

SEP 6 8 58 AM '89

NORTH CAROLINA
MOORE COUNTY

MRS. JUDITH M. ADAMS
REGISTER OF DEEDS
MOORE COUNTY, N.C.

SUBDIVISION STREETS MAINTENANCE AGREEMENT
AND DISCLOSURE STATEMENT

Developer: WOODLAKE PARTNERS, LIMITED PARTNERSHIP, a North Carolina limited partnership with principal offices near Vass, Moore County, North Carolina.

Development: Woodlake Country Club (formerly Lake Surf Subdivision), near the Town of Vass, Little River Township, Moore County, North Carolina.

WHEREAS all roads located in the above development are private roads owned by Developer as provided by the Restrictive Covenants and/or plats of the sections of the subdivision, subject to easements of property owners for ingress, egress and regress, easements for utilities, and other similar easements regarding the Development;

WHEREAS Woodlake Partners, Limited Partnership, (formerly Woodlake Partners, successor in title to Lake Surf, Inc.) pursuant to Restrictive Covenants on the various sections of the Development, collects annual assessments, a portion of which is allocated to road maintenance and repairs;

NOW, THEREFORE, Woodlake Partners, Limited Partnership, pursuant to North Carolina General Statutes Section 136-102.6(f), hereby discloses, affirms and agrees as follows:

\$12,000/pcd

1. Maintenance. Developer herein agrees, prior to termination under paragraphs 3 and 4 hereafter, to maintain the paved roads (not common areas of townhouse associations, i.e. Cove and Shore Villas) of the Development, as well as unpaved roads in Section 1, 2, 3, 7, 10, and 11, as shown on the various plats thereof, in all weather passable condition, based upon the normal weather patterns of the area, to the extent of enforceable assessments to property owners allocated for road maintenance and approved by the Woodlake Property Owners' Association annually, subject to temporary conditions outside the control of Developer, i.e. extreme weather (flood, ice) or other Acts of God. Developer may grade and gravel unpaved roads in Sections 3, 4, 5, and 6, as shown on the respective plats thereof, periodically, at its sole discretion, but is not obligated to do so and makes no warranties regarding same.

Woodlake

2. Construction. The costs of construction of new roads in existing Sections 7, 10, 11 and any other areas of said Development hereinafter platted and subdivided by Developer, shall be paid by Developer. The Developer makes no covenants or warranties with regard to such construction of roads in Sections 2, 4, 5, 6 or 8 of the Development, previously developed by Developer's predecessor in title, Lake Surf, Inc. All roads constructed

hereinafter shall be constructed in substantial compliance with minimum standards sufficient to allow their inclusion in the State highway system for maintenance. However, streets previously paved by Developer's predecessor in title, Lake Surf, Inc., are not constructed to minimum standards sufficient to allow their inclusion in the State highway system for maintenance.

3. Events of Termination. This Agreement shall terminate upon the happening of any one or more of the following events:

a. Voluntary conveyance by Developer of the entire Development (including golf course, country club, lake and lots still retained by Developer) to a third party;

b. Voluntary dedication by Developer and acceptance by a duly appointed public authority of all such road right-of-ways of Development;

c. Upon determination that a substantial amount of assessments in Restrictive Covenants provided above are not binding and enforceable obligations of property owners, and subsequent written relinquishment by Developer of its rights, obligations and authority with regard to such roads of the Development;

d. Upon Bankruptcy of Developer pursuant to Chapter 7 of the United States Bankruptcy Code and sale of the Development to a third party purchaser pursuant to the terms hereof;

e. If Developer fails to maintain any of said roads pursuant to assessments for such purpose approved by Woodlake Property Owners Association, Inc., for a period in excess of one (1) year, other than as reasonably necessitated by Bankruptcy reorganization under Chapter 11 of the United States Bankruptcy Code, governmental intervention preventing such maintenance, or Act of God, war or other temporary cause, where such maintenance is re-begun within a reasonable time after such temporary delay has ended.

4. Effect of Termination. Upon final termination of this Agreement pursuant to the terms of paragraph 3 above, Developer shall no longer maintain said roads. In the event and at the time of a termination pursuant to the provisions of paragraph 3.a. or 3.d. above, the title to the roads shall vest in the successor-in-title of Developer pursuant to such conveyance. In the event and at the time of a termination pursuant to the provisions of paragraph 3.b., title to the roads shall vest in the duly appointed public authority accepting such dedication. In the event and at the time of a

termination pursuant to any other provision hereof, the rights, obligations and authorities hereunder, with regard to such roads shall be transferred:

(1) to a duly appointed governmental authority having jurisdiction at the development and accepting dedication of and responsibility for such roads; or, if none,

(2) a duly organized owners' association comprised of all property owners of Woodlake Country Club, with voting rights based upon one (1) vote per lot or unit owned, authorized to collect assessments pursuant to the Restrictive Covenants, with regularly maintained officers, budgets, etc., as provided by or in similar form to Chapter 44 of the North Carolina General Statutes; or, if none,

(3) to all property owners at Woodlake Country Club as tenants in common, each such interest of a property owner being determined by dividing (1) the number of lots or units owned by the such owner by (2) the sum of (a) the total subdivided lots, plus (b) one-fourth of the undeveloped total acreage of the Development owned by Developer. Developer or its successor in interest shall similarly own an interest in such roads as tenants in common pursuant to the above formula for developed lots as well as that percentage determined above based on one-fourth of the undeveloped total acreage owned by Developer.

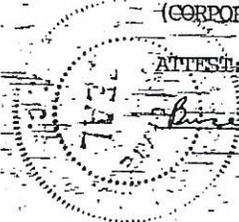
"Undeveloped Acreage" shall not include the Lake, but shall include all other acreage not subdivided into residential lots, including the "Equestrian"

"Commercial", marina, golf courses, clubhouse, sewer plant and all other areas.

IN WITNESS WHEREOF, the partnership has executed this agreement by causing this instrument to be signed in the partnership's name by its corporate general partner, by its duly authorized officers and the seal of the corporate general partner to be hereunto affixed by authority of its Board of Directors, such seal being adopted by the Partnership as the seal of the Partnership, all as of the day and year first above written.

WOODLAKE PARTNERS, LIMITED PARTNERSHIP
By: WOODLAKE PROPERTIES, INC.,
General Partner

(CORPORATE SEAL)



WITNESSED:
[Signature]
Secretary

By: *[Signature]*
Vice President

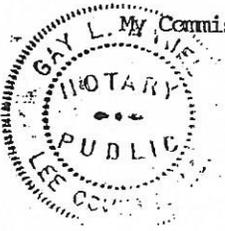
NORTH CAROLINA

MOORE COUNTY

I, a Notary Public of the County and State aforesaid, certify that Bruce E. Bright personally came before me this day and acknowledged that he is the Ass't Secretary of WOODLAKE PROPERTIES, INC., as General Partner of WOODLAKE PARTNERS, LIMITED PARTNERSHIP, and that by authority duly given and as the act of the corporation, the annexed instrument was signed in its name by its Vice President, sealed with its corporate seal and attested by him as its Ass't Secretary.

Witness my hand and official stamp or seal, this the 31st day of August, 1989.

Gay L. Hamel
Notary Public



Commission Expires: June 5, 1994

North Carolina--Moore County
The foregoing certificate(s) of Gay L. Hamel
Notary/Notaries Public is/are certified to be correct.
This instrument and this certificate are duly registered
at the date and time in the book and page shown in the
first page hereof.

Judith M. Adams, Register of Deeds
Judy D. Martin, Deputy

guard house areas, except as specifically agreed otherwise in writing. Provided, however, Assignor agrees Assignee shall be provided access to building for reasonable maintenance of gates which are maintained from such assessment fund and Assignee shall be responsible therefor.

g. Additional Maintenance. Assignor hereby reserves a nonexclusive easement for construction, installation and maintenance of such additional landscaping, road repair and other maintenance and improvements as it shall deem necessary or desirable from time to time, at the sole expense of Assignor.

h. Fountain and Lake. Ownership and use of the lake, or any part thereof, as well as the fountain located on Woodlake Boulevard at its intersection with Loblolly Drive, is hereby reserved to Assignor. Title thereof and any rights thereto are specifically hereby reserved to Assignor and any conveyance hereunder shall not include title to the lakebed or any part thereof or to the fountain unless specifically provided therein (and not by general inclusion in the description without specific reference to the lakebed and/or fountain as included).

4. Procedures. To the extent reasonably possible, Assignee shall enact and enforce By-Laws, rules and procedures allowing qualification of properties in the Woodlake Country Club subdivision for loans with the Federal National Mortgage Association ("Fannie Mae"), the Veterans Administration ("VA"), the Federal Housing Authority ("FHA") and such other primary lenders as may be interested in residential home mortgages at Woodlake Country Club subdivision, including such financial accountability standards as may allow waiver of requirement for a fidelity bond from the Association. Specifically, the Board of Directors of Assignee must not have the power to increase or decrease the budgeted assessment rate for a particular year by more than 5% above or below the budgeted assessment rate for the prior year without the vote of at least a majority of owners present (in person or by proxy) at a duly called membership meeting at which a quorum is present. In no event shall the method of determining the voting power of Assignor as a present or future member of Assignee be amended without written consent of Assignor; this Assignment and all deeds pursuant hereto shall be specifically conditioned upon this provision and Assignor hereby reserves a reversion of all such properties pursuant hereto upon any violation hereof.

5. Road Construction. Assignor does not hereby assign and Assignee does not hereby assume responsibility for construction and paving of roads in Sections 7, 10, 11 or areas hereafter platted and developed by Assignor or others. These obligations are more specifically described in paragraph 2 of that certain Subdivision Streets Maintenance Agreement and Disclosure Statement, recorded in Deed Book 677, page 98, Moore County Registry. In addition, nothing herein shall be construed to imply an obligation of Assignee for construction of any roads; neither shall Assignee have any obligation hereunder to pave any roads presently unpaved. Assignor agrees that any roads hereafter improved by Assignor itself and submitted to Assignee hereunder for maintenance thereafter will be constructed substantially in compliance with pertinent portions of construction standards developed by Hobbs, Upchurch and Associates, January 1990, regarding planned improvements in Section Seven, Woodlake Country Club, copies of which have been signed and agreed to by the parties hereto of even date.

6. Reimbursement for 1989 Expenses. Assignee shall reimburse to Assignor the amount of \$50,000.00 advanced by Assignor for such assessable expenses during the year 1989, such reimbursement to be payable as follows: \$25,000.00 on or before November 1, 1990 and the balance on or before November 1, 1991, such indebtedness to be evidenced by a Promissory Note of even date.

7. Binding Effect. The conditions, reservations and protective covenants hereinbefore set forth shall run with the land and shall be binding on the parties hereto, the purchasers thereof, their heirs, successors, executors, administrators, and assigns.