource and Development Limited Partnership shall own one or more Lots of the Powell Place Townhomes, shall have the right to amend this Declaration to conform to the requirements of any law or governmental agency having legal jurisdiction over the Property or to qualify the Property or any Lots and improvements thereon for mortgage or improvement loans made, insured or guaranteed by a governmental agency or to comply with the requirements of law or regulations of any corporation or agency belonging to, sponsored by, or under the substantial control of, the United States Government or the State of North Carolina, regarding purchase or sale in such Lots and improvements, or mortgage interests therein, as well as any other law or regulation relating to the control of Property, including, without limitation, ecological controls, construction standards, aesthetics, and matters affecting the public health, safety and general welfare. A letter from an official of any such corporation or agency, including, without limitation, the U.S. Department of Veterans Affairs, U.S. Department of Housing and Urban Development, the Federal Home Loan Mortgage Corporation, Government National Mortgage Corporation, or the Federal National Mortgage Association, requesting or suggesting an amendment necessary to comply with the requirements of such corporation or agency shall be sufficient evidence of the approval of such corporation or agency, provided that the changes made substantially conform to such request or suggestion.
- d) The Declarant, for so long as either it or Builder Resource and Development Limited Partnership shall own one or more Lots in the Powell Place Townhomes and, thereafter, the Board of Directors, may amend this Declaration as shall be necessary, in its opinion, and without the consent of any Owner, to qualify the Association or the Property, or any portion thereof, for tax-exempt status.
- e) The Declarant, for so long as either it or Builder Resource and Development Limited Partnership shall own one or more Lots in the Powell Place Townhomes, and, thereafter, the Board of Directors, may amend this Declaration as shall be necessary, in its opinion, and without the consent of any Owner, to correct clerical errors in this Declaration.

Section 7.      Recordation. No amendment shall be effective until recorded in the County in which the Property is situated.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set its hand and seal this 12<sup>th</sup> day of December, 2005.

*(The balance of this page is intentionally left blank.)*

POWELL PLACE TOWNS, LLC

By: [Signature]  
Manager

NORTH CAROLINA

Wake COUNTY

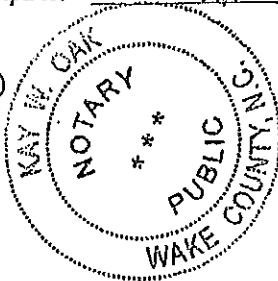
I, a Notary Public of the County and State aforesaid, certify that John Rice Powers personally came before me this day and acknowledged that he or she is the manager of Powell Place Towns, LLC, a North Carolina limited liability company, and that he or she as manager, being authorized to do so, executed the foregoing instrument on behalf of the limited liability company.

WITNESS my hand and seal, this 12<sup>th</sup> day of December, 2005.

[Signature]  
Notary Public

My commission expires: April 01, 2006

(NOTARY SEAL)



**EXHIBIT "A"**

**ALL of Block A, B, C, D, E and F as shown on the plat entitled, "Powell Place, A Portion of Phase IB, Blocks A Through F & Lots 39 Through 67," dated May 17, 2005, prepared by Withers & Ravenel, and recorded in Plat Slide 2005-176 and 177, Chatham County Registry.**

FILED  
CHATHAM COUNTY  
REBA G. THOMAS  
REGISTER OF DEEDS

FILED Mar 24, 2006  
AT 12:08:30 pm  
BOOK 01246  
START PAGE 0716  
END PAGE 0717  
INSTRUMENT # 03806

BOOK 1246 PAGE 716

After Recording Return to:  
Bradshaw & Robinson, LLP  
P. O. Box 607  
Pittsboro, NC 27312

CROSS REFERENCE TO:  
Declaration of Covenants, Conditions and Restrictions  
for Powell Place Townhomes, recorded in Book  
1246, Page 698, Chatham County Registry

#### CONSENT AND JOINDER

BUILDER RESOURCE AND DEVELOPMENT CO., L.P. D/B/A BUILDER RESOURCE AND DEVELOPMENT LIMITED PARTNERSHIP (hereinafter "Owner") is the owner of those parcels of land shown as Block A, B, C, D, E and F as shown on the plat entitled, "Powell Place, a Portion of Phase 1B, Blocks A Through F & Lots 39 Through 67," dated May 17, 2005, and recorded at Plat Slides 2005-176 and 2005-177, Chatham County Registry, and being located in Pittsboro, Chatham County, North Carolina (the "Property").

The Owner, acting not as declarant, but in its capacity as the Owner of the Property, hereby consents to the encumbrance of the Property with the above-referenced Declaration of Covenants, Conditions and Restrictions for Powell Place Townhomes, which is recorded in Book 1246, Page 698 of the Chatham County Registry (the "Declaration"), and agrees that the Property shall be subject to and is hereby subjected to the provisions of such Declaration and any and all amendments recorded thereto.

IN WITNESS WHEREOF, Owner has caused this instrument to be executed under seal  
by its duly authorized officers as of the 12th day of December, 2005.

Builder Resource & Development Co., L.P., a  
Virginia limited partnership, by its General Partner,  
BRD Management Corporation, a Virginia corporation

BY: Warner L. Blunt, III  
Warner L. Blunt, III  
President

STATE OF VIRGINIA  
COUNTY OF Henrico

I, Jean T. Thurston, a Notary Public for said County and State, do  
hereby certify that Warner L. Blunt, III personally appeared before me this day and  
acknowledged that he is the President of BRD Management Corporation, a Virginia corporation,  
General Partner of Builder Resource & Development Co., L.P., a Virginia limited partnership,  
and that he, as President, being authorized to do so, executed the foregoing on behalf of the  
corporation as general partner of the limited partnership.

WITNESS my hand and notarial stamp/seal, this 12th day of December, 2005.

Jean T. Thurston  
Notary Public

My Commission Expires: 1/31/09

