

RECORDED BY REGISTRAR
PINNA & JOHNSTON, P.A.
P.O. Box 31720, Raleigh, N.C. 27622

800:3405 PAGE 35

NORTH CAROLINA
WAKE COUNTY

DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS FOR WESTRIDGE TOWNHOUSES
RECORDED IN BOOK OF MAPS 1984, PAGE
WAKE COUNTY REGISTRY

THIS DECLARATION, made this 17th day of November, 1984 by
ROGER BALL, GENERAL CONTRACTOR, INC., and FLOYD AND COMPANY, INC., a North
Carolina corporation, hereinafter referred to as the "Declarant", who is
joined by Branch Banking and Trust Company, a North Carolina state banking
corporation; and ANDREW G. BURCH, Trustee.

WITNESSETH: THAT

WHEREAS, the Declarant is the owner of certain property near the
City of Raleigh, Wake County, North Carolina, known as Westridge
Townhouses, as the same is shown on the map recorded in Book of Maps 1984,
Page 1846, Wake County Registry, consisting of approximately 2.956 acres,
and more particularly described on Exhibit A, attached hereto and
incorporated herein by reference; and

WHEREAS, Declarant will convey the said properties, subject to
certain protective covenants, conditions, restrictions, reservations, liens
and charges as hereinafter set forth; and

WHEREAS, Declarant granted a deed of trust to Andrew G. Burch,
Trustee for Branch Banking and Trust Company dated September 27, 1984 and
recorded in Book 3357, Page 860, Wake County Registry, North Carolina.

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

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to Westridge
Townhouses Homeowners Association, Inc., its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real
property hereinbefore described, and such additions thereto as may
hereafter be annexed pursuant to Article X.

Section 3. "Common Areas" shall mean all real property owned by
the Association for the common use and enjoyment of the Owners and Members
of the Association, including limited common areas. Common Areas shall
also mean the facilities constructed, erected or installed on the real
property which is part of the Common Areas for the use, benefit and
enjoyment of the Owners, including without limitation, the following:

(a) All central appurtenant installations for services such
as electricity, gas, telephone and cable television;

(b) All water lines and mains, sewer pipes and sewer systems
outside of city street rights-of-way, but not within the area of a Lot;

(c) All of the parts of the Property and apparatus or
installations existing in the buildings or upon the Property for common
use which is necessary or convenient to the existence, maintenance or
safety of the Property.

Section 4. "Limited Common Area" shall mean those portions of the
Common Area that serve only a limited number of Lots and which may include,
but specifically is not limited to, driveways and walkways, parking,
buildings or areas serving only specified Lots, and such other similar
areas as may be designated by the Association. The Declarant may designate
Limited Common Areas prior to annexation.

DC7/DWRI

PRESENTED
TO THE
CLERK OF
SUPERIOR COURT
OF WAKE COUNTY
BY
ANDREW G. BURCH
TRUSTEE
21 11 84
11:20 AM '84
REGISTRY

990 3405 PAGE 36

Section 3. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties on which such plot appears (provided said map has been approved by Declarant), with the exception of the Common Area and Limited Common Area.

Section 6. "Lot in Use" shall mean and refer to any Lot on which a townhome has been constructed and made ready for occupancy. All townhomes which are part of the same building shall be considered constructed and made ready for occupancy at the time a certificate of occupancy is issued by the City of Raleigh for any townhome which is a part of such building. In addition to the foregoing, a Lot may become a Lot in Use by written agreement between the Declarant and an Owner.

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

Section 8. "Owner" shall mean and refer to the record owner, whether one or more persons, of a fee simple (or undivided fee simple interest) to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 9. "Declarant" shall mean and refer to ROGER BALL GENERAL CONTRACTOR, INC., and FLOYD AND COMPANY, INC., and its successors and assigns to whom the rights of Declarant hereunder are expressly transferred, in whole or in part, and subject to such terms and conditions as the Declarant may impose.

Section 10. "Person" shall mean and refer to an individual, corporation, partnership, association, trust, or other legal entity.

Section 11. "Building" shall mean and refer to a multi-unit structure containing townhomes, constructed or erected on the Properties.

Section 12. "Board of Directors" or "Board" means those persons elected or appointed and acting collectively as the Directors of the Association.

Section 13. "Common Expenses" shall mean and include:

- (a) All sums lawfully assessed by the Association against its Members;
- (b) Expenses for maintenance of the townhomes as provided in this Declaration;
- (c) Expenses of administration, maintenance, repair, or replacement of the Common Areas;
- (d) Expenses declared to be Common Expenses by the provisions of this Declaration or the Bylaws;
- (e) Hazard, liability, or such other insurance premiums as the Declaration or the Bylaws may require the Association to purchase;
- (f) Ad valorem taxes and public assessment charges lawfully levied against the Common Areas;
- (g) The expense of the maintenance of private drainage and utility easements and facilities located therein which are within the boundaries of the Properties, which cross Common Areas and which serve both the Properties and lands adjacent thereto;
- (h) Expenses agreed by the Members to be Common Expenses of the Association; and
- (i) Unpaid assessments resulting from the purchase of a Lot at a foreclosure sale (such assessment shall be collectible from all Members of the Association, including the purchaser at the foreclosure sale, his successors and assigns).

3405 PAGE 37

Section 14. "Townhome" or "Townhouse" shall mean and refer to a dwelling or place of residence constructed upon a lot within the Properties and constituting a part of a building.

Section 15. "Bylaws" shall mean and refer to the Bylaws of the Association, and any amendments that may be properly adopted. A copy of the Bylaws is attached hereto as Exhibit B.

ARTICLE II

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. 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. Ownership of such Lot shall be the sole qualification for membership. The Board of Directors may make reasonable rules relating to the proof of ownership of a Lot within the Properties.

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

Class A. Class A Members shall be all Owners except the Declarant, so long as there is a Class B membership. Each Class A Member shall be entitled to one (1) vote for each Lot owned. When more than one person are the Owners of a Lot, all such persons shall be Members. The vote of such Lot shall be exercised as they determine among themselves, but in no event shall more than one (1) vote be cast with respect to any Lot. Fractional voting shall not be allowed.

Class B. The Class B Member shall be the Declarant. The Class B Member shall be entitled to three (3) votes for each Lot owned except as provided below. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs first:

- (a) When the total votes outstanding in Class A membership equal the total votes outstanding in Class B membership; or
- (b) On January 1, 1990.

Section 3. Suspension of Rights. The right of any Member to vote may be suspended by the Board of Directors for just cause pursuant to the Bylaws or its rules and regulations.

ARTICLE III

COVENANT FOR ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments; Lien Shall be a Charge on the Land. The Declarant hereby covenants, and every Owner by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to covenant and agree to pay to the Association for each Lot:

- (a) Annual assessments or charges;
- (b) Special assessments for capital improvements; and
- (c) Special assessments for purchase and reconstruction of townhomes as hereinafter provided.

BDD 3405 PAGE 38

Such assessments shall be fixed, established, and collected from time to time as hereinafter provided.

The annual and special assessments, together with interest thereon as provided in Section 9 of this Article, costs of collection thereof and reasonable attorneys fees shall be a charge on the Lot so assessed and improvements located thereon and shall be a continuing lien upon the Lot and improvements against which each such assessment is made. Each such assessment, together with such interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of the Lot at the time the assessment fell due. The personal obligation of an Owner for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the promotion of the recreation, health, safety and welfare of the residents of the Properties, for the enforcement of these covenants and the rules and regulations of the Association, for the acquisition, improvement and maintenance of properties, services and facilities devoted to this purpose, for the exterior maintenance of the townhomes situated upon the Properties or for the use and enjoyment of the Common Area, including but not limited to, the cost of repairs, replacements and additions, the cost of labor, equipment, materials, management and supervision, the payment of taxes assessed against the Common Area, the payment of public assessments levied against the Common Area, the procurement and maintenance of insurance in accordance with this Declaration and the Bylaws, the payment of charges for television antenna services to the Properties, the employment of attorneys to represent the Association when necessary, and such other needs as may arise.

Section 3. Annual Assessment; Amount of Assessment.

(a) Initial Assessment. Until January 1, 1986, the maximum initial annual assessment for each Lot in Use shall be Six Hundred Dollars (\$600.00), the exact amount of which shall be determined from time to time as provided in Subsection (d) of this Section 3.

(b) From and after January 1, 1986, the maximum annual assessment may be increased each year not more than 15% above the maximum assessment for the previous year by the Board of Directors without a vote of the membership.

(c) From and after January 1, 1986, the maximum annual assessment may be increased by more than 15% of the maximum assessment for the previous year by a vote of two-thirds (2/3) of each class of membership who are voting in person or by proxy, at a meeting duly called for this purpose.

(d) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum. In establishing the annual assessment for any assessment year, the Board of Directors shall consider only the current costs and expenses, any accrued debts and reserves for future needs necessary to maintain the structures and Common Area.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, against each Lot in Use a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the costs of construction or reconstruction, unexpected repair, or replacement of a described capital improvement upon the Common Area, including the necessary fixtures and personal property related thereto. Provided, however, that before any such assessment under this section shall be effective it shall need the assent of two-thirds (2/3) of the votes of each class of membership, who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5. Special Assessments for the Purchase and Reconstruction of Townhomes. In the event that any townhome located on the

2009 3405 PAGE 39

Properties is substantially destroyed by fire or other hazard, the Owner of such townhome shall give written notice to the Association within thirty (30) days following such destruction of whether or not he intends to repair or reconstruct the townhome; and if the Owner fails to give such notice to the Association, it shall be conclusively considered, for purposes of this section, as notice that he does not intend to repair or reconstruct the townhome. For the purposes of this section "substantially destroyed" shall mean that the costs of replacement or repair equal at least fifty percent (50%) of the appraised value of the improvements on the lot before they were damaged. If the Owner elects not to repair or reconstruct the townhome, the Association shall have the first right and option to purchase such townhome in the manner hereinafter provided. The purchase option shall be effective for a period of ninety (90) days following notice of the Owner's election not to repair or reconstruct.

(a) Exercise of Option. The Board of Directors shall appoint a committee, or shall designate an existing committee of the Association, to determine whether failure to reconstruct the damaged townhome will result in substantial pecuniary injury to the Association or diminution in value of the remaining townhomes and Properties. The committee may employ such persons, including but not limited to, real estate appraisers, realtors, architects, and engineers, as are reasonably necessary to make its determination, and shall report its conclusions, with supporting data, in writing to the Board within fifteen (15) days. The report shall set forth such matters as the Board and committee deem pertinent, but shall contain estimates of the pecuniary injury and diminution in value along with an estimate of the cost of purchase and reconstruction of the townhome.

If the Board of Directors determines that it would be advantageous to the Association and/or to the remaining townhomes and Properties to purchase and reconstruct the townhome, it shall call a special meeting by giving written notice thereof, setting forth the purpose of the meeting, to all Members within seven (7) days following submission of the committee report. The special meeting of Members shall be held not less than seven (7) days nor more than fifteen (15) days following notice to Members. Upon an affirmative vote of at least sixty-six and two-thirds percent (66-2/3%) of each class of membership present and voting, the Board will be authorized to purchase and reconstruct the townhome and to assess all lots equally for all costs and expenses arising out of the purchase and repair or reconstruction of the townhome. The Board may require that the assessment be paid in a lump sum, in installments during an assessment year, or over a period of two (2) or more assessment years, as the Board, in its discretion, shall determine to be appropriate.

Such an assessment shall be in addition to, and not in lieu of, the annual assessments provided for in Section 3 and the special assessments provided for in Section 4 of this Article.

(b) Determination of Value. The Owner of the townhome shall convey marketable title thereto to the Association upon payment to the Owner by the Association of the fair market value of the lot and townhome in its damaged condition. Fair market value shall be determined in any manner agreed upon by the Association and the Owner. If they cannot otherwise agree on a fair market value or method of determining fair market value, each shall appoint an appraiser and those two appraisers shall appoint a third appraiser. The fair market value as determined by any two of these three appraisers shall be final and binding on all parties. Each party shall pay the fee of the appraiser selected by it or him, and each party shall pay one-half (1/2) of the fee of the third appraiser. If the Board and the Owner agree upon a single appraiser, each shall pay one-half (1/2) the cost of the appraiser.

(c) Application of Insurance Proceeds. The Owner of the townhome, prior to conveyance to the Association, shall apply or cause to be applied so much of the proceeds of any hazard insurance paid by reason of the damage or destruction of the townhome as shall be

L.P. 3405 PAGE 40

necessary to pay all liens, mortgages, deeds of trust, taxes, and encumbrances upon the Lot so that the fee simple marketable title thereto may be conveyed free and clear of all liens and encumbrances. If the insurance proceeds are not sufficient to pay all liens, encumbrances, and obligations upon the Lot, the purchase price shall be reduced by an amount adequate to pay any such deficiency.

(d) Failure to Exercise Option. If the Association does not exercise the purchase option herein provided for, the Owner may retain the Lot or may transfer or convey it, upon such terms and conditions as he may elect, to any person, to be used solely as a site for an attached, single-family townhome. The reconstructed or repaired townhome shall be substantially identical to the destroyed townhome, unless a change shall be approved by the Board, and shall be constructed in conformity with plans submitted to and approved by the Board prior to construction.

(e) Retention by Owner. If a townhome is not habitable by reason of damage, and the Owner gives notice of his election to repair or reconstruct the townhome, the obligation of the Owner to pay annual assessment installments shall not be suspended. In the event a townhome is damaged or destroyed, and the Owner does not begin repair or reconstruction within thirty (30) days following the damage or destruction, he shall remove or cause to be removed, at his expense, all debris from the Lot, so that it shall be placed in a neat, clean, and safe condition and if he fails to do so, the Association may cause the debris to be removed, and the cost of removal shall constitute a lien upon the townhome and its Lot until paid by the Owner, unless the Lot is thereafter acquired by the Association.

(f) Reconstruction by the Association. Upon acquisition of title to the townhome and the Lot, the Association is authorized to arrange such financing and execute such notes, mortgages, deeds of trust, and other instruments, to enter into such contracts, and to do and perform such other matters and things as are necessary to accomplish the reconstruction of the townhome; provided, however, that only that townhome which is to be reconstructed shall stand as security for any liens, mortgages, or obligations arising out of the purchase or reconstruction of the townhome, and no other portion of the Properties, including the Common Area, shall be pledged, hypothecated, mortgaged, deeded in trust, or otherwise given as security for any obligations arising out of said purchase or reconstruction, and no Member shall be required to become personally obligated therefor.

The Association shall hold title to the Lot and improvements for the benefit of all Members. The Board may lease or sell the Lot and improvements upon such terms and conditions as it, in its sole discretion, deems most advantageous to the Members. The lease rental shall be applied in the following order of priority: (1) to the payment of taxes, assessments, liens, encumbrances, and obligations on or secured by the Lot; (2) to the maintenance, upkeep, and repair of the townhome; (3) to payment or repayment to the Members, pro rata, of the special assessment, if any, for purchase and reconstruction of the townhome; and (4) to the general expenses of the Association.

In the event the Lot is sold, the purchase price shall be applied in the following order of priority: (1) to the payment of taxes, assessments, liens, encumbrances, and obligations on or secured by the Lot; (2) to payment or repayment to the Members, pro rata, of the special assessments, if any, for purchase and reconstruction of the townhome; and (3) to the general expenses of the Association. Any payment or repayment to Members of the special assessment may be in cash or may be applied to the annual assessment due or to become due.

(g) Application of Declaration and Bylaws. Any townhome which has been destroyed in whole or in part, by fire or other casualty, and is subsequently restored or reconstructed, shall at all times be subject to the provisions of this Declaration and to the Bylaws of the Association.

330 3405 PAGE 41

Section 6. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots subject to such assessment on a per Lot basis, and may be collected on a monthly basis.

A variety of dwellings with a variety of exteriors will be constructed and whatever exteriors are constructed will be for the purpose of achieving harmony of design and textures while at the same time avoiding monotony. In such event, some dwellings may entail more expense for exterior maintenance than others. However, the construction of the variety will be for the enhancement of property values of all townhomes. Therefore, no difference is made in the amount of annual assessment on account of any disparity in the cost of exterior maintenance or the replacement of roofs on account of the different types of construction.

Section 7. Notice and Quorum for Any Action Authorized Under Section 3, 4 and 5. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all Members not less than 20 days nor more than 60 days in advance of the meeting. Written notice of any meeting called for the purpose of taking any action authorized under Section 5 shall be sent to all Members not less than 7 days nor more than 15 days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 30 days following the preceding meeting.

Section 8. Date of Commencement of Annual Assessments; Due Dates. The annual assessments provided herein for a Lot shall be paid in equal monthly installments and the payment of such shall commence as to each Lot on the first day of the first month following the date that such Lot becomes a Lot in Use. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association, upon demand at any time, shall furnish a certificate in writing signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance. The Association may make a reasonable charge for the issuance of such certificate.

Section 9. Effect of Nonpayment of Assessments; Remedies of the Association. Any assessments or portion thereof which are not paid when due shall be delinquent. If the assessment or portion thereof is not paid within thirty (30) days after the due date, the same shall bear interest from the date of delinquency at the highest rate then permitted by the regulations of the Federal Housing Administration (FHA) and the regulations of the Veterans Administration (VA); provided, however, that if the highest rate permitted by FHA and VA are not the same, the interest rate shall be the lower of the rates permitted by these two agencies. The Association may bring an action against the owner personally obligated to pay the same, or foreclose the lien against such Owner's Lot in the same manner real estate deeds of trust may be foreclosed in the State of North Carolina, and interest, costs and reasonable attorney's fees of any such action or foreclosure shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessment provided for herein by nonuse of the Common Area or abandonment of his Lot.

Section 10. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein on any Lot shall be subordinate to the lien of any first mortgage or first deed of trust on such Lot. The sale or transfer of any Lot pursuant to such mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sales or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter

REC-3405 FILE 42

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 first deed of trust.

Section 11. Exempt Property. Any portion of the Property dedicated to, and accepted by, a local public authority and all properties owned by a charitable or non-profit organization exempt from taxation by the laws of the State of North Carolina shall be exempt from the assessments created herein, except no land or improvements devoted to dwelling use shall be exempt from said assessments.

ARTICLE IV

EXTERIOR MAINTENANCE

In addition to maintenance of the Common Area, the Association shall provide exterior maintenance upon each townhome which is subject to assessment hereunder, as follows: Stain and/or paint the exterior of townhomes and replace roofs, replace, repair and care for walks, trees, shrubs, grass and other such exterior improvements. Such exterior maintenance shall not include glass surfaces.

Any Owner who fences or encloses or screens by plants or structures the rear portion of his Lot (which fence, enclosure and screen shall require the prior written approval of the Association), may plant trees, shrubs, flowers, and grass in the fenced or enclosed portion as he elects and shall maintain the fenced or enclosed portion at his own expense, provided that such enclosure, planting and maintenance do not hinder the Association in performing its maintenance duties as to the townhome, the remaining yard spaces, or the Common Area. No such maintenance by an Owner shall reduce the assessment payable by him to the Association. If, in the opinion of the Association, any such Owner fails to maintain his rear yard in a neat and orderly manner, the Association may revoke the Owner's maintenance rights for a period not to exceed one (1) year and the Association shall perform maintenance during the revocation period. The Owner shall not plant any vegetation in front of his townhome except with the prior written approval of the Association.

In the event that the need for maintenance or repair of a Lot or the improvements thereon is caused through the willful or negligent acts of its Owner, or his family, tenants, contract purchasers, guests, or invitees, or is caused by fire, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, aircraft, vehicles, or smoke, as the foregoing are defined and explained in North Carolina standard fire and extended coverage insurance policies, or for the purpose of correcting, repairing or alleviating any emergency condition provided for in Article VI, Section 5, (but only if such would normally be an expense of the Lot Owner), the cost of such maintenance, replacement, or repairs shall be added to and become a part of the assessment to which such Lot is subject.

ARTICLE V

PROPERTY RIGHTS

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

(a) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members; provided, however, that no conveyance of Limited Common Area shall deprive any Member of the full use thereof. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer is signed by Members entitled to cast two-thirds (2/3) of the votes of the Class A membership and two-thirds (2/3) of the votes of the Class B membership, if any, and is recorded

BOOK 3405 PAGE 43

in the Office of the Wake County Register of Deeds.

(b) The right of the individual Members to the exclusive use of parking spaces as provided in this Article;

(c) The right of the Association to limit the number of guests, if any, that Members may allow to use the Common Area.

(d) The right of the Association to formulate, publish and enforce rules and regulations as provided in Article VIII.

(e) The authority of the Association to grant easements in accordance with Article VI, Section 1.

Section 2. Delegation of Use. Any Member may delegate, in accordance with the Bylaws, his right of enjoyment to the Common Area to the Members of his family, his tenants, or contract purchasers who reside on the Property. Any Member may allow, in accordance with the Bylaws, this Article V, and any rules and regulations of the Association, his tenants, guests and family members to use the Common Area.

Section 3. Title to the Common Area. The Declarant hereby covenants for itself, its heirs and assigns, that it will convey fee simple title to the Common Area shown on the aforementioned map of the Property, to the Association, free and clear of all encumbrances and liens, except utility and drainage easements and easements to governmental authorities, prior to the conveyance of the first Lot. Similarly, the Declarant will convey to the Association Common Areas which are part of lands subsequently annexed to the Properties.

Section 4. Parking Rights. Ownership of each Lot shall entitle the Owner thereof to the use of not more than two (2) automobile parking spaces, which shall be as near and convenient to said Lot as reasonably possible, together with the right of ingress and egress in and upon said parking areas. The Association shall permanently assign one (1) of such automobile parking space for each Lot, such space to be as near the Lot to which it is assigned as is reasonably possible. The Association may regulate the parking of boats, trailers and other such items on the Common Area. No boats, trailers, campers, motor homes, trucks or tractors owned by a Member, his tenants, guests or family members shall be parked within the right of way of any public street; nor shall any of these be regularly parked on the Properties except in an enclosed garage or in areas on the Properties designated by the Association; nor shall any automobiles be regularly stored on the Properties. The Association shall from time to time adopt appropriate rules for the temporary parking of these items on the Properties.

Section 5. TV and CB Antennas and Cable Television. The Association may provide one or more central television antennas for the convenience of the Members and may supply cable television, and the cost of these may be included in annual or special assessments. No CB or TV antennas shall be erected on any Lot without prior written approval of the Association. If the Association has ceased to exist, then approval by the Association shall not be necessary to erect a CB or TV antenna.

Section 6. Taxes on Common Areas. The Association shall be responsible for and shall cause to be paid out of annual assessments and valorem taxes and public improvement assessments levied against the Common Areas.

ARTICLE VI

EASEMENTS

Section 1. Walks, Drives, Parking Areas, and Utilities. All of the Property, including Lots and Common Area, shall be subject to such easements for driveways, walkways, parking areas, water lines, sanitary sewers, storm drainage facilities, gas lines, telephone and electric power lines, television antenna lines, and other public utilities as shall be established prior to subjecting the Property to this Declaration by the Declarant, and the Association shall have the power and authority to grant

ADD 3405 PAGE 44

and to establish in, over, upon, and across the Common Area conveyed to it such further easements as are requisite for the convenient use and enjoyment of the Property.

Section 2. Easements Appurtenant to Lots. All private streets shall be subject to an easement in favor of every Lot to which they are adjacent or which they are designated to serve and shall be deemed appurtenant to each such Lot, whereby the Owner of each such Lot shall be entitled to use them as a means of ingress, egress and regress and such other uses as shall have been designated. Such easement shall be superior to the lien of every mortgage or deed of trust.

Section 3. Encroachment. All Lots and the Common Area shall be subject to easements for the encroachment of initial improvements constructed on adjacent Lots by the Declarant to the extent that such initial improvements actually encroach, including, without limitation, such items as overhanging eaves, gutters, downspouts, exterior storage rooms, and walls. If any encroachment shall occur subsequent to subjecting the Property to this Declaration as a result of settling or shifting of any townhouse or building or as a result of any permissible repair, construction, reconstruction, or alteration, there is hereby created and there shall be a valid easement for such encroachment and for the maintenance of the same. In the event that any portion of the Common Area shall encroach upon any Lot, then an easement shall exist for the continuance of such encroachment of the Common Area into any such Lot for so long as such encroachment shall naturally exist. Every Lot shall be subject to an easement for entry and encroachment by the Declarant and builders for a period not to exceed eighteen (18) months following conveyance of a Lot to an Owner for the purpose of correcting any problems that may arise regarding grading and drainage. The Declarant and/or builder, upon making entry for such purpose, shall restore the affected lot or lots to as near the original condition as practicable.

Section 4. Structural Support. Every portion of a townhome which contributes to the structural support of the building shall be burdened with an easement of structural support for the benefit of all other townhomes within the building.

Section 5. Emergencies. Every lot and townhome shall be subject to an easement for entry by the Association for the purpose of correcting, repairing, or alleviating any emergency condition which arises upon any Lot or within any townhome and that endangers any building or portion of the Common Area.

Section 6. Easement for Governmental Agencies. An easement is hereby established over the Common Area for the benefit of applicable governmental agencies, public utility companies and public service agencies as necessary for setting, removing and reading of meters, replacing and maintaining water, sewer and drainage facilities, electrical, telephone, gas and cable antenna lines, fire fighting, garbage collection, postal delivery, emergency and rescue activities and law enforcement.

ARTICLE VII

PARTY WALLS

Section 1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the townhome upon the property and placed on the dividing line between the Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be charged to the Owners who make use of the wall in proportion to such use.

Section 3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use

REC-3400 PAGE 45

of the wall, they shall contribute to the cost of restoration thereof in proportion to such use, without prejudice, however, to the right of any such Owner to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section 4. Weatherproofing. Notwithstanding any other provision of this Article, an Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 5. Right to Contribute Runs With Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title. Upon request, an Owner shall furnish a written, signed statement as to whether that Owner claims any rights of contribution from any other Owner or Owners.

Section 6. Easement and Right of Entry for Repair, Maintenance, and Reconstruction. Every Owner shall have an easement and right of entry upon the lot of any other Owner to the extent reasonably necessary to perform repair, maintenance, or reconstruction of a party wall and those improvements belonging to one lot which encroach on an adjoining lot or Common Area. Such repair, maintenance, or reconstruction shall be done expeditiously, and, upon completion of the work, the Owner shall restore the adjoining lot or lots to as near the same condition as that which prevailed prior to commencement of the work as is reasonably practicable.

Section 7. Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, such dispute shall be settled by arbitration as provided under the laws of the State of North Carolina as they now are or are hereafter amended.

ARTICLE VIII USE RESTRICTIONS

Section 1. Rules and Regulations. The Board of Directors of the Association shall have the power to formulate, amend, publish, and enforce reasonable rules and regulations concerning the use and enjoyment of the front yard space of each lot and the Common Area. Such rules and regulations, along with all policy resolutions and policy actions taken by the Board of Directors, shall be recorded in a Book of Resolutions which shall be maintained in a place convenient to the Owners and available to them for inspection during normal business hours.

Section 2. Use of Property. Each building, the townhomes therein, and the Common Area shall be for the following uses and subject to the following restrictions, and, in addition, to those set forth in the Bylaws:

(a) All buildings and the Common Area shall be used for residential and related common purposes. Each townhome shall be used as a single-family residence and for no other purpose, except that the Declarant may use one or more townhomes for offices and/or model townhomes for sales purposes, consistent with the Code of Ordinance of Raleigh.

(b) Nothing shall be kept and no activity shall be carried on in any building or townhome or on the Common Area which will increase the rate of insurance, applicable to residential use, for the Property or the contents thereof. No Owner shall do or keep anything, or cause or allow anything to be done or kept, in his townhome or on the Common Area which will result in the cancellation of insurance on any portion of the Property, or the contents thereof, or which will be in violation of any law, ordinance or regulation. No waste shall be committed on any portion of the Common Area.

(c) No immoral, improper, offensive, or unlawful use shall be made of the Property, or any part thereof, and all valid laws, ordinances, and regulations of all governmental agencies having juris-

3000 3405 PAGE 46

diction thereof shall be observed. All laws, order, rules, regulations, or requirements of any governmental agency having jurisdiction thereof, relating to any portion of the Property, shall be complied with, by and at the sole expense of the Owner or the Association, whichever shall have the obligation to maintain or repair such portion of the Property.

(d) Nothing shall be done in or to any townhome or in, to, or upon any of the Common Area which will impair the structural integrity of any building, townhome, or portion of the Common Area or which would impair or alter the exterior of any building or portion thereof, except in the manner provided in this Declaration.

(e) No industry, business, trade, occupation, or profession of any kind, whether commercial or otherwise, shall be conducted, maintained, or permitted on any part of the Property, except that any Owner may lease the townhome located on his Lot for residential purposes. Provided, however, Declarant or its agents and builders may use any townhome for office, sales or display purposes.

(f) No Owner shall display, or cause or allow to be displayed, to public view any sign, placard, poster, billboard, or identifying name or number upon any townhome, building, or any portion of the Common Area, except as allowed by the Association pursuant to its Bylaws and as required by the Raleigh City Code; provided, however, that the Declarant, Owner, builders, realtors and any mortgagee who may become the owner of any unit, or their respective agents, may place "For Sale" or "For Rent" signs on any Lot or townhome. Provided, however, that during the development of the Property and the marketing of townhomes, the Declarant, builders and realtors may maintain an office and may erect and display such signs as the Declarant deems appropriate as aids to such development and marketing, provided that such signs do not violate any applicable laws.

(g) No person shall undertake, cause, or allow any alteration or construction in or upon any portion of the Common Area except at the direction or with the express written consent of the Declarant.

(h) The Common Area shall be used only for the purposes for which they are intended and reasonably suited and which are incident to the use and occupancy of the townhomes, subject to any rules or regulations that may be adopted by the Association pursuant to its Bylaws.

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

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

Section 5. Outside Antennas. No outside radio or television antennas shall be erected on any Lot or dwelling unit within the Properties unless and until permission for the same has been granted by the Association as provided in Article V, Section 5 of this Declaration.

ARTICLE IX

ARCHITECTURAL CONTROL & INSPECTION

No site preparation or initial construction, erection, or installation of any improvements, including, but not limited to, residences, outbuildings, fences, walls, screens (whether by plants or structures) and other structures, shall be undertaken upon any Lot or on the Properties unless the plans and specifications therefor, showing the nature, kind, shape, height, materials, and location of the proposed improvements shall have been submitted to the Declarant or its agent and expressly approved in writing. No subsequent alteration or modification of any existing improvements nor construction, erection, or installation of

3405 PAGE 47

additional improvements may be undertaken on any of the Properties without prior review and express written approval of the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board.

Whether or not a proposed modification or alternation to an existing structure is compatible with surrounding structures shall be considered in determining whether to approve or disapprove the request; however, compatibility with surrounding structures shall not preclude the denial of the request, if other factors, as determined by the ruling body, make it appear that the request should be denied.

In general, the construction of fences, walls, screens, and other structures or the planting of trees, shrubs or other vegetation will not be permitted if in the opinion of the Declarant, Board, or Architectural Committee, as applicable, such construction or planting constitutes an unreasonable obstruction of the view of another Owner.

In the event that the Declarant or the Association, as the case may be, fails to approve or disapprove the site or design of any proposed improvements within thirty (30) days after plans and specifications therefor have been submitted and received, approval will not be required, and the requirements of this Article will be deemed to have been fully met; provided, that the plans and specifications required to be submitted shall not be deemed to have been received by the Declarant or the Association if they contain erroneous data or fail to present adequate information upon which the Declarant or the Association, as the case may be, can arrive at a decision.

The Declarant and/or the Association (as applicable) shall have the right, at its election, but shall not be required, to enter upon any of the Properties during site preparation or construction, erection, or installation of improvements to inspect the work being undertaken and to determine that such work is being performed in conformity with the approved plans and specifications and in a good and workmanlike manner, utilizing approved methods and good quality materials.

ARTICLE X

ANNEXATION OF ADDITIONAL PROPERTIES

Section 1. Annexation of additional land to the Properties shall require the assent of two-thirds (2/3) of the Class A membership and two-thirds (2/3) of the Class B membership, if any.

Section 2. Annexation of additional land shall be accomplished by recording in the Wake County Registry a Declaration of Annexation, duly executed by the Association describing the lands annexed and incorporating the provisions of this Declaration, either by reference or by fully setting out said provisions of this Declaration. The additional lands shall be deemed annexed to the Properties on the date of recordation of the Declaration of Annexation.

Section 3. Subsequent to recordation of the Declaration of Annexation by the Declarant, the Declarant shall deliver to the Association one or more deeds conveying any Common Area within the lands annexed as such Common Area is developed, as set forth in Article V, Section 3 of this Declaration.

ARTICLE XI

INSURANCE

Every Owner shall maintain in full force and effect at all times fire and hazard insurance in an amount equal to the full insurable value of his townhome except that the amount shall not be required to exceed the replacement cost of the townhome. An Owner shall exhibit to the Board, upon demand, evidence that such insurance is in effect. If an Owner shall fail to maintain such insurance, the Board is authorized to obtain such insurance in the name of the Owner from an insurer selected by the Board.

3405 PAGE 48

and the cost of such insurance shall be included in the annual assessment of the Owner and shall constitute a lien against his lot and townhome until paid.

The Board of Directors shall procure and maintain adequate liability and hazard insurance on the Common Area and other property owned by the Association.

(Recommendation to Owners - If a townhome is damaged by fire or other casualty, and if such damage results in damage to an adjacent attached unit, there may be prolonged disputes between the insurance carriers of the adjacent damaged units (which may, in turn, delay the settlement of claims) unless the insurance protection on both units is provided by the same carrier. It is therefore recommended that the Owners of all townhomes located within the same building purchase their fire and casualty insurance from the same insurance carrier.)

ARTICLE XII

GENERAL PROVISIONS

Section 1. Public Protection. In no case shall the City of Raleigh or other agency which provides emergency or regular fire, police or other public service for the Properties, be responsible for failing to provide any such service to the Properties or any of its occupants when such failure is due to the lack of access to such areas due to inadequate design or construction, blocking of access routes, or any other factor within the control of the developer, Association, or occupants.

Section 2. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 3. Severability. Invalidity of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

Section 4. Amendment. The covenants, conditions, and restriction of this Declaration shall run with and bind the land for a term of twenty (20) years from the date of this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years unless an instrument signed by the Owners of not less than seventy-five percent (75%) of the Lots then subject to this Declaration is recorded which specifies these covenants, conditions and restrictions shall not be renewed. Except as provided in Sections 6 and 7 of this Article, this Declaration may be amended during the first twenty (20) year period of an instrument signed by the Owners of not less than ninety percent (90%) of the lots, and thereafter by an instrument signed by the Owners of not less than seventy-five percent (75%) of the lots; provided, however, that the Board of Directors may amend this Declaration, without the consent of Owners, to correct any obvious error or inconsistency in drafting, typing, or reproduction. All amendments shall be certified as an official act of the Association and shall forthwith be recorded in the Wake County Registry. All amendments shall become effective upon recordation.

Section 5. If any amendment to these covenants, conditions and restrictions is executed, each such amendment shall be delivered to the Board of Directors of this Association. Thereupon, the Board of Directors, shall, within thirty (30) days do the following:

(a) Reasonably assure itself that the amendment has been executed by the Owners of the required number of Lots. (For this purpose, the Board may rely on its roster of Members and shall not be required to cause any title to any Lot to be examined);

(b) Attach to the amendment a certification as to its validity, which certification shall be executed by the Association in the same manner that deeds are executed. The following form of certification is suggested:

ECO: 3405 PAGE 49

**CERTIFICATION OF VALIDITY OF AMENDMENT TO COVENANTS
CONDITIONS AND RESTRICTIONS OF WESTRIDGE TOWNHOMES**

By authority of its Board of Directors, Westridge Townhouses Homeowners Association, Inc. hereby certifies that the foregoing instrument has been duly executed by the Owners of _____ percent of the Lots of Westridge Townhomes and is, therefore, a valid amendment to the existing covenants, conditions and restrictions of Westridge.

**WESTRIDGE TOWNHOUSES HOMEOWNERS
ASSOCIATION, INC.**

ATTEST:

By: _____

President

Secretary

(c) Immediately, and within the thirty (30) day period aforesaid, cause the amendment to be recorded in the Wake County Registry.

All amendments shall be effective from the date of recording in the Wake County Registry, provided, however, that no such amendment shall be valid until it has been indexed in the name of this Association. When any instrument purporting to amend the covenants, conditions and restrictions has been certified by the Board of Directors, recorded and indexed as provided by this Section, it shall be conclusively presumed that such instrument constitutes a valid amendment as to all persons thereafter purchasing any Lots.

Notwithstanding the foregoing, no amendment for which approval of the City Attorney is needed shall be effective unless approved by the City Attorney of Raleigh (so long as this is required by the Raleigh City Code); provided, however, that if any amendment is submitted to said City Attorney and is neither approved nor disapproved with twenty (20) days from the date of submission, it shall be conclusively presumed that the City Attorney has approved it.

Section 6. Amendment of Declaration Without Approval of Owners. The Declarant, without the consent or approval of the Association or of any other Owner, shall have the right to amend this Declaration to conform to the requirements of any law or governmental agency having legal jurisdiction over the Property or to qualify the Property or any Lots and improvements thereon for mortgage or improvement loans made, insured or guaranteed by a governmental agency or to comply with the requirements of law or regulations of any corporation or agency belonging to, sponsored by, or under the substantial control of, the United States Government or the State of North Carolina, regarding purchase or sale in such Lots and improvements, or mortgage interests therein, as well as any other law or regulation relating to the control of Property, including, without limitation, ecological controls, construction standards, aesthetics, and matters affecting the public health, safety and general welfare. A letter from an official of any such corporation or agency, including, without limitation, the Veterans Administration, U. S. Department of Housing and Urban Development, the Federal Home Loan Mortgage Corporation, Government National Mortgage Corporation, or the Federal National Mortgage Association, requesting or suggesting an amendment necessary to comply with the requirements of such corporation or agency shall be sufficient evidence of the approval of such corporation or agency, provided that the changes made substantially conform to such request or suggestion.

No amendment made pursuant to this Section shall be effective until duly recorded in the Register of Deeds of Wake County.

Section 7. Amendment to Achieve Tax-Exempt Status. The Declarant, for so long as it shall retain control of the Association, and thereafter, the Board of Directors, may amend this Declaration as shall be necessary, in its opinion, and without the consent of any Owner, to qualify the Association or the Property, or any portion thereof, for tax-exempt status. Such amendment shall become effective upon the date of its recording in the Wake County Registry.

RSD 3405 FILE 50

IN WITNESS WHEREOF, the undersigned being the Declarant herein and Branch Banking and Trust Company, have executed this instrument by authority of its Board of Directors, and Andrew G. Burch has set his hand and seal, this the day and year first above written.

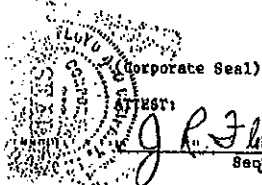


ATTEST:
Sharon L. Bane
Secretary

ROGER BALL GENERAL CONTRACTOR, INC.

By: Andrew G. Burch
President

FLOYD AND COMPANY, INC.



ATTEST:
J. R. Floyd
Secretary

By: James M. Floyd
President

BRANCH BANKING AND TRUST COMPANY

(Corporate Seal)

ATTEST:
D. Smith Monson
Secretary

By: Richard E. Fawcett
Vice President

TRUSTEE

Andrew G. Burch (SEAL)
Andrew G. Burch

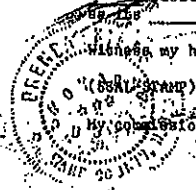
APPROVED: RALPH CITY ATTORNEY

By: Irvin J. Bohring
Ralph City Attorney

NORTH CAROLINA, COUNTY OF Wake

I, a Notary Public of the County and State aforesaid, certify that Sharon L. Bane, personally came before me this day and acknowledged that she is Secretary of ROGER BALL GENERAL CONTRACTOR, INC., a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal and attested by Sharon L. Bane Secretary.

Witness my hand and official seal, this 20th day of November, 1984.



My commission expires: 12/1/85

Irvin J. Bohring
Notary Public

300-3405 PAGE 51

NORTH CAROLINA, COUNTY OF Wake

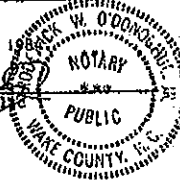
I, a Notary Public of the County and State aforesaid, certify that John H. [Signature], personally came before me this day and acknowledged that he is Secretary of FLOYD AND COMPANY, INC., a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal and attested by [Signature] as its Secretary.

Witness my hand and official seal, this 15 day of November, 1984.

(SEAL-STAMP)

My commission expires: 3-24-87

Notary Public

NORTH CAROLINA, COUNTY OF Wake

I, a Notary Public of the County and State aforesaid, certify that B. GARRETT THOMPSON, personally came before me this day and acknowledged that he is Asst. Secretary of BRANCH BANKING AND TRUST COMPANY, a North Carolina state banking corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its Vice President, sealed with its corporate seal and attested by B. GARRETT THOMPSON as its Asst. Secretary.

Witness my hand and official seal, this 27TH day of November, 1984.

(SEAL-STAMP)

My commission expires: 3-28-87

Notary Public

NORTH CAROLINA, COUNTY OF Wake

I, the undersigned Notary Public, do hereby certify that ANDREW G. BURCH, Trustee, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and notarial seal, this 27TH day of November, 1984.

My commission expires: 3-28-87

Notary Public

NORTH CAROLINA, COUNTY OF Wake

I, the undersigned Notary Public, do hereby certify that Ira J. Betinick, Assoc. City Attorney for the City of Raleigh, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and notarial seal, this 19TH day of November, 1984.

My commission expires: 10-18-87

Notary Public



NORTH CAROLINA -- WAKE COUNTY

The foregoing certificate is of Brenda H. [Signature], Victoria S. Pittman, W. O'Donoghue, John H. [Signature], B. Garrett Thompson, Ira J. Betinick, and Victoria S. Pittman.

Notary 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.

KENNETH C. WILKINS, Register of Deeds

By Kenneth C. Smith
Asst. Deputy Register of Deeds

E-90 3405 PAGE 52

EXHIBIT "A"

BEGINNING at a new iron pin located on the southern right of way line of Wayne Street said pin being 411.68 feet east of a point where Wayne Street intersects State Road 1319; running thence, south 74° 01' 40" east 248.93 feet to an iron pin in the southern right of way line of Wayne Street; running thence south 15° 51' 50" west 436.29 feet to a right of way monument located in the southeast corner of said property; running thence, north 84° 58' 44" west 216.63 feet to another right of way monument; running thence, north 78° 27' 58" west 66.22 feet to an existing iron pin located in the southwest corner of said property; running thence, north 15° 51' east 266.19 feet to an existing iron pin said pin located in the southwest corner of the former right of way of Carol Drive (now closed); running thence, south 74° 09' east 30 feet to a new iron pin; running thence, along the dividing line of former Carol Drive north 15° 51' east 216.32 feet to the point and place of BEGINNING. According to survey prepared by John Y. Phelps, Jr. dated February 14, 1984 and entitled property of "Kirk Molanis and Alton Smith". For further reference see Deed Book 3113, page 214.

800:3405 PAGE 53

EXHIBIT "B"
BYLAWS

OF

WESTRIDGE TOWNHOUSES
HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION. The name of the corporation is Westridge Townhouses Homeowners Association, Inc., herein referred to as the "Association". The principal office of the corporation shall be located in Wake County, North Carolina. Meetings of Members and directors may be held at such places within the State of North Carolina, County of Wake, as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 1. "Association" shall mean and refer to Westridge Townhouses Homeowners Association, Inc., its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions affecting Property now within the jurisdiction of the Association and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Common Areas" shall mean all real property owned by the Association for the common use and enjoyment of the Owners and Members of the Association, including limited common areas. Common Areas shall also mean the facilities constructed, erected or installed on the real property which is part of the Common Areas for the use, benefit and enjoyment of the Owners, including without limitation, the following:

(a) All central appurtenant installations for services such as electricity, gas, telephone and cable television;

(b) All water lines and mains, sewer pipes and sewer systems outside of city street rights-of-way, but not within the area of a Lot;

(c) All of the parts of the Property and apparatus or installations existing in the buildings or upon the Property for common use which is necessary or convenient to the existence, maintenance or safety of the Property.

Section 4. "Limited Common Area" shall mean those portions of the Common Areas that serve only a limited number of Lots and which may include, but specifically is not limited to, driveways and walkways, parking, buildings or areas serving only specified Lots, and such other similar areas as may be designated by the Association. The Declarant may designate Limited Common Areas prior to annexation.

BOOK 3405 PAGE 54

Section 5. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties on which such plot appears (provided said map has been approved by Declarant), with the exception of the Common Area and Limited Common Area.

Section 6. "Lot in Use" shall mean and refer to any Lot on which a townhome has been constructed and made ready for occupancy. All townhomes which are part of the same building shall be considered constructed and made ready for occupancy at the time a certificate of occupancy is issued by the City of Raleigh for any townhome which is a part of such building. In addition to the foregoing, a Lot may become a Lot in Use by written agreement between the Declarant and an Owner.

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

Section 8. "Owner" shall mean and refer to the record owner, whether one or more persons, of a fee simple (or undivided fee simple interest) to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 9. "Declarant" shall mean and refer to ROGER HALL GENERAL CONTRACTOR, INC., and FLOYD AND COMPANY, INC., and its successors and assigns to whom the rights of Declarant hereunder are expressly transferred, in whole or in part, and subject to such terms and conditions as the Declarant may impose.

Section 10. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions and amendments thereto applicable to the Properties recorded in the Office of the Register of Deeds of Wake County, North Carolina.

Section 11. "Board of Directors" or "Board" means those persons elected or appointed and acting collectively as the Directors of the Association.

Section 12. "Common Expenses" shall mean and include:

- (a) All sums lawfully assessed by the Association against its Members;
- (b) Expenses for maintenance of the townhomes as provided in the Declaration;
- (c) Expenses of administration, maintenance, repair, or replacement of the Common Areas;
- (d) Expenses declared to be Common Expenses by the provisions of the Declaration or these Bylaws;
- (e) Hazard, liability, or such other insurance premiums as the Declaration or these Bylaws may require the Association to purchase;
- (f) Ad valorem taxes and public assessment charges lawfully levied against the Common Areas;

BOOK 3405 PAGE 55

(g) The expense of the maintenance of private drainage and utility easements and facilities located therein which are within the boundaries of the Properties, which cross Common Areas and which serve both the Properties and lands adjacent thereto;

(h) Expenses agreed by the Members to be Common Expenses of the Association; and

(i) Unpaid assessments resulting from the purchase of a townhome at a foreclosure sale (such assessment shall be collectible from all Members of the Association, including the purchaser at the foreclosure sale, his successors and assigns).

Section 13. "Townhome" or "Townhouse" shall mean and refer to a dwelling or place of residence constructed upon a Lot within the Properties and constituting a part of a building.

ARTICLE III

MEMBERSHIP

Section 1. Membership. Every Owner of a Lot which is subject to assessment by the Association 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. Ownership of such Lot shall be the sole qualification for membership.

As evidence of each Owner's membership, each Owner shall deliver to the office of the Association a photocopy of the page(s) of his deed(s) which contains the name of the Member and the Lot(s) owned by such Member.

Section 2. Suspension of Membership. During any period in which a Member shall be in default in the payment of any annual or special assessment levied by the Association, the voting rights and right to use of the Common Areas (or portions thereof) of such Member may be suspended by the Board of Directors until such assessment has been paid. Such rights of a Member may also be suspended, after notice and hearing, for a period not to exceed 30 days, for violation of any rules and regulations established by the Board of Directors governing the use of the Common Areas.

ARTICLE IV

PROPERTY RIGHTS: RIGHTS OF ENJOYMENT

Each Member shall be entitled to the use and enjoyment of the Common Areas as provided in the Declaration. Any member may delegate his rights of enjoyment of the Common Areas to the members of his family, his tenants or contract purchasers, who reside on the property. Such Member shall notify the secretary in writing of the name of any such delegate. The rights and privileges of such delegate are subject to suspension to the same extent as those of the Member. Any Member may allow his guests to use the Common Area, in accordance with these Bylaws, Article V of the Declaration and any rules and regulations adopted by the Board.

BOOK 3405 PAGE 56

ARTICLE V

BOARD OF DIRECTORS: SELECTION; TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of three (3) directors, who need not be Members of the Association.

Section 2. Election. Until Class B membership becomes Class A membership as provided in the Articles of Incorporation and the Declaration, the affairs of this Association shall be managed by a Board of three (3) directors, who need not be Members of the Association, and who may be appointed by the Declarant as defined in the Bylaws of this Association. At the first annual meeting of the Members following the date on which Class B membership is converted to Class A membership, and at each annual meeting thereafter, three (3) directors shall be elected in accordance with Article VII of these Bylaws.

Section 3. Removal. Until Class B membership becomes Class A membership as provided in the Articles of Incorporation and the Declaration, the Declarant may remove any Director with or without cause. At the first annual meeting of the Members following the date on which Class B membership is converted to Class A membership, any director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

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

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

ARTICLE VI

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held annually, without notice, after the annual meeting of Members as provided in Article X, Section 1. In addition, the Board of Directors may provide, by resolution, the time and place for the holding of additional regular meetings. Should said meetings fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board 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

REC- 3405 PAGE 57

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

ARTICLE VII

NOMINATION AND ELECTION OF DIRECTORS

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

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

ARTICLE VIII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

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

(a) To adopt, amend and publish rules and regulations governing the use of the Common Areas and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;

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

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

(d) To employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties and compensation.

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

(a) To 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

BOOK 3405 PAGE 58

annual meeting of the Members or at any special meeting, when such statement is requested in writing by one-fourth (1/4) of the Class A Members who are entitled to vote;

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

(c) As more fully provided herein and in the Declaration;

(1) To fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period, as hereinafter provided in Article XII, and

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

(d) To issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. Such certificate shall be conclusive evidence of any assessment therein stated to have been paid;

(e) To procure and maintain adequate liability insurance, and to procure adequate hazard insurance on property owned by the Association;

(f) To cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(g) To cause the Common Area, the improvements on the Common Area and the townhouses and lots, as provided in the Declaration, to be maintained;

(h) To cause the payment of ad valorem taxes and public assessments levied against the Common Areas; and

(i) To direct and supervise the affairs of the Association and require the Association to fulfill all of its obligations and duties as set forth in the Declaration.

ARTICLE IX

COMMITTEES

Section 1. The Board may appoint an Architectural Control Committee provided in the Declaration and a Nominating Committee as provided in these Bylaws. In addition, the Board of Directors may appoint other committees as deemed appropriate in carrying out its purposes, such as:

1. A Recreation Committee which shall advise the Board of Directors on all matters pertaining to the recreational program and activities of the Association and shall perform such other functions as the Board, in its discretion, determines;

2. A Maintenance Committee which shall advise the Board of

320x 3405 PAGE 59

Directors on all matters pertaining to the maintenance, repair or improvement of the Properties, and shall perform such other functions as the Board, in its discretion, determines;

3. A Publicity Committee which shall inform the Members of all activities and functions of the Association and shall, after consulting with the Board of Directors, make such public releases and announcements as are in the best interests of the Association;

4. An Audit Committee which shall supervise the annual audit of the Association's books and approve the annual budget and statement of income and expenditures to be presented to the membership at its regular annual meeting as provided in Article XI, Section 8(d). The Treasurer shall be an ex-officio member of the Committee.

Section 2. It shall be the duty of each committee to receive complaints from Members on any matter involving Association functions, duties, and activities within its field of responsibility. It shall dispose of such complaints as it deems appropriate or refer them to such other committee, director or officer of the Association as is further concerned with the matter presented.

ARTICLE X

MEETINGS OF MEMBERS

Section 1. Annual Meetings. The annual meeting of the Members shall be held on the second Tuesday in the month of November of each year at the hour of 7:30 o'clock P.M., and at such place as is fixed by the Board of Directors. The Directors may change the date and time of the annual meeting from time to time.

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

Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least 20 days before such meeting, except where another notice period is provided in these Bylaws, the Declaration, or the Articles of Incorporation, to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, one-fifth (1/5) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power, except as provided in these Bylaws, the Declaration, or

BOOK 3405 PAGE 60

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

ARTICLE XI

OFFICERS AND THEIR DUTIES

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

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

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

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at such 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 in the manner prescribed for regular election. The officer elected to such vacancy shall serve for the remainder of the term of the officer he replaces.

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

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

(a) President. The President shall preside at all meetings of the Board of Directors and all meetings of the Members; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, promissory notes, deeds and other written instruments.

(b) Vice President. The Vice President shall act in the place

BOOK 3405 PAGE 61

and stead of the President in the event of this 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 said seal; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the Board.

(d) Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; keep proper books of account; cause an annual audit of the Association books to be made by an independent certified public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the Members.

ARTICLE XII

ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments; Lien Shall be a Charge on the Land. Every Owner, by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to covenant and agree to pay to the Association for each Lot:

- (a) Annual assessments or charges;
- (b) Special assessments for capital improvements; and
- (c) Special assessments for purchase and reconstruction of townhomes as hereinafter provided.

Such assessments shall be fixed, established, and collected from time to time as hereinafter provided.

The annual and special assessments, together with interest thereon at the rate hereinafter provided, costs of collection thereof and reasonable attorneys fees shall be a charge on the Lot so assessed and improvements located thereon and shall be a continuing lien upon the Lot and improvements against which each such assessment is made. If the assessment or portion thereof is not paid within thirty (30) days after the due date, the same shall bear interest from the date of delinquency at the highest rate then permitted by the regulations of the Federal Housing Administration (FHA) and the regulations of the Veterans Administration (VA); provided, however, that if highest rate permitted by FHA and VA are not the same, the interest rate shall be the lower of rates permitted by these two agencies. Each such assessment, together with such interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of the Lot at the time the assessment fell due. The personal obligation of an Owner for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

BDO-3405 PAGE 62

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the promotion of the recreation, health, safety and welfare of the residents of the Properties, for the enforcement of these covenants and the rules and regulations of the Association, for the acquisition, improvement and maintenance of properties, services and facilities devoted to this purpose, for the exterior maintenance of the townhomes situated upon the Properties or for the use and enjoyment of the Common Area, including but not limited to, the cost of repairs, replacements and additions, the cost of labor, equipment, materials, management and supervision, the payment of taxes assessed against the Common Area, the payment of public assessments levied against the Common Area, the procurement and maintenance of insurance in accordance with these Bylaws and the Declaration, the payment of charges for television antenna services to the Properties, the employment of attorneys to represent the Association when necessary, and such other needs as may arise.

Section 3. Annual Assessment: Amount of Assessment.

(a) Initial Assessment. Until January 1, 1986, the maximum initial annual assessment for each Lot in Use shall be Six Hundred Dollars (\$600.00), the exact amount of which shall be determined from time to time as provided in Subsection (d) of this Section 3.

(b) From and after January 1, 1986, the maximum annual assessment may be increased each year not more than 15% above the maximum assessment for the previous year by the Board of Directors without a vote of the membership.

(c) From and after January 1, 1986, the maximum annual assessment may be increased by more than 15% of the maximum assessment for the previous year by a vote of two-thirds (2/3) of each class of membership who are voting in person or by proxy, at a meeting duly called for this purpose.

(d) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum. In establishing the annual assessment for any assessment year, the Board of Directors shall consider only the current costs and expenses, any accrued debts and reserves for future needs necessary to maintain the structures and Common Area.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment against each Lot in Use applicable to that year only for the purpose of defraying, in whole or in part, the costs of construction or reconstruction, unexpected repair, or replacement of a described capital improvement upon the Common Area, including the necessary fixtures and personal property related thereto. Provided, however, that before any such assessment under this section shall be effective it shall need the assent of two-thirds (2/3) of the votes of each class of membership, who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5. Special Assessments for the Purchase and Reconstruction of Townhomes. If the Board of Directors determines, pursuant to Article III, Section 5 of the Declaration, that it would be advan-

2304 3405 PAGE 63

teagueous to the Association and/or to the remaining Property to purchase and reconstruct any townhome, it shall call a special meeting by giving written notice thereof, setting forth the purpose of the meeting, to all Members within seven (7) days following submission of the committee report. The special meeting of Members shall be held not less than seven (7) days nor more than fifteen (15) days following notice to Members. Upon an affirmative vote of at least sixty-six and two-thirds percent (66-2/3%) of each class of membership present and voting, the Board will be authorized to purchase and reconstruct the townhome and to assess all Lots equally for all costs and expenses arising out of the purchase and repair or reconstruction of the townhome. The Board may require that the assessment be paid in a lump sum, in installments during an assessment year, or over a period of two (2) or more assessment years, as the Board, in its discretion, shall determine to be appropriate.

Such an assessment shall be in addition to, and not in lieu of, the annual assessments provided for in Section 3 and the special assessments provided for in Section 4 of this Article.

Section 6. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots subject to such assessment on a per Lot basis, and may be collected on a monthly basis.

A variety of dwellings with a variety of exteriors will be constructed and that whatever exteriors are constructed will be for the purpose of achieving harmony of design and textures while at the same time avoiding monotony. In such event, some dwellings may entail more expense for exterior maintenance than others. However, the construction of the variety will be for the enhancement of property values of all townhomes. Therefore, no difference is made in the amount of annual assessment on account of any disparity in the cost of exterior maintenance or the replacement of roofs on account of the different types of construction.

Section 7. Notice and Quorum for Any Action Authorized Under Section 3, 4 and 5. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all Members not less than 20 days nor more than 60 days in advance of the meeting. Written notice of any meeting called for the purpose of taking any action authorized under Section 5 shall be sent to all Members not less than 7 days nor more than 15 days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 30 days following the preceding meeting.

Section 8. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided herein for a Lot shall be paid in equal monthly installments and the payment of such shall commence as to each Lot on the first day of the first month following the date that such Lot becomes a Lot in Use. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every

BCD 3405 PAGE 64

Owner subject thereto. The due dates shall be established by the Board of Directors. The Association, upon demand at any time, shall furnish a certificate in writing signed by an officer of the Association setting forth whether the assessments on a specified lot have been paid. A properly executed certificate of the Association as to the status of assessments on a lot is binding upon the Association as of the date of its issuance. The Association may make a reasonable charge for the issuance of such certificate.

Section 9. - Effect of Nonpayment of Assessments; Remedies of the Association. Any assessments or portion thereof which are not paid when due shall be delinquent. If the assessment or portion thereof is not paid within thirty (30) days after the due date, the same shall bear interest from the date of delinquency at the highest rate then permitted by the regulations of the Federal Housing Administration (FHA) and the regulations of the Veterans Administration (VA); provided, however, that if highest rates permitted by FHA and VA are not the same, the interest rate shall be the lower of rates permitted by these two agencies. The Association may bring an action against the owner personally obligated to pay the same, or foreclose the lien against such Owner's lot in the same manner real estate deeds of trust may be foreclosed in the State of North Carolina, and interest, costs and reasonable attorney's fees of any such action or foreclosure shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessment provided for herein by nonuse of the Common Area or abandonment of his lot.

Section 10. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein on any lot shall be subordinate to the lien of any first mortgage or first deed of trust on such lot. The sale or transfer of any lot pursuant to such mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sales or transfer. No 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 first deed of trust.

ARTICLE XIII

BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Declaration, the Articles of Incorporation and the 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 a reasonable cost.

ARTICLE XIV

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words "Westridge Townhouses Homeowners Association, Inc." and in its center the words, "Corporate Seal".

30043405 PAGE 65

ARTICLE XV

AMENDMENTS

Section 1. These Bylaws may be amended at a regular or special meeting of the Members, by a vote of a majority of a quorum of the Members present in person or by proxy.

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

ARTICLE XVI

MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of October and end on the 30th day of September of every year, except that the first fiscal year shall begin on the date of incorporation.

IN WITNESS WHEREOF, we, being all of the directors of WESTRIDGE TOWNHOUSES HOMEOWNERS ASSOCIATION, INC., have hereunto set our hands this the ____ day of _____, 1984.

Director

4

Director

Director