

BY-LAWS
OF
WOODS OF NORTH RIDGE HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION. The name of the corporation is WOODS OF NORTH RIDGE HOMEOWNERS ASSOCIATION, INC., hereinafter referred to as the "Association". The Principal office of the corporation shall be located at 1005 Bullard Court, Suite 100, Raleigh, North Carolina 27615 but meetings of members and directors may be held at such places within the State of North Carolina, County of Wake, as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 1. "Association" shall mean and refer to Woods of North Ridge Homeowners Association, Inc., its successors and assigns.

Section 2. "Properties" shall mean all real property brought within the jurisdiction of the Association.

Section 3. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners, together with all water and sewer lines located on and serving the properties which are located outside public easements and city rights-of-way, except water and sewer lines located on a lot which serve only that lot.

Section 4. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties upon which a Dwelling is to be situated, with the exception of the Common Area, and "Well Lot(s)."

Section 5. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 6. "Declarant" shall mean and refer to Litchford Associates, its successors and assigns, if such successor or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

Section 7. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Properties recorded in the Office of the Wake County Register of Deeds.

Section 8. "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration.

ARTICLE III

Section 1. Annual Meetings. The first annual meeting of the members shall be held within eighteen months after the date of incorporation of the Association, and each subsequent regular annual meeting of the members shall be held in the same

month of each year thereafter, on the day and at the hour specified in the notice to members of the meeting.

Section 2. Special Meetings. Special meetings of the members may be called at any time by the president or by the Board of Directors, or upon written request of the members who are entitled to vote one-fourth (1/4) of all of the votes of the Class A membership.

Section 3. Notice of Meetings. Except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws, written notice of each meeting of the members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least 30 days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat

shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or represented.

Section 5. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance of the member of his Lot.

ARTICLE IV

BOARD OF DIRECTORS: SECTION: TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of five (5) directors, who need not be members of the Association.

Section 2. Term of Office. At the first annual meeting the members shall elect two directors for a term of one year, two directors for a term of two years, and one director for a term of three years, and at each annual meeting thereafter the members shall elect directors for the terms expiring that year for a term of two years.

Section 3. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE V

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or non-members.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative and fractional voting is not permitted.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held at least quarterly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any two directors, after not less than three (3) days notice to each director.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power to:

(a) adopt, publish and amend rules and regulations governing the use of the Common Area and facilities, front yards of lots, and the personal conduct of the members and their guests thereon, and to establish fines or penalties for the infraction thereof;

* (b) suspend the voting rights and right to use of the recreational facilities of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed 60 days from infraction of published rules and regulations;

(c) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;

(d) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and

(e) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties; and

(f) provide one or more central television antennas and supply cablevision for the convenience of the members, the cost of which may be included in annual or special assessments, and regulate or prohibit the erection of television antennas on individual lots.

(g) contract with the owners of recreational facilities for the use of such facilities by the members.

Section 2. Duties. It shall be the duty of the Board of Directors to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by a one-fourth (1/4) of the Class A members who are entitled to vote.

(b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) as more fully provided in the Declaration, to:

(1) fix the amount of the annual assessment against each lot at least thirty (30) days in advance in each annual assessment period;

(2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

(3) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date and/or to bring an action at law against the owner personally obligated to pay the same.

(d) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(e) procure and maintain liability insurance in the minimum amount of \$1,000,000.00 and hazard insurance on property subject to easement rights and/or owned by the Association in the amount of its replacement value;

(f) cause all officers or employees having fiscal responsibilities to be bonded in an amount equal to a minimum of three (3) months operating expenses plus the amount in the reserve account;

(g) cause the Common Area to be maintained, including the maintenance, repair and reconstruction of any water impoundment areas, private streets and water and sewer lines situated on the Common Area when such lines are

located outside dedicated public easements and city rights-of-way, except such lines located on a lot which serve only that lot.

(h) pay all ad valorem taxes and public assessments relating to the Common Area and storm water impoundment area.

(i) all contracts entered into by the Association prior to transfer of control shall provide for the right of termination by the Association upon not less than ninety (90) days notice without penalty.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of this Association shall be a president and vice president, who shall at all times be members of the Board of Directors, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require,

each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

President

(a) The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases,

mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

Vice-President

(b) The vice-president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

Secretary

(c) The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.

Treasurer

(d) The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by an independent public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be represented to

the membership at its regular annual meeting, and deliver a copy of each to the members.

ARTICLE IX

COMMITTEES

The Association shall appoint an Architectural Control Committee, as provided in the Declaration, and a Nominating Committee, as provided in these By-Laws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE X

BOOKS AND RECORDS

The books, records and papers of the Association shall at all times during reasonable business hours, be subject to inspection by any member. The Declaration, the Articles of Incorporation and the By-Laws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XI

ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of

eight percent (8%) per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his Lot.

ARTICLE XII

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: Woods of North Ridge Homeowners Association, Inc.--1987.

ARTICLE XIII

AMENDMENTS

Section 1. These By-Laws may be amended, at a regular or special meeting of the members, by a vote of a majority of a quorum of members present in person or by proxy, except that the Federal Housing Administration or the Veterans Administration shall have the right to veto amendments while there is Class B membership.

Section 2. In the case of a conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

ARTICLE XIV

MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

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*

IN WITNESS WHEREOF, we, being all of the directors of the Woods of North Ridge Homeowners Association, Inc., have hereunto set our hands this 8th day of July, 1987.

Terry J. Ward
Phil B. Ryan
E. Lee Barbony
Richard D. Singer
Heard H. Hurdley

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting secretary of the Woods of North Ridge Homeowners Association, Inc., a North Carolina corporation, and,

THAT the foregoing By-Laws constitute the original By-Laws of said Association, as duly adopted at a meeting of the Board of Directors thereof, held on the ____ day of _____, 1987.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this ____ day of _____, 1987.

Secretary

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Mailed To: ROBERT W. WILSON, JR.
P.O. BOX 10090
RALEIGH, NC 27609-0090
Prepared By: Poyner & Spruill

DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS

THIS DECLARATION, made on the date hereinafter set forth by LITCHFORD ASSOCIATES, a North Carolina partnership, hereinafter referred to as "Declarant";

W I T N E S S E T H:

WHEREAS, Declarant is the owner of certain property in or near the City of Raleigh, County of Wake, State of North Carolina, which is more particularly described as follows:

Tract 1:

Being all of Lots 1 thru 14 inclusive; 46 thru 54 inclusive; and 115, according to map entitled "Lots 1 thru 14, 46 thru 54, & 115, Woods of North Ridge, Phase I, Neuse River Township, Wake County, North Carolina" dated June 5, 1987, prepared by Thompson and Associates and recorded in Book of Maps 1987, Page 1080, Wake County Registry.

Tract 2:

Being all of Lots 15 thru 45 inclusive, according to map entitled "Lots 15 thru 45 Woods of North Ridge, Phase I, Neuse River Township, Wake County, North Carolina, Owner/Developer: Litchford Associates", dated June 9, 1987, prepared by Thompson and Associates and recorded in Book of Maps 1987, Page 1078, Wake County Registry.

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NOW, THEREFORE, Declarant hereby declares that all of the properties described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with, the real property and be binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to Woods of North Ridge Homeowners Association, Inc., its successors and assigns.

Section 2. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 3. "Properties" shall mean and refer to that certain real property hereinbefore described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 4. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the owners, together with all water and sewer lines located on and

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serving the properties which are located outside dedicated public easements and city rights-of-way, except water and sewer lines located on a lot which serve only that lot. The Common Area to be owned by the Association at the time of the conveyance of the first lot is described as follows:

Being those certain tracts or parcels of land designated as "Open Space" (0.206 acres) and (0.491 acres) according to map entitled "Lots 1 thru 14, 46 thru 54, & 115, Woods of North Ridge, Phase 1, Neuse River Township, Wake County, North Carolina", dated June 5, 1987, prepared by Thompson and Associates and recorded in Book of Maps 1987, Page 1080, Wake County Registry.

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Section 5. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties upon which a Dwelling is to be situated, with the exception of the Common Area, and "Well Lot(s)."

Section 6. "Declarant" shall mean and refer to LITCHFORD ASSOCIATES, its successors and assigns, if such successors or assigns should acquire more than one undeveloped lot from the Declarant for the purpose of development.

Section 7. "Member" shall mean and refer to every person or entity who holds membership in the Association.

ARTICLE II

PROPERTY RIGHTS

Section 1. Owners' Easements of Enjoyment. Every owner shall have a right and easement of enjoyment, ingress and egress in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) the right of the Association to charge reasonable admission and other fees for the use of any recreational facility leased by the Association for use by the Members.

(b) the right of the Association to suspend the voting rights and right to use of the recreational facilities by an owner for any period during which any assessment against his lot remains unpaid; and for a period not to exceed 60 days for any infraction of its published rules and regulations;

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(c) the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed by the members. No such dedication or transfer shall be effective unless an instrument signed by two-thirds (2/3) of each class of members agreeing to such dedication or transfer has been recorded.

(d) the right of the Association to limit the number of guest of members;

(e) the right of the Association, in accordance with its Articles and By-Laws, to borrow money for the purpose of improving the Common Area and facilities and in aid thereof to mortgage said property, and the rights of such mortgagee in said properties shall be subordinate to the rights of the homeowners hereunder;

(f) the right of the Association to regulate parking as provided in this Article.

(g) easements as provided in Article IX hereof.

(h) the right of Declarant or the Association to exchange Common Area in accordance with the provisions of the Raleigh N.C. City Code.

Section 2. Delegation of Use. Any owner may delegate, in accordance with the By-Laws, his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

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Section 3. Title to the Common Area. The Declarant hereby covenants for itself, its heirs and assigns, that it will convey fee simple title to the Common Area to the Association, free and clear of all encumbrances and liens, prior to the conveyance of the first lot, except utility and storm drainage easements.

Section 4. Parking Regulations. The Association may regulate the parking of boats, trailers and other such items on the Common Area. No boats or trailers of owners, members or their guest shall be parked within the right of way of any public street in or adjacent to Woods of North Ridge.

Section 5. TV Antennas and Dishes. No television or radio antennas or dishes shall be installed or permitted to remain on any of the Properties.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every owner of a lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 2. The Association shall have two classes of voting membership:

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Class A. Class A members shall be all Owners with the exception of the Declarant and shall be entitled to one vote for each lot owned. When more than one person holds an interest in any lot, all such persons shall be members. The vote for such lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any lot. No fractional vote shall be allowed.

Class B. The Class B member(s) shall be the Declarant and shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(a) when the total votes outstanding in Class A membership equal the total votes outstanding in Class B membership, but provided that the Class B membership shall be reinstated if thereafter and before the time stated in Sub-paragraph (b) below, such additional lands are annexed to the Properties without the assent of Class A members on account of the development of such additional lands by the Declarant, all as provided for in Article VII, Section 2, below, or

(b) January 1, 1993.

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ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation

of Assessments. The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, cost and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for the delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments - Common Expenses.

The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents of the Properties and in particular for the acquisition, improvement and maintenance of properties, including the maintenance, repair and reconstruction of any private streets on

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the Property, and water and sewer lines situated outside public streets and public easements, any erosion control devices situated on the Common Area required by the City of Raleigh to comply with its erosion and sedimentation control ordinances, services and facilities devoted to this purpose and related to the use and enjoyment of the Common Area, including but not limited to, the cost of repairs, replacements (including reserves therefor) and additions, the cost of labor, equipment, materials, management and supervision, the payment of taxes and public assessments assessed against the Common Area, the procurement and maintenance of insurance in accordance with the By-Laws, the employment of attorneys to represent the Association when necessary, the payment of lease payments on leases of recreational facilities for use by the members, and such other needs as may arise.

Section 3. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be Sixty and No/100 Dollars (\$60.00) per Lot, which assessment shall be payable monthly, quarterly, semi-annually or annually, as determined by the Board.

(a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased effective January 1 of each year without a vote of membership by up to ten

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per cent (10%) of the previous year's maximum annual assessment.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an owner, the maximum annual assessment may be increased above the increase permitted in Section 3.(a) above by a vote of the members for the next succeeding five years and at the end of each such period of five years, for each succeeding period of five years, provided that any such charge shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy, at a meeting duly called for this purpose, written notice of which shall be sent to all members not less than 30 days nor more than 60 days in advance of the meeting setting forth the purpose of the meeting. The limitations hereof shall not apply to any change in the maximum and basis of the assessments undertaken as an incident to a merger or consolidation in which the Association is authorized to participate under its Articles of Incorporation.

(c) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction,

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reconstruction, repair or replacement of a capital improvement upon the Common Area, and in connection with exterior maintenance, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5. Notice and Quorum for Any Action Authorized Under Section 3 or 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all members not less than 30 days nor more than 60 days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

Section 5. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots. Notwithstanding any provision in this Declaration, the Articles of Incorporation and By-Laws to the contrary, no lot shall be subject to the assessment until the first day of the month following the issuance of a building permit for such lot

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by the City of Raleigh, and the assessment for lots for which such permits have been issued but which are not under a completed roof, may be a lesser amount as fixed by the Board of Directors of the Association, but shall not be less than twenty-five percent (25%) of the regular assessments.

Section 7. Date of Commencement of Annual Assessments:

Due Dates. The annual assessments provided for herein shall commence as to all Lots as provided in Section 6 above. The first annual assessment for each lot shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors.

Section 8. Effect of Nonpayment of Assessments:

Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of 8 percent per annum. The Association may bring an action at law against the Owner personally obligated to pay the same, and/or foreclose the lien against his property. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the common Area or abandonment of his Lot.

Section 9. Subordination of the Lien to Mortgage and Ad Valorem Taxes. The lien of the assessments provided for

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herein shall be subordinate to the lien of any first mortgage and ad valorem taxes. Sale or transfer of any lot shall not affect the assessment lien. However, the sale or transfer of any lot pursuant to mortgage or tax foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 10. Exempt Property. All properties dedicated to, and accepted by, a local public authority, all properties owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of North Carolina, and "well lots" shall be exempt from the assessments created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

Section 11. Responsibility for Maintenance of Private Streets and Driveways. The maintenance responsibility of any private streets and driveways as shown on the aforesaid record map shall rest with the Association pursuant to the provisions of the Raleigh City Code Section 10-3674, which section provides substantially in part that in no case shall the City of Raleigh be responsible for failing to provide any emergency or regular fire, police, or other public service to the property and/or

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occupants when the failure is due to inadequate design or construction, blocking of access routes, or any other factor within the control of the developer, the Association, or any other person.

Section 12. Working Capital. In order to insure that the Association will have sufficient monies available to meet operational needs during the initial months of its existence, the Association has established a Working Capital Fund. At the time of the closing of the first sale of each Lot upon which a dwelling is situated, the purchaser thereof shall pay into such Fund an amount equal to two-twelfths (2/12ths) of the current annual assessment established by the Association. No such payments made into the Working Capital Fund shall be considered in advance or current payment of regular assessments. All monies paid into the Working Capital Fund shall be held and administered by the Association in accordance with the terms of said Declaration and the By-Laws.

ARTICLE V

ARCHITECTURAL CONTROL

No building, fence, signs, wall, storage buildings or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors.

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of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board. In the event said Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with.

ARTICLE VI

ANNEXATION OF ADDITIONAL PROPERTIES

Section 1. Annexation of additional property, except as provided in Section 2 of this Article VII, shall require the assent of two-thirds (2/3) of the Class A membership and two-thirds (2/3) of the Class B membership, if any, at a meeting duly called for this purpose, written notice of which shall be sent to all members not less than 30 days nor more than 60 days in advance of the meeting setting forth the purpose of the meeting. The presence of members or of proxies entitled to cast sixty percent (60%) of the votes of each class of membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called subject to the notice requirement set forth above and the required quorum at such subsequent meeting shall be one-half of the required quorum of the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting. In the event that two-thirds (2/3) of the Class A membership or two-thirds (2/3) of the Class B membership are not present in

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person or by proxy, members not present may give their written assent to the action taken thereat.

Section 2. If within seven years of the date of incorporation of this Association, the Declarant or other developer approved by Declarant should develop additional land within the boundaries shown on the general plan of WOODS OF NORTH RIDGE heretofore submitted to the Federal Housing Administration, or the Veterans Administration, and the plan approved by the City of Raleigh on April 7, 1987, or subsequently submitted and approved for addition to the general plan, such land may be annexed by the Declarant without the consent of members provided that the Federal Housing Administration, the Veterans Administration and the City of Raleigh determine that the annexation is in accord with the general plan heretofore approved, or subsequently approved, by them.

Section 3. Annexation or Phased Development shall be subject to the following additional conditions:

(a) Land not originally included in the general plan approved by the City of Raleigh may not be subsequently annexed if such new land is not contiguous to land previously approved, does not include at least 5 acres in area and has not received approval from the City of Raleigh.

(b) Land included in the general plan approved by the City of Raleigh may be developed in phases provided that:

(i) The entire plan (excluding lands not originally included in the general plan), including phase

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lines, receives approval of the city before any phase of the development begins;

(ii) The number of dwelling units in the developed phases conforms to the density requirements for the zoning district in which the land is situated;

(iii) The amount of open space land conveyed to the Association and the expenditures for required subdivision improvements in each phase bear a reasonable pro rata share to the entire development based on the number of dwelling units.

(c) The recording in the Wake County Register of Deed's office of a map depicting the area to be annexed or phased, signed by the Clerk of the City of Raleigh, shall signify compliance with this Section 3.

(d) Land not included in the original general plan, but subsequently approved for addition thereto shall be governed by the Phase requirements set out in this Section 3.

ARTICLE VII

EXTERIOR MAINTENANCE

Section 1. Lots. The Association shall have no obligation or responsibility for any maintenance of lots, or any dwellings located thereon, such being the obligation and responsibility of the Owner.

Section 2. Maintenance by Owner. In cases where maintenance or repair is required in this Declaration to be done

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or made by an Owner, and such maintenance or repair has not commenced within sixty (60) days, or if commenced, is not completed within a reasonable time thereafter, the Association may, upon thirty (30) days written notice to such owner, make or complete such maintenance or repairs, and the cost thereof shall be an additional assessment applicable only to such lot and Owner, and shall be payable as determined by the Board of Directors.

ARTICLE VIII

USE RESTRICTIONS

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

Section 2. Use of Properties. No portion of the Properties (except for temporary office and/or model homes used by Declarant or its delegate) shall be used except for residential, recreational and street purposes and for purposes incidental or accessory thereto.

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

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Section 4. Animals. No animals, livestock or poultry of any kind shall be kept or maintained on any lot or in any dwelling except that dogs, cats or other household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes.

Section 5. Dwelling Specifications. Except with prior written approval of The Architectural Committee; (a) No dwelling shall be constructed or permitted to remain on any lot having an area of the main structure, exclusive of open or screened porches, carports, garages and decks, of less than 1175 square feet for a one-story dwelling nor less than 1200 square feet for a dwelling of more than one-story.

Section 6. Building Setbacks. The location of dwelling on Lots shall be governed by the applicable provisions of the Raleigh City Code. Declarant may waive any deviation from the requirements of the Raleigh City Code, provided such waiver has received the approval of the City of Raleigh, and is recorded in the Wake County Registry.

Section 7. Screening. All garbage containers, utility meters and any dumpsters shall be properly screened from view from all street rights-of-way.

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ARTICLE IX

EASEMENTS

All of the Properties, including Lots and Common Areas, shall be subject to such easements for driveways, walkways, parking areas, water lines, sanitary sewers, storm drainage facilities, gas lines, telephone and electric power lines and other public utilities as shall be established by the Declarant or by his predecessors in title, prior to the subjecting of the Properties to this Declaration; and the Association shall have the power and authority to grant and establish upon, over, under and across the Common Areas conveyed to it, subject further to easements as are requisite for the convenient use and enjoyment of the Properties.

An easement is hereby established over the common areas and facilities for the benefit of applicable governmental agencies, public utility companies and public service agencies as necessary for setting, removing and reading of meters, repairing and maintaining water, sewer and drainage facilities, electrical, telephone, gas and cable antenna lines, fire fighting, garbage collection, postal delivery, emergency and rescue activities and law enforcement activities.

All Lots shall be subject to a perpetual access easement: (1) in favor of all adjoining lots along the common property line if necessary to provide access of 2 feet (reducing the width of the adjoining side yard) for maintenance of the dwelling on the adjoining lot. The maximum width of any such

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easement shall not exceed 5 feet. Upon completion of any such maintenance activities, the owner shall restore the adjacent lot to as near the same condition which pre-existed it before the commencement of such maintenance as is reasonably practicable. Notwithstanding the foregoing, such easement shall not extend into or under any dwelling or other permitted structure located on the adjoining lot; and (iii) in favor of the Association to perform the maintenance and repair provided for in Article VII, Section 2, hereof.

ARTICLE X

GENERAL PROVISIONS

Section 1. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date this Declaration is recorded.

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after which time they shall be automatically extended for consecutive periods of ten (10) years. This Declaration may be amended during the first twenty (20) years of the term of the Declaration signed by not less than ninety percent (90%) of the Owners, and thereafter by an instrument signed by not less than seventy-five percent (75%) of the Owners.

No amendment which would change or delete any provision herein required by the City of Raleigh shall become effective until submitted to and approved by the City; provided, however, if the City fails to approve or disapprove such amendment within thirty (30) days after the same has been submitted to it, such approval shall not be required and such amendment shall be deemed to have been fully complied with. Any amendment must be recorded in the Office of the Register of Deeds of Wake County, North Carolina.

Section 4. EHA/NA/INHA Approval. As long as the Declarant maintains a Class B membership, the following actions may require the prior written approval of the Federal Housing Administration, the Veterans Administration, the FICA, and the City of Raleigh: Annexation of additional properties, dedication of easements, and amendment of this Declaration or covenants, conditions and restrictions.

ARTICLE XI

ELECTRICAL SERVICE

Declarant reserves the right to subject the above described property to a contract with Carolina Power and Light