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Mailed To: ROBERT W. WILSON, JR.,
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RALEIGH, NC 27605-0098
Prepared By: Poyner & Sprull

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 1079, Wake County Registry.

PRESENTED
FOR
REGISTRATION
JUL 15 3 22 PM '87
KENNETH A. WILKINS
REGISTER OF DEEDS
WAKE COUNTY, NC

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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 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.

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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 6. 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 Mortgages 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 recorded map shall rest with the Association pursuant to the provisions of the Raleigh City Code Section 10-3074, 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 occupants.

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 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 this 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 dwellings 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 permanently 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 line 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 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, replacing 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: (i) in favor of all adjoining lots along the common property line if necessary to provide access of 5 feet (including 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 adjoining lot to as near the same condition which prevailed on 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 (ii) in favor of the Association to perform the maintenance and repair provided for in Article VII, Section 2. hereof.

ARTICLE X