

FISHHOOK LANE CLUSTER

Supplement to the Woods Public Offering Statement

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(1) NAME AND ADDRESS OF DECLARANT

Potomac Valley Properties, Inc. ("PVP")
Mountain Lake Road
P. O. Box 5
Hedgesville, WV 25427
Phone (304) 754-3358

NAME AND TYPE OF COMMON INTEREST COMMUNITY

Fishhook Lane Cluster (Section 13 of The Woods Subdivision)

(2) GENERAL DESCRIPTION OF THE COMMON INTEREST COMMUNITY

Fishhook Lane is a cluster of attached townhomes sited on a wooded knoll of 7.8005 acres bordered by the 6th hole of The Woods Stony Lick Golf Course, Sylvan Lake Recreation Area, Hedges Chapel and Mountain Lake Road. PVP originally intended to build 60 townhomes in ten (10) buildings of from four (4) to eight (8) units each. During 1998, with the assent of the Fishhook Lane Cluster Association, Inc. ("FLCA"), PVP merged 12 homesites into the common areas that had previously been approved for residential use. Therefore, the maximum number of homes to be built in the Fishhook Lane cluster is 48. (See the sketch plat following this document which includes the sites for Buildings 9 and 10 which have since been deeded to FLCA.)

Purchasers of the Fishhook Lane townhomes are required to be members of both the Woods Homeowners Association ("WHOA") and FLCA, non-profit associations whose directors are elected by the homeowners.

The following elements of the Fishhook Lane properties will comprise the common elements and will be owned and maintained as follows:

The roads, water lines and appurtenant structures, and utility rights of way will be owned and maintained by WHOA. (See The Woods Public Offering Statement.) Sewer lines are maintained by the Berkeley County Public Service Sewer District.

All cluster property not deeded to Fishhook Lane purchasers, including but not limited to the street lights, sidewalks and tennis court will be owned and maintained by FLCA.

The water and sewer systems installed throughout Fishhook Lane Cluster are extensions of The Woods water and sewer systems and have the capacity to serve the entire cluster.

(3) NUMBER AND TYPE OF UNITS IN THE FISHHOOK LANE CLUSTER

PVP intends to build forty-eight (48) townhomes in the Fishhook Lane Cluster. PVP believes, but cannot guarantee or in any way assure, that the remaining units to be built will be similar in type and appearance to the initial homes on Fishhook Lane. PVP specifically reserves the right to alter the size and character of the units as market conditions indicate.

PVP, Inc. anticipates no commercial usages in the Fishhook Lane Cluster. Neither The Woods nor surrounding properties are governed by any public zoning authority, but The Woods and Fishhook Lane are covered by the Berkeley County Subdivision Regulations. Fishhook Lane is entirely surrounded by The Woods and Hedges Chapel and does not abut any properties with other land usages.

(4) SIGNIFICANT FEATURES OF THE FISHHOOK LANE DECLARATION.

Purchasers are directed to carefully study the significant features of The Woods subdivision declaration in The Woods Public Offering Statement and note the following features in the Fishhook Lane Declaration:

- A. Title to the common properties, as sections are completed, is transferred debt free to WHOA as to those items which are owned and managed by it (roads, water lines, etc.), or to FLCA as to those items which are owned and managed by it (street lights, common areas, sidewalks, etc.).
- B. All purchasers of properties in Fishhook Lane Cluster are required to be members of WHOA and FLCA and to pay such water fees, homeowner fees, cluster fees, assessments and special assessments as are duly authorized by both associations. PVP is exempt from certain of these fees. [See Supplemental Woods Declaration, Article V, Section 12(c), paragraphs (a) & (b).]
- C. Homeowner members of WHOA and FLCA are entitled to one vote for each living unit owned.
- D. FLCA shall enforce the cluster association covenants.
- E. FLCA shall maintain, within limits, the cluster common areas, the lots, and the exteriors of the housing units.
- F. FLCA shall make, amend, or repeal cluster association rules.
- G. There are restrictions on fencing. Fences on lot lines are party fences.
- H. Units may be rented subject to certain obligations on both lessor and lessee.
- I. The FLCA board of directors has the right to prohibit pets found to be a nuisance. (See also pet limitations in Woods Declaration.)
- J. Trailers, campers, and certain other vehicles may not be parked in FLCA parking spaces.
- K. Use of signs in FLCA is carefully restricted.
- L. Waste material may not be stored on lots except according to cluster declaration provisions and association rules.
- M. Cluster owners are responsible for their guests.
- N. Window coverings must comply with FLCA rules.
- O. Wells or mineral removals from lots are prohibited.
- P. Certain machinery and equipment is prohibited unless approved by the cluster board.
- Q. Residents may not interfere with drainage patterns established by the developer.
- R. Exterior clothes lines are prohibited.
- S. Alteration of cluster units may be made only with the permission of the FLCA Architectural Review Committee.
- T. Landscaping and maintenance are provided by FLCA. Homeowners may modify the landscaping on their lots at their own expense only with prior approval of the FLCA Architectural Review Committee.

- U. Declarant has reserved broad rights to develop as well as exceptions for itself from these covenants during the construction and sales period.
- V. Where consistent with the Fishhook Lane declaration, general rules of law shall apply to party walls and liability for property damage thereto.
- W. Homeowners are required to carry insurance coverage.
- X. Homeowners must restore damaged property.
- Y. Covenants run until May 30, 2004 and may be extended for additional periods.
- Z. FLCA's independently elected board of directors has successfully managed the community since mid-1993.

(5) THE FOLLOWING DOCUMENTS, IF AVAILABLE TO PVP, ARE ATTACHED AND MADE A PART OF THIS SUPPLEMENTAL FISHHOOK LANE PUBLIC OFFERING STATEMENT AS IF SET FORTH HEREIN.

- (1) Supplementary Declaration of Covenants and Restrictions for Section 13 (Fishhook Lane).
- (2) Certificate of Incorporation for the Fishhook Lane Cluster Association, Inc.
- (3) FLCA's By Laws.
- (4) The most recent audited FLCA financial statements.
- (5) FLCA's current budget.
- (6) The most recent FLCA interim income statement and balance sheet (if any).
- (7) Rules and regulations published by the FLCA (if any.)

(6) UNBUDGETED SERVICES PROVIDED BY PVP WHICH MAY BECOME COMMON ASSOCIATION EXPENSES AND THE AMOUNT OF SUCH EXPENSES WHICH MAY BE ATTRIBUTED TO EACH HOME.

None.

(7) INITIAL OR SPECIAL FEES DUE AT CLOSING, DESCRIPTION OF PURPOSE AND METHOD OF CALCULATING FEES.

See paragraph 16 of The Woods Public Offering Statement for information regarding WHOA fees and Woods Club membership dues.

FLCA fees for street lighting, maintenance of common areas, sidewalks, limited exterior building maintenance, and reserves for future maintenance and repairs are collected at closing or billed shortly thereafter and are prorated according to the remaining months in FLCA's billing period. Fees are then billed on a quarterly basis by FLCA's treasurer. These fees are based on estimates which were prepared initially by PVP and more recently by FLCA's board of directors. They are apportioned on a pro-rata basis among the members of the cluster association.

(8) DESCRIPTION OF ANY LIENS, DEFECTS, OR ENCUMBRANCES AFFECTING TITLE TO THE COMMON INTEREST COMMUNITY.

See paragraph 8 of The Woods Public Offering Statement for general mortgages affecting unsold properties in The Woods. PVP has arranged financing sufficient to construct all units that are in the planning stages. Its lenders have joined in PVP's plan of development for Section 13 and will release each lot in the cluster at closing giving clear and insurable title to PVP purchasers.

(9) DESCRIPTION OF ANY FINANCING OFFERED OR ARRANGED BY PVP.

PVP does not directly finance or arrange financing for its homes. It regularly surveys the local mortgage market for the most competitive rates and terms and makes this information available to prospective homebuyers.

(10) DESCRIPTION OF SIGNIFICANT LIMITATIONS OF ANY WARRANTIES PROVIDED BY PVP INCLUDING STATUTORY WARRANTIES AND LIMITATIONS ON THE ENFORCEMENT THEREOF OR ON DAMAGES.

PVP provides a one year warranty for both materials and labor on its homes, except for frozen pipes. Appliances are warranted by manufacturers, except hot water heater elements. To the extent permitted by law, consequential damages are not covered by PVP's construction warranty. PVP's total liability for deficiencies under its warranty is limited to the original purchase price of the home as stated on the contract. See "Potomac Valley Properties, Inc. One Year Limited Warranty" for further information.

(11) PURCHASER'S RIGHTS ASSOCIATED WITH THIS PUBLIC OFFERING STATEMENT

- A. *WITHIN FIFTEEN DAYS AFTER RECEIPT OF A PUBLIC OFFERING STATEMENT A PURCHASER, BEFORE CONVEYANCE, MAY CANCEL ANY CONTRACT FOR PURCHASE OF A UNIT FROM A DECLARANT.*
- B. *IF A DECLARANT FAILS TO PROVIDE A PUBLIC OFFERING STATEMENT TO A PURCHASER BEFORE CONVEYING A UNIT, THAT PURCHASER MAY RECOVER FROM THE DECLARANT TEN PERCENT OF THE SALES PRICE OF THE UNIT PLUS TEN PERCENT OF THE SHARE, PROPORTIONATE TO HIS COMMON EXPENSE LIABILITY, OF ANY INDEBTEDNESS OF THE ASSOCIATION SECURED BY SECURITY INTERESTS ENCUMBERING THE COMMON INTEREST COMMUNITY, PROVIDED THAT THE PURCHASER CAN SHOW ACTUAL DAMAGE AS A RESULT OF THE DECLARANT'S FAILURE TO PROVIDE A PUBLIC OFFERING STATEMENT.*
- C. *THE PURCHASER HAS 3 YEARS TO INSTITUTE AN ACTION BASED ON DECLARANT'S FAILURE TO PROVIDE A PUBLIC OFFERING STATEMENT.*
- D. *IF A PURCHASER RECEIVES THE PUBLIC OFFERING STATEMENT MORE THAN FIFTEEN DAYS BEFORE SIGNING A CONTRACT, HE CANNOT CANCEL THE CONTRACT.*

(12) UNSATISFIED JUDGMENTS OR PENDING SUITS AGAINST THE ASSOCIATION AND THE STATUS OF ANY PENDING SUITS MATERIAL TO THE COMMON INTEREST COMMUNITY OF WHICH A DECLARANT HAS ACTUAL KNOWLEDGE.

None.

(13) SECURITY OF DEPOSITS.

Deposits made in connection with the purchase of a unit will be held in an insured attorney's escrow account until closing and will be returned to the purchaser if the purchaser cancels the contract pursuant to paragraph 11 above.

(14) RESTRAINTS ON REALES. Any restraints on alienation of any portion of the common interest and any restrictions: (1) on use, occupancy, and alienation of the units; and (ii) on the amount for which a unit may be sold or on the amount that may be recovered by a unit owner on sale, condemnation, or casualty loss to the unit or to the common interest community or on termination of the common interest community.

(i) There are no restraints on alienation of units. Use of the lots sold is limited to residential/recreational uses only and no commercial usage is permitted. Leasing the property for residential use is not considered a commercial use.

(ii) None.

(15) INSURANCE COVERAGE PROVIDED FOR THE BENEFIT OF UNIT OWNERS.

See paragraph 15 of The Woods Public Offering Statement for insurance coverages carried by WHOA on common properties and risks.

FLCA carries no insurance for the direct benefit of unit owners on their individual units.

However, FLCA does carry commercial liability insurance and employee fidelity coverage. Detailed information on the current insurance policy is available by contacting the FLCA president.

(16) STATEMENT OF CURRENT OR EXPECTED ANNUAL FEES OR CHARGES TO BE PAID BY UNIT OWNERS FOR THE USE OF THE COMMON ELEMENTS AND OTHER FACILITIES RELATED TO THE COMMON INTEREST COMMUNITY.

See paragraph 16 of The Woods Public Offering Statement for fees paid for services provided by WHOA.

FLCA's current dues are \$720.00 per home per year. Services provided include:

- Maintenance of Cluster Common Grounds
- Streetlighting
- Limited Exterior Building Maintenance (not to include improvements)
- General Liability Insurance
- Reserves for:
 - repainting homes every 5 years
 - reroofing homes every 15 years

Exterior building maintenance is intended to include such maintenance work as would be performed on each home in the cluster at the same time in order to take advantage of economies of scale (e.g., painting, reroofing, cleaning gutters). Exterior building maintenance is not intended to include normal maintenance items which result from the character and intensity of the use of the home and which would not be performed on each home at the same time (e.g., chimney sweeping, cleaning windows, replacing lightbulbs, removing bees nests).

The extent to which the definition of "maintenance" may be expanded or contracted, if at all, will be determined by the members of FLCA, through the Board of Directors, along with any corresponding increases in dues. A current statement of FLCA maintenance responsibilities, as defined by its Board of Directors, follows this public offering statement.

THE WOODS CLUB.

Read The Woods Public Offering Statement very carefully for an important detailing of membership fees and membership retention policies which apply to Fishhook Lane Cluster and substantially affect values of properties therein.

CABLE TV

Fishhook Lane Cluster is served by GS Communications, Inc.

(17) EXTENT TO WHICH FINANCIAL ARRANGEMENTS HAVE BEEN PROVIDED FOR COMPLETION OF ALL IMPROVEMENTS THAT THE DECLARANT IS OBLIGATED TO BUILD.

PVP has arranged financing from Jefferson Security Bank which it believes is sufficient to fund current construction in the Fishhook Lane Cluster and another revolving development line of credit with

City National Bank which it believes is sufficient to finance its land development, recreational facilities and other housing activities.

(18) DESCRIPTION OF ZONING AND OTHER LAND USE REQUIREMENTS AFFECTING THE COMMON INTEREST COMMUNITY.

See discussion of zoning and related land use controls in The Woods Public Offering Statement, paragraph 18.

(19) UNUSUAL AND MATERIAL CIRCUMSTANCES, FEATURES AND CHARACTERISTICS OF THE COMMON INTEREST COMMUNITY AND THE UNITS.

PVP has built one tennis court in the triangle formed by the bend in Fishhook Lane. The tennis court is for the exclusive use of Fishhook Lane Cluster residents and their guests. Rules and regulations governing the use of the court may be established by FLCA's board of directors. FLCA is responsible for the maintenance of the tennis court.

The adjoining Woods Golf Course is not a part of the common interest community. It is separately owned by PVP and operated by its Woods Club, Inc., subsidiary. The Stony Lick course borders Fishhook Lane Cluster on the North and East sides (hole #6). Homes abutting the golf course are subject to an easement permitting all things necessary to playing the game of golf and maintaining the golf course.

Cluster properties are not included in the golf course and will be marked "out of bounds" to golfers. Care has been taken to design the course so as to minimize errant shots onto cluster or privately owned properties, but no assurances can be made that such shots will not happen due to careless or unskilled play, wind conditions, or other causes.

Sylvan Lake Recreation Area which borders Fishhook Lane Cluster on the South is not part of the common properties of WHOA or FLCA. The Sylvan Lake property will remain under the ownership of PVP or its wholly owned subsidiary, The Woods Club, Inc., which operates The Woods golf courses and recreational facilities.

Sylvan Lake serves as a reservoir to provide irrigation water for the Woods golf courses. Water is pumped from the existing pumping station on Sylvan Lake to the golf course irrigation system which has first claim on its availability. PVP believes the Whites Run drainage area which empties into Sylvan Lake (approximately 1,100 acres) is sufficient to provide irrigation water for the golf course without materially drawing down the level of Sylvan Lake, but it cannot assure that the lake level will be not be drawn down if ground water runoff is insufficient, nor that drought will not cause the lake level to fall from time to time.

Sylvan Lake also serves as a private recreation area for members of The Woods Club, their guests, and guests of The Woods Resort. PVP intends to permit those parties to walk the paths, sunbathe, picnic in the area provided, fish and boat on Sylvan Lake (no power boats), and park in the parking lot in accordance with rules which will be published by PVP or its Woods Club, Inc., subsidiary from time to time. Sylvan Lake Recreation Area adjoins buildings 1 thru 5 of the Fishhook Lane

Cluster. PVP reserves the right to change, add to, or delete facilities from the all Woods Club recreational facilities.

The parcel of land situated on the west side of Stony Lick Fairway #7 (across Mountain Lake Road) is shown as attached housing or commercial use on The Woods Master Plan. If attached housing, PVP has not determined what type of housing is best suited or most marketable for this site. PVP specifically reserves the right to build whatever form of attached housing it deems appropriate, including low rise or high rise condominiums or apartments. If commercially developed, the most likely use is for luxury rental and conference accommodations.

The land situated on the opposite side of Stony Lick Fairway #6 from Fishhook Lane Cluster has been fully developed as Section 6 of The Woods Subdivision. The land on the south side of Sylvan Lake is fully developed as Section 8 of The Woods Subdivision, except for a small parcel adjoining Mountain Lake Road which is currently owned by Michael and Deborah Small.

(20) SPECIAL CONSIDERATIONS FOR COOPERATIVES.

No cooperatives will be built in Fishhook Lane Cluster.

A DECLARANT PROMPTLY SHALL AMEND THE PUBLIC OFFERING STATEMENT TO REPORT ANY MATERIAL CHANGE IN THE INFORMATION REQUIRED BY THIS SECTION.

36B-4-104. SAME -- COMMON INTEREST COMMUNITIES SUBJECT TO DEVELOPMENT RIGHTS

(1) THE MAXIMUM NUMBER OF UNITS AND THE MAXIMUM NUMBER OF UNITS PER ACRE, THAT MAY BE CREATED:

See The Woods Public Offering Statement for entire subdivision limits.

The maximum number of units which may be built in Fishhook Lane Cluster is 48 units on 7.8005 acres with an overall maximum density of 5.15 units per acre.

(2) HOW MANY OR WHAT PERCENTAGE OF UNITS THAT MAY BE CREATED WILL BE RESTRICTED EXCLUSIVELY TO RESIDENTIAL USE?

All units (100%) in Fishhook Lane Cluster will be restricted exclusively to residential use.

(3) MAXIMUM PERCENTAGE OF REAL ESTATE AREAS NOT RESTRICTED TO RESIDENTIAL USE.

All real estate in Fishhook Lane Cluster will be restricted to residential use, recreation, roads, parking, and common areas.

MAXIMUM PERCENTAGE OF FLOOR AREAS NOT RESTRICTED TO RESIDENTIAL USE.

One hundred percent (100%) of all floor areas in Fishhook Lane Cluster will be restricted to residential use.

(4) NARRATIVE DESCRIPTION OF ANY DEVELOPMENT RIGHTS RESERVED BY PVP AND ANY CONDITIONS RELATING TO OR LIMITATIONS UPON THE EXERCISE OF DEVELOPMENT RIGHTS.

PVP has reserved the right to build up to 48 attached houses in the 7.8005 acre Fishhook Lane Cluster. PVP intends to build two and three story townhomes similar or identical to building #1, but it reserves the right to build townhomes of a different character or appearance if it is unable to

market the units planned for Fishhook Lane Cluster. PVP reserves the right to construct the buildings in Fishhook Lane in the order and at a timing of its sole determination.

ENUMERATION OF SPECIFIC DEVELOPMENT RIGHTS RETAINED IN THE DECLARATION OF COVENANTS.

See extensive list of retained development rights in The Woods Public Offering Statement.

- (5) **MAXIMUM EXTENT TO WHICH EACH UNIT'S ALLOCATED INTERESTS MAY BE CHANGED BY THE EXERCISE OF ANY DEVELOPMENT RIGHT DESCRIBED IN PARAGRAPH "(4)".**

At the beginning of the Fishhook Lane Cluster, PVP constructed two buildings consisting of twelve (12) townhomes leaving a maximum allocated interest in the common properties of Fishhook Lane Cluster of one twelfth (1/12) per home. If all of the permitted forty-eight (48) homes are built and annexed to Fishhook Lane Cluster, the allocated interest to all properties contained in the cluster will be reduced to one sixtieth (1/48).

- (6) **EXTENT TO WHICH ANY BUILDINGS OR IMPROVEMENTS TO BE ERECTED IN THE FISHHOOK LANE COMMON INTEREST COMMUNITY WILL BE COMPATIBLE WITH EXISTING BUILDINGS.**

Market conditions permitting, PVP intends to build only housing units of identical or similar character in Fishhook Lane Cluster, all of which will be compatible with each other.

- (7) **ADDITIONAL HOUSING AND RECREATIONAL FACILITIES.**

PVP intends, but is not obligated, to develop various types of housing and recreational amenities on properties in the general neighborhood of Fishhook Lane including, but not limited to, condominiums planned for the Club House Ridge property, tennis facilities adjacent to the Woods Golf Pro Shop, other possible types of housing or commercial uses on Club House Ridge South.

- (8) **LIMITATIONS MADE AS TO LOCATIONS OF ANY BUILDING OR OTHER IMPROVEMENT THAT MAY BE MADE WITHIN ANY PART OF THE COMMON INTEREST COMMUNITY PURSUANT TO DEVELOPMENT RIGHTS RESERVED BY PVP**

Buildings one thru eight of Fishhook Lane will, if built, be constructed where they are shown on the Final Plat of Section 13 of The Woods, as modified by any boundary line adjustments necessitated to reflect actual construction and the dedication of the former sites for Buildings 9 and 10 to the FLCA.

- (9) **ASSURANCES MADE THAT ANY LIMITED COMMON ELEMENTS CREATED PURSUANT TO ANY DEVELOPMENT RIGHT RESERVED BY PVP WILL BE OF THE SAME GENERAL TYPES AND SIZES AS THE LIMITED COMMON INTEREST ELEMENTS WITHIN OTHER PARTS OF THE COMMON INTEREST COMMUNITY.**

Market conditions permitting, PVP intends to develop all of the housing in Fishhook Lane Cluster of the same or similar nature with the same types and sizes of limited common interest elements, if any.

- (10) **ASSURANCES MADE THAT THE PROPORTION OF LIMITED COMMON ELEMENTS TO UNITS CREATED PURSUANT TO ANY DEVELOPMENT RIGHTS RESERVED BY THE DECLARANT IN FISHHOOK LANE CLUSTER WILL BE APPROXIMATELY EQUAL TO THE PROPORTION EXISTING WITHIN OTHER PARTS OF THE COMMON INTEREST COMMUNITY.**

The proportion of limited common elements to units created in Fishhook Lane Cluster will be approximately equal to the proportion existing within other parts of Fishhook Lane Cluster.

- (II) **ASSURANCES MADE THAT ALL RESTRICTIONS IN THE DECLARATION AFFECTING USE, OCCUPANCY, AND ALIENATION OF UNITS WILL APPLY TO ANY UNITS CREATED PURSUANT TO ANY DEVELOPMENT RIGHTS RESERVED BY PVP.**

PVP intends to continue the planned restrictions in the Fishhook Lane declaration as to use, occupancy, and alienation of units to any additional units created in Fishhook Lane under the development rights reserved herein.

- (12) **NOTHING IN THE ABOVE OBLIGATES PVP TO DEVELOP ANY OR ALL OF THE PROPERTIES IN WHICH IT HAS RESERVED DEVELOPMENT RIGHTS.**
- (13) **PVP AFFIRMS THAT IT IS IMPORTANT TO PROSPECTIVE HOMEBUYERS TO READ AND UNDERSTAND THIS PUBLIC OFFERING STATEMENT AND RELATED DOCUMENTS AND TO CONSULT WITH THEIR APPROPRIATE LEGAL OR FINANCIAL ADVISORS IF THEY DO NOT UNDERSTAND THEIR IMPORT.**