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Prepared by and return to: Lunday A. Riggsbee, Attorney at Law, PO Box 754, Pittsboro NC 27312

**DECLARATION OF COVENANTS AND RESTRICTIONS
FOR PHASE II, WINDHAM**

THIS DECLARATION, made this 7th day of December 2006, by L.E.D., LLC a limited liability company (hereinafter referred to as "Declarant").

WITNESSETH:

WHEREAS, Declarant is the owner of the property described on Exhibit "A" to this Declaration; and

WHEREAS, the Declarant desires to create on said property a planned community to be known as Windham, Phase II, and to provide for the preservation of values, for the maintenance of common facilities and services, and for a vehicle for the administration and enforcement of covenants and restrictions; and

WHEREAS, Declarant has caused or will cause to be incorporated under the laws of the State of North Carolina, a non-profit corporation, Windham II Association, Inc., for the purpose of exercising the functions aforesaid, and which are hereinafter more fully set forth;

NOW, THEREFORE, Declarant declares that the real property described in Article II shall be held, transferred, sold, conveyed, given, donated, leased, occupied and used subject to the covenants, restrictions, conditions, easements, charges, assessments ("Assessments"), affirmative obligations, and liens (all hereinafter sometimes referred to as "the Covenants" or the "Covenants and Restrictions") hereinafter set forth.

ARTICLE I
DEFINITIONS

The following words and terms when used in this Declaration or any supplemental declaration (unless the context shall clearly indicate otherwise) shall have the following meanings:

(a) "Association" shall mean and refer to Windham II Association, Inc., a North Carolina non-profit corporation, its successors and assigns.

(b) "Windham II" shall mean and refer to the lands in New Hope Township, Chatham County, North Carolina, which are shown on recorded subdivision plats in the Office of the Register of Deeds of Chatham County, North Carolina.

(c) "Declarant" shall mean L.E.D., LLC, their successors and assigns.

(d) The "Properties" shall mean and refer to the Existing Property described in Article II hereof.

(e) "Owners" shall mean and refer to the Owners as shown in the Register of Deeds Office of Chatham County, North Carolina, whether it be one (1) or more persons, firms, associations, corporations, or other legal entities, of fee simple title to any Residential Lot situated upon the Properties but, notwithstanding any applicable theory of a deed of trust, shall not mean or refer to the mortgagee or holder of a deed of trust, their successors or assigns, unless and pursuant to foreclosure or a proceeding or deed in lieu of foreclosure; nor shall the term "Owners" mean or refer to any lessee or tenant of an Owner.

(f) "Member" shall mean and refer to all those Owners who are Members of the Association as defined in Section 1 of Article III.

(g) "Common Properties" shall mean and refer to those easement premises designated as "Pickett Lane, Seven Island Road, and Hatley Falls Road" on the recorded plat of the Properties and the entrance Subdivision sign located on portion of Lot 1A, Windham Phase I and all other easements as shown on the recorded plats for the use of all of Windham II and for some use by owners of Windham I. All Common Properties are to be devoted to and intended for the common use and enjoyment of the Members of the Association, and their guests to the extent permitted by the Board of Directors of the Association. The hiking trail located between Lots 20 and 22 and between Lots 19 and 22 will also be for the use of lot owners of Windham Phase I but will be maintained by Windham Phase II owners.

(h) "Lot" shall mean all residential lots approved from time to time by Chatham County to be included within Windham, Phase II for use as sites for a single-family detached dwelling.

ARTICLE II
EXISTING PROPERTY

Section 1. Existing Property. The real property, which is and shall be held, transferred, sold, conveyed, given, donated, leased, occupied, and used subject to this Declaration, is described as follows:

All that tract or parcel of land, situate, lying and being in Chatham County, North Carolina, which are more particularly described in Exhibit "A" attached hereto and by specific reference made a part hereof.

All of the real property hereinabove described shall sometimes be referred to herein as the "Existing Property".

ARTICLE III
MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

Section 1. Membership. The Declarant (so long as they own a Lot within Windham, Phase II) shall be Members of the Association. Every Owner of a Lot shall be a Member of the Association.

Section 2. Governance. The Association shall elect and be governed by a Board of Directors as set forth in the Association's Articles of Incorporation and Bylaws.

ARTICLE IV
PROPERTY RIGHTS IN THE COMMON PROPERTIES

Section 1. Members' Easements of Enjoyment in Common Properties. Subject to the provisions of these Covenants, the rules and regulations of the Association and any fees or charges established by the Association, every Member, and every guest and tenant of such Member, shall have easements for purposes of ingress, egress, and regress and for the installation, use, repair, and replacement of utilities including, but not limited to electricity, telephone, and cable television, over and upon the Common Properties, and such easements shall be appurtenant to and shall pass with the title of every parcel within the Properties.

Section 2. Title to Common Properties. The Declarant covenants for themselves, their successors and assigns, that they shall convey to the Association, at no cost to the Association, and subject to (i) this Declaration of Covenants and Restrictions, (ii) all other restrictions and limitations of record at the time of conveyance, (iii) any restrictions, limitations, conditions, or determinations as to the purposes and uses of the conveyed properties, and (iv) any commitments by the Declarant to construct certain improvements

thereon, those Common Properties.

Section 3. Extent of Members' Easements. The rights and easements of enjoyment created hereby shall be subject to the following:

(a) The right of Declarant or the Association by their Board of Directors to dedicate or transfer to any public or private utility, utility or drainage easements on any part of the Common Properties; and

(b) The right of the Association to dedicate or transfer all or any part of the Common Properties, to any public agency, authority, utility, or private concern for such purposes and subject to such conditions as may be agreed to by the Members.

ARTICLE V COVENANTS FOR ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant covenants, and each Owner of each Lot within the Properties, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to all the terms and provisions of this Declaration and to pay to the Association:

(a) Annual Assessments or charges: and

(b) Special Assessments or charges for the purposes set forth in this Article, such Assessments to be fixed, established and collected from time to time as hereinafter provided. The Annual and Special Assessments, together with such interest thereon and costs of collection thereof including a reasonable attorney's fee as hereinafter provided, shall be a charge and continuing lien on the real property and improvements thereon against which each such Assessment is made, and shall also be the personal obligation of the Owners of such property at the time when the Assessment first became due and payable. Co-owners shall be jointly and severally liable for the entire amount of the Assessment.

Section 2. Purpose of Assessments. The Assessments levied by the Association shall be used exclusively as outlined in Article VI, hereof.

Section 3. Application of "Maximum" Assessment. The Maximum Regular Annual Assessment, as set forth in subparagraph (a) of this Section 3 and as is automatically increased annually pursuant to the provisions of subparagraph (d) below, shall be levied by the Association.

(a) From and after January 5, 2007, the Maximum Regular Annual Assessment shall be \$200.00 for all Lots, and may be increased in each instance by percentage as set forth in Section 3(d) of this Article, and as may be increased by the Association. The Declarant shall not be assessed for any lots that they own until January 1, 2009.

(b) Assessments shall be due and payable upon the initial purchase of each lot from the Declarant and then annually thereafter on the first day of January of each subsequent year.

(c) The Board of Directors may authorize a billing agent to collect the Assessments provided for herein.

(d) From and after January 5, 2007, the Maximum Regular Annual Assessment may be increased each year by an amount of ten percent (10%) percent per year over the previous year.

Section 4. Special Assessments for Improvements and Additions. In addition to the maximum Regular Annual Assessments authorized by Section 3 hereof, the Association may levy Special Assessments for the following purposes:

(a) Construction, reconstruction, repair, or replacement of capital improvements upon the Common Properties, including the necessary fixtures and personal property related thereto;

(b) For additions to the Common Properties;

(c) To provide for the necessary facilities and equipment to offer the services authorized herein;

(d) To repay any loan made to the Association to enable it to perform the duties and functions authorized herein;

Section 5. Reserve Funds. The Association shall establish reserve funds from the Annual Assessments to be held in reserve in an interest drawing account or investments as a reserve for:

(a) Major rehabilitation or major repairs;

(b) For emergency and other repairs required as a result of storm, fire, natural disaster, or other casualty loss;

(c) Initial costs of any new service to be performed by the Association; and

(d) For the periodic maintenance, repair, and replacement of improvements to the Common Properties that it is obligated to maintain.

(e) For services rendered to the Association by accountants, attorneys, etc.

Section 6. Date of Commencement of Annual Assessments, Due Date, Initial Lots Subject to Assessment. Notwithstanding anything in the foregoing to the contrary,

the Annual Assessment of \$200.00 provided for herein shall commence upon the purchase of each lot from Declarant.

Section 7. Duties of the Board of Directors. The Board of Directors of the Association shall fix the amount of the Annual Assessment. Written notice of Assessment shall thereupon be sent to every Member subject thereto.

Section 8. Effect of Non-Payment of Assessment: The Personal Obligation of the Owners; the Lien; Remedies of Association. If the Annual Assessment or any Special Assessment is not paid on or before five (5) days after the due date specified in Section 3(b) hereof, then such Assessment shall be deemed delinquent and shall (together with interest thereon at the maximum annual rate of 10% from the due date and cost of collection thereof including a reasonable attorney's fee as hereinafter provided) become a charge and continuing lien on the land and all improvements thereon against which such Assessment are made.

If an Assessment is not paid within thirty (30) days after the due date, the Association may bring an action at law against the Owners personally and there shall be added to the amount of such Assessment the costs of preparing the filing of the Complaint in such action and a reasonable attorney's fee, and in the event a judgment is obtained, such judgment shall include interest on the Assessment as above provided and reasonable attorney's fee together with the costs of the action. Such personal obligation shall not pass to the successor in title to the land unless assumed by such successor, or is required by applicable law.

Section 9. Subordination of the Lien. The Lien of the Assessments provided for herein shall be subordinate to the lien of any first deed of trust now or hereafter placed upon any properties subject to Assessment. In the event a creditor acquires title to any property subject to Assessment pursuant to foreclosure or any other proceeding or deed in lieu of foreclosure, said creditor shall be subject only to Assessments accruing after such acquisition.

Section 10. Annual Statements. The President, Treasurer, or such other Officer as may have custody of the funds of the Association shall annually, within ninety (90) days after the close of the fiscal year of the Association, prepare and execute under oath a general itemized statement showing the actual assets and liabilities of the Association at the close of such fiscal year, and a statement of revenues, costs and expenses. Such Officer shall furnish to each Member of the Association who may make request therefore in writing, a copy of such statement, within thirty (30) days after receipt of such request. Such copy may be furnished to such Member either in person or by mail. The Association shall furnish a statement as to the status of the assessments upon request.

Section 11. Annual Budget. The Board of Directors shall prepare and make available to each Member of the Association, at least sixty (60) days prior to the first day of the following fiscal year, a budget outlining anticipated receipts and expenses for the following fiscal year. The fiscal books of the Association shall be available for inspection

at all reasonable times.

Section 12. Working Capital Fund. Simultaneously with the closing of the sale of each Lot by Declarant, the purchaser shall remit to the Association the annual assessment then in effect.

ARTICLE VI
FUNCTIONS OF ASSOCIATION

Section 1. Ownership and Maintenance of Properties. The Association shall be authorized to own and/or maintain Common Properties, equipment, and improvements devoted to the following uses:

For roads, roadways, roadway medians, roadway islands, cul-de-sac islands, easements, walking easements, and neighborhood or other area entrances (including signs) throughout the Properties;

Section 2. Minimum List of Functions and Services. The "Minimum List of Functions and Services" shall establish and define the minimum level of functions and services which the Association must furnish or cause to be furnished to its Members. So long as the Declarant is engaged in the development of Properties which are subject to the terms of this Declaration, the Association shall not reduce the level of functions and services it furnishes to its Members below such minimum level without the prior written consent of the Declarant. The "Minimum List of Functions and Services" are as follows:

(a) The Association shall provide the administration necessary to carry out the Association's obligations and business under the terms of this Declaration, the Articles of Incorporation of the Association and the Bylaws of the Association.

(b) The Association shall administer and enforce the covenants and restrictions established in this Declaration, including, but not limited to, the following:

- (1) The Association shall set Assessments, levy such Assessments, notify the Members of such Assessments, and collect such Assessments.
- (2) The Association shall prepare accurate indexes of Members, Votes and Assessments;
- (3) The Association shall operate an Architectural Review Board;

- (4) The Association shall maintain the Common Properties;
 - (5) The Association shall hold Annual Meetings, Special Meetings as required, hold elections for the Board of Directors as required and give Members "proper notice" as required;
 - (6) The Association shall prepare Annual Statements and Annual Budgets, and shall make the financial books of the Association available for inspection by Members at all reasonable times.
- (c) The Association shall provide appropriate liability and hazard insurance coverage for improvements and activities on the Common Properties.
- (d) The Association shall provide appropriate director's and officers' legal liability insurance, and indemnify persons pursuant to the provisions of the Bylaws of the Association.
- (e) The Association shall keep a complete record of all its acts and corporate affairs.
- (f) The Association shall (except where such services are adequately provided by governmental agencies) provide regular cleanup of all roads, roadways, roadway medians, roadway islands, cul-de-sac islands, walking trails, neighborhood and other entrances, throughout the Properties; landscape maintenance on all roadsides, cul-de-sac and roadway islands, entrances, walking trails; pickup and disposal of trash on all roads, roadsides, cul-de-sac and roadway islands, and entrances.
- (g) The Association shall (except where such services are adequately provided by governmental agencies) provide general maintenance of all identification, informational and directional signs, and neighborhood and other area signs, including, but not limited to, painting, repair work and replacement as needed.
- (h) Insurance coverage shall be governed by the following provisions:
- (1) Liability. Public liability insurance shall be secured by the Association with limits of liability of no less than One Million Dollars (\$1,000,000.00) per occurrence and shall include an endorsement to cover liability of the Owners as a group or a single Owner. There shall also be obtained such other insurance coverage, as the Association shall

determine from time to time to be desirable and necessary.

- (2) Premiums. Premiums for insurance policies purchased by the Association shall be paid by Association and charged to the Owners as an assessment according to the provisions of Article VI above.
- (3) Proceeds. All insurance policies purchased by the Association shall be for the benefit of the Association, the Owners and their mortgagees, and the Declarant, as their interest may appear.

Section 3. Obligation of the Association. The Association shall not be obligated to carry out or offer any of the functions and services specified by the provisions of this Article except as specified in Section 2 of this Article VI. The functions and services to be carried out or offered by the Association at any particular time shall be determined by the Board of Directors of the Association taking into consideration the funds available to the Association and the needs of the Members of the Association. The functions and services which the Association is authorized to carry out or to provide, may be added or reduced at any time; provided, however, no such changes shall be effected without the prior written consent of the Declarant so long as the Declarant or their successors or assigns are owners of a lot.

Section 4. Mortgage and Pledge. The Board of Directors of the Association shall have the power and authority to mortgage the property of the Association and to pledge the revenues of the Association as security for loans made to the Association which loans shall be used by the Association in performing their authorized functions and services.

ARTICLE VII ARCHITECTURAL CONTROL

Section 1. Purpose. The primary purpose of these covenants and restrictions and the foremost consideration in their origin has been the creation of a community which is aesthetically pleasing and functionally convenient. The establishment of certain objective standards relating to design, size and location of dwellings and other structures makes it possible to take full advantage of the individual characteristics of each parcel of Property and of technological advances and environmental values. In order to implement the purposes of these covenants, the Declarant does hereby establish objective standards and guidelines, which shall be binding on all Property Owners within Windham, Phase II as follows:

(a) No Lot shall be used except for single-family residential purposes. No structure of a temporary nature shall be erected, placed, used or permitted on any Lot for residential purposes.

(b) No building shall be erected, altered, placed or permitted to remain on any Lot other than one (1) detached, single-family dwelling not to exceed two and one-half (2 ½) stories in height, one (1) attached private garage, and two (2) outbuildings as restricted hereinbelow. Other buildings may be permitted at the sole discretion of the Declarant or the Association, once Declarant no longer owns any lot in Windham, Phase II. No dwelling shall be permitted on any Lot unless such dwelling has a living area of the main structure, exclusive of basement, porches, garages and storage area, of not less than 2800 square feet for a ranch and 3000 square feet for multi-story homes.

(c) No mobile homes, manufactured homes or modular homes shall be erected, altered, placed or permitted to remain on any Lot.

(d) There shall be no more than two (2) outbuildings (barns or otherwise) located on any Lot. Outbuildings may contain, but may not exceed, one and one-half stories and 1200 total square feet. A second outbuilding shall not contain more than 900 square feet. Declarant or the Association reserves the right to approve additional outbuildings at their discretion.

(e) All materials used in the exterior construction of outbuildings shall be new building materials. All outbuildings shall be painted or sided and kept in a reasonable state of repair. In no event shall metal roofing or siding be permitted to rust or corrode; said roofing or siding shall thereupon be immediately repaired and painted to prevent further rusting or corrosion and to correct the existing rusting and corrosion. No outbuilding shall contain exposed cinder block; except the foundation may contain exposed cinder block as long as said cinder block is painted or covered in some other manner.

(f) No building shall be located on any Lot to be nearer than 35 feet from an adjacent interior or rear subdivision property line and no building shall be within 100 feet of the centerline of Pickett Lane, Seven Island Road, or Hatley Falls Road unless approved in writing by Declarant. However, buildings on Lots 11, 12, 13, 26 shall be permitted within 80 feet from the centerline of Pickett Lane. Lot 14 shall have a 100 foot building setback from Lot 15 along the northern property line of Lot 15. Lot 18 shall have a 50 foot building setback from Lot 19. In the event that a building is constructed nearer to a Lot line than is permitted by this Article, such violation may be waived by the execution and recordation in the Chatham County Registry of an instrument in writing signed by the Declarant, and the owners of the adjacent Lot(s) on the side on which the violation occurs. Upon the execution and recordation of such waiver, said violation shall not thereafter be deemed to exist. Minor violations of setback requirements, hereby defined as 5% of such requirements or less, shall not be cause for corrective action by Declarant, the Association or by other record Owners of

Lots. In the event a Lot Owner builds a dwelling which is located on two or more adjacent lots, the multiple lots shall be considered as one for the purpose of setback requirements and for determining the number of permissible outbuildings as hereinbefore stated, or compliance with Section 1(a) above.

(g) The exterior of all dwellings or other buildings must be completed within one (1) year after the construction of same shall have commenced, except where such completion is impossible or would result in great hardship upon the Owners, or due to strikes, fires, national emergency or natural calamities beyond the Owners' control.

(h) Driveway culvert pipes must be properly installed and meet North Carolina Department of Transportation standards at the time of installation. Any violation shall be the sole responsibility of the owners to correct before the D.O.T. accepts the road into its system. Access to and the driveways for Lots 15, 17, 19, 20, 29, may not cross the branch streams that flow through their lots as shown on Plat Slide 2006-508. These streams may not be disturbed in any way. Access to and the driveways for Lots 30, 31, 32, and 33 shall be from Hatley Falls Road after Hatley Falls Road crosses the stream. Declarants hereby grant unto themselves and future owners of Lot 30, Lot 31, Lot 32 and Lot 33 forty foot perpetual easements for ingress, egress and regress, and the installation and maintenance of utilities, as shown on the above referenced plat. Lot 31 will share maintenance with Lot 30 based on the percentage of the easement actually used for access to Lot 31. Lot 32 will share maintenance with Lot 33 based on the percentage of the easement actually used for access to Lot 32. Declarants hereby grant unto themselves and future owners of Lots 26, 27, 30, 31, 32, and 33 perpetual easements for ingress, egress and regress, and the installation and maintenance of utilities on Hatley Falls Road, as shown on the above referenced plat. Lots 30-33 shall share equally all costs of maintaining Hatley Falls Road, a private road. Access to Lot 26 and Lot 27 shall be from Pickett Lane and shall not be from Hatley Falls Road.

(i) Any damage to Pickett Lane, Seven Island Road, and Hatley Falls Road caused by a lot owner or their contractors shall be repaired immediately to it's original condition. If this damage occurs during the building process, then all damage must be repaired before the new residence is occupied.

Section 2. Controls.

(a) No building, fence, or other structure shall be erected, placed, or altered, nor shall a building permit for such improvement be applied for on any Property in Windham, Phase II until the proposed building plans and specifications shall have been approved in writing by the Declarant, or by the Architectural Review Board of the Association if such review responsibility has been delegated to the Association by the Declarant. The Declarant further reserves the right to promulgate and amend from time to time architectural standards and construction specifications (hereinafter referred to as the "Architectural Standards and Construction Specifications") for all Properties within Windham, Phase II and such Architectural Standards and Construction Specifications

shall establish, define, and expressly limit those standards and specifications which will be approved within the Properties, including, but not limited to, architectural style, siding material, and driveway material. Refusal or approval of plans or specifications may be based by the Declarant upon any ground, including purely aesthetic considerations, which in the sole and uncontrolled discretion of the Declarant shall seem sufficient. No alteration in the exterior appearance of any building, structure, or other improvements shall be made without like prior written approval by the Declarant. One (1) copy of all plans and related data shall be furnished the Declarant for their records. In the event approval of such plans is neither granted nor denied within thirty (30) days following receipt by the Declarant of written demand for approval, the provisions of this paragraph shall be thereby waived.

(b) The Owners of Lots may not vary the lines and boundaries of Lots, except as otherwise provided herein. No lot may be further subdivided. In the event the lines and boundaries of any Lots are revised or varied pursuant hereto, the location of the easements reserved herein and reserved by the recorded plats shall automatically change so as to be located along and with the property lines of the Lots as revised. No road or easement shall be constructed over any Lot for the purpose of accessing an adjoining property, without the written consent of the Declarant and all existing lot owners, except as reserved by Declarant in Article XIII. Declarants hereby grant unto the owners of Lot 7 and Lot 8 perpetual easements for ingress, egress and regress, and the installation and maintenance of utilities, on the roads, both public and private, of Windham, Phase II, as shown on the above referenced plat.

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

(d) Except as may be required by legal proceedings, no sign shall be erected or maintained on any Property by a Property Owner, a tenant, a contractor, or a subcontractor, until the proposed sign size, color, content, number of signs, and location of sign(s) shall have been approved in writing by the Declarant. Realtor's signs for purposes of selling a Lot and temporary contractor's signs during construction or remodeling periods are expressly permitted. Refusal or approval of size, color, content, number of signs, or location of sign(s) may be based by the Declarant upon any ground, including purely aesthetic considerations, which in the sole and uncontrolled discretion of the Declarant seems sufficient. The Declarant further reserves the right to promulgate and amend from time to time uniform sign regulations (the "Uniform Sign Regulations") which shall establish standard design criteria for all signs, including, but not limited to, real estate sales signs, erected upon any Lot in Windham, Phase II.

The Declarant or the Association shall have the right, whenever there shall have been placed or constructed on any Lot in Windham, Phase II any sign which is in violation of these restrictions, to enter immediately upon such Lot where such violation exists and summarily remove the same at the expense of the Lot Owner.

(e) It shall be the responsibility of each Lot Owner, tenant, contractor, or subcontractor to prevent the development of any unclean, unsightly, unkempt, unhealthy, or unsafe conditions of buildings or grounds on any Lot which shall tend to substantially decrease the beauty or safety of Windham, Phase II, the neighborhood as a whole, or the specific area. The Declarant or the Association shall have the right to enter upon any Lot for the purpose of correcting such conditions, including, but not limited to, the removal of trash which has collected on the Lot, and the cost of such corrective action shall be paid by the Lot Owner. Such entry shall not be made until fifteen (15) days after the Owner of the Lot has been notified in writing of the need to take corrective action and unless such Owner fails to perform the corrective action within said fifteen (15) day period; provided, however, that should such conditions pose a health or safety hazard, such entry shall not be made until the Owner has been notified in writing of the need to take immediate corrective action and unless such Owner fails to perform the corrective action immediately. The provisions of this paragraph shall not create any obligation on the part of the Declarant to take any such corrective action.

(f) Prior to the occupancy of a building or structure on any Lot, proper and suitable provisions shall be made for the disposal of sewage to a system approved by the County of Chatham.

(g) Prior to the occupancy of a building or structure on any Lot, proper and suitable provisions for water shall be made by connection with a well approved by the County of Chatham.

Section 3. Review Board. The Architectural Review Board shall be composed of at least three (3) Members, all of who shall be appointed by the Board of Directors of the Association. At least one (1) Member of the Association other than the Declarant shall be a Member of the Architectural Review Board at all times. At least one Declarant shall be on the Architectural Review Board as long as the Declarant owns one lot or more.

ARTICLE VIII PETS

Household pets may be kept and maintained upon a lot, provided (1) said pets are not kept and maintained for business or commercial use, (2) said pets are kept under proper supervision and control, so as to not cause or create a nuisance, noise or menace to owners and occupants of other lots, and (3) said pets are kept on the lot of their owners and not allowed to go upon the lots of others or run free and unrestricted upon the streets of the subdivision. Horses are not permitted on any lot.

ARTICLE IX
COMMUNICATION/MICROWAVE DISHES

Communication/Microwave dishes shall not exceed 24 inches in diameter.

ARTICLE X
STORAGE RECEPTACLES

No fuel tanks or similar storage receptacles may be exposed to view. They may be installed within the main dwelling house, within an outbuilding, buried underground, or above ground so long as they are entirely screened from view from the streets and other Lots.

ARTICLE XI
FENCING

All fencing constructed and placed upon a Lot by the Owner thereof shall be kept and maintained in a reasonable state of repair. In the event fencing is constructed and placed upon a property line between two Lots, said fencing shall be kept and maintained jointly by the Owners of said adjoining Lots in a reasonable state of repair. All costs with respect to the maintenance and upkeep of said fencing shall be borne by the Lot Owners.

No barbed wire fencing shall be permitted to be installed on any lot. All boundary fencing shall be constructed of wood or vinyl material. Said fencing shall have at least three rails and posts shall be a maximum of eight feet apart. Declarant shall have the right to allow additional types of fencing where it deems appropriate.

ARTICLE XII
GENERAL PROVISIONS

Section 1. Duration. The Covenants and Restrictions of this Declaration and any Amendments thereto shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, Declarant, or the Owners of any land subject to this Declaration, their respective legal representatives, heirs, successors, and assigns, for a period of thirty (30) years from the date this Declaration is recorded. Upon expiration of said thirty (30) year period, this Declaration shall be automatically extended for successive periods of ten (10) years. The number of ten (10) year extension periods hereunder shall be unlimited, and this Declaration shall be automatically extended upon the expiration of the initial thirty (30) year period, or upon the expiration of each subsequent ten (10) year extension period, unless the Association shall vote in favor of

terminating this Declaration at the end of their then current term.

Section 2. Amendments. All proposed Amendments to this Declaration shall be submitted to a vote of the Association and shall require 80% of all lot owners voting for the proposed amendment for it to be passed. So long as Declarant owns one or more Lots, no Amendment or Termination of this Declaration shall be made without the consent of Declarant.

Notwithstanding the foregoing, Declarant, for so long as they own one Lot, may amend this Declaration as shall be necessary, in their opinion, without the consent of any Owners. Such amendments shall become effective upon the date of their recordation in the Chatham County Registry.

Section 3. Notices. Any notice required to be sent to any Owner under the provisions of this Declaration shall be deemed to have been properly sent, and notice thereby given, when delivered by electronic mail with return receipt or personally sent by mail, with the proper postage affixed, to the address of such Owner. It shall be the obligation of each Owner to immediately notify the Secretary of the Association in writing of any change of address.

Section 4. Enforcement. Enforcement of these Covenants and Restrictions shall be by any proceeding at law or in equity against any person or persons violating or attempting to violate or circumvent any provisions hereof, either to restrain violation or to recover damages, and against the land and to enforce any lien created by these Covenants; and failure by the Association or any Member or the Declarant to enforce any Covenant or Restriction herein contained for any period of time shall in no event be deemed a waiver or estoppel of the right to enforce same thereafter.

Section 5. Severability. Should any Covenant or Restriction herein contained, or any Article, Section, Subsection, sentence, clause, phrase or term of this Declaration be declared to be void, invalid, illegal, or unenforceable, for any reason, by the adjudication of any Court or other tribunal having jurisdiction over the parties hereto and the subject matter hereof, such judgment shall in no way affect the other provisions hereof which are hereby declared to be severable and which shall remain in full force and effect.

Section 6. Interpretation. The Board of Directors of the Association shall have the right to determine all questions arising in connection with this Declaration of Covenants and Restrictions, and to construe and interpret their provisions, and its determination, construction, or interpretation shall be final and binding. In all cases, the provisions of this Declaration of Covenants and Restrictions shall be given that interpretation or construction that will best tend toward the consummation of the general plan of development for Windham, Phase II.

Section 7. Authorized Action. All actions that the Association is allowed to take under this instrument shall be authorized actions of the Association if approved by the Board of Directors of the Association in the manner provided for in the By-Laws of the

Association, unless the terms of this instrument provide otherwise.

Section 8. Other Agreements. Notwithstanding anything contained herein to the contrary, all the provisions of these Covenants shall be subject to and conform with the provisions of the Zoning Ordinance of the County of Chatham, North Carolina, and the rules and regulations promulgated thereunder, as may from time to time hereafter be amended or modified;

Section 9. Limited Liability. In connection with all reviews, acceptances, inspections, permissions, consents or required approvals by or from Declarant and/or the Association contemplated under this Declaration, Declarant and/or the Association shall not be liable to an Owner or to any other person on account of any claim, liability, damage, or expense suffered or incurred by or threatened against an Owner or such other person and arising out of or in any way relating to the subject matter of any such review, acceptances, inspections, permissions, consents or required approvals, whether given, granted, or withheld.

Section 10. Management and Contract Rights of Association. Declarant may enter into a contract with a Management Company or manager for the purposes of providing all elements of the operation, care, supervision, maintenance, and management of the property. However, no such contract shall be binding upon the Association except through express adoption or ratification of the terms and conditions of such contract. Any contract or lease entered into by Declarant or by the Association while the Declarant are in control thereof shall contain a provision allowing the Association to terminate such contract without justification or penalty after transfer of management by the Declarant to the Association.

Section 11. Easements.

(a) Walks, Drives, Utilities, Etc. The Properties shall be subject to such easements for gas lines, telephone, streets and electric power lines, television antenna lines, other utilities; ingress, egress and regress and otherwise as shall be established by Declarant by recorded maps or deeds of easement, and the Association shall have the power and authority to grant and establish further such easements upon, over, under and across the Properties.

(b) Declarant and the Association reserve the right to subject the Properties to a contract with an appropriate power company for the installation of underground electric cables and lines and/or the installation of street lighting, either or both of which may require an initial payment and/or a continuing monthly payment to said power company by the Owners of each Lot within the Properties.

(c) Declarant hereby reserves an easement of access to and over the Common Properties for the purposes of installing utilities and other improvements required or necessary in the proper development of Windham, Phase II.

(d) The Declarant reserves unto themselves, their successors and assigns, and their agents, a perpetual, alienable, and releasable easement and right, on, over and under the Properties to erect, maintain, operate, and use electric, community antenna television, and telephone poles, wires, cables, conduits, drainage ways, and other suitable equipment for the conveyance and use of electricity, telephone equipment, gas, drainage, or other public conveniences or utilities on, in or over those portions of such Lot as may be reasonably required for utility line purposes. These easements and rights expressly include the right to cut any trees, bushes, or shrubbery, make any grading of the soil, or to take any other similar action reasonably necessary to provide economical and safe utility installation to maintain reasonable standard of health, safety, and appearance. All utility lines shall be underground. No overhead utility lines shall be permitted.

(e) The Developer reserves the right to subject the Properties in this subdivision to a contract with Progress Energy Company for the installation of street lighting, which requires a continuing monthly payment to Progress Energy Company by each residential customer.


(f) Declarants hereby grant unto themselves and future owners of Windham, Phase II and Windham, Phase I, a walking trail easement for Lot owners and their guests, along the common property line between Lots 20 and 22 and Lots 19 and 22 as shown on the above referenced plat. The owners of Windham, Phase I, shall not be responsible for maintenance of said walking trail.

IN WITNESS WHEREOF, Declarant has caused this instrument to be executed as of the day and year first above written.

L.E.D., LLC

by  (SEAL)
DONALD MCCARL, Member Manager

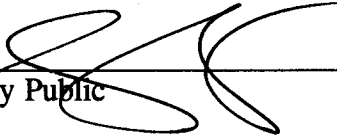
by  (SEAL)
ERIC SCHWARTZ, Member Manager

by  (SEAL)
LARRY KINGSLEY, Member Manager

STATE OF NORTH CAROLINA
COUNTY OF CHATHAM

I, the undersigned, a Notary Public in and for the County and State aforesaid, do hereby certify that Donald E. McCarl, Larry Kingsley and Eric R. Schwartz, Member-Managers of L.E.D., LLC, personally appeared before me this day and acknowledged the due execution of the foregoing Declaration of Covenants and Restrictions.

Witness my hand and official seal this 7th day of December, 2006.



Notary Public

My Commission Expires: 11/26/2011

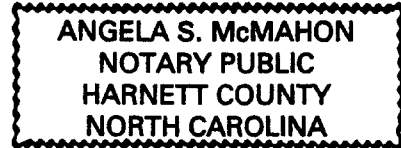


EXHIBIT "A"
TO DECLARATION OF COVENANTS AND RESTRICTIONS
FOR WINDHAM, PHASE II

BEING all of Lots 11 through 33 "Windham, Phase II", as surveyed by Stout Surveying Services, recorded in Plat Slide 2006-508 in the Office of the Register of Deeds of Chatham County, North Carolina, reference to which is hereby made for a more particular description.