

FISHHOOK LANE CLUSTER

Supplement to

THE WOODS PUBLIC OFFERING STATEMENT

January 23, 1991

Prepared by: Ray S. Johnston

(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 Association, Inc.

(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 15th hole of The Woods Golf Course, Sylvan Lake Recreation Area, Hedges Chapel, the land surrounding Hedges Chapel (owned by PVP) and Mountain Lake Road. PVP proposes to build not more than 60 townhomes in ten (10) buildings of from four (4) to eight (8) units each, but it is not obligated to do and cannot guarantee that all the homes will be built. (See sketch plat, page 13.)

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

Elements of the Fishhook Lane properties which will comprise the common elements are:

The roads, water and sewer lines and appurtenant structures, and utility rights of way will be owned and maintained by The Woods Homeowners Association.

All cluster property not deeded to Fishhook Lane purchasers, including but not limited to street lights, sidewalks, and the tennis court to be constructed in the fenced area enclosed by the bend in Fishhook Lane, will be owned and maintained by the Fishhook Lane Cluster Association.

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

The roads in Fishhook Lane Cluster will be constructed of asphalt. They are covered by performance bonds to the Berkeley County Commission. A base course will be paved before homes are occupied and a finish or wearing course will be applied when construction in the cluster is completed.

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

PVP intends, but is not required, to build sixty (60) 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 in Fishhook Lane. PVP notes that the uphill sites for buildings 9 and 10 are conducive to San Francisco style townhomes with garages underneath. 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 ster. Neither The Woods nor surrounding properties are governed by any public zoning authority, but 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 beginning on page 3 of The Woods Resort Community 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, sewer), or to the 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 and sewer 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 Woods Declaration, Article V, Section 12C, Par. 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 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 and 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. Provisions relating to party walls are included.

W. Homeowners are required to carry insurance coverage.

X. Homeowners must restore damaged property.

Y. Covenants run until October 1, 2004 and may be extended for additional periods.

Z. Fishhook Lane Cluster Association is new. It has no history or experience in operating commonly owned facilities or carrying out cluster responsibilities.

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

- (1) The Fishhook Lane Declaration of Covenants.
- (2) The Fishhook Lane Cluster Association charter of incorporation.
- (3) The Fishhook Lane Cluster Association by-laws.
- (4) The most recent audited Fishhook Lane Cluster Association income statement and balance sheet (if any).
- (5) The current Fishhook Lane Cluster Association budget, prepared by PVP. No provision has been made for inflation in the current year.
- (6) The most recent Fishhook Lane Cluster Association interim income statement and balance sheet (if any).
- (7) Rules and regulations published by the Fishhook Lane Cluster Association (if any.)

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

Sewer Availability Fee -- (Minimum Charge) \$120 per year per home plus \$3 per 1,000 gallons above 7,200 gallons per quarter. (Same fee as discussed under WHOA fees, not an addition.)

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

WHOA fees for water and sewer service, road maintenance, garbage dumpster use, and security are billed to each purchaser shortly after closing on a pro-rata basis based on the remaining months in WHOA's billing period. (See schedule of fees in paragraph 16, page 8, "The Woods Public Offering Statement.")

Fishhook Lane Cluster Association fees for street lighting, maintenance of common areas, sidewalks, exterior building maintenance, and reserves for future maintenance and repairs are collected at closing and every three months (quarterly) thereafter. These fees are based on estimates prepared initially by PVP and by the association board of directors thereafter. 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 Section 8, page 6 of "The Woods Public Offering Statement" for general mortgages affecting unsold properties in The Woods.

Peoples National Bank of Martinsburg holds a first deed of trust on

Fishhook Lane Cluster. It will release each lot in the Fishhook Lane Cluster from its deed of trust at closing giving clear and insurable title to purchasers.

Peoples National Bank has joined in PVP's plan of subdivision and will release individual sections of The Woods, including lots, common areas, and rights of access to public roads from its lien as sections are platted and sold.

(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.

- (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; and
- C. 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. The name and address of the escrow agent are in paragraph 13 of the real estate sales contract attached hereto.

- (14) RESTRAINTS ON RESALES. Any restraints on alienation of any portion of the common interest and any restrictions: (i) 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, page 7 of "The Woods Public Offering Statement" insurance coverages carried by WHOA on common properties and risks.

FLCA carries the following coverages on cluster properties and risks:

| PURPOSE | AMOUNT |
|--------------------------------------|-------------|
| Comp. General Liability (per person) | \$1,000,000 |
| (per incident) | 2,000,000 |
| Employees Fidelity Bonding | 50,000 |

(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, page 8, of "The Woods Public Offering Statement" for fees paid for services provided by WHOA.

FLCA's initial dues are \$400.00 per home per year. Services provided include:

- Maintenance of Cluster Common Grounds
- Streetlighting
- Exterior Building Maintenance
- Snow Removal (sidewalks)
- Comp. General Liability Insurance
- Reserves for:
 - repainting homes every 5 years
 - reroofing homes every 15 years

THE WOODS CLUB.

Read "The Woods Public Offering Statement" on page 8 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 Inwood Cable TV. A copy of services offered and rates charged is printed on page 11 of "The Woods Public Offering Statement."

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

PVP posts a cash performance bond with the Berkeley County Commission sufficient to complete construction of water and sewer systems and roads in Fishhook Lane Cluster that are not completed prior to final plat approval by the Berkeley County Planning Commission. The amount of the cash bond is determined by the Planning Commission and substantially exceeds the estimated cost of constructing the facilities so bonded.

In addition, PVP has arranged a revolving development line of credit with the Peoples National Bank of Martinsburg in the amount of \$6.5 million which it believes is sufficient to finance construction of its land development, recreational facilities, and 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, page 11.

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

PVP will build one tennis court in the triangle formed by Fishhook Lane. The tennis court will be for the exclusive use of Fishhook Lane Cluster residents and their guests. Rules and regulations governing the use of the court will be made by the Board of Directors of FLCA, which association shall also be 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 or its Woods Club, Inc. subsidiary. The golf course borders Fishhook Lane Cluster on the North and East sides (hole #15). 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 Recreational 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 Course and recreational facilities.

Sylvan Lake serves as a reservoir to provide irrigation water for The Woods Golf Course. 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 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 properties adjoin buildings 1 thru 5 of the Fishhook Lane Cluster.

A sketch of the proposed Sylvan Lake Recreation Area is attached at page 13. PVP reserves the right to change, add to, or delete facilities from the proposed Sylvan Lake Recreation Area.

The parcel of land situated on the west side of Fairway #16 (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 dominiums or apartments. If commercially developed, the most

likely use is for luxury rental and conference accommodations.

The land situated on the opposite side of Fairway #15 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.

PVP has not determined the final usage of the remainder of the land adjoining Fishhook Lane Cluster which surrounds Hedges Chapel. PVP has committed to the West Virginia Department of Highways that it will grant additional right of way for the purpose of upgrading Mountain Lake Road. PVP has also indicated to the Hedges Chapel congregation and to the Baltimore Conference of the Methodist Episcopal Church which holds title to Hedgesville Chapel that it is willing to donate some or all of this property to Hedges Chapel at such point as it is convinced that the church has a reasonable chance to survive. PVP has also made a non-binding commitment to maintain the Hedges Chapel Cemetery at its own expense.

) 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.

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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," page 10, paragraph 1 for entire subdivision limits.

The maximum number of units which may be built in Fishhook Lane Cluster is 60 units on 7.8005 acres with a maximum density of 7.69 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 per cent (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, but not the obligation, to build up to 60 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 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," pages 11 & 12.

(5) **MAXIMUM EXTENT TO WHICH EACH UNIT'S ALLOCATED INTERESTS MAY BE CHANGED BY THE EXERCISE OF ANY DEVELOPMENT RIGHT DESCRIBED IN PARAGRAPH (3).**

At the beginning of the Fishhook Lane Cluster, PVP will construct two buildings consisting of twelve (12) townhomes leaving a maximum allocated interest in the common properties of Fishhook Lane Cluster of one twelfth (1/12th) per home. If all of the permitted sixty (60) homes are built and annexed to Fishhook Lane Cluster, the allocated interest to all properties contained in the cluster could be reduced to one sixtieth (1/60th).

(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 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 across the 16th fairway, golf related, swimming, and tennis facilities adjacent to the Woods Golf Pro Shop, other possible types of housing or commercial uses on Club House Ridge South, and one tennis court in the center of Fishhook Lane Cluster which will remain the property of the Fishhook Lane Cluster.

(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 ten of Fishhook Lane will, if built, be constructed where they are shown on the Final Plat of Section Thirteen (13) of The Woods.

(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.

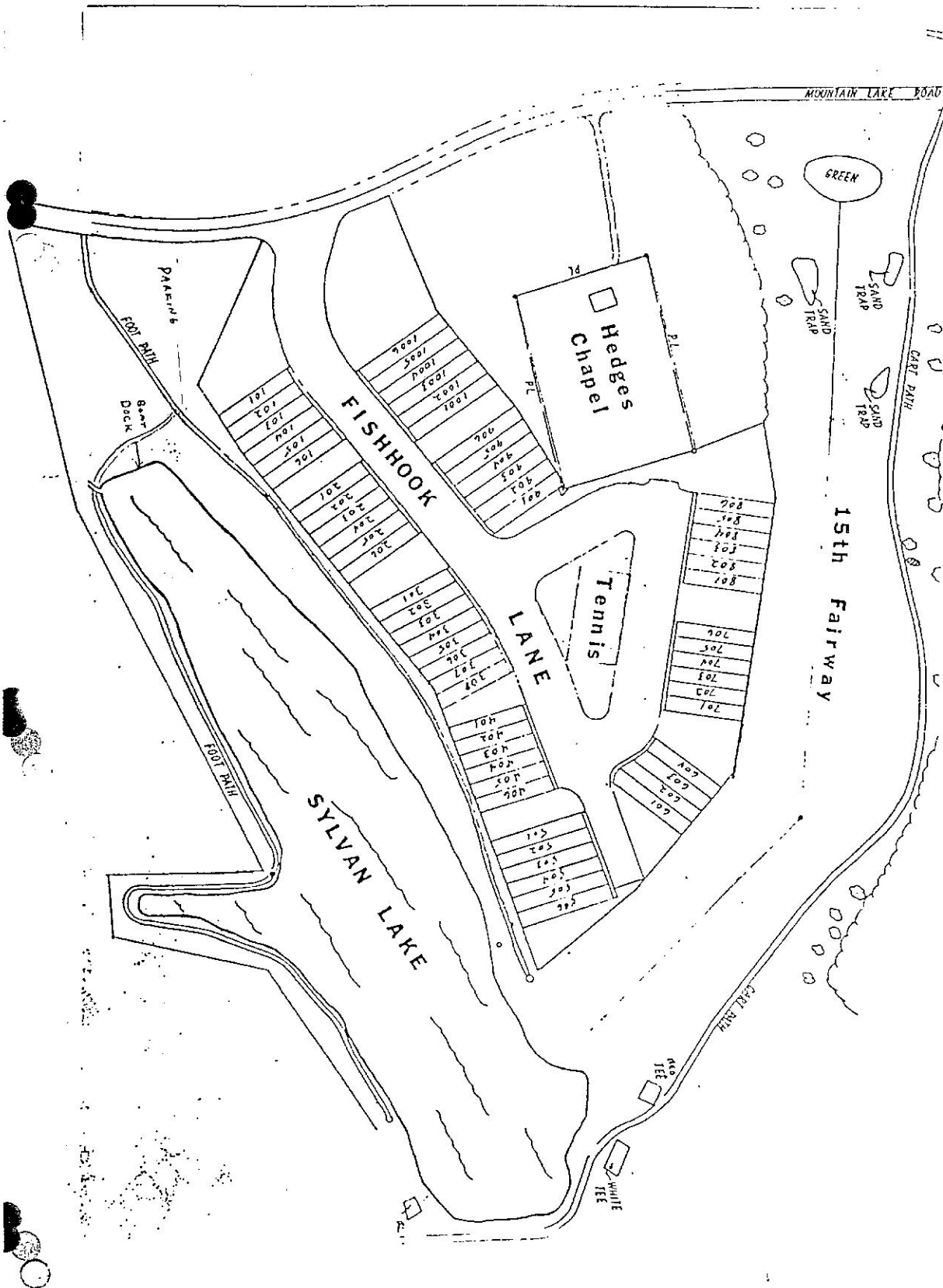
The proportion of limited common elements to units created in Fishhook Lane Cluster will be approximately equal to the proportion existing within other parts of Fishhook Lane Cluster.

(11) 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.

1) 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.



SKETCH PLAT -- FISHHOOK LANE CLUSTER