

Wake County, NC 463
Laura M Riddick, Register of Deeds
Presented & Recorded 11/15/1999 10:26:34
Book : 008460 Page : 01841 - 01850

Drawn by & HOLD FOR:
PERRY, PATRICK, FARMER & MICHAUX, P.A. (rm)

STATE OF NORTH CAROLINA
COUNTY OF WAKE

RESTRICTIVE COVENANTS
FOR
RIVERSIDE SUBDIVISION
Phase One

ROBERT C. RHEIN INTERESTS, INC., a North Carolina corporation (hereinafter "Declarant"), hereby declares that the real property described on **Exhibit A** attached hereto and made a part hereof (hereinafter the "Subdivision") is and shall hereafter be held, transferred, sold and conveyed subject to the following restrictive covenants, which shall be appurtenant to and run with the land, by whomsoever owned, to wit:

1. LAND USE AND BUILDING TYPE. All Lots shall be used for residential purposes. No structure shall be erected, altered, placed or permitted to remain on any Lot other than one detached, single-family dwelling, not to exceed two and one-half (2 1/2) stories in height, a private garage for not more than three (3) cars, and other out-buildings incidental to residential use of the Lot. Nothing herein shall be deemed to prohibit conversion of a Lot to a street.

2. DWELLING SIZE. The minimum heated square footage of a dwelling may not be less than 1100 square feet for a one-story dwelling and 800 square feet on the first floor of a two-story or two and one-half story dwelling.

3. BUILDING SETBACKS; HOUSE LOCATION. No dwelling shall be erected or maintained on any Lot outside of the building envelope shown on the recorded plat of the Subdivision or as otherwise required or permitted by the zoning ordinance of the City of Raleigh (the "Zoning Ordinance"). For purposes of these building setback requirements, decks, porches, patios, stoops, eaves, overhangs, bay windows, chimneys, carports and other similar projections shall be deemed to be part of the dwelling only to the extent that the same are deemed to be part of the dwelling under the Zoning Ordinance as it exists as of the date of issuance of a certificate of occupancy for such dwelling. Any dwelling erected on a Lot other than a corner lot shall face the street on which the Lot abuts. On corner lots, a dwelling may be erected so as to face the intersection of the two streets on which the Lot abuts.

4. FENCES. No fence or wall shall be erected on any Lot closer to any street than the front or side building setback line. Chain-link or other metal fencing is not permitted, except that 2"x4" mesh may be used with split-rail fencing to contain animals within the yard. Any fence or wall installed within the Subdivision must meet all requirements of the Zoning Ordinance and must be approved as provided in Paragraph 18 of these Covenants. Nothing in this paragraph shall be

deemed to apply to or regulate retaining walls made necessary by the slope or grade of any Lot or Lots nor to any fence installed by the Declarant at any entrance to or along any street within the Subdivision.

5. TEMPORARY STRUCTURES. No residence of a temporary nature shall be erected or allowed to remain on any Lot, and no trailer, basement, shack, tent, garage, barn, or any other building of a similar nature shall be used as a residence on any Lot, either temporarily or permanently.

6. PARKING; DRIVEWAYS AND PARKING PADS; ABANDONED VEHICLES. Vehicles may be parked or stored only on portions of a Lot improved for that purpose, i.e., garage, driveway, carport or parking pad. No unenclosed parking shall be constructed or maintained on any Lot except a paved driveway and an attached paved parking pad, which pad shall be designed for the parking of not more than two (2) vehicles. Any driveway or parking pad constructed upon any Lot shall have either an asphalt surface, a concrete surface, or brick pavers.

No mobile house trailer (whether on or off wheels), vehicle or enclosed body of the type which may be placed on or attached to a vehicle (known generally as "campers"), tractor trailer trucks or cabs, or commercial vehicle of any kind shall be parked on any street or any Lot within the Subdivision. No boat or boat trailer shall be parked on any street within the Subdivision. A boat and/or boat trailer may be parked or kept on a Lot if it is parked or kept in such a manner that the boat and/or trailer is/are screened from the street. Screening may be either by fence or plantings, but, in any case, the screening must comply with the Zoning Ordinance and be approved pursuant to Paragraph 18 of these Covenants.

No vehicle of any type which is abandoned or inoperative shall be stored or kept on any Lot in such manner as to be seen from any other Lot, any street within the Subdivision or the Common Area, and no automobiles or mechanical equipment may be dismantled or allowed to accumulate on any Lot.

7. 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.

8. NUISANCES; BUSINESS ACTIVITY. No noxious or offensive trade or activity shall be carried on upon any Lot, nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood. No business trade or activity may be conducted on any Lot unless permitted by the Raleigh Board of Adjustments.

9. SIGNS. Except as otherwise required by the City of Raleigh, no sign of any kind shall be displayed to the public view on any Lot except signs used to advertise Lots for sale during the construction and sales period, one sign of not more than ten (10) square feet advertising the property for sale or rent, and signs of not more than ten (10) square feet expressing support of or

opposition to political candidates or other issues which will appear on the ballot of a primary, general or special election, provided that such political signs shall not be placed on a Lot earlier than sixty (60) days before such election and shall be removed within two (2) days after such election.

10. ANTENNAS; SATELLITE DISHES OR DISCS. No radio or television transmission or reception towers or antennas shall be erected on a Lot other than a customary television or radio reception antenna, which shall not extend more than ten (10) feet above the top roof ridge of the house. However, a satellite antenna receiver or disc will be permitted on a Lot if: (i) the receiver or disc is not larger than two feet (2') in diameter; (ii) the receiver or disc is located on the side of the house away from the street and within the building set back lines applicable to that Lot; and (iii) the receiver or disc is located or screened in such a way that it cannot be seen from any street within the subdivision. Any such screening must be approved as provided in Paragraph 18 of these Covenants. In no event shall any free-standing transmission or receiving tower be permitted on any Lot.

11. SWIMMING POOLS. No above-ground swimming pools shall be permitted in the Subdivision, except that small, inflatable wading pools shall be permitted.

12. MAILBOXES. No mailbox shall be placed or maintained on any Lot unless the same has been approved in accordance with the provisions of Paragraph 18 of these Covenants.

13. MAINTENANCE OF LOT; CONSTRUCTION. Each owner shall keep his Lot in an orderly condition and shall keep the improvements thereon in a suitable state of repair. In the event that any residence or structure on any Lot is destroyed or partially destroyed by fire, Act of God, or as a result of any other act or thing, the owner of such Lot shall repair the damage and reconstruct the improvement within twelve (12) months after such damage or destruction; provided, however, that if the structure damaged is not part of or attached to the residence constructed on such Lot, the owner may, at his option, either completely remove the damaged structure and landscape area on which the structure stood or repair or reconstruct the structure.

All construction, landscaping or other work which has been commenced on any Lot shall be continued with reasonable diligence to completion and no partially completed house or other improvement shall be permitted to exist on any Lot, except during such reasonable time period as is necessary for completion. The owner of each Lot shall at all times keep contiguous public streets free from any dirt, mud, garbage, trash or other debris resulting from any such construction on his Lot.

14. CLOTHESLINES. No clothesline may be erected or maintained on any Lot.

15. GARBAGE; UNSIGHTLY STORAGE. All trash and rubbish shall be kept in garbage cans stored behind the house in such a manner as not to be visible from the street upon which the house fronts. No trash, rubbish, stored materials, wrecked or inoperable vehicles, or similar unsightly items shall be allowed to remain on any Lot; provided, however, that the foregoing shall not be construed to prohibit temporary deposits of trash, rubbish, and other debris for collection

by governmental or other similar garbage and trash removal units. In the event of curbside trash and/or garbage pickup, trash and/or garbage cans may be moved to the street on the night before the scheduled pickup, but all garbage cans must be returned to approved enclosure the night of the scheduled pickup.

16. SEPTIC TANKS; WELLS. No septic tank shall be installed, used or maintained on any Lot. No well shall be installed, used or maintained on any Lot for human domestic water consumption, nor shall any well be connected in any manner whatsoever to the water mains, laterals and piping serving the dwelling, which mains furnish domestic water from sources beyond the boundaries of the Lot.

17. REMOVAL OF TREES. Except in the case of an emergency situation that does not permit any delay, no living tree larger than 6" in diameter at a point measured 3' off the ground shall be removed from any Lot without the approval of the Declarant. The foregoing provision shall apply only to Lots which have been occupied pursuant to a certificate of occupancy issued by the City of Raleigh.

18. ARCHITECTURAL CONTROL. No building, fence, wall or other structure shall be commenced, erected or maintained within the Subdivision, nor shall any exterior addition to or change or alteration therein be made, nor shall a building permit for such improvement or change be applied for or obtained, nor shall any major landscaping or relandscaping of any Lot be commenced or made (such construction, alteration and landscaping are hereinafter referred to as the "Improvements") until plans and specifications showing the nature, kind, shape, heights, materials, color and location of same shall have been submitted to and approved in writing by the Declarant. If the Declarant fails to approve or disapprove such proposed Improvements within thirty (30) days after complete plans and specifications have been received by it, approval will not be required, and this Paragraph 18 shall be deemed to have been complied with. The Declarant shall have the right to charge a reasonable fee, not to exceed \$100.00, for receiving and processing each application. The Declarant shall have the right to promulgate and from time to time amend written architectural standards and construction specifications (hereinafter the "Architectural Guidelines") which may establish, define and expressly limit the standards and specifications which will be approved, including, but not limited to, architectural style, exterior color or finish, roofing material, siding material, driveway material, landscape design and construction technique. The Declarant shall not approve any Improvements which it determines, in its discretion, not to be in harmony of external design, construction and/or location in relation to the surrounding structures, topography or the general plan of development of the Subdivision.

Declarant may, at any time, delegate the review and approval authority contained in this Paragraph 18 and the other rights and obligations contained in these Restrictive Covenants to the Board of Directors of the Riverside Community Association, Inc. (hereinafter the "Association"), or to an Architectural Committee composed of three or more persons appointed by the Board, or to one or more persons or firms selected by Declarant and who need not be owners of Lots within the Subdivision. Such delegation shall be made by the Declarant by recording in the Wake County

Registry an Assignment Of Declarant's Rights. Declarant shall delegate such authority no later than the date upon which Declarant no longer owns any Lots within the Subdivision or December 31, 2006, whichever is earlier. Such authority may be further delegated by the person(s) or firm(s) so appointed, or their successors, by recording such additional Assignments as are necessary. Any use of the term "Declarant" in this Paragraph 18 shall be deemed to apply to Declarant and, when appropriate, to any person(s) or firm(s) to whom architectural review and approval authority has been delegated. Nothing herein shall be construed to permit interference with the development of the Lots by Declarant in accordance with its general plan of development.

19. EXTERIOR MAINTENANCE. The owner of each Lot shall maintain the grounds and improvements on his Lot, including, but not limited to, plantings, landscaping and lawns, at all times in a neat and attractive manner.

20. EASEMENTS. Easements for the installation, maintenance and repair of sanitary sewer and storm water drainage facilities are reserved as shown on the recorded plats. Within such easements, no structure, planting, or other material shall be placed or permitted to remain which may interfere with the installation and maintenance of the utilities, or which may change the direction of flow or otherwise impede or retard the flow of water through the drainage channels within such easements. Any easements located on a Lot shall be maintained continuously by the owner of such Lot, except for any such improvements for which a public authority or utility company is responsible. Declarant reserves the right to create and impose additional easements or rights-of-way over any unsold Lot or Lots by the recording of appropriate instruments in the Wake County Registry, and such instruments shall not be construed to invalidate any of these covenants.

Declarant reserves an easement in and right at any time in the future to grant a ten-foot (10') right-of-way over, under and along the rear line of each Lot for the installation and maintenance of poles, lines, conduits, pipes and other equipment necessary to or useful for furnishing electric power, gas, telephone service, cablevision or other utilities, including water, sanitary sewage service and storm drainage facilities. Declarant also reserves an easement in and right at any time in the future to grant a five-foot (5') right-of-way over, under and along the side lines of each Lot for the aforementioned purposes.

Easements are also reserved for the benefit of the Declarant and the Association, and their respective successors and assigns, over, across and under those portions of the Lots shown and designated as reserved for private drainage easements for the purpose of installing, operating and maintaining storm water drainage facilities thereon. No fence, structure, driveway, planting, swing or other object shall be permitted in such area, other than those installed by the Declarant or the Association unless approved as provided in Paragraph 18 of these Covenants.

The Declarant, the Association and their successors and assigns shall at all times have the right of access upon such easements for the purpose of landscaping, planting, mowing, maintaining, repairing or replacing the easement area and the improvements thereon or for removing any object placed in the easement area in violation of the provisions of this Paragraph 20.

21. SUBDIVISION OF LOTS. No Lot shall be subdivided by sale or otherwise so as to reduce the total Lot area shown on the recorded map or plat, except by and with the written consent of the Declarant.

22. UNINTENTIONAL VIOLATIONS. Declarant, or the persons or firms to whom the architectural review and approval authority has been delegated pursuant to Paragraph 18 of these Covenants, may, but shall not be obligated to, waive any violation of the designated and approved building setback lines on any Lot, provided that, no waiver may be granted for a violation in excess of 25% of the applicable requirements. No such waiver shall be effective unless the Lot and all structures thereon are in full compliance with the applicable provisions of the Zoning Ordinance or a variance has been obtained for such violation. Waivers shall be effective upon recording of same in the Wake County Registry.

23. STREET LIGHTING. Declarant reserves the right to subject the Subdivision to a contract with Carolina Power & Light Company ("CP&L") for installation of street lighting, which requires a continuing monthly payment to CP&L by each residential customer.

24. ENFORCEMENT. Enforcement of these covenants shall be by proceedings at law or in equity against any person or persons violating or attempting to violate any covenant herein and enforcement shall be to either restrain violation and/or to recover damages resulting therefrom.

25. SEVERABILITY. Invalidation of any one or more of these covenants by judgment or court order shall in no way affect any of the other provisions, which shall remain in full force and effect.

26. TERM. These covenants shall run and bind the land and all owners thereof for a period of 25 years from the date they are recorded, after which time, they shall be automatically extended for successive periods of ten (10) years unless altered or amended as set forth below. These covenants may be amended during the first twenty-five year period by an instrument signed by the then-owners of not less than ninety percent (80%) of the Lots, and thereafter an instrument signed by then-owners of not less than seventy-five percent (70%) of the Lots.

27. RIVERSIDE COMMUNITY ASSOCIATION, INC. The owners of Lots within the Subdivision are Members of the Riverside Community Association, Inc., and are subject to and bound by the Declaration Of Covenants, Conditions And Restrictions For The Riverside Community Association, Inc., to be recorded in the Wake County Registry, which Declaration provides additional restrictions on such Lots.

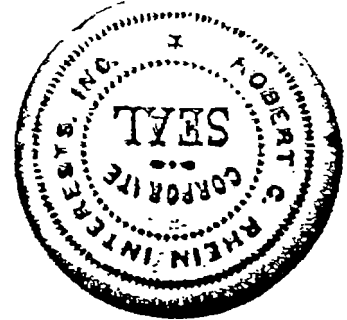
28. DECLARANT. Nothing contained in these Covenants shall be construed to permit interference with the development of the Lots by Declarant so long as said development follows the general plan of development previously approved by the City of Raleigh. The restrictions contained herein shall not be deemed to apply to any sales office, construction trailer, model home, or other temporary improvement installed by or with the approval of Declarant.

IN WITNESS WHEREOF, Declarant has caused this instrument to be executed under seal as of the date set forth in the notary acknowledgment below.

DECLARANT:

ROBERT C. RHEIN INTERESTS, INC. (Corporate Seal)

By: Richard M. Westmoreland, Jr.
Richard M. Westmoreland, Jr., Vice President



STATE OF NORTH CAROLINA - WAKE COUNTY

I, Richard W. Moore, a Notary Public of said County and State, certify that **Richard M. Westmoreland, Jr.**, personally appeared before me this day and acknowledged that he is a Vice President of **Robert C. Rhein Interests, Inc.**, a North Carolina corporation, and that he, as Vice President, being authorized to do so, executed the foregoing on behalf of the corporation.

Witness my hand and official stamp and seal, this the 11th day of November, 1999.

Richard W. Moore
Notary Public
My commission expires: 06/17/2004

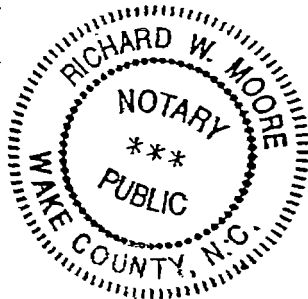
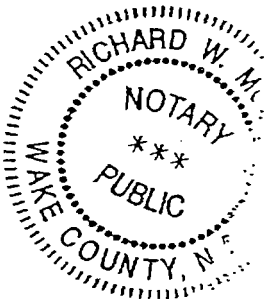


EXHIBIT A

**RIVERSIDE
Phase One**

Lying and being in the City of Raleigh, Neuse Township, Wake County, North Carolina, and being more particularly described as follows:

Tract 1: Lots 134-151 and 170-178

All of the real property, containing 4.18 acres, more or less, shown on the map entitled "Subdivision Map, RIVERSIDE, Phase One - Sheet 1" recorded in **Book of Maps 1999, Page 2035**, Wake County Registry, including Lots 134-151 and 170-178, to which map reference is hereby made for a more particular description.

Tract 2: Lots 102-118

All of the real property, containing 2.88 acres, more or less, shown on the map entitled "Subdivision Map, RIVERSIDE, Phase One - Sheet 2" recorded in **Book of Maps 1999, Page 2036**, Wake County Registry, including Lots 102-118, to which map reference is hereby made for a more particular description.

Tract 3: Lots 128-133, 152-158, 161-169 and 179-188

All of the real property, containing 5.36 acres, more or less, shown on the map entitled "Subdivision Map, RIVERSIDE, Phase One - Sheet 3" recorded in **Book of Maps 1999, Page 2037**, Wake County Registry, including Lots 128-133, 152-158, 161-169 and 179-188, to which map reference is hereby made for a more particular description.

Tract 4: Lots 95-101, 119-126 and 199-202

All of the real property, containing 3.61 acres, more or less, shown on the map entitled "Subdivision Map, RIVERSIDE, Phase One - Sheet 4" recorded in **Book of Maps 1999, Page 2038**, Wake County Registry, including Lots 95-101, 119-126 and 199-202, to which map reference is hereby made for a more particular description.

Tract 5: Lots 127, 159-160 and 189-198

All of the real property, containing 3.68 acres, more or less, shown on the map entitled "Subdivision Map, RIVERSIDE, Phase One - Sheet 5" recorded in **Book of Maps 1999, Page 2039**, Wake County Registry, including Lots 127, 159-160 and 189-198, and the Private Open Space shown thereon, to which map reference is hereby made for a more particular description.

STATE OF NORTH CAROLINA



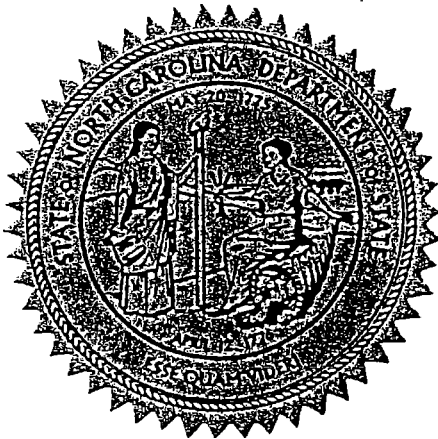
Department of The
Secretary of State

To all whom these presents shall come, Greetings:

I, ELAINE F. MARSHALL, Secretary of State of the State of North Carolina, do hereby certify the following and hereto attached to be a true copy of

ARTICLES OF INCORPORATION
OF
RIVERSIDE COMMUNITY ASSOCIATION, INC.

the original of which was filed in this office on the 5th day of October, 1999.



IN WITNESS WHEREOF, I have hereunto
set my hand and affixed my official seal at the
City of Raleigh, this 5th day of October, 1999.

Elaine F. Marshall

Secretary of State

Box 157

Wake County, NC 579
Laura M Riddick, Register Of Deeds
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**DECLARATION
OF
COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR THE
RIVERSIDE COMMUNITY ASSOCIATION, INC.**

THIS DECLARATION is made on the date hereinafter set forth by **ROBERT C. RHEIN INTERESTS, INC.**, a North Carolina corporation (hereinafter referred to as "Declarant"):

W I T N E S S E T H:

WHEREAS, Declarant is the owner of approximately 293.6 acres of land located in the City of Raleigh, Neuse Township, Wake County, North Carolina, which is a portion of the property acquired by Declarant in the deed recorded in Book 8277, Page 1112, Wake County Registry;

WHEREAS, Declarant desires to develop within such property a subdivision, to be known as RIVERSIDE (herein sometimes referred to as "Riverside" or the "Community"), containing single-family dwellings, and such other uses as may be consistent with the zoning of property;

WHEREAS, Declarant desires to provide for the maintenance and upkeep of certain common area within the Community, to provide for enforcement of covenants and restrictions applicable to the Community and to provide a vehicle for ensuring that storm water drainage systems and facilities within the Community are properly maintained, and, to that end, desires to subject the property within the Community to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of said property and each owner thereof;

WHEREAS, Declarant has deemed it advisable to create an organization to own, maintain and administer certain common area, to administer and enforce covenants and restrictions applicable to the Community, and to collect and disburse the assessments and charges hereinafter created, and Declarant has therefore incorporated under North Carolina law as a nonprofit corporation, the RIVERSIDE COMMUNITY ASSOCIATION, INC., for the purpose of exercising the aforesaid functions;

NOW, THEREFORE, Declarant hereby declares that the real property described in **EXHIBIT A** attached hereto and made a part hereof and such additions thereto as may hereafter be made pursuant to Article II hereof, is and shall be owned, held, transferred, sold, conveyed, used and occupied subject to the covenants, conditions, restrictions, easements, charges and liens set forth in this Declaration, which shall run with the real property and be binding on all parties owning any right, title or interest in said real property or any part thereof, their heirs, personal representatives, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I DEFINITIONS

Section 1. "Act" shall mean and refer to Chapter 47F of the North Carolina General Statutes, known as the North Carolina Planned Community Act.

Section 2. "Association" shall mean and refer to the **RIVERSIDE COMMUNITY ASSOCIATION, INC.**, a North Carolina nonprofit corporation, its successors and assigns.

Section 3. "Common Area" shall mean and refer to the real property, together with any improvements thereon, owned by the Association, whether in fee or by easement, for the common use and enjoyment by the Owners of Lots within the Properties, and including, but not limited to, open space, the Recreational Amenities (as hereinafter defined), any other recreational facilities located on Common Area, pedestrian access easements, and the area within any storm water easements and the facilities constructed therein and which serve more than one Lot and are not maintained by any governmental authority. The Common Area shall be maintained by the Association or its successors in interest unless dedicated to public use as set forth herein and such dedication is accepted by a governmental authority. Common Area also includes water and sewer lines which serve more than one Lot and are not located within a City of Raleigh utility easement or a public street right-of-way.

Section 4. "Declarant" shall mean and refer to **ROBERT C. RHEIN INTERESTS, INC.**, a North Carolina corporation. It shall also mean and refer to any person, company or entity to whom or which Declarant shall assign or delegate the rights and obligations of Declarant by an assignment of Declarant's rights recorded in the Wake County Registry.

Section 5. "Lot" shall mean and refer to any plot of land, with delineated boundary lines, shown on any recorded subdivision map of the Properties, with the exception of Common Area owned in fee by the Association, and any public street rights-of-way shown on such recorded map. In the event that any Lot is increased or decreased in size by recombination or resubdivision through recordation of new subdivision plats, any newly-platted lot shall thereafter constitute a Lot.

Section 6. "Member" shall mean and refer to every person or entity who or which holds membership in the Association, except Recreational Members.

Section 7. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title to any Lot which is a part of the Properties, including contract sellers and owners of an equity of redemption, but excluding those having an interest in a Lot solely as security for the performance of an obligation.

Section 8. "Properties" shall mean and refer to the "Existing Property" described in Exhibit A to this Declaration and any additional property annexed pursuant to Article II of this Declaration.

Section 8. "Recreational Amenities" shall mean that portion of the Common Area on which a swimming pool, tennis courts, and associated parking and other improvements have been constructed for the exclusive use of the Class A Members.

Section 9. "Recreational User" shall mean and refer to each person who, subject to rules, regulations and fees adopted by the Board of Directors of the Association, has been granted the right to use the Recreational Amenities. A Recreational User shall have no right to vote on any matter pending before the Association.

Section 10. "Unit" and "Dwelling" shall mean and refer to any building or portion thereof within the Properties which is designated and intended for use an occupancy as a residence by a single family, whether by the Owner(s) of such Unit or by tenants or lessees of the Owner(s) thereof.

ARTICLE II
PROPERTY SUBJECT TO THIS DECLARATION
AND WITHIN THE JURISDICTION OF
THE RIVERSIDE COMMUNITY ASSOCIATION, INC.

Section 1. Existing Property. The real property which is and shall be held, transferred, sold, conveyed, used and occupied subject to this Declaration, and which is within the jurisdiction of the Association, is described on Exhibit A attached hereto.

Section 2. Annexation of Additional Property.

(a) Annexation by the Declarant. At any time prior to December 31, 2006, additional land within the property described in Exhibit B to this Declaration (hereinafter the "Exhibit B Property") may be annexed by the Declarant without the consent of the Members and therefore become subject to this Declaration by the recording by Declarant of a plat showing such property to be annexed and of a supplementary declaration extending the operation and effect of this Declaration to the property to be annexed. Any or all of the Exhibit B Property may be annexed and subjected to this Declaration as one parcel or as several parcels at different times.

(b) Conditions of Annexation. Any property to be annexed pursuant to this Section 2 must be contiguous to property already subject to this Declaration and must be approved by the City of Raleigh and, if required, by the Federal Housing Administration and/or Veterans Administration. The supplementary declaration shall be approved by the Raleigh City Attorney or his/her deputy prior to recordation. The addition of such property pursuant to this Section may increase the cumulative number of Lots within the Properties and, therefore, may alter the relative maximum voting strength of the various types of Members.

Section 3. Conveyance of Common Area in Annexed Property. Prior to the conveyance of the first Lot within any newly annexed property to an Owner, the owner of the annexed property shall convey to the Association all Common Area located within the newly annexed property. Title to such Common Area shall be conveyed in the same manner as set forth in Section 3 of Article IV of this Declaration.

Section 4. Density. The current zoning classification of the Properties is TD, which means that the maximum number of units per acre within the Subdivision without rezoning the property to another zoning classification is 40 lots per acre, or a total of 11,744 lots, based on the total acreage within the Exhibit A and Exhibit B properties. However, the Subdivision was approved as a cluster unit development, which limits lot sizes outside of townhouse developments to a minimum of 2,750 square feet.

ARTICLE III MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Every Owner of a Lot which is subject to assessment by the Association 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. The Class A Members shall be the Owners of Class A Lots. The Declarant shall be the Class B Member.

Section 2. Voting Rights. The voting rights of the membership shall be appurtenant to the ownership of the Lots and may not be separated from ownership of any Lot.

There shall be two classes of Lots with respect to voting rights:

(a) Class A Lots. Class A Lots shall be all Lots except Class B Lots (as hereinafter defined). When more than one person owns an interest (other than a leasehold or security interest) in any Lot, all such persons shall be Members and the voting rights appurtenant to their Lot shall be exercised as they, among themselves, determine; but fractional voting shall not be allowed, and in no event shall more than one vote be cast with respect to any Lot. Class A Members shall be entitled to one (1) vote for each Lot owned.

(b) Class B Lots. Class B Lots shall be all Lots owned by the Declarant and any North Carolina licensed general contractor (a "builder") who purchases a Lot from the Declarant for the purpose of constructing a Dwelling thereon. Subject to the provisions of this subsection, Declarant, as the Class B Member, shall be entitled to three (3) votes for each Lot that it owns, and each builder shall have three (3) votes for each Class B Lot that it owns.

Class B Lots shall cease to exist and shall be converted to Class A Lots upon the earlier of the following to occur:

(1) When the total number of votes held by the Class A Members equals the total number of votes held by the Class B Member and the builders; provided, however, that, if Class B Membership is terminated pursuant to this subsection, Declarant may acquire additional votes and thereby be reinstated with all rights, privileges and responsibilities of Class B Membership if additional Lots within the Properties are formed by the subjection to this Declaration of new Lots as set forth in Article II hereof, thus making Declarant and the builders the Owners, by virtue of its ownership of the newly-annexed Lots and of other Lots owned by Declarant and the builders, of a sufficient number of votes (at the 3-to-1 ratio) to cast a majority of votes (it being hereby stipulated that the termination and rejuvenation of Class B Membership shall occur automatically as often as the foregoing facts shall occur); or

(2) on December 31, 2006.

When Class B Lots ceases to exist, Declarant and the builders shall have the same voting rights as other Owners of Class A Lots.

Section 3. Leased Units. If any Unit within the Properties is leased or rented to tenants, the vote as expressed by the Owners of such rented Units shall not be entitled to any weight greater than forty-nine (49) percent on any matter pending before the Association.

An Owner may lease or sublet his/her Unit; however, any lease or sublease must be for at least six (6) months, in writing and contain substantially the following provision:

"Tenant shall obey, adhere to and be bound by all provisions of the Declaration Of Covenants, Conditions And Restrictions For The Riverside Community Association, Inc., recorded in the Wake County Registry. Tenant acknowledges that he/she/they has/have received of a copy such Declaration and the rules and regulations of the Association and is familiar with the provisions of same."

If an Owner fails to include said provision in any lease or sublease, it shall be conclusively deemed to be included and part of said lease or sublease. Owner shall furnish the Association a copy of any leases or subleases of his/her Unit.

ARTICLE IV PROPERTY RIGHTS

Section 1. Owners' Easements of Enjoyment and Access. Except as limited by the provisions of this Section 1 and by the rules and regulations adopted by the Members and/or the Board of Directors of the Association, every Owner shall have a right and easement of enjoyment in, use of and access to, from, and over the Common Area, which right and easement shall be appurtenant to and shall pass with title to every Lot, subject to:

(a) subject to the provisions of the Raleigh City Code, the right of the Association to charge reasonable admission and other fees for the use of any recreational facilities hereafter situated or constructed on the Common Area and to limit the use of such facilities to Owners who occupy a residence on the Properties and to their families, tenants and guests, as provided in Section 2 of this Article IV.

(b) the right of the Association to suspend the voting rights of an Owner for any period during which any assessment against his Lot remains unpaid, or for a period not to exceed sixty (60) days for any infraction of the published rules and regulations of the Association.

(c) the right of the Association to dedicate, sell 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 upon by the Members. No such dedication or transfer shall be effective unless the Members entitled to at least 80% of the votes of the entire membership of the Association and at least three-fourths (3/4) of the votes appurtenant to each Class of Lots agree to such dedication, sale or transfer and signify their agreement by a signed and recorded document. Nothing herein shall be deemed to prohibit the Board of Directors of the Association, without consent of the Members, from granting easements over and across the Common Area to any public agency, authority or utility for the installation and maintenance of sewerage, utility (including CATV) or drainage facilities when, in the opinion of the Board, such easements are necessary for the convenient use and enjoyment of the Properties. Notwithstanding anything herein to the contrary, the Common Area shall be preserved to the perpetual benefit of the owners of Lots within the Subdivision and shall not be conveyed except to the City of Raleigh or another nonprofit corporation organized for similar purposes;

(d) the right of the Association to borrow money and, with the assent of Members entitled to at least 80% of the votes of the entire membership of the Association and at least two-thirds (2/3) of the votes appurtenant to each Class of Lots (as defined in Article III, Section 2 of the Declaration), mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, provided that the rights of any such lender or mortgagee shall be subordinate to the property rights of the Members and the Association as provided in Article IV of the Declaration.

(e) the right of the Association, as provided by and consistent with the provisions of Section 10-3073(a)(2) of the Raleigh City Code as same may be amended from time to time, exchange all or part of the Common Area for other property and consideration of like value and utility, which exchange shall be approved by the City of Raleigh Planning Director. In any instance in which approval of the Members is required for an exchange, such approval may be given by the affirmative vote of a majority of the Members present and voting at a meeting of the Members called, at least in part, for the purpose of approving such exchange.

Section 2. Delegation of Use.

(a) Family. The right and easement of enjoyment and access granted to every Owner by Section 1 of this Article may be exercised by members of the Owner's family who occupy the residence of the Owner within the Properties as their principal residence in Wake County, North Carolina.

(b) Tenants. The right and easement of enjoyment and access granted to every Owner by Section 1 of this Article may be delegated by such Owner to his tenants or contract purchasers who occupy a residence within the Properties, or a portion of said residence, as their principal residence in Wake County, North Carolina.

(c) Guests. The right and easement of enjoyment and access granted to every Owner by Section 1 of this Article may be delegated to guests of such Owners, tenants or contract purchasers, subject to such rules and regulations as may be established by the Board of Directors.

(d) Suspension of Rights. The rights of any delegate of an Owner shall be suspended by, upon and during suspension of such Owner's rights as provided in Article IV, Section 1(b) and in Article IX, Section 9 of this Declaration.

Section 3. Conveyance of Title To The Association. Declarant covenants, for itself, its successors and assigns, that it will convey title to the Common Area within each phase or section of the Community to the Association prior to the conveyance of the first Lot within such phase or section to an Owner. Declarant reserves an easement over and across the Common Area so long as it owns any Lots within the Properties for the purpose of constructing any improvements on the Common Area as it deems necessary or advisable, provided that any such improvements must comply with the requirements of the Raleigh City Code. Except as otherwise stated herein, all conveyances by Declarant to the Association shall be free and clear of all encumbrances and liens, except greenway, utility, and drainage easements of record or shown on the recorded plats of the Community. Any improvements placed on the Common Area by Declarant shall become the property of the Association upon completion of such improvements.

Section 4. Regulation and Maintenance of Common Area and Common Area Easements. It is the intent of the Declarant that the Common Area be preserved to the perpetual benefit of the Owners within the Community. Additionally, Declarant will, in some instances, reserve on a recorded plat or grant to the Association an easement over and across that portion of any Lot on which a Common Area easement lies.

(a) Rights and Responsibilities of the Lot Owners as to Common Area Easements. Each Owner of a Lot upon which a Common Area easement lies shall pay all property taxes and other assessments levied against his Lot, including that portion of such tax or assessment as is attributable to such Common Area easement. Notwithstanding any other provision of this Declaration, no Owner or other person shall, without the prior written consent of the Association:

Owner's successors in title unless expressly assumed by them, the unpaid assessments and charges shall continue to be a lien upon the Lot against which the assessment or charge was made.

Any monetary fine imposed against an Owner pursuant to Section 3 of Article VII of the By-Laws Of The Riverside Community Association, Inc., shall constitute a lien against the Lot of such Owner to the same extent as if such fine were an assessment against such Lot.

Section 2. Purposes of Assessments. The assessments levied by the Association shall be used to promote the recreation, health, safety and welfare of the residents of the Properties and, in particular, for: (i) acquisition, improvement, and maintenance of properties, services and facilities related to the use and enjoyment of the Common Area; (ii) repair and reconstruction of improvements on the Common Area, including storm water infiltration devices and other storm water drainage facilities constructed on or serving the Properties, including, but not limited to, the cost of repair, replacement and additions thereto and the cost of labor, equipment, materials, management and supervision thereof; (iii) maintenance of street islands; (iv) payment of taxes and public assessments levied against the Common Area owned by the Association in fee; (v) procurement and maintenance of insurance in accordance with the Section 4(b) of Article IV and Section 8 of Article IX of this Declaration; (vi) employment of attorneys, accountants and other persons or firms to represent the Association when necessary; (vii) payment of principal and interest on funds borrowed for Association purposes; (viii) the charges for utilities used in connection with the Common Area; and (ix) such other needs as may arise.

Section 3. Maximum Annual Assessment. Until January 1, 2001, the Maximum Annual Assessment shall be \$396.00 for each Class A Lot. Subject to the provisions of Section 4, below, the Maximum Annual Assessment for a Class B Lot shall be one-fourth (1/4) of the assessment for Class A Lots.

(a) From and after January 1, 2001, the Maximum Annual Assessment may be increased by the Board of Directors effective January 1 of each year without a vote of the membership, but subject to the limitation that the percentage of any such increase shall not exceed 10% of the Maximum Annual Assessment for the previous year unless such increase is approved as set forth in Section 3(b), below.

(b) From and after January 1, 2001, the Maximum Annual Assessment for Class A Lots may be increased without limitation if such increase is approved by the Class B Members, if any, and not less than two-thirds (2/3) of the votes cast by the Class A Members, in person or by proxy, at a meeting duly called for that purpose.

Section 4. Annual Assessments: Ratification of Budgets: Certificate of Payment. Subject to the provisions of this Section, the Board of Directors may fix the annual assessment at any amount not in excess of the Maximum Annual Assessment in effect for the appropriate assessment year; provided, however, that, except as otherwise provided in this Section, the assessment established for each Class B Lot shall always be one-fourth (1/4) of the assessment for a Class A Lot. Annual

(1) remove any trees or vegetation within a Common Area easement; (2) erect gates, fences, or other structures on a Common Area easement; (3) place any garbage receptacles on or in a Common Area easement; (4) fill or excavate a Common Area easement or any part thereof; or (5) plant vegetation or otherwise restrict or interfere with the use, maintenance and preservation of a Common Area easement.

(b) Rights and Responsibilities of the Association as to Common Area. The Association shall have the right and obligation to ensure that the Common Area is preserved to the perpetual benefit of the Owners within the Community, to that end, shall: (i) maintain the Common Area in its natural or improved state, as appropriate, and keep it free of impediments to its free use by the Owners within the Community; (ii) procure and maintain adequate liability insurance, in an amount not less than \$1,000,000.00, covering the Association and its Members, Directors and officers, against any loss or damage suffered by any person, including the Owner of the Lot upon which Common Area lies, resulting from use of the Common Area; and (iii) pay all property taxes and other assessments levied against all Common Area owned in fee by the Association.

(c) Association's Right of Entry. The Association and the employees, agents, contractors and subcontractors, shall have a nonexclusive right and easement at all times to enter upon any portion of a Lot reserved or designated as a Common Area easement for the purposes of: (i) installing and maintaining entrance signage and other signage, any and all of which shall have been approved by the City of Raleigh prior to installation; (ii) making such improvements to the Common Area easement as have been approved by the Association and, if required, by the City of Raleigh; and (iii) maintaining the Common Area easement in its natural or improved state, including, without limitation, removal of fallen trees and other debris and, in general, keeping the easement area free from obstructions and impediments to its use.

ARTICLE V COVENANT FOR MAINTENANCE ASSESSMENT

Section 1. Creation of the Lien and Personal Obligation of Assessments. Declarant, for each Lot that it owns 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 annual assessments and special assessments, such assessments to be established and collected as hereinafter provided. All assessments which are unpaid when due, together interest and late charges set forth in Section 8 of this Article V and all costs of collection, including reasonable attorney's fees, shall be a charge on the land and, as provided in Section 47F-3-116 of the Act, shall be a continuing lien upon the Lot against which such assessment is made. Each such assessment or charge, together with interest and costs of collection, including reasonable attorney's fees, shall also be the personal or corporate obligation of the person(s), firm(s) or corporation(s) owning such Lot at the time when the assessment fell due, but such personal obligation shall not be imposed upon such Owner's successors in title unless expressly assumed by them. Although unpaid assessments and charges are not the personal obligation of such

assessments shall be fixed at a uniform rate for all Lots within each Class and may be collected on a yearly, semiannually, quarterly, or monthly basis, as determined by the Board of Directors.

Unless a lower amount is set by the Board of Directors, the initial annual assessment shall be the "Maximum Annual Assessment" set forth in Section 3 of this Article and shall be prorated according to the number of months remaining in the calendar year. Unless a different commencement date is set by the Board of Directors, the annual assessments provided for herein shall commence as to all Lots in any phase on the first day of the month following the conveyance to the Association of all or any part of the Common Area within that phase.

Subject to the provisions of this Section, at least twenty (20) days before January 1 of each year, the Board of Directors shall fix the amount of the annual assessment against each Lot. At least ten (10) days before January 1 of each year, the Board of Directors shall send written notice of such assessment to every Owner subject thereto.

In the event that Class B Lots are converted to Class A, or Class A Lots are reconverted to a Class B, the assessment with respect to such Lots shall be prorated and charged according to their Class as of the date of each conversion and reversion.

A Class B Lot that contains a Dwelling used as a model or sales center and not as a residence shall be assessed at the Class B rate. All other Class B Lots shall be assessed at the Class B rate until the first day following the date that is one year after issuance of the certificate of occupancy for the dwelling constructed on that Lot, after which time it shall be assessed at the Class A rate, but such Lot shall remain a Class B Lot for all other purposes.

The Association shall, upon demand, and for such reasonable charge as the Board of Directors may determine, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. If such certificate states that an assessment has been paid, such certificate shall be conclusive evidence of payment.

The Board of Directors shall adopt a proposed budget for the Association at least annually. Within 30 days after adoption of the proposed budget, the Board of Directors shall send a copy of the proposed budget and shall give written notice to the Members of a meeting of the Members to consider ratification of the budget, such meeting to be held not sooner than 10 days nor more than 60 days after the mailing of such notice. Such meeting may, but need not be, combined with the annual meeting of the Members. Except as provided in Section 6 below, there shall be no requirement that a quorum be present in order to vote on ratification of the budget (although a quorum must be present to vote on other matters). The budget shall be deemed ratified unless at that meeting Members having a majority of the votes of the entire membership vote to reject the budget. Notwithstanding the foregoing, if the budget provides for annual assessments not greater than 10% larger than the assessment in effect for the immediately preceding year, such budget shall be deemed ratified unless Members having at least 80% of the votes of the entire membership vote to reject the

budget. If the proposed budget is rejected, the budget last ratified by the Members shall be continued until such time as the Members ratify a subsequent budget proposed by the Board.

Section 5. Special Assessments. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, special assessments applicable for the purpose of defraying, in whole or in part, the cost of any construction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, for repayment of indebtedness and interest thereon, or for any other purpose, provided that any such assessment shall have the same assent of the Members as provided in Section 3(b) of this Article and shall be in the ratios provided in Section 4 of this Article. Special assessments shall be fixed at a uniform rate for all Lots within each Class and may be collected on a yearly, semiannually, quarterly, or monthly basis, as determined by the Board of Directors.

Section 6. Notice of Quorum for any Action Authorized Under Sections 3(b) and 5. Written notice of any meeting called for the purpose of taking any action authorized under Section 3(b) or 5 shall be sent to all members not less than fifteen (15) days nor more than thirty (30) days prior to the meeting. At such meeting, the presence of members or of proxies entitled to cast sixty (60%) percent of the votes appurtenant to each Class of Lots shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice or requirement, and if the same is called for a date not later than sixty (60) days after the date of the first meeting, the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting.

Section 7. Effect of Nonpayment of Assessments; Remedies. An assessment not paid within ten (10) days after the due date shall incur such late charge as the Board of Directors may from time to time establish, and, if not paid within thirty (30) days after the due date, shall also bear interest from the due date at the rate of eighteen percent (18%) per annum or the highest rate allowed by law, whichever is less. The Association may bring an action at law or in equity against the Owner personally obligated to pay the same and/or foreclose the lien against the Lot for which such assessment is due. Interest, late payment charges, costs and reasonable attorney's fees of such action or foreclosure shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or by abandonment of his Lot.

Section 8. Subordination of the Lien to Mortgages. The liens provided for herein shall be subordinate to the lien of any first mortgage or first deed of trust on a Lot. Sale or transfer of any Lot shall not affect any assessment lien; however, the sale or transfer of a Lot pursuant to foreclosure of a first mortgage or deed of trust, or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of any assessments which became due prior to the date of such conveyance. No such sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof, but the liens provided for herein shall continue to be subordinate to the lien of any first mortgage or deed of trust.

Section 9. Exempt Property. All property dedicated to and accepted by a public authority and all property owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of North Carolina shall be exempt from the assessments created herein. Notwithstanding the foregoing, no land or improvements devoted to dwelling use shall be exempt from said assessments.

Section 10. Working Capital Fund. At the time of closing of the initial sale of each dwelling constructed on each Lot, a sum equal to one-sixth (1/6) of the annual assessment for Class A Lots in effect at the time of such sale shall be collected from the purchaser of such Lot and transferred to the Association as part of its working capital. The purpose of the working capital fund is to ensure that the Association will have adequate cash available to meet unforeseen expenditures or to acquire additional equipment or services deemed by the Board of Directors to be necessary or desirable. Amounts paid to pursuant to this Section shall not be considered as an advance payment of any regular assessment.

ARTICLE VI RIGHTS OF LENDERS

Section 1. Books and Records. Any owner or holder of a first deed of trust on any Lot, or its agent(s), shall have the right, during normal business hours, to examine copies of this Declaration, the Articles of Incorporation, Bylaws, and the books and records of the Association and, upon written request to the Association, to receive a copy of the financial statement for the immediately preceding fiscal year.

Section 2. Notice to Lenders. Upon written request to the Association, the owner or holder of a first deed of trust on any Lot shall be entitled to timely written notice of:

(a) Any 60-day delinquency in the payment of assessments or charges owed by the Owner of the Lot securing its loan.

(b) A lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association.

(c) Any proposed action that requires the consent of a specified percentage of owners or holders of first mortgages on the Lots.

Section 3. Approval of Owners and Holders of First Deeds of Trust. Unless at least seventy-five percent (75%) of the owners and holders of the first deeds of trust on Lots located within the Properties have given their prior written approval, the Association shall not:

(a) By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer any real estate or improvements thereon which are owned, directly or indirectly, by the Association. The granting of easements for utilities or other purposes shall not be deemed a transfer within the meaning of this clause. Notwithstanding anything herein to the contrary, the property owned by the Association, whether in fee, by easement, or otherwise, shall be preserved to the perpetual benefit of the Owners or of the public in general and shall not be conveyed except to the City of Raleigh or to another nonprofit corporation for the aforementioned purposes. Nothing herein shall be deemed to prohibit the Association, with the consent of the City of Raleigh, to exchange Common Area for other real property as provided in the Raleigh City Code, or to require the approval of such exchange by the holders of first deeds of trust on the Lots.

(b) Change the method of determining the obligations, assessments, dues or other charges which may be levied against a Lot;

(c) Fail to maintain hazard insurance on insurable improvements on the Common Area on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value; or

(d) Use the proceeds of any hazard insurance policy covering losses to any part of the Common Area for other than the repair, replacement, or reconstruction of the damaged improvements.

Section 4. Payment of Taxes and Insurance Premiums. The owners or holders of first deeds of trust on Lots, jointly or singly, may pay taxes or other charges which are in default and which have or may become a charge or lien against any of the Common Area and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage upon the lapse of a policy covering property owned by the Association. The persons, firms or corporations making such payments shall be owed immediate reimbursement therefor by the Association.

ARTICLE VII EASEMENTS

Section 1. Access and Utility Easements. Easements for the installation and maintenance of driveways, walkways, water, gas, telephone, cable television and electric power transmission lines, sanitary sewer and storm water drainage facilities, and for other public utility installations are reserved as shown on the recorded plats of the Properties. The Association may reserve or grant easements over the Common Area as provided in Article IV, Section 1(c), of this Declaration. Within any such easement herein provided, no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation or maintenance of the utilities installed thereon, or which may change the direction of flow or drainage of water through drainage pipes or channels constructed in such easements.

For a period of twenty-five (25) years from the date hereof, Declarant reserves an easement and right of ingress, egress and regress on, over and under the Properties to maintain and correct drainage or surface water runoff in order to maintain reasonable standards of health, safety and appearance. Subject to the ordinances of the City of Raleigh, such right expressly includes the right to cut any trees, bushes or shrubbery, make any gradings of the soil or take any other similar action that it deems reasonably necessary or appropriate. After such action has been completed, Declarant shall grade and seed the affected property and otherwise restore the affected property to its original condition to the extent practicable, but shall not be required to replace any trees, bushes or shrubbery necessarily removed unless otherwise required by the ordinances of the City of Raleigh. Declarant shall give reasonable notice of its intent to take such action to all affected Owners.

Section 2. Easements for Governmental Access. An easement is hereby established over the Common Area and every Lot within the Properties for the benefit of applicable governmental agencies for: installing, removing, and reading water meters and fire lines; maintaining and replacing water and sewer facilities; and acting for other purposes consistent with public safety and welfare, including, without limitation, law enforcement, fire protection, garbage collection and the delivery of mail.

Section 3. Owner's Easement and Right of Entry for Repair, Maintenance and Reconstruction. If any Dwelling is located closer than five (5) feet from its lot line, the Owner thereof shall have a perpetual access easement over the adjoining Lot and/or Common Area to the extent reasonably necessary to perform repair, maintenance or reconstruction of such Dwelling. Such work shall be done expeditiously and, upon completion of the work, the Owner shall restore the adjoining Lot to as nearly the same condition as that which prevailed prior to the commencement of the work as is reasonably practicable. No fence, wall, storage shed or any other obstruction shall be erected within such area adjoining a Dwelling. See Raleigh City Code, Sec. 10-3073(b)(8).

Section 4. Association's Easement and Right of Entry. The Association, for itself and its employees, agents, contractors, subcontractors and invitees, shall have a perpetual access easement over the each Lot to the extent reasonably necessary to perform the maintenance to be performed by the Association as provided in Article IV of this Declaration.

Section 5. Easement Over Common Area. A perpetual, nonexclusive easement over the Common Area lies is hereby granted to each Lot and its Owners, family members and tenants of such Owners, the occupants of such Lot, and guests and invitees of such Owners, tenants or occupants, for the purpose of providing access, ingress and egress to and from the Common Area and for the use thereof.

Section 6. Pedestrian Access Easements. The easement granted by the foregoing Section shall, as to that portion of the Common Area shown on the recorded maps of the Properties as being reserved for pedestrian access, also run to the benefit of the City of Raleigh and its employees, and the public in general, for the purpose of pedestrian traffic through the easement area to and from City of Raleigh greenways. As provided in Section 4(c) of Article IV of this Declaration, the Association

is responsible for ensuring that such pedestrian access easements remain free and clear of all obstructions, including fallen trees, so that there is no impediment to access to the adjoining greenway.

Section 7. Easement For Encroachments. In the event that any structure erected on a Lot encroaches upon any other Lot or the Common Area, and such encroachment was not caused by the purposeful act or omission of the Owner of such Lot, then an easement appurtenant to such Lot shall exist for the continuance of such encroachment upon the Common Area or other Lot for so long as such encroachment shall naturally exist. In the event that any structure erected principally on the Common Area encroaches upon any Lot, then an easement shall exist for the continuance of such encroachment of such structure onto such Lot for so long as such encroachment shall naturally exist. The foregoing shall not be construed so as to allow any extension or enlargement of any existing encroachment or to permit the rebuilding of the encroaching structure, if destroyed, in a manner so as to continue such encroachment.

ARTICLE VIII ARCHITECTURAL CONTROL

No building, fence, sign (including unit identification signs), wall or other structure (including, without limitation, replacement of any previously existing improvement) shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made (including, without limitation, changing materials or color of any exterior portion of any such improvement, including roof shingles), nor shall a building permit for such improvement or change be applied for or obtained, nor shall any major landscaping or relandscaping of any Lot be commenced or made (such construction, alteration and landscaping are hereinafter referred to as the "Improvements") until plans and specifications showing the nature, kind, shape, heights, materials, color and location of same shall have been submitted to and approved in writing by the Declarant. If the Declarant fails to approve or disapprove such proposed Improvements within thirty (30) days after complete plans and specifications have been received by it, such requested Improvements shall be deemed to have been disapproved. The Declarant shall have the right to charge a reasonable fee, not to exceed \$100.00, for receiving and processing each application. The Declarant shall have the right to promulgate and from time to time amend written architectural standards and construction specifications (hereinafter the "Architectural Guidelines") which may establish, define and expressly limit the standards and specifications which will be approved, including, but not limited to, architectural style, exterior color or finish, roofing material, siding material, driveway material, landscape design and construction technique. The Declarant shall not approve any Improvements which it determines, in its discretion, not to be in harmony of external design, construction and/or location in relation to the surrounding structures, topography or the general plan of development of the Community.

Declarant may, at any time, delegate the review and approval authority contained in this Article VIII to the Board of Directors of the Association or to an Architectural Committee composed of three or more persons appointed by the Board. Such delegation shall be made by the Declarant by recording in the Wake County Registry an Assignment Of Declarant's Rights. Declarant shall delegate such authority no later of the date upon which Declarant no longer owns any Lots within the Properties or December 31, 2006, whichever is earlier. Any use of the term "Declarant" in this Article VIII shall be deemed to apply to Declarant and, when appropriate, to the Board of Directors or the Architectural Committee. Nothing herein shall be construed to permit interference with the development of the Lots by Declarant in accordance with its general plan of development.

ARTICLE IX GENERAL PROVISIONS

Section 1. Enforcement. The Association or any Owner shall have the right to enforce, by 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 an Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

The Association shall not be obligated to take action to enforce any covenant, restriction or rule which the Board reasonably determines is, or is likely to be construed as, inconsistent with applicable law, or in any case in which the Board reasonably determines that the Association's position is not strong enough to justify taking enforcement actions. Any such determination shall not be construed as a waiver of the right to enforce such provisions under other circumstances or to estop the Association from enforcing any other covenant, restriction or rule.

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

Section 3. Amendment. The covenants and restrictions of this Declaration shall run and bind the land for a term of twenty-five (25) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years unless terminated or altered by a vote of the Owners as set forth below. This Declaration may be amended during the first twenty-five year period by an instrument signed by the Owners of not less than seventy-five percent (75%) of the Lots, and thereafter by an instrument signed by the Owners of not less than sixty-seven (67%) of the Lots. No amendment shall be effective unless it has first been approved by the Raleigh City Attorney or his deputy, and, if required by Section 4 of this Article IX, by the Federal Housing Administration or Veterans Administration, and is recorded in the office of the Register of Deeds of Wake County.

Section 4. FHA/VA Approval. In the event that Declarant has arranged for and provided purchasers of Lots with FHA-insured or VA-guaranteed mortgage loans, then, as long as any Class B Lot exists, as provided in Article III hereof, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: annexation of additional properties, mortgaging of real property owned by the Association, deeding of such real property to persons other than the Association, and amendment of this Declaration.

Section 5. Non-Liability of Governmental Entities. The City of Raleigh shall not be responsible for failing to provide any emergency or regular fire, police or other public service to the Properties, any Lot, or any Owner or occupant when such failure is due to the lack of access to the Properties or any Lot thereof due to inadequate design or construction of such access, blocking of access routes, or any other factor within the control of the Declarant, the Association, an Owner, or an occupant of any Lot. Neither the City of Raleigh nor the State of North Carolina shall be responsible for maintenance of any private street within the Subdivision. Such responsibility shall rest with the Association in that such private streets will not be constructed to the minimum standards sufficient to allow their inclusion for public maintenance.

Section 6. Subdivision of Lots. Riverside has been approved by the City of Raleigh as a cluster unit development, as that term is defined in the City's Zoning Ordinance. Therefore, although a Lot within the Community may appear to contain enough land area to permit construction of additional dwelling units or to create additional lots, prior approved density transfers within the cluster unit development may, in fact, preclude City approval of additional dwellings or further subdividing of lots. No Lot within the Community may be subdivided by sale or otherwise so as to reduce the total lot area shown on the recorded plats of the Community, except by and with the consent of the Declarant (while there is Class B Membership) and by the City of Raleigh.

Section 7. Declarant's Right To Change Development. With the approval of the City of Raleigh, and subject to such terms and conditions as the City or Raleigh may impose, Declarant shall have the right, without consent or approval of the Owners, to create dwelling units, add Common Area, and reallocate units within, and withdraw real property from the development.

Section 8. Insurance. The Association shall procure and maintain adequate liability insurance covering the Association, in an amount not less than \$1,000,000.00. The Association shall also procure and maintain full replacement value hazard insurance on real and personal property owned by the Association, and shall procure and maintain officers', directors' and employees' liability insurance. The premiums for such insurance shall be a common expense paid from the annual assessments provided in Article V of this Declaration.

Section 9. Rules and Regulations. The Board of Directors shall have the authority to adopt additional rules and regulations governing the use of the Common Area and the Lots within the Community and shall furnish a written copy of said rules and regulations to the Owner(s) of each Lot at least 15 days before such rules and regulations become effective. Any violation of such rules shall be punishable by fine and/or suspension of voting rights as provided in this Declaration.

In addition to any other rights and remedies that the Association may have under this Declaration, the Association may impose sanctions for violations of this Declaration, the Bylaws of the Association, the rules and regulations adopted Association, or the Restrictive Covenants applicable to the Properties, in accordance with procedures set forth in the Bylaws, which sanctions may include, but are not limited to, reasonable monetary fines, as set forth in the Bylaws of the Association, and which fines shall constitute a lien upon the Lot of the violator, and suspension of the right to vote and the right to use any recreational facilities within the Common Area, provided, however, that the Association shall not have the right to suspend the right to use private streets or off-street parking.

In addition, pursuant to procedures set forth in the Bylaws, the Association may exercise self-help to cure violations (specifically including, but not limited to, the towing of Owner and tenant vehicles that are in violation of parking rules) and may suspend the right of an Owner to use any open space and recreational facility within the Properties if the Owner is more than 30 days delinquent in paying any assessment or other charge due to the Association.

The Association shall at all times have the right and easement to go upon any Lot for the purposes of exercising its rights hereunder, including, but not limited to, enforcement of the architectural guidelines applicable to the Properties. Any entry onto any Lot for purposes of exercising this power of self-help shall not be deemed as trespass. All remedies set forth in this Declaration and the Bylaws shall be cumulative of any remedies available at law or in equity. In any action to enforce its rights and remedies, if the Association prevails, it shall be entitled to recover all costs, including, without limitation, attorneys' fees and court costs, reasonably incurred in such action.

Section 10. Greenway - City of Raleigh Approval. Notwithstanding any other provision of this Declaration, the Association, Owners, Members, tenants of Members and their respective families, guests and invitees, shall not, within any portion of the Common Area which is greenway area dedicated to the City of Raleigh, without the prior written consent of the City of Raleigh:

- (a) grant any easement of any nature whatsoever;
- (b) remove any tree or vegetation;
- (c) erect any gate, fence or other structure or improvement;
- (d) place any garbage receptacle;
- (e) fill or excavate;
- (f) plant vegetation of any type or otherwise restrict or interfere with the use, maintenance and preservation of the greenway in its natural or improved state, including, without limitation, recreational pursuits such as walking, bicycling and other similar activities by the general public.

It is understood and agreed that, within any greenway area, the City of Raleigh may erect trails and trail markers, place or erect litter receptacles and other convenience facilities, and adopt and amend regulations concerning the use of the greenway (including, without limitation, hours of operation and use), which rules and regulations shall be equally applicable to the general public and

the Owners. The Association and the Owners may adopt such other regulations governing the use of the greenway not inconsistent with those adopted by the City and may enter into such agreements with the City of Raleigh as are deemed appropriate to ensure the maintenance and upkeep of the greenway in its natural or improved state, free of litter and unsightly debris.

Section 11. Street Islands. The Association shall be responsible for maintenance of landscaping of islands within the rights-of-way of public streets as if such islands were Common Area. The Association shall keep the islands in a neat, clean and safe condition. Neither the City of Raleigh nor the State of North Carolina shall have any liability for any damage or loss suffered by any person or entity caused by encroachment of any plants or other improvements located upon an island onto the public street right-of-way, and the Association shall indemnify and hold the City and State, and their officers and employees, harmless from any such liability.

Section 12. Use of Recreational Amenities. Although the Recreational Amenities are reserved for the exclusive use of the Class A Members, subject to the applicable provisions of the Raleigh City Code, the owners of any single-family townhome unit constructed within the property described on Exhibit C, upon written application to the Association on a form made available by the Association and payment of a non-refundable processing fee in the amount of \$50.00 (the amount of which may be changed from time by the Board of Directors of the Association, but which may not be increased in any calendar year by more than 5%), and by payment to the Association, in advance on such collection period as the Board of Directors may establish, an annual fee equal to the annual assessment for Class A Members, shall have the right to use the Recreational Amenities, such right being subject to all rules, regulations and restrictions applicable to the Class A Members and any additional rules, regulations and restrictions imposed from time to time by the Board of Directors on Recreational Membership. As long as a townhome owner continues to own his/her townhome and pays the fees set forth herein, such right to use the Recreational Amenities shall continue from year to year without payment of an additional processing fee. The right of a townhome owner to use the Recreational Amenities may be transferred by the seller of a townhome unit to the purchaser of such unit, and such purchaser shall receive a credit for any prepaid use fees paid by such owner, provided, however, that no such transfer shall be effective unless and until the Association receives from such purchaser a written application and the processing fee then in effect.

Subject to applicable provisions of the Raleigh City Code, the Members of the Association, by the affirmative vote of 2/3 of the Class A Members, may allow persons other than Class A Members and the townhome owners described in the immediately preceding paragraph, upon such terms and subject to such conditions as the Members shall impose.

Every person entitled by this Section 12 to use the Recreational Amenities (hereinafter a "Recreational User") shall abide by the rules and regulations adopted and amended from time governing the use of the Recreational Amenities. If a Recreational User, any member of his/her family, or any of his/her or their guests violates any rule or regulation governing the Recreational Amenities, the Association may, in its discretion, send written notice of such violation to such Recreational User at the address shown on such Recreational User's application, and, if such

violation is repeated or continues at any time after the 5th business day after the date of such notice, the Association may, by written notice to such Recreational User and the refund any prepaid use fees, terminate his/her right to use the Recreational Amenities. The provisions of the Bylaws of the Association relating to notice and hearing shall not apply to any Recreational User, who shall have no other rights, and be afforded no other and such procedures or remedies, except those specifically set forth in this Section 12.

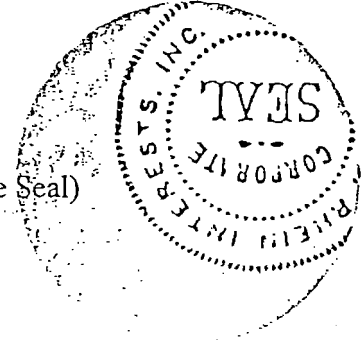
IN WITNESS WHEREOF, Declarant has caused this instrument to be executed under seal as of the date set forth in the notary acknowledgment below.

DECLARANT:

ROBERT C. RHEIN INTERESTS, INC.

(Corporate Seal)

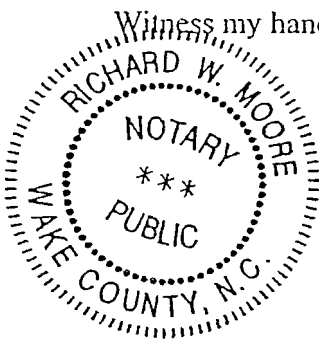
By: Richard M. Westmoreland, Jr.
Richard M. Westmoreland, Jr., Vice President



STATE OF NORTH CAROLINA - WAKE COUNTY

I, Richard W. Moore, a Notary Public of said County and State, certify that **Richard M. Westmoreland, Jr.**, personally appeared before me this day and acknowledged that he is a Vice President of **Robert C. Rhein Interests, Inc.**, a North Carolina corporation, and that he, as Vice President, being authorized to do so, executed the foregoing on behalf of the corporation.

Witness my hand and official stamp or seal, this the 8th day of November, 1999.



Richard W. Moore
Notary Public
My commission expires: 06/17/2004

EXHIBIT A

RIVERSIDE
Phase One

Lying and being in the City of Raleigh, Neuse Township, Wake County, North Carolina, and being more particularly described as follows:

Tract 1: Lots 134-151 and 170-178

All of the real property, containing 4.18 acres, more or less, shown on the map entitled "Subdivision Map, RIVERSIDE, Phase One - Sheet 1" recorded in **Book of Maps 1999, Page 2035**, Wake County Registry, including Lots 134-151 and 170-178, to which map reference is hereby made for a more particular description.

Tract 2: Lots 102-118

All of the real property, containing 2.88 acres, more or less, shown on the map entitled "Subdivision Map, RIVERSIDE, Phase One - Sheet 2" recorded in **Book of Maps 1999, Page 2036**, Wake County Registry, including Lots 102-118, to which map reference is hereby made for a more particular description.

Tract 3: Lots 128-133, 152-158, 161-169 and 179-188

All of the real property, containing 5.36 acres, more or less, shown on the map entitled "Subdivision Map, RIVERSIDE, Phase One - Sheet 3" recorded in **Book of Maps 1999, Page 2037**, Wake County Registry, including Lots 128-133, 152-158, 161-169 and 179-188, to which map reference is hereby made for a more particular description.

Tract 4: Lots 95-101, 119-126 and 199-202

All of the real property, containing 3.61 acres, more or less, shown on the map entitled "Subdivision Map, RIVERSIDE, Phase One - Sheet 4" recorded in **Book of Maps 1999, Page 2038**, Wake County Registry, including Lots 95-101, 119-126 and 199-202, to which map reference is hereby made for a more particular description.

Tract 5: Lots 127, 159-160 and 189-198

All of the real property, containing 3.68 acres, more or less, shown on the map entitled "Subdivision Map, RIVERSIDE, Phase One - Sheet 5" recorded in **Book of Maps 1999, Page 2039**, Wake County Registry, including Lots 127, 159-160 and 189-198, and the Private Open Space shown thereon, to which map reference is hereby made for a more particular description.

Tract 6: Additional Open Space

All of the real property, containing 0.78 acres, more or less, shown and designated as "OPEN SPACE, 34049 SF, 0.78 AC" on that certain map entitled "Subdivision Map, RIVERSIDE - Phase One, Rights Of Way And Open Space", recorded in **Book of Maps 1999, Page 1928**, Wake County Registry, to which map reference is hereby made for a more particular description.

EXHIBIT B

Lying and being in the City of Raleigh, Neuse Township, Wake County, North Carolina, and being all of the property, containing 293.6 acres, more or less, shown on the deed recorded in Book 8069, Page 701, Wake County Registry, Wake County Registry, SAVING AND EXCEPTING THEREFROM the following described property:

Tract 1: Lots 134-151 and 170-178

All of the real property, containing 4.18 acres, more or less, shown on the map entitled "Subdivision Map, RIVERSIDE, Phase One - Sheet 1" recorded in **Book of Maps 1999, Page 2035**, Wake County Registry, including Lots 134-151 and 170-178, to which map reference is hereby made for a more particular description.

Tract 2: Lots 102-118

All of the real property, containing 2.88 acres, more or less, shown on the map entitled "Subdivision Map, RIVERSIDE, Phase One - Sheet 2" recorded in **Book of Maps 1999, Page 2036**, Wake County Registry, including Lots 102-118, to which map reference is hereby made for a more particular description.

Tract 3: Lots 128-133, 152-158, 161-169 and 179-188

All of the real property, containing 5.36 acres, more or less, shown on the map entitled "Subdivision Map, RIVERSIDE, Phase One - Sheet 3" recorded in **Book of Maps 1999, Page 2037**, Wake County Registry, including Lots 128-133, 152-158, 161-169 and 179-188, to which map reference is hereby made for a more particular description.

Tract 4: Lots 95-101, 119-126 and 199-202

All of the real property, containing 3.61 acres, more or less, shown on the map entitled "Subdivision Map, RIVERSIDE, Phase One - Sheet 4" recorded in **Book of Maps 1999, Page 2038**, Wake County Registry, including Lots 95-101, 119-126 and 199-202, to which map reference is hereby made for a more particular description.

Tract 5: Lots 127, 159-160 and 189-198

All of the real property, containing 3.68 acres, more or less, shown on the map entitled "Subdivision Map, RIVERSIDE, Phase One - Sheet 5" recorded in **Book of Maps 1999, Page 2039**, Wake County Registry, including Lots 127, 159-160 and 189-198, and the Private Open Space shown thereon, to which map reference is hereby made for a more particular description.

Tract 6: Additional Open Space

All of the real property, containing 0.78 acres, more or less, shown and designated as "OPEN SPACE, 34049 SF, 0.78 AC" on that certain map entitled "Subdivision Map, RIVERSIDE - Phase One, Rights Of Way And Open Space", recorded in **Book of Maps 1999, Page 1928**, Wake County Registry, to which map reference is hereby made for a more particular description.

EXHIBIT C

Townhome Property

Lying and being in the City of Raleigh, Neuse Township, Wake County, North Carolina, and being more particularly described as follows:

All of **Tract 3**, containing 8.595 acres, more or less, shown and described on that certain plat entitled "**Subdivision Plat, RIVERSIDE - TRACT 3**", recorded in **Book of Maps 1999, Page 1049**, WAKE County Registry, to which plat reference is hereby made for a more particular description.



Wake County Register of Deeds
Laura M. Riddick
Register of Deeds

North Carolina - Wake County

The foregoing certificate ___ of _____
_____ *Richard W. Riddick* _____

_____ Notary(ies) Public is (are) certified to be correct. This instrument and this certificate are duly registered at the date and time and in the book and page shown on the first page hereof.

Laura M. Riddick, Register of Deeds

By: *[Signature]*
Assistant/Deputy Register of Deeds

This Customer Group
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This Document
_____ New Time Stamp
_____ # of Pages

**BYLAWS
OF THE
RIVERSIDE COMMUNITY ASSOCIATION, INC.**

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**BYLAWS OF THE
RIVERSIDE COMMUNITY ASSOCIATION, INC.**

**ARTICLE I
NAME AND LOCATION**

The name of the corporation is the RIVERSIDE COMMUNITY ASSOCIATION, INC. (hereinafter the "Association"). The principal office of the Association shall be located at 7B Corporate Center Court, Greensboro, Guilford County, North Carolina 27408. The location of the principal office of the Association may be changed by the Board of Directors. Meetings of Members and directors may be held in such places within Wake County, North Carolina, as may be designated by the Board of Directors.

**ARTICLE II
DEFINITIONS**

All terms defined in the Declaration Of Covenants, Conditions And Restrictions For The Riverside Community Association, Inc., to be recorded in office of the Register of Deeds of Wake County, North Carolina (as from time to time amended, said documents, together with all amendments thereto, if any, being hereinafter referred to as the Declaration"), shall have the same meanings when used herein.

**ARTICLE III
MEMBERSHIP AND VOTING RIGHTS**

Membership and voting rights of the Members shall be as provided in Article III of the Declaration.

**ARTICLE IV
MEETINGS OF MEMBERS**

Section 1. Annual Meetings. The first annual meeting of the Members shall be held within eighteen (18) months from the date of incorporation of the Association. Each subsequent regular annual meeting of the Members shall be held in the same month of each year thereafter on the day, at the hour, and at the place specified in the notice to the Members of the meeting.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the President or a majority of the members of the Board of Directors. Special meetings of the Members shall be called upon the written request of the Members entitled to one-fourth (1/4) of the votes appurtenant to the Class A Lots (as defined in Article III of the Declaration).

Section 3. Place of Meetings. Meetings of the Members shall be held at such place within Wake County, North Carolina, as may be determined by the Board of Directors.

Section 4. 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, to each Member entitled to vote at such meeting, by hand delivery or by mailing a copy of such notice, postage prepaid, 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. Notice shall be mailed or delivered not less than fifteen (15) days nor more than thirty (30) days before the date of the meeting. Such notice shall specify the place, day and hour of the meeting, and identify all items on the agenda, including the general nature of any proposed amendment to the Articles of Incorporation of the Association, these Bylaws or the Declaration, any budget changes, any proposal to remove a director by or and, if applicable, notice of Declarant's intent to appoint directors as provided in Section 2 of Article V of these Bylaws, and, in case of a special meeting, the exact purpose of the meeting, including the text of any proposals to be voted on at such special meeting. Waiver by a Member in writing of the notice required herein, signed by him before or after such meeting, shall be equivalent to the giving of such notice.

Section 5. Quorum. Except as otherwise provided in the Articles of Incorporation, the Declaration (including, specifically, Section 6 of Article V thereof) or these Bylaws, the presence at a meeting of Members or their proxies entitled to ten percent (10%) of the votes appurtenant to each Class of Lots shall constitute a quorum for any action. If, however, a quorum is not present or represented at any meeting, the Members or their proxies present and 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 shall be present or be represented.

Section 6. 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, but only by written notice of revocation signed by the person whose proxy was given and delivered to the Secretary at or prior to the determination of a quorum at the meeting of the Members. A Member's proxy shall also be automatically revoked by and upon conveyance by the Member of his Lot. A proxy shall automatically terminate 11 months after its date, unless the proxy specifies a shorter term.

Section 7. Informal Action by Members. Any action which may be taken at a meeting of the Members may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the persons who would be entitled to vote upon such action at a meeting

and filed with the Secretary of the Association to be kept in the minute book of the Association, provided, however, that such consent shall only be valid if all persons who must sign such consent sign within forty-five (45) days after the first such person signs.

ARTICLE V BOARD OF DIRECTORS

Section 1. General Powers. The business and affairs of the Association shall be managed by a Board of Directors.

Section 2. Number, Term and Qualification. The number of directors of the Association shall be one (1) until such time as Declarant no longer has the power to appoint or elect all of the Directors of the Association, whether by relinquishment of that right pursuant to Section 8 of this Article V or by extinguishment of that right by virtue of the provisions of Section 2(b) of Article III of the Declaration, at which time the number of Directors shall be increased to five (5). At the first annual meeting after the termination of Declarant control as set forth above, the Members shall elect one director to serve for a term of one year, two directors to serve for a term of two years, and two directors to serve for a term of three years.

At each annual meeting thereafter, the Members shall elect the number of directors needed to fill the vacancy or vacancies created by the director or directors whose term(s) is (are) expiring, to serve for a term of three years (except in the case of the initial election of a director, in which case the term of that director may be shortened to provide for the staggering set forth in this Section, or in the case of the filling of a vacancy, in which case the director elected to fill the vacancy shall be elected for the unexpired term of the director whose vacancy is being filled).

The term of office of the directors shall be staggered so that, except for an election to fill a vacancy or to fill a newly-created directorship, the terms of not less than one (1) nor more than three (3) directors shall expire at each annual meeting. Each director shall hold office until his death, resignation, retirement, removal, disqualification, or his successor is elected and qualified. Directors need not be members of the Association.

The Members of the Association may, by a majority of the votes cast at any duly called annual or special meeting of the Members at which a quorum is present, increase or decrease the number of directors of the Association, provided, however, that the number of directors may not be increased to more than nine (9) nor decreased to less than five (5) without amendment of these Bylaws.

Section 3. Nomination. Nomination for election to the Board of Directors may be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting of the Members. 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 4. Election. Except as provided in Section 6 of this Article, the directors shall be elected at the annual meeting of the Members by secret written ballot. In such election, the Members or their proxies may cast, with respect to each vacancy, as many votes as they are entitled under the provisions of Article III of these Bylaws. The person(s) receiving the highest number of votes shall be elected. Neither cumulative voting nor fractional voting is permitted.

Section 5. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the Members present and entitled to vote at any meeting of the Members at which a quorum exists, provided, however, that the Members may not remove a director appointed by the Declarant as provided in Section 8 of Article V of these Bylaws.

Section 6. Vacancies. A vacancy occurring in the Board of Directors may be filled by the selection by the remaining directors of a successor, who shall serve for the unexpired term of his predecessor. The Members may elect a director at any time to fill any vacancy not filled by the directors.

Section 7. Compensation. No director shall receive compensation for any service he may render to the Association in the capacity of director. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 8. Declarant's Right to Appoint Directors. Notwithstanding any other provision of these Bylaws, until Class B Membership ceases to exist as provided in Section 2 of Article III of the Declaration, Declarant may, in its discretion, appoint and remove all of the directors of the Association. Declarant's intent to exercise or continue to exercise that right shall be set forth in the notice of each annual meeting of the Members.

ARTICLE VI MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held at least annually, without notice, and at such place and hour as may be fixed from time to time by resolution of the Board. Should the date of such meeting fall on 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.

Section 4. Informal Action by Directors. Any action which may be taken at a meeting of the Board of Directors may be taken without a meeting if written consent to the action so taken is signed by all the directors and filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

Section 5. Chairman. A Chairman of the Board of Directors shall be elected by the directors and shall preside over all Board meetings until the President of the Association is elected. Thereafter, the President shall serve as Chairman. In the event there is a vacancy in the office of the President, a Chairman shall be elected by the Board of Directors to serve until a new President is elected.

ARTICLE VII POWERS AND DUTIES OF THE BOARD OF DIRECTORS

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

(a) adopt and publish rules and regulations governing the use of the Common Area and the personal conduct of the Members and their guests thereon and establishing penalties for infractions thereof, adopt and publish rules and regulations interpreting and expanding upon the restrictions and covenants applicable to the Properties;

(b) suspend a Member's voting rights and his right to use the Recreational Amenities during any period in which he shall be in default in the payment of any assessment levied by the Association pursuant to Article V of the Declaration. Such rights may also be suspended after such notice and hearing as the Board, in its sole discretion, shall establish, for a period not to exceed 60 days, for infraction of the published rules and regulations of the Association;

(c) exercise for the Association all powers, duties and authority vested in or delegated to the Association by the Articles of Incorporation, these Bylaws, the Declaration or the Act, including, without limitation, Section 47F-3-102 thereof, and not reserved to the Members by other provisions of the same;

(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 without good cause;

(e) employ a manager and such other employees or independent contractors as it deems necessary and prescribe their duties, and contract with a management company to manage the operation of the Association. In the event that a contract is entered into with a management company, such contract must be terminable by the Board of Directors without cause or penalty on not more than ninety (90) days' notice and any management contract made with the Declarant shall be for a period not to exceed three years;

(f) employ attorneys, accountants and other persons or firms to represent the Association when deemed necessary;

(g) grant easements to any public or private agency, authority or utility for the installation and maintenance of sewage, utility (including CATV) or drainage facilities upon, over, under and across the property owned by the Association without the assent of the Members when such easements are necessary for the convenient use and enjoyment of the Properties;

(h) appoint and remove at pleasure all officers, agents and employees of the Association, prescribe their duties, fix their compensation, and require of them such security or fidelity bond as it may deem expedient; and

(i) adopt, publish and from time to time amend rules and regulations governing Recreational Membership in the Association.

The Board of Directors may, in its discretion, delegate any of its powers to a subcommittee of the Board, an officer of the Association, or a manager, agent or attorney employed by the Association, provided, however, that such delegation shall not relieve the Board of its obligation to ensure that the duties set forth in this Article VII are faithfully carried out or that the powers so delegated are appropriately exercised by such delegate.

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 at least 5 working days before such meeting by Members entitled to at least one-fourth (1/4) of the votes appurtenant to the Class A Lots;

(b) supervise all officers, agents and employees of the Association and 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 twenty (20) days before January 1 of each year;

(2) send written notice of such assessment to every Owner subject thereto at least ten (10) days before January 1 of each year; and

(3) establish and enforce procedures for collection of assessments and for filing and enforcement of liens for unpaid dues as provided in the Act.

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

(e) procure and maintain adequate liability insurance covering the Association in an amount not less than \$1,000,000.00 and full replacement value hazard insurance on the real and personal property owned by the Association;

(f) procure and maintain directors' and officers' liability insurance;

(g) cause the Common Area and all facilities erected thereon and any portions of any Lot for which the Association has maintenance responsibility to be maintained;

(h) establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of the improvements constructed on the Common Area;

(i) provide such notices to and obtain such consents from the owners and holders of first deeds of trust on Lots within the Properties as is required by the Declaration or these Bylaws;

(j) pay all ad valorem taxes and public assessments levied against the real and personal property owned in fee by the Association;

(k) hold annual and special meetings and elections for the Board of Directors;
and

(l) prepare annual budgets, and secure ratification thereof as provided in Section 8 of Article IV hereof, and financial statements for the Association and make same available for inspection by the Members and their agents at all reasonable times.

Section 3. Enforcement. In addition to such other rights as are granted in the Act, the Articles of Incorporation, the Declaration or these Bylaws, the Board of Directors shall have the

power, pursuant to the procedures set forth in this Section, to impose sanctions for violations by an Owner, a member of his family, or any occupant, tenant, employee, guest or invitee of the Owner, of the Declaration, these Bylaws, rules and regulations adopted Association or the Restrictive Covenants applicable to the Properties (hereinafter individually and collectively referred to as the "Rules"), which sanctions may include, but are not limited to, reasonable monetary fines, not to exceed the greater of the costs actually incurred by the Association in abating such violation including, without limitation, attorney's fees, or \$10.00 per day, or part thereof, in which the violation continues to exist for a first violation, \$25.00 per day for a second violation of the same rules or regulations, and \$100.00 per day for a third or subsequent violation, and which fines shall constitute a lien upon the Lot of the Owner, and suspension of the right to vote and the right to use the Recreational Amenities. In addition, the Board may suspend any services provided by the Association to an Owner or the Owner's Lot if the Owner is delinquent in paying any assessment or other charges owed to the Association. The failure of the Board to enforce any of the Rules shall not be deemed a waiver of the right to do so thereafter.

(a) Notice. Before imposition of any sanction, the Board or its delegate shall give the Owner written notice describing: (i) the nature of the alleged violation; (ii) the proposed sanction to be imposed; (iii) a period of not less than 10 days within which the Owner may present a written request for a hearing; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a request for a hearing is received by the Board before the end of the period set forth in such notice (the "Notice Period"). Such notice may be hand delivered by any person or sent by certified mail, return receipt requested. Any notice hand delivered shall be deemed received when received by the Owner or by any person more than 18-years old who is present at the address of the Owner as shown on the records of the Association. Notice sent by certified mail shall be deemed received on the third business day after same is deposited in the United States Mail. The Board shall include in its minutes evidence of the giving of such notice, including a copy of the notice and a statement of the date and manner of delivery signed by the officer, director or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator or its representative appears at the meeting, unless the appearance is made to protest the lack of notice.

If a request for a hearing is not received before the end of the Notice Period, the sanction stated in the notice shall be imposed; provided, however, that the Board may waive any proposed sanction if the violation is cured before the end of the Notice Period. Such waiver shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any person.

(b) Hearing. If a hearing is timely requested, the hearing shall be held by the Board in executive session or by a committee of not less than three (3) Members (who may or may not be Directors of the Association) appointed by the Board for the purpose of hearing such appeals. The Owner shall be afforded a reasonable opportunity to be heard. A written statement of the results of the hearing and the sanctions, if any, imposed, shall be placed in the minutes of the Board and a copy of such statement shall be provided to the Owner in the same manner as the notice required by subsection (a) of this Section 3.

If the hearing was held before a subcommittee appointed by the Board, the Owner shall have the right to appeal the decision to the Board by giving a written notice of appeal to the President or Secretary of the Association within ten (10) days after receiving a copy of the written statement of the results of the hearing. If such notice of appeal is given, the Board shall schedule and notify the Owner of the date of the appeal hearing, which shall be not less than five (5) nor more than fifteen (15) days after notice of appeal is given, and which must be attended by not less than 75% of the members of the Board. The Owner shall be afforded a reasonable opportunity to be heard. The Board may, by majority vote of the Directors present at such appeal hearing, affirm, modify or reverse the decision of the subcommittee. A written statement of the results of the appeal hearing and the sanctions, if any, imposed, shall be placed in the minutes of the Board and a copy of same shall be provided to the Owner in the same manner as the notice required by subsection (a) of this Section 3.

(c) Additional Enforcement Rights. Notwithstanding anything to the contrary in this Article, the Board may elect to enforce any provision of the Rules, without the necessity of compliance with the notice and hearing procedures set forth herein, by self-help methods (specifically including, but not limited to, the towing of Owner and tenant vehicles parked in violation of parking rules) or by action at law or in equity to enjoin any violation or to recover monetary damages or both. In any such action, to the maximum extent permissible, the Association shall be entitled to recover all costs of such action, including reasonable attorney's fees incurred. Any entry onto any Lot for purposes of exercising this power of self-help shall not be deemed as trespass.

ARTICLE VIII OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of the Association shall be a President, who shall at all times be a member of the Board of Directors, a Secretary, a Treasurer, and such Vice President(s) and other officers as the Board may from time to time by resolution appoint.

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 the Association shall be elected annually by the Board and each shall hold office for one (1) year unless they shall sooner resign, be removed, or be 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 by 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 the Board. The person appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. 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. Notwithstanding the foregoing, the offices of Secretary and Treasurer may be held by the same person.

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

(a) President. The President shall: preside at all meetings of the Board of Directors and of the Members; see that orders and resolutions of the Board are carried out; sign all leases, promissory notes, mortgages, deeds and other written instruments; with the Secretary, prepare, execute, certify and record amendments to the Declaration approved by the Members as provided therein; and, in the absence of the Treasurer, sign all checks.

(b) Vice President. 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.

(c) Secretary. 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 a seal; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association and their addresses; with the President, prepare, execute, certify and record amendments to the Declaration approved by the Member as provided therein; and perform such other duties as required by the Board.

(d) Treasurer. The Treasurer shall: receive and deposit in appropriate bank accounts all funds of the Association and disburse such funds as directed by resolution of the Board of Directors; keep proper books of account; issue, or cause to be issued, all requested certificates setting forth whether the assessments applicable to a specific Lot have been paid; cause an annual audit of the Association books to be made by an independent public accountant at the completion of each fiscal year; 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; and, if directed by resolution of the Board of Directors, sign all checks of the Association.

ARTICLE IX COMMITTEES

The Board of Directors of the Association shall appoint a Nominating Committee as provided in Section 3 of Article V of these Bylaws. The Board of Directors may appoint an architectural committee and such other committees as it deems necessary to carry out the affairs of the Association.

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 or his agent. The Declaration, the Articles of Incorporation and the Bylaws 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 Article V of the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the Lot against which the assessment is made.

ARTICLE XII MISCELLANEOUS

Section 1. Corporate Seal. The Association shall have a seal in a circular form having within its circumference the words: Riverside Community Association, Inc.; and such seal, as impressed in the margin hereof, is hereby adopted as the corporate seal of the Association.

Section 2. Amendments. Except as otherwise provided herein, these Bylaws may be amended or repealed and new bylaws adopted at any regular or special meeting of the Board of Directors by the affirmative vote of a majority of the directors then holding office.

These Bylaws may also be amended or repealed and new bylaws adopted at any regular or special meeting of the Members, by the affirmative vote of two-thirds of the votes cast at such meeting, subject to normal quorum requirements, except that the Federal Housing Administration or the Veterans Administration shall have the right to veto amendments while there is Class B membership.

No bylaw adopted or amended by the Members shall be amended or repealed by the Board of Directors, except to such extent that such bylaw expressly authorizes its amendment or repeal by the Board of Directors.

Section 3. Conflicts. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control. In the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

Section 4. Indemnification.

(a) Any person who at any time is serving or has served as a director, officer, employee or agent of the Association, or who is serving or has served in any such capacity at the request of the Association in any other corporation, partnership, joint venture, trust or other enterprise or, at the request of the Association, as a trustee or administrator under any employee benefit plan, shall be indemnified by the Association to the fullest extent permitted by law, including specifically the indemnification provided by the provisions of the North Carolina Nonprofit Corporation Act, including but not limited to indemnification against (i) reasonable expenses, including attorneys' fees actually and necessarily incurred by him in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, and whether or not brought by or on behalf of the Association, seeking to hold him liable by reason of the fact that he is or was acting in such capacity, and (ii) reasonable payments made by him in satisfaction of any judgment, money decree, fine penalty or settlement for which he may become liable in any such action, suit or proceeding.

The Board of Directors of the Association shall take all such action as may be necessary and appropriate to authorize the Association to pay the indemnification required by the provisions of this Section 4(a), including without limitation, to the extent needed, making a good faith evaluation of the manner in which the claimant for indemnity acted and of the reasonable amount of indemnity due him and if required, giving notice to, and obtaining approval by, the Members of the Association.

Any person who at any time serves or has served in any of the aforesaid capacities for, on behalf of, or at the request of the Association shall be deemed to be doing or to have done so in reliance upon, and as consideration for, the right of indemnification provided under this Section 4(a). Such right shall inure to the benefit of the legal representatives of any such person and shall not be exclusive of any other rights to which such person may be entitled apart from the provisions of these Bylaws.

If the North Carolina Nonprofit Corporation Act is subsequently amended to eliminate or further limit the personal liability of directors or to authorize corporate action to eliminate or further limit such liability, then the liability of the directors of this Association shall, without any further action of the Board of Directors or the Members of the Association, be eliminated or limited to the fullest extent permitted by the North Carolina Nonprofit Corporation Act as so amended.

(b) The Association shall have the power to purchase and maintain insurance on behalf of any person who is serving or has served as a director, officer, employee or agent of the Association, or who is serving or has served in any such capacity at the request of the Association in any other corporation, partnership, joint venture, trust or other enterprise or, at the request of the Association, as a trustee or administrator under any employee benefit plan against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such, whether or not the Association would otherwise have the power to indemnify him against such liability.

(c) In addition to the indemnification authorized under the provisions of Sections 4(a) and 4(b) of this Article XII and under the provision of the North Carolina Nonprofit Corporation Act, the Association, acting pursuant to a resolution adopted by its Board of Directors, may by contract agree to indemnify any person who at any time is serving or has served as a director, officer, employee or agent of the Association, or in any such capacity at the request of the Association in any other corporation, partnership, joint venture, trust or other enterprises or, at the request of the Association, as a trustee or administrator under any employee benefit plan, against liability and reasonable litigation expenses, including attorneys' fees, arising out of his status as such or his activities in any of the foregoing capacities before or after the date on which the contract is executed; PROVIDED HOWEVER, that the Association may not agree under any such contract to indemnify any such person against any liability or litigation expense he may incur in relation to matters as to which he shall have been adjudged in such action, suit or proceeding to have acted in bad faith or to have been liable or guilty by reason or willful misconduct in the performance of duty.

(d) Any repeal or modification of the foregoing provisions of this Section 4 shall not affect any rights or obligations then existing with respect to any state of facts then or therefore or thereafter brought based in whole or in part on any such state of facts.

(e) This Section is intended to provide indemnification solely for actions taken by a person in his/her capacity as an officer or director of the Association. Nothing herein shall be deemed to provide indemnification to any person for any liability that may result from that person's ownership of property within the Properties.

Section 5. Fiscal Year. 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.

Section 6. Gender. Any use of the masculine gender in these Bylaws shall be construed to include the feminine gender. Any use of the singular shall be construed, as appropriate, to include the plural.

ARTICLES OF INCORPORATION
OF THE
RIVERSIDE COMMUNITY ASSOCIATION, INC.

CORP ID # 0508324
FILED
1:31 PM
OCT 0 5 1999

Effective
ELAINE F. MARSHALL
SECRETARY OF STATE
NORTH CAROLINA

In compliance with the requirements of Chapters 47F and 55A of the North Carolina General Statutes, the undersigned, a natural person of full age, has this day executed these Articles of Incorporation for the purpose of forming a non-profit corporation and hereby certifies as follows:

ARTICLE I
NAME

The name of the corporation is the **RIVERSIDE COMMUNITY ASSOCIATION, INC.** (hereinafter the "Association").

ARTICLE II
REGISTERED OFFICE AND INITIAL AGENT; PRINCIPAL OFFICE

The registered office of the Association is located at 7B Corporate Center Court, Greensboro, Guilford County, North Carolina 27408. The name of the initial registered agent at such address is Richard M. Westmoreland, Jr. The initial principal office of the Association is located at 7B Corporate Center Court, Greensboro, Guilford County, North Carolina 27408.. The location of the registered and the principal office of the Corporation may be changed by a majority vote of the Board of Directors.

ARTICLE III
PURPOSE AND POWERS OF THE ASSOCIATION

The Association does not contemplate a pecuniary gain or profit to the Members thereof. The specific purposes for which the Association is formed are to own and maintain certain Common Area (as that term is defined in that certain Declaration Of Covenants, Conditions And Restrictions For The Riverside Community Association, Inc., to be recorded in the Wake County Registry, as from time to time amended, said document, together with all amendments thereto, if any, being hereinafter referred to as the "Declaration") within the subdivision known as RIVERSIDE (hereinafter the "Subdivision"), and for these purposes, to:

(a) exercise all powers and privileges and to perform all of the duties and obligations of the Association as set forth in the Declaration and in the North Carolina Planned Community Act, N.C.G.S. Chapter 47F (hereinafter the "Act") ;

(b) fix, levy, collect and enforce payment by any lawful means, all charges or assessments made pursuant to the terms of the Declaration;

(c) pay all expenses incurred in connection with collection of the charges and assessments set forth in subparagraph (b) above, and pay all office and other expenses incident to the conduct of the business of the Association, including all taxes, licenses and other governmental charges levied or imposed against property owned by the Association;

(d) acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain and, subject to the provisions of the Raleigh City Code and of subparagraph (f) below, convey, sell, lease, transfer, dedicate for public use, or otherwise dispose of real or personal property in connection with the affairs of the Association;

(e) borrow money and, with the assent of Members entitled to at least 80% of the votes of the entire membership of the Association and at least two-thirds (2/3) of the votes appurtenant to each Class of Lots (as defined in Article III, Section 2 of the Declaration), mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, provided that the rights of any such lender or mortgagee shall be subordinate to the property rights of the Members and the Association as provided in Article IV of the Declaration;

(f) dedicate, sell 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 upon by the Members. No such dedication or transfer shall be effective unless the Members entitled to at least 80% of the votes of the entire membership of the Association and at least three-fourths (3/4) of the votes appurtenant to each Class of Lots agree to such dedication, sale or transfer and signify their agreement by a signed and recorded document. Nothing herein shall be deemed to prohibit the Board of Directors of the Association, without consent of the Members, from granting easements over and across the Common Area to any public agency, authority or utility for the installation and maintenance of sewerage, utility (including CATV) or drainage facilities when, in the opinion of the Board, such easements are necessary for the convenient use and enjoyment of the Properties (as defined in the Declaration). Notwithstanding anything herein to the contrary, the Common Area shall be preserved to the perpetual benefit of the owners of Lots within the Subdivision and shall not be conveyed except to the City of Raleigh or another non-profit corporation organized for similar purposes;

(g) as provided by and consistent with the provisions of Section 10-3073(a)(2) of the Raleigh City Code, as same may be amended from time to time, exchange all or part of the Common Area for other property and consideration of like value and utility, which exchange shall be approved by the City of Raleigh Planning Director;

(h) participate in mergers or consolidations with other non-profit corporations organized for the same or similar purposes, provided that any such merger or consolidation shall have the consent of the Members as provided in subparagraph (f) above, and the Raleigh City Attorney or his deputy; and

(i) have and exercise any and all powers, rights and privileges which a corporation organized under the Non-Profit Corporation Act of the State of North Carolina by law may now or hereafter have or exercise.

ARTICLE IV FINANCE

The Association is a non-stock corporation and no part of the profits, if any, of the Association shall inure to the pecuniary benefit of its Members, or any of them, or to any other person.

ARTICLE V MEMBERSHIP AND VOTING RIGHTS

Every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject by the Declaration to assessment by the Association, including contract sellers, shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association.

The voting rights of the Members shall be provided in the Declaration and By-Laws of the Association.

ARTICLE VI MANAGEMENT

The affairs of the Association shall be managed by an initial Board of one (1) Director. The person who is to act in the capacity of Director until the selection of his successors are:

Name

Address

Richard M. Westmoreland, Jr.

7B Corporate Center Court
Greensboro, NC 27408

The number of directors of the Association shall be one (1) until the first annual meeting of the Association, at which time the number of Directors shall be increased to five (5). At the first annual meeting, the Members shall elect one Director to serve a term of one year, two Directors to serve a term of two years, and two Directors to serve a term of three years.

At each annual meeting thereafter, the Members shall elect the number of directors needed to fill the vacancy or vacancies created by the Director of Directors whose term(s) is(are) expiring, to serve for a term of three years (except in the case of the initial election of a Director, in which case the term of that Director may be shortened to provide for the staggering set forth in this Article, or in the case of the filling of a vacancy, in which case the Director elected to fill the vacancy shall be elected for the unexpired term of the Director whose vacancy is being filled).

The term of office of the Directors shall be staggered so that, except for an election to fill a vacancy or to fill a newly-created directorship, the terms of not less than one nor more than three Directors shall expire at each annual meeting. Each Director shall hold office until his death, resignation, retirement, removal or disqualification, or until his successor is elected and qualified. Directors need not be Members of the Association.

The Members of the Association may, by a majority of the votes cast at any duly called annual or special meeting of the Members at which a quorum is present, increase or decrease the number of directors of the Association, provided, however, that the number of directors shall not be increased to more than nine (9) or decreased to less than five (5) without amendment of the By-Laws of the Association.

ARTICLE VII DISSOLUTION

The Association may be dissolved only upon the signed written assent of both Members entitled to at least 80% of the votes of the entire membership of the Association and at least three-fourths (3/4) of the votes appurtenant to each Class of Lots and the Raleigh City Attorney or his deputy. Upon dissolution, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which the Association was created. In the event that such dedication is not accepted, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization devoted to similar purposes. Notwithstanding anything herein to the contrary, the Common Area shall be preserved to the perpetual benefit of the owners of Lots within the Subdivision and shall not be conveyed except to the City of Raleigh or another non-profit corporation organized for similar purposes.

**ARTICLE VIII
DURATION**

The period of existence of the Association is perpetual.

**ARTICLE IX
AMENDMENTS**

Amendment of these Articles shall require the assent of Members entitled to at least eighty percent (80%) of the votes of the entire membership.

**ARTICLE X
FHA/VA APPROVAL**

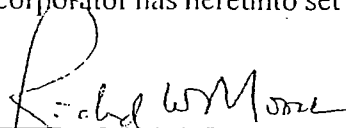
As long as there is Class B membership, the following actions require the prior approval of the Federal Housing Administration or the Secretary of Veterans Affairs: annexation of additional property, mergers or consolidation, dissolution, mortgaging of Common Area, dedication or otherwise deeding of Common Area to persons other than the Association, and amendment of these Articles of Incorporation.

**ARTICLE XI
INCORPORATOR**

The name and address of the incorporator are as follows:

Richard W. Moore	3716 National Drive, Suite 100
	Raleigh, North Carolina 27612

IN WITNESS WHEREOF, the undersigned incorporator has hereunto set his hand and seal, this the 24th day of September, 1999.



Richard W. Moore INCORPORATOR (Seal)

STATE OF NORTH CAROLINA -- WAKE COUNTY:

I, SARA YORGENSEN, a Notary Public for said County and State, do hereby certify that Richard W. Moore personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and official stamp or seal, this the 24th day of September, 1999.

Sara Yorgensen
Notary Public
My commission expires: 10-23-01

Drawn by and HOLD FOR:
PERRY, PATRICK, FARMER & MICHAUX, PA (rm)

Wake County, NC 579
Laura M Riddick, Register Of Deeds
Presented & Recorded 11/22/1999 11:39:45
Book : 002455 Page : 02151 - 02179

DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR THE
RIVERSIDE COMMUNITY ASSOCIATION, INC.

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DECLARATION
OF
COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR THE
RIVERSIDE COMMUNITY ASSOCIATION, INC.

THIS DECLARATION is made on the date hereinafter set forth by ROBERT C. RHEIN INTERESTS, INC., a North Carolina corporation (hereinafter referred to as "Declarant"):

WITNESSETH:

WHEREAS, Declarant is the owner of approximately 293.6 acres of land located in the City of Raleigh, Neuse Township, Wake County, North Carolina, which is a portion of the property acquired by Declarant in the deed recorded in Book 8277, Page 1112, Wake County Registry;

WHEREAS, Declarant desires to develop within such property a subdivision, to be known as RIVERSIDE (herein sometimes referred to as "Riverside" or the "Community"), containing single-family dwellings, and such other uses as may be consistent with the zoning of property;

WHEREAS, Declarant desires to provide for the maintenance and upkeep of certain common area within the Community, to provide for enforcement of covenants and restrictions applicable to the Community and to provide a vehicle for ensuring that storm water drainage systems and facilities within the Community are properly maintained, and, to that end, desires to subject the property within the Community to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of said property and each owner thereof;

WHEREAS, Declarant has deemed it advisable to create an organization to own, maintain and administer certain common area, to administer and enforce covenants and restrictions applicable to the Community, and to collect and disburse the assessments and charges hereinafter created, and Declarant has therefore incorporated under North Carolina law as a nonprofit corporation, the RIVERSIDE COMMUNITY ASSOCIATION, INC., for the purpose of exercising the aforesaid functions;

NOW, THEREFORE, Declarant hereby declares that the real property described in EXHIBIT A attached hereto and made a part hereof and such additions thereto as may hereafter be made pursuant to Article II hereof, is and shall be owned, held, transferred, sold, conveyed, used and occupied subject to the covenants, conditions, restrictions, easements, charges and liens set forth in this Declaration, which shall run with the real property and be binding on all parties owning any right, title or interest in said real property or any part thereof, their heirs, personal representatives, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I DEFINITIONS

Section 1. "Act" shall mean and refer to Chapter 47F of the North Carolina General Statutes, known as the North Carolina Planned Community Act.

Section 2. "Association" shall mean and refer to the RIVERSIDE COMMUNITY ASSOCIATION, INC., a North Carolina nonprofit corporation, its successors and assigns.

Section 3. "Common Area" shall mean and refer to the real property, together with any improvements thereon, owned by the Association, whether in fee or by easement, for the common use and enjoyment by the Owners of Lots within the Properties, and including, but not limited to, open space, the Recreational Amenities (as hereinafter defined), any other recreational facilities located on Common Area, pedestrian access easements, and the area within any storm water easements and the facilities constructed therein and which serve more than one Lot and are not maintained by any governmental authority. The Common Area shall be maintained by the Association or its successors in interest unless dedicated to public use as set forth herein and such dedication is accepted by a governmental authority. Common Area also includes water and sewer lines which serve more than one Lot and are not located within a City of Raleigh utility easement or a public street right-of-way.

Section 4. "Declarant" shall mean and refer to ROBERT C. RHEIN INTERESTS, INC., a North Carolina corporation. It shall also mean and refer to any person, company or entity to whom or which Declarant shall assign or delegate the rights and obligations of Declarant by an assignment of Declarant's rights recorded in the Wake County Registry.

Section 5. "Lot" shall mean and refer to any plot of land, with delineated boundary lines, shown on any recorded subdivision map of the Properties, with the exception of Common Area owned in fee by the Association, and any public street rights-of-way shown on such recorded map. In the event that any Lot is increased or decreased in size by recombination or resubdivision through recordation of new subdivision plats, any newly-platted lot shall thereafter constitute a Lot.

Section 6. "Member" shall mean and refer to every person or entity who or which holds membership in the Association, except Recreational Members.

Section 7. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title to any Lot which is a part of the Properties, including contract sellers and owners of an equity of redemption, but excluding those having an interest in a Lot solely as security for the performance of an obligation.

Section 8. "Properties" shall mean and refer to the "Existing Property" described in Exhibit A to this Declaration and any additional property annexed pursuant to Article II of this Declaration.

Section 8. "Recreational Amenities" shall mean that portion of the Common Area on which a swimming pool, tennis courts, and associated parking and other improvements have been constructed for the exclusive use of the Class A Members.

Section 9. "Recreational User" shall mean and refer to each person who, subject to rules, regulations and fees adopted by the Board of Directors of the Association, has been granted the right to use the Recreational Amenities. A Recreational User shall have no right to vote on any matter pending before the Association.

Section 10. "Unit" and "Dwelling" shall mean and refer to any building or portion thereof within the Properties which is designated and intended for use an occupancy as a residence by a single family, whether by the Owner(s) of such Unit or by tenants or lessees of the Owner(s) thereof.

ARTICLE II
PROPERTY SUBJECT TO THIS DECLARATION
AND WITHIN THE JURISDICTION OF
THE RIVERSIDE COMMUNITY ASSOCIATION, INC.

Section 1. Existing Property. The real property which is and shall be held, transferred, sold, conveyed, used and occupied subject to this Declaration, and which is within the jurisdiction of the Association, is described on Exhibit A attached hereto.

Section 2. Annexation of Additional Property.

(a) Annexation by the Declarant. At any time prior to December 31, 2006, additional land within the property described in Exhibit B to this Declaration (hereinafter the "Exhibit B Property") may be annexed by the Declarant without the consent of the Members and therefore become subject to this Declaration by the recording by Declarant of a plat showing such property to be annexed and of a supplementary declaration extending the operation and effect of this Declaration to the property to be annexed. Any or all of the Exhibit B Property may be annexed and subjected to this Declaration as one parcel or as several parcels at different times.

(b) Conditions of Annexation. Any property to be annexed pursuant to this Section 2 must be contiguous to property already subject to this Declaration and must be approved by the City of Raleigh and, if required, by the Federal Housing Administration and/or Veterans Administration. The supplementary declaration shall be approved by the Raleigh City Attorney or his/her deputy prior to recordation. The addition of such property pursuant to this Section may increase the cumulative number of Lots within the Properties and, therefore, may alter the relative maximum voting strength of the various types of Members.

Section 3. Conveyance of Common Area in Annexed Property. Prior to the conveyance of the first Lot within any newly annexed property to an Owner, the owner of the annexed property shall convey to the Association all Common Area located within the newly annexed property. Title to such Common Area shall be conveyed in the same manner as set forth in Section 3 of Article IV of this Declaration.

Section 4. Density. The current zoning classification of the Properties is TD, which means that the maximum number of units per acre within the Subdivision without rezoning the property to another zoning classification is 40 lots per acre, or a total of 11,744 lots, based on the total acreage within the Exhibit A and Exhibit B properties. However, the Subdivision was approved as a cluster unit development, which limits lot sizes outside of townhouse developments to a minimum of 2,750 square feet.

ARTICLE III MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Every Owner of a Lot which is subject to assessment by the Association 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. The Class A Members shall be the Owners of Class A Lots. The Declarant shall be the Class B Member.

Section 2. Voting Rights. The voting rights of the membership shall be appurtenant to the ownership of the Lots and may not be separated from ownership of any Lot.

There shall be two classes of Lots with respect to voting rights:

(a) Class A Lots. Class A Lots shall be all Lots except Class B Lots (as hereinafter defined). When more than one person owns an interest (other than a leasehold or security interest) in any Lot, all such persons shall be Members and the voting rights appurtenant to their Lot shall be exercised as they, among themselves, determine; but fractional voting shall not be allowed, and in no event shall more than one vote be cast with respect to any Lot. Class A Members shall be entitled to one (1) vote for each Lot owned.

(b) Class B Lots. Class B Lots shall be all Lots owned by the Declarant and any North Carolina licensed general contractor (a "builder") who purchases a Lot from the Declarant for the purpose of constructing a Dwelling thereon. Subject to the provisions of this subsection, Declarant, as the Class B Member, shall be entitled to three (3) votes for each Lot that it owns, and each builder shall have three (3) votes for each Class B Lot that it owns.

Class B Lots shall cease to exist and shall be converted to Class A Lots upon the earlier of the following to occur:

(1) When the total number of votes held by the Class A Members equals the total number of votes held by the Class B Member and the builders; provided, however, that, if Class B Membership is terminated pursuant to this subsection, Declarant may acquire additional votes and thereby be reinstated with all rights, privileges and responsibilities of Class B Membership if additional Lots within the Properties are formed by the subsection to this Declaration of new Lots as set forth in Article II hereof, thus making Declarant and the builders the Owners, by virtue of its ownership of the newly-annexed Lots and of other Lots owned by Declarant and the builders, of a sufficient number of votes (at the 3-to-1 ratio) to cast a majority of votes (it being hereby stipulated that the termination and rejuvenation of Class B Membership shall occur automatically as often as the foregoing facts shall occur); or

(2) on December 31, 2006.

When Class B Lots ceases to exist, Declarant and the builders shall have the same voting rights as other Owners of Class A Lots.

Section 3. Leased Units. If any Unit within the Properties is leased or rented to tenants, the vote as expressed by the Owners of such rented Units shall not be entitled to any weight greater than forty-nine (49) percent on any matter pending before the Association.

An Owner may lease or sublet his/her Unit; however, any lease or sublease must be for at least six (6) months, in writing and contain substantially the following provision:

"Tenant shall obey, adhere to and be bound by all provisions of the Declaration Of Covenants, Conditions And Restrictions For The Riverside Community Association, Inc., recorded in the Wake County Registry. Tenant acknowledges that he/she/they has/have received of a copy such Declaration and the rules and regulations of the Association and is familiar with the provisions of same."

If an Owner fails to include said provision in any lease or sublease, it shall be conclusively deemed to be included and part of said lease or sublease. Owner shall furnish the Association a copy of any leases or subleases of his/her Unit.

ARTICLE IV PROPERTY RIGHTS

Section 1. Owners' Easements of Enjoyment and Access. Except as limited by the provisions of this Section 1 and by the rules and regulations adopted by the Members and/or the Board of Directors of the Association, every Owner shall have a right and easement of enjoyment in, use of and access to, from, and over the Common Area, which right and easement shall be appurtenant to and shall pass with title to every Lot, subject to:

(a) subject to the provisions of the Raleigh City Code, the right of the Association to charge reasonable admission and other fees for the use of any recreational facilities hereafter situated or constructed on the Common Area and to limit the use of such facilities to Owners who occupy a residence on the Properties and to their families, tenants and guests, as provided in Section 2 of this Article IV.

(b) the right of the Association to suspend the voting rights of an Owner for any period during which any assessment against his Lot remains unpaid, or for a period not to exceed sixty (60) days for any infraction of the published rules and regulations of the Association.

(c) the right of the Association to dedicate, sell 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 upon by the Members. No such dedication or transfer shall be effective unless the Members entitled to at least 80% of the votes of the entire membership of the Association and at least three-fourths (3/4) of the votes appurtenant to each Class of Lots agree to such dedication, sale or transfer and signify their agreement by a signed and recorded document. Nothing herein shall be deemed to prohibit the Board of Directors of the Association, without consent of the Members, from granting easements over and across the Common Area to any public agency, authority or utility for the installation and maintenance of sewerage, utility (including CATV) or drainage facilities when, in the opinion of the Board, such easements are necessary for the convenient use and enjoyment of the Properties. Notwithstanding anything herein to the contrary, the Common Area shall be preserved to the perpetual benefit of the owners of Lots within the Subdivision and shall not be conveyed except to the City of Raleigh or another nonprofit corporation organized for similar purposes;

(d) the right of the Association to borrow money and, with the assent of Members entitled to at least 80% of the votes of the entire membership of the Association and at least two-thirds (2/3) of the votes appurtenant to each Class of Lots (as defined in Article III, Section 2 of the Declaration), mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, provided that the rights of any such lender or mortgagee shall be subordinate to the property rights of the Members and the Association as provided in Article IV of the Declaration.

(e) the right of the Association, as provided by and consistent with the provisions of Section 10-3073(a)(2) of the Raleigh City Code as same may be amended from time to time, exchange all or part of the Common Area for other property and consideration of like value and utility, which exchange shall be approved by the City of Raleigh Planning Director. In any instance in which approval of the Members is required for an exchange, such approval may be given by the affirmative vote of a majority of the Members present and voting at a meeting of the Members called, at least in part, for the purpose of approving such exchange.

Section 2. Delegation of Use.

(a) Family. The right and easement of enjoyment and access granted to every Owner by Section 1 of this Article may be exercised by members of the Owner's family who occupy the residence of the Owner within the Properties as their principal residence in Wake County, North Carolina.

(b) Tenants. The right and easement of enjoyment and access granted to every Owner by Section 1 of this Article may be delegated by such Owner to his tenants or contract purchasers who occupy a residence within the Properties, or a portion of said residence, as their principal residence in Wake County, North Carolina.

(c) Guests. The right and easement of enjoyment and access granted to every Owner by Section 1 of this Article may be delegated to guests of such Owners, tenants or contract purchasers, subject to such rules and regulations as may be established by the Board of Directors.

(d) Suspension of Rights. The rights of any delegate of an Owner shall be suspended by, upon and during suspension of such Owner's rights as provided in Article IV, Section 1(b) and in Article IX, Section 9 of this Declaration.

Section 3. Conveyance of Title To The Association. Declarant covenants, for itself, its successors and assigns, that it will convey title to the Common Area within each phase or section of the Community to the Association prior to the conveyance of the first Lot within such phase or section to an Owner. Declarant reserves an easement over and across the Common Area so long as it owns any Lots within the Properties for the purpose of constructing any improvements on the Common Area as it deems necessary or advisable, provided that any such improvements must comply with the requirements of the Raleigh City Code. Except as otherwise stated herein, all conveyances by Declarant to the Association shall be free and clear of all encumbrances and liens, except greenway, utility, and drainage easements of record or shown on the recorded plats of the Community. Any improvements placed on the Common Area by Declarant shall become the property of the Association upon completion of such improvements.

Section 4. Regulation and Maintenance of Common Area and Common Area Easements. It is the intent of the Declarant that the Common Area be preserved to the perpetual benefit of the Owners within the Community. Additionally, Declarant will, in some instances, reserve on a recorded plat or grant to the Association an easement over and across that portion of any Lot on which a Common Area easement lies.

(a) Rights and Responsibilities of the Lot Owners as to Common Area Easements. Each Owner of a Lot upon which a Common Area easement lies shall pay all property taxes and other assessments levied against his Lot, including that portion of such tax or assessment as is attributable to such Common Area easement. Notwithstanding any other provision of this Declaration, no Owner or other person shall, without the prior written consent of the Association:

(1) remove any trees or vegetation within a Common Area easement; (2) erect gates, fences, or other structures on a Common Area easement; (3) place any garbage receptacles on or in a Common Area easement; (4) fill or excavate a Common Area easement or any part thereof; or (5) plant vegetation or otherwise restrict or interfere with the use, maintenance and preservation of a Common Area easement.

(b) Rights and Responsibilities of the Association as to Common Area. The Association shall have the right and obligation to ensure that the Common Area is preserved to the perpetual benefit of the Owners within the Community, to that end, shall: (i) maintain the Common Area in its natural or improved state, as appropriate, and keep it free of impediments to its free use by the Owners within the Community; (ii) procure and maintain adequate liability insurance, in an amount not less than \$1,000,000.00, covering the Association and its Members, Directors and officers, against any loss or damage suffered by any person, including the Owner of the Lot upon which Common Area lies, resulting from use of the Common Area; and (iii) pay all property taxes and other assessments levied against all Common Area owned in fee by the Association.

(c) Association's Right of Entry. The Association and the employees, agents, contractors and subcontractors, shall have a nonexclusive right and easement at all times to enter upon any portion of a Lot reserved or designated as a Common Area easement for the purposes of: (i) installing and maintaining entrance signage and other signage, any and all of which shall have been approved by the City of Raleigh prior to installation; (ii) making such improvements to the Common Area easement as have been approved by the Association and, if required, by the City of Raleigh; and (iii) maintaining the Common Area easement in its natural or improved state, including, without limitation, removal of fallen trees and other debris and, in general, keeping the easement area free from obstructions and impediments to its use.

ARTICLE V COVENANT FOR MAINTENANCE ASSESSMENT

Section 1. Creation of the Lien and Personal Obligation of Assessments. Declarant, for each Lot that it owns 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 annual assessments and special assessments, such assessments to be established and collected as hereinafter provided. All assessments which are unpaid when due, together interest and late charges set forth in Section 8 of this Article V and all costs of collection, including reasonable attorney's fees, shall be a charge on the land and, as provided in Section 47F-3-116 of the Act, shall be a continuing lien upon the Lot against which such assessment is made. Each such assessment or charge, together with interest and costs of collection, including reasonable attorney's fees, shall also be the personal or corporate obligation of the person(s), firm(s) or corporation(s) owning such Lot at the time when the assessment fell due, but such personal obligation shall not be imposed upon such Owner's successors in title unless expressly assumed by them. Although unpaid assessments and charges are not the personal obligation of such

Owner's successors in title unless expressly assumed by them, the unpaid assessments and charges shall continue to be a lien upon the Lot against which the assessment or charge was made.

Any monetary fine imposed against an Owner pursuant to Section 3 of Article VII of the By-Laws Of The Riverside Community Association, Inc., shall constitute a lien against the Lot of such Owner to the same extent as if such fine were an assessment against such Lot.

Section 2. Purposes of Assessments. The assessments levied by the Association shall be used to promote the recreation, health, safety and welfare of the residents of the Properties and, in particular, for: (i) acquisition, improvement, and maintenance of properties, services and facilities related to the use and enjoyment of the Common Area; (ii) repair and reconstruction of improvements on the Common Area, including storm water infiltration devices and other storm water drainage facilities constructed on or serving the Properties, including, but not limited to, the cost of repair, replacement and additions thereto and the cost of labor, equipment, materials, management and supervision thereof; (iii) maintenance of street islands; (iv) payment of taxes and public assessments levied against the Common Area owned by the Association in fee; (v) procurement and maintenance of insurance in accordance with the Section 4(b) of Article IV and Section 8 of Article IX of this Declaration; (vi) employment of attorneys, accountants and other persons or firms to represent the Association when necessary; (vii) payment of principal and interest on funds borrowed for Association purposes; (viii) the charges for utilities used in connection with the Common Area; and (ix) such other needs as may arise.

Section 3. Maximum Annual Assessment. Until January 1, 2001, the Maximum Annual Assessment shall be \$396.00 for each Class A Lot. Subject to the provisions of Section 4, below, the Maximum Annual Assessment for a Class B Lot shall be one-fourth (1/4) of the assessment for Class A Lots.

(a) From and after January 1, 2001, the Maximum Annual Assessment may be increased by the Board of Directors effective January 1 of each year without a vote of the membership, but subject to the limitation that the percentage of any such increase shall not exceed 10% of the Maximum Annual Assessment for the previous year unless such increase is approved as set forth in Section 3(b), below.

(b) From and after January 1, 2001, the Maximum Annual Assessment for Class A Lots may be increased without limitation if such increase is approved by the Class B Members, if any, and not less than two-thirds (2/3) of the votes cast by the Class A Members, in person or by proxy, at a meeting duly called for that purpose.

Section 4. Annual Assessments; Ratification of Budgets; Certificate of Payment. Subject to the provisions of this Section, the Board of Directors may fix the annual assessment at any amount not in excess of the Maximum Annual Assessment in effect for the appropriate assessment year; provided, however, that, except as otherwise provided in this Section, the assessment established for each Class B Lot shall always be one-fourth (1/4) of the assessment for a Class A Lot. Annual

assessments shall be fixed at a uniform rate for all Lots within each Class and may be collected on a yearly, semiannually, quarterly, or monthly basis, as determined by the Board of Directors.

Unless a lower amount is set by the Board of Directors, the initial annual assessment shall be the "Maximum Annual Assessment" set forth in Section 3 of this Article and shall be prorated according to the number of months remaining in the calendar year. Unless a different commencement date is set by the Board of Directors, the annual assessments provided for herein shall commence as to all Lots in any phase on the first day of the month following the conveyance to the Association of all or any part of the Common Area within that phase.

Subject to the provisions of this Section, at least twenty (20) days before January 1 of each year, the Board of Directors shall fix the amount of the annual assessment against each Lot. At least ten (10) days before January 1 of each year, the Board of Directors shall send written notice of such assessment to every Owner subject thereto.

In the event that Class B Lots are converted to Class A, or Class A Lots are reconverted to a Class B, the assessment with respect to such Lots shall be prorated and charged according to their Class as of the date of each conversion and reconversion.

A Class B Lot that contains a Dwelling used as a model or sales center and not as a residence shall be assessed at the Class B rate. All other Class B Lots shall be assessed at the Class B rate until the first day following the date that is one year after issuance of the certificate of occupancy for the dwelling constructed on that Lot, after which time it shall be assessed at the Class A rate, but such Lot shall remain a Class B Lot for all other purposes.

The Association shall, upon demand, and for such reasonable charge as the Board of Directors may determine, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. If such certificate states that an assessment has been paid, such certificate shall be conclusive evidence of payment.

The Board of Directors shall adopt a proposed budget for the Association at least annually. Within 30 days after adoption of the proposed budget, the Board of Directors shall send a copy of the proposed budget and shall give written notice to the Members of a meeting of the Members to consider ratification of the budget, such meeting to be held not sooner than 10 days nor more than 60 days after the mailing of such notice. Such meeting may, but need not be, combined with the annual meeting of the Members. Except as provided in Section 6 below, there shall be no requirement that a quorum be present in order to vote on ratification of the budget (although a quorum must be present to vote on other matters). The budget shall be deemed ratified unless at that meeting Members having a majority of the votes of the entire membership vote to reject the budget. Notwithstanding the foregoing, if the budget provides for annual assessments not greater than 10% larger than the assessment in effect for the immediately preceding year, such budget shall be deemed ratified unless Members having at least 80% of the votes of the entire membership vote to reject the

budget. If the proposed budget is rejected, the budget last ratified by the Members shall be continued until such time as the Members ratify a subsequent budget proposed by the Board.

Section 5. Special Assessments. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, special assessments applicable for the purpose of defraying, in whole or in part, the cost of any construction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, for repayment of indebtedness and interest thereon, or for any other purpose, provided that any such assessment shall have the same assent of the Members as provided in Section 3(b) of this Article and shall be in the ratios provided in Section 4 of this Article. Special assessments shall be fixed at a uniform rate for all Lots within each Class and may be collected on a yearly, semiannually, quarterly, or monthly basis, as determined by the Board of Directors.

Section 6. Notice of Quorum for any Action Authorized Under Sections 3(b) and 5. Written notice of any meeting called for the purpose of taking any action authorized under Section 3(b) or 5 shall be sent to all members not less than fifteen (15) days nor more than thirty (30) days prior to the meeting. At such meeting, the presence of members or of proxies entitled to cast sixty (60%) percent of the votes appurtenant to each Class of Lots shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice or requirement, and if the same is called for a date not later than sixty (60) days after the date of the first meeting, the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting.

Section 7. Effect of Nonpayment of Assessments: Remedies. An assessment not paid within ten (10) days after the due date shall incur such late charge as the Board of Directors may from time to time establish, and, if not paid within thirty (30) days after the due date, shall also bear interest from the due date at the rate of eighteen percent (18%) per annum or the highest rate allowed by law, whichever is less. The Association may bring an action at law or in equity against the Owner personally obligated to pay the same and/or foreclose the lien against the Lot for which such assessment is due. Interest, late payment charges, costs and reasonable attorney's fees of such action or foreclosure shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or by abandonment of his Lot.

Section 8. Subordination of the Lien to Mortgages. The liens provided for herein shall be subordinate to the lien of any first mortgage or first deed of trust on a Lot. Sale or transfer of any Lot shall not affect any assessment lien; however, the sale or transfer of a Lot pursuant to foreclosure of a first mortgage or deed of trust, or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of any assessments which became due prior to the date of such conveyance. No such sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof, but the liens provided for herein shall continue to be subordinate to the lien of any first mortgage or deed of trust.

Section 9. Exempt Property. All property dedicated to and accepted by a public authority and all property owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of North Carolina shall be exempt from the assessments created herein. Notwithstanding the foregoing, no land or improvements devoted to dwelling use shall be exempt from said assessments.

Section 10. Working Capital Fund. At the time of closing of the initial sale of each dwelling constructed on each Lot, a sum equal to one-sixth (1/6) of the annual assessment for Class A Lots in effect at the time of such sale shall be collected from the purchaser of such Lot and transferred to the Association as part of its working capital. The purpose of the working capital fund is to ensure that the Association will have adequate cash available to meet unforeseen expenditures or to acquire additional equipment or services deemed by the Board of Directors to be necessary or desirable. Amounts paid to pursuant to this Section shall not be considered as an advance payment of any regular assessment.

ARTICLE VI RIGHTS OF LENDERS

Section 1. Books and Records. Any owner or holder of a first deed of trust on any Lot, or its agent(s), shall have the right, during normal business hours, to examine copies of this Declaration, the Articles of Incorporation, Bylaws, and the books and records of the Association and, upon written request to the Association, to receive a copy of the financial statement for the immediately preceding fiscal year.

Section 2. Notice to Lenders. Upon written request to the Association, the owner or holder of a first deed of trust on any Lot shall be entitled to timely written notice of:

(a) Any 60-day delinquency in the payment of assessments or charges owed by the Owner of the Lot securing its loan.

(b) A lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association.

(c) Any proposed action that requires the consent of a specified percentage of owners or holders of first mortgages on the Lots.

Section 3. Approval of Owners and Holders of First Deeds of Trust. Unless at least seventy-five percent (75%) of the owners and holders of the first deeds of trust on Lots located within the Properties have given their prior written approval, the Association shall not:

(a) By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer any real estate or improvements thereon which are owned, directly or indirectly, by the Association. The granting of easements for utilities or other purposes shall not be deemed a transfer within the meaning of this clause. Notwithstanding anything herein to the contrary, the property owned by the Association, whether in fee, by easement, or otherwise, shall be preserved to the perpetual benefit of the Owners or of the public in general and shall not be conveyed except to the City of Raleigh or to another nonprofit corporation for the aforementioned purposes. Nothing herein shall be deemed to prohibit the Association, with the consent of the City of Raleigh, to exchange Common Area for other real property as provided in the Raleigh City Code, or to require the approval of such exchange by the holders of first deeds of trust on the Lots.

(b) Change the method of determining the obligations, assessments, dues or other charges which may be levied against a Lot;

(c) Fail to maintain hazard insurance on insurable improvements on the Common Area on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value; or

(d) Use the proceeds of any hazard insurance policy covering losses to any part of the Common Area for other than the repair, replacement, or reconstruction of the damaged improvements.

Section 4. Payment of Taxes and Insurance Premiums. The owners or holders of first deeds of trust on Lots, jointly or singly, may pay taxes or other charges which are in default and which have or may become a charge or lien against any of the Common Area and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage upon the lapse of a policy covering property owned by the Association. The persons, firms or corporations making such payments shall be owed immediate reimbursement therefor by the Association.

ARTICLE VII EASEMENTS

Section 1. Access and Utility Easements. Easements for the installation and maintenance of driveways, walkways, water, gas, telephone, cable television and electric power transmission lines, sanitary sewer and storm water drainage facilities, and for other public utility installations are reserved as shown on the recorded plats of the Properties. The Association may reserve or grant easements over the Common Area as provided in Article IV, Section 1(c), of this Declaration. Within any such easement herein provided, no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation or maintenance of the utilities installed thereon, or which may change the direction of flow or drainage of water through drainage pipes or channels constructed in such easements.

For a period of twenty-five (25) years from the date hereof, Declarant reserves an easement and right of ingress, egress and regress on, over and under the Properties to maintain and correct drainage or surface water runoff in order to maintain reasonable standards of health, safety and appearance. Subject to the ordinances of the City of Raleigh, such right expressly includes the right to cut any trees, bushes or shrubbery, make any gradings of the soil or take any other similar action that it deems reasonably necessary or appropriate. After such action has been completed, Declarant shall grade and seed the affected property and otherwise restore the affected property to its original condition to the extent practicable, but shall not be required to replace any trees, bushes or shrubbery necessarily removed unless otherwise required by the ordinances of the City of Raleigh. Declarant shall give reasonable notice of its intent to take such action to all affected Owners.

Section 2. Easements for Governmental Access. An easement is hereby established over the Common Area and every Lot within the Properties for the benefit of applicable governmental agencies for: installing, removing, and reading water meters and fire lines; maintaining and replacing water and sewer facilities; and acting for other purposes consistent with public safety and welfare, including, without limitation, law enforcement, fire protection, garbage collection and the delivery of mail.

Section 3. Owner's Easement and Right of Entry for Repair, Maintenance and Reconstruction. If any Dwelling is located closer than five (5) feet from its lot line, the Owner thereof shall have a perpetual access easement over the adjoining Lot and/or Common Area to the extent reasonably necessary to perform repair, maintenance or reconstruction of such Dwelling. Such work shall be done expeditiously and, upon completion of the work, the Owner shall restore the adjoining Lot to as nearly the same condition as that which prevailed prior to the commencement of the work as is reasonably practicable. No fence, wall, storage shed or any other obstruction shall be erected within such area adjoining a Dwelling. See Raleigh City Code, Sec. 10-3073(b)(8).

Section 4. Association's Easement and Right of Entry. The Association, for itself and its employees, agents, contractors, subcontractors and invitees, shall have a perpetual access easement over the each Lot to the extent reasonably necessary to perform the maintenance to be performed by the Association as provided in Article IV of this Declaration.

Section 5. Easement Over Common Area. A perpetual, nonexclusive easement over the Common Area lies is hereby granted to each Lot and its Owners, family members and tenants of such Owners, the occupants of such Lot, and guests and invitees of such Owners, tenants or occupants, for the purpose of providing access, ingress and egress to and from the Common Area and for the use thereof.

Section 6. Pedestrian Access Easements. The easement granted by the foregoing Section shall, as to that portion of the Common Area shown on the recorded maps of the Properties as being reserved for pedestrian access, also run to the benefit of the City of Raleigh and its employees, and the public in general, for the purpose of pedestrian traffic through the easement area to and from City of Raleigh greenways. As provided in Section 4(c) of Article IV of this Declaration, the Association

is responsible for ensuring that such pedestrian access easements remain free and clear of all obstructions, including fallen trees, so that there is no impediment to access to the adjoining greenway.

Section 7. Easement For Encroachments. In the event that any structure erected on a Lot encroaches upon any other Lot or the Common Area, and such encroachment was not caused by the purposeful act or omission of the Owner of such Lot, then an easement appurtenant to such Lot shall exist for the continuance of such encroachment upon the Common Area or other Lot for so long as such encroachment shall naturally exist. In the event that any structure erected principally on the Common Area encroaches upon any Lot, then an easement shall exist for the continuance of such encroachment of such structure onto such Lot for so long as such encroachment shall naturally exist. The foregoing shall not be construed so as to allow any extension or enlargement of any existing encroachment or to permit the rebuilding of the encroaching structure, if destroyed, in a manner so as to continue such encroachment.

ARTICLE VIII ARCHITECTURAL CONTROL

No building, fence, sign (including unit identification signs), wall or other structure (including, without limitation, replacement of any previously existing improvement) shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made (including, without limitation, changing materials or color of any exterior portion of any such improvement, including roof shingles), nor shall a building permit for such improvement or change be applied for or obtained, nor shall any major landscaping or relandscaping of any Lot be commenced or made (such construction, alteration and landscaping are hereinafter referred to as the "Improvements") until plans and specifications showing the nature, kind, shape, heights, materials, color and location of same shall have been submitted to and approved in writing by the Declarant. If the Declarant fails to approve or disapprove such proposed Improvements within thirty (30) days after complete plans and specifications have been received by it, such requested Improvements shall be deemed to have been disapproved. The Declarant shall have the right to charge a reasonable fee, not to exceed \$100.00, for receiving and processing each application. The Declarant shall have the right to promulgate and from time to time amend written architectural standards and construction specifications (hereinafter the "Architectural Guidelines") which may establish, define and expressly limit the standards and specifications which will be approved, including, but not limited to, architectural style, exterior color or finish, roofing material, siding material, driveway material, landscape design and construction technique. The Declarant shall not approve any Improvements which it determines, in its discretion, not to be in harmony of external design, construction and/or location in relation to the surrounding structures, topography or the general plan of development of the Community.

Declarant may, at any time, delegate the review and approval authority contained in this Article VIII to the Board of Directors of the Association or to an Architectural Committee composed of three or more persons appointed by the Board. Such delegation shall be made by the Declarant by recording in the Wake County Registry an Assignment Of Declarant's Rights. Declarant shall delegate such authority no later of the date upon which Declarant no longer owns any Lots within the Properties or December 31, 2006, whichever is earlier. Any use of the term "Declarant" in this Article VIII shall be deemed to apply to Declarant and, when appropriate, to the Board of Directors or the Architectural Committee. Nothing herein shall be construed to permit interference with the development of the Lots by Declarant in accordance with its general plan of development.

ARTICLE IX GENERAL PROVISIONS

Section 1. Enforcement. The Association or any Owner shall have the right to enforce, by 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 an Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

The Association shall not be obligated to take action to enforce any covenant, restriction or rule which the Board reasonably determines is, or is likely to be construed as, inconsistent with applicable law, or in any case in which the Board reasonably determines that the Association's position is not strong enough to justify taking enforcement actions. Any such determination shall not be construed as a waiver of the right to enforce such provisions under other circumstances or to estop the Association from enforcing any other covenant, restriction or rule.

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

Section 3. Amendment. The covenants and restrictions of this Declaration shall run and bind the land for a term of twenty-five (25) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years unless terminated or altered by a vote of the Owners as set forth below. This Declaration may be amended during the first twenty-five year period by an instrument signed by the Owners of not less than seventy-five percent (75%) of the Lots, and thereafter by an instrument signed by the Owners of not less than sixty-seven (67%) of the Lots. No amendment shall be effective unless it has first been approved by the Raleigh City Attorney or his deputy, and, if required by Section 4 of this Article IX, by the Federal Housing Administration or Veterans Administration, and is recorded in the office of the Register of Deeds of Wake County.

Section 4. FHA/VA Approval. In the event that Declarant has arranged for and provided purchasers of Lots with FHA-insured or VA-guaranteed mortgage loans, then, as long as any Class B Lot exists, as provided in Article III hereof, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: annexation of additional properties, mortgaging of real property owned by the Association, deeding of such real property to persons other than the Association, and amendment of this Declaration.

Section 5. Non-Liability of Governmental Entities. The City of Raleigh shall not be responsible for failing to provide any emergency or regular fire, police or other public service to the Properties, any Lot, or any Owner or occupant when such failure is due to the lack of access to the Properties or any Lot thereof due to inadequate design or construction of such access, blocking of access routes, or any other factor within the control of the Declarant, the Association, an Owner, or an occupant of any Lot. Neither the City of Raleigh nor the State of North Carolina shall be responsible for maintenance of any private street within the Subdivision. Such responsibility shall rest with the Association in that such private streets will not be constructed to the minimum standards sufficient to allow their inclusion for public maintenance.

Section 6. Subdivision of Lots. Riverside has been approved by the City of Raleigh as a cluster unit development, as that term is defined in the City's Zoning Ordinance. Therefore, although a Lot within the Community may appear to contain enough land area to permit construction of additional dwelling units or to create additional lots, prior approved density transfers within the cluster unit development may, in fact, preclude City approval of additional dwellings or further subdividing of lots. No Lot within the Community may be subdivided by sale or otherwise so as to reduce the total lot area shown on the recorded plats of the Community, except by and with the consent of the Declarant (while there is Class B Membership) and by the City of Raleigh.

Section 7. Declarant's Right To Change Development. With the approval of the City of Raleigh, and subject to such terms and conditions as the City of Raleigh may impose, Declarant shall have the right, without consent or approval of the Owners, to create dwelling units, add Common Area, and reallocate units within, and withdraw real property from the development.

Section 8. Insurance. The Association shall procure and maintain adequate liability insurance covering the Association, in an amount not less than \$1,000,000.00. The Association shall also procure and maintain full replacement value hazard insurance on real and personal property owned by the Association, and shall procure and maintain officers', directors' and employees' liability insurance. The premiums for such insurance shall be a common expense paid from the annual assessments provided in Article V of this Declaration.

Section 9. Rules and Regulations. The Board of Directors shall have the authority to adopt additional rules and regulations governing the use of the Common Area and the Lots within the Community and shall furnish a written copy of said rules and regulations to the Owner(s) of each Lot at least 15 days before such rules and regulations become effective. Any violation of such rules shall be punishable by fine and/or suspension of voting rights as provided in this Declaration.

In addition to any other rights and remedies that the Association may have under this Declaration, the Association may impose sanctions for violations of this Declaration, the Bylaws of the Association, the rules and regulations adopted Association, or the Restrictive Covenants applicable to the Properties, in accordance with procedures set forth in the Bylaws, which sanctions may include, but are not limited to, reasonable monetary fines, as set forth in the Bylaws of the Association, and which fines shall constitute a lien upon the Lot of the violator, and suspension of the right to vote and the right to use any recreational facilities within the Common Area, provided, however, that the Association shall not have the right to suspend the right to use private streets or off-street parking.

In addition, pursuant to procedures set forth in the Bylaws, the Association may exercise self-help to cure violations (specifically including, but not limited to, the towing of Owner and tenant vehicles that are in violation of parking rules) and may suspend the right of an Owner to use any open space and recreational facility within the Properties if the Owner is more than 30 days delinquent in paying any assessment or other charge due to the Association.

The Association shall at all times have the right and easement to go upon any Lot for the purposes of exercising its rights hereunder, including, but not limited to, enforcement of the architectural guidelines applicable to the Properties. Any entry onto any Lot for purposes of exercising this power of self-help shall not be deemed as trespass. All remedies set forth in this Declaration and the Bylaws shall be cumulative of any remedies available at law or in equity. In any action to enforce its rights and remedies, if the Association prevails, it shall be entitled to recover all costs, including, without limitation, attorneys' fees and court costs, reasonably incurred in such action.

Section 10. Greenway - City of Raleigh Approval. Notwithstanding any other provision of this Declaration, the Association, Owners, Members, tenants of Members and their respective families, guests and invitees, shall not, within any portion of the Common Area which is greenway area dedicated to the City of Raleigh, without the prior written consent of the City of Raleigh:

- (a) grant any easement of any nature whatsoever;
- (b) remove any tree or vegetation;
- (c) erect any gate, fence or other structure or improvement;
- (d) place any garbage receptacle;
- (e) fill or excavate;
- (f) plant vegetation of any type or otherwise restrict or interfere with the use, maintenance and preservation of the greenway in its natural or improved state, including, without limitation, recreational pursuits such as walking, bicycling and other similar activities by the general public.

It is understood and agreed that, within any greenway area, the City of Raleigh may erect trails and trail markers, place or erect litter receptacles and other convenience facilities, and adopt and amend regulations concerning the use of the greenway (including, without limitation, hours of operation and use), which rules and regulations shall be equally applicable to the general public and

the Owners. The Association and the Owners may adopt such other regulations governing the use of the greenway not inconsistent with those adopted by the City and may enter into such agreements with the City of Raleigh as are deemed appropriate to ensure the maintenance and upkeep of the greenway in its natural or improved state, free of litter and unsightly debris.

Section 11. Street Islands. The Association shall be responsible for maintenance of landscaping of islands within the rights-of-way of public streets as if such islands were Common Area. The Association shall keep the islands in a neat, clean and safe condition. Neither the City of Raleigh nor the State of North Carolina shall have any liability for any damage or loss suffered by any person or entity caused by encroachment of any plants or other improvements located upon an island onto the public street right-of-way, and the Association shall indemnify and hold the City and State, and their officers and employees, harmless from any such liability.

Section 12. Use of Recreational Amenities. Although the Recreational Amenities are reserved for the exclusive use of the Class A Members, subject to the applicable provisions of the Raleigh City Code, the owners of any single-family townhome unit constructed within the property described on Exhibit C, upon written application to the Association on a form made available by the Association and payment of a non-refundable processing fee in the amount of \$50.00 (the amount of which may be changed from time by the Board of Directors of the Association, but which may not be increased in any calendar year by more than 5%), and by payment to the Association, in advance on such collection period as the Board of Directors may establish, an annual fee equal to the annual assessment for Class A Members, shall have the right to use the Recreational Amenities, such right being subject to all rules, regulations and restrictions applicable to the Class A Members and any additional rules, regulations and restrictions imposed from time to time by the Board of Directors on Recreational Membership. As long as a townhome owner continues to own his/her townhome and pays the fees set forth herein, such right to use the Recreational Amenities shall continue from year to year without payment of an additional processing fee. The right of a townhome owner to use the Recreational Amenities may be transferred by the seller of a townhome unit to the purchaser of such unit, and such purchaser shall receive a credit for any prepaid use fees paid by such owner, provided, however, that no such transfer shall be effective unless and until the Association receives from such purchaser a written application and the processing fee then in effect.

Subject to applicable provisions of the Raleigh City Code, the Members of the Association, by the affirmative vote of 2/3 of the Class A Members, may allow persons other than Class A Members and the townhome owners described in the immediately preceding paragraph, upon such terms and subject to such conditions as the Members shall impose.

Every person entitled by this Section 12 to use the Recreational Amenities (hereinafter a "Recreational User") shall abide by the rules and regulations adopted and amended from time governing the use of the Recreational Amenities. If a Recreational User, any member of his/her family, or any of his/her or their guests violates any rule or regulation governing the Recreational Amenities, the Association may, in its discretion, send written notice of such violation to such Recreational User at the address shown on such Recreational User's application, and, if such

violation is repeated or continues at any time after the 5th business day after the date of such notice, the Association may, by written notice to such Recreational User and the refund any prepaid use fees, terminate his/her right to use the Recreational Amenities. The provisions of the Bylaws of the Association relating to notice and hearing shall not apply to any Recreational User, who shall have no other rights, and be afforded no other and such procedures or remedies, except those specifically set forth in this Section 12.

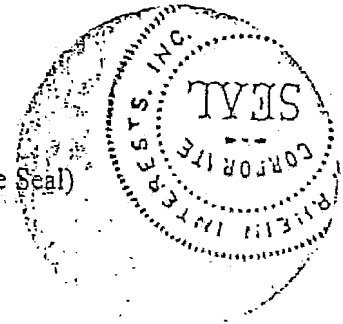
IN WITNESS WHEREOF, Declarant has caused this instrument to be executed under seal as of the date set forth in the notary acknowledgment below.

DECLARANT:

ROBERT C. RHEIN INTERESTS, INC.

By: Richard M. Westmoreland, Jr.
Richard M. Westmoreland, Jr., Vice President

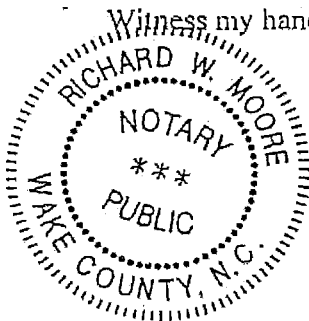
(Corporate Seal)



STATE OF NORTH CAROLINA - WAKE COUNTY

I, Richard W. Moore, a Notary Public of said County and State, certify that Richard M. Westmoreland, Jr., personally appeared before me this day and acknowledged that he is a Vice President of Robert C. Rhein Interests, Inc., a North Carolina corporation, and that he, as Vice President, being authorized to do so, executed the foregoing on behalf of the corporation.

Witness my hand and official stamp or seal, this the 8th day of November, 1999.



Richard W. Moore

Notary Public

My commission expires: 06/17/2004

EXHIBIT A

RIVERSIDE
Phase One

Lying and being in the City of Raleigh, Neuse Township, Wake County, North Carolina, and being more particularly described as follows:

Tract 1: Lots 134-151 and 170-178

All of the real property, containing 4.18 acres, more or less, shown on the map entitled "Subdivision Map, RIVERSIDE, Phase One - Sheet 1" recorded in Book of Maps 1999, Page 2035, Wake County Registry, including Lots 134-151 and 170-178, to which map reference is hereby made for a more particular description.

Tract 2: Lots 102-118

All of the real property, containing 2.88 acres, more or less, shown on the map entitled "Subdivision Map, RIVERSIDE, Phase One - Sheet 2" recorded in Book of Maps 1999, Page 2036, Wake County Registry, including Lots 102-118, to which map reference is hereby made for a more particular description.

Tract 3: Lots 128-133, 152-158, 161-169 and 179-188

All of the real property, containing 5.36 acres, more or less, shown on the map entitled "Subdivision Map, RIVERSIDE, Phase One - Sheet 3" recorded in Book of Maps 1999, Page 2037, Wake County Registry, including Lots 128-133, 152-158, 161-169 and 179-188, to which map reference is hereby made for a more particular description.

Tract 4: Lots 95-101, 119-126 and 199-202

All of the real property, containing 3.61 acres, more or less, shown on the map entitled "Subdivision Map, RIVERSIDE, Phase One - Sheet 4" recorded in Book of Maps 1999, Page 2038, Wake County Registry, including Lots 95-101, 119-126 and 199-202, to which map reference is hereby made for a more particular description.

Tract 5: Lots 127, 159-160 and 189-198

All of the real property, containing 3.68 acres, more or less, shown on the map entitled "Subdivision Map, RIVERSIDE, Phase One - Sheet 5" recorded in Book of Maps 1999, Page 2039, Wake County Registry, including Lots 127, 159-160 and 189-198, and the Private Open Space shown thereon, to which map reference is hereby made for a more particular description.

Tract 6: Additional Open Space

All of the real property, containing 0.78 acres, more or less, shown and designated as "OPEN SPACE, 34049 SF, 0.78 AC" on that certain map entitled "Subdivision Map, RIVERSIDE - Phase One, Rights Of Way And Open Space", recorded in Book of Maps 1999, Page 1928, Wake County Registry, to which map reference is hereby made for a more particular description.

EXHIBIT B

Lying and being in the City of Raleigh, Neuse Township, Wake County, North Carolina, and being all of the property, containing 293.6 acres, more or less, shown on the deed recorded in Book 8069, Page 701, Wake County Registry, Wake County Registry, SAVING AND EXCEPTING THEREFROM the following described property:

Tract 1: Lots 134-151 and 170-178

All of the real property, containing 4.18 acres, more or less, shown on the map entitled "Subdivision Map, RIVERSIDE, Phase One - Sheet 1" recorded in Book of Maps 1999, Page 2035, Wake County Registry, including Lots 134-151 and 170-178, to which map reference is hereby made for a more particular description.

Tract 2: Lots 102-118

All of the real property, containing 2.88 acres, more or less, shown on the map entitled "Subdivision Map, RIVERSIDE, Phase One - Sheet 2" recorded in Book of Maps 1999, Page 2036, Wake County Registry, including Lots 102-118, to which map reference is hereby made for a more particular description.

Tract 3: Lots 128-133, 152-158, 161-169 and 179-188

All of the real property, containing 5.36 acres, more or less, shown on the map entitled "Subdivision Map, RIVERSIDE, Phase One - Sheet 3" recorded in Book of Maps 1999, Page 2037, Wake County Registry, including Lots 128-133, 152-158, 161-169 and 179-188, to which map reference is hereby made for a more particular description.

Tract 4: Lots 95-101, 119-126 and 199-202

All of the real property, containing 3.61 acres, more or less, shown on the map entitled "Subdivision Map, RIVERSIDE, Phase One - Sheet 4" recorded in Book of Maps 1999, Page 2038, Wake County Registry, including Lots 95-101, 119-126 and 199-202, to which map reference is hereby made for a more particular description.

Tract 5: Lots 127, 159-160 and 189-198

All of the real property, containing 3.68 acres, more or less, shown on the map entitled "Subdivision Map, RIVERSIDE, Phase One - Sheet 5" recorded in Book of Maps 1999, Page 2039, Wake County Registry, including Lots 127, 159-160 and 189-198, and the Private Open Space shown thereon, to which map reference is hereby made for a more particular description.

Tract 6: Additional Open Space

All of the real property, containing 0.78 acres, more or less, shown and designated as "OPEN SPACE, 34049 SF, 0.78 AC" on that certain map entitled "Subdivision Map, RIVERSIDE - Phase One, Rights Of Way And Open Space", recorded in Book of Maps 1999, Page 1928, Wake County Registry, to which map reference is hereby made for a more particular description.

EXHIBIT C

Townhome Property

Lying and being in the City of Raleigh, Neuse Township, Wake County, North Carolina, and being more particularly described as follows:

All of Tract 3, containing 8.595 acres, more or less, shown and described on that certain plat entitled "Subdivision Plat, RIVERSIDE - TRACT 3", recorded in Book of Maps 1999, Page 1049, WAKE County Registry, to which plat reference is hereby made for a more particular description.



Wake County Register of Deeds
Laura M. Riddick
Register of Deeds

North Carolina - Wake County

The foregoing certificate ___ of _____

____ Notary(ies) Public is (are) certified to be correct. This instrument and this certificate are duly registered at the date and time and in the book and page shown on the first page hereof.

Laura M. Riddick, Register of Deeds

By: _____
Assistant/Deputy Register of Deeds

This Customer Group
_____ # of Time Stamps Needed

This Document
_____ New Time Stamp
_____ # of Pages