

PREPARED BY/RETURN TO:
F.TIMOTHY NICHOLLS

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**DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR
WOODBIDGE**

KENNETH C. WILKINS
REGISTER OF DEEDS
WAKE COUNTY

THIS DECLARATION, made on the date hereinafter set forth by Flagship Development Company, Post Office Box 19205, Raleigh, North Carolina 27619, a North Carolina corporation, (hereinafter "Declarant")

WITNESSETH THAT:

WHEREAS, Declarant is the owner of real property located in Neuse Township, Wake County, North Carolina, which is more particularly described on **Exhibit A** attached hereto and incorporated herein by this reference (hereinafter "Exhibit A"); and

WHEREAS, Declarant intends to subdivide the real property described on **Exhibit A** and conduct such development and construction activities as necessary to develop it into a single-family residential subdivision called "Woodbridge" (hereinafter "Woodbridge"); and,

WHEREAS, Declarant desires to subject the Properties comprising Woodbridge, including its Lots and Common Area, to certain protective covenants, conditions, restrictions, and easements herein to provide for the development of Woodbridge in an orderly manner with appropriate architectural, landscaping and maintenance controls to maintain the value, aesthetic appearance and architectural harmony of Woodbridge during and after its development; and

WHEREAS, Declarant desires to create an entity to which it can delegate and assign, and which will assume, upon such delegation and assignment, the power and authority of maintaining and administering the common properties and services of Woodbridge, of administering and enforcing the covenants, restrictions and easements hereof, and of collecting and disbursing all assessments and charges necessary for such maintenance, administration and enforcement;

NOW, THEREFORE, Declarant hereby declares and consents that all of the Properties, Lots and Common Area, as hereinafter defined, are and shall be held, transferred, sold, conveyed, leased, mortgaged, occupied, used and otherwise disposed of and held subject to the following easements, restrictions, covenants, and conditions, charges and liens as hereinafter set forth.

ARTICLE I
DEFINITIONS

Unless the context shall prohibit or otherwise require, each of the following words or terms, whenever used herein with an initial capital letter, shall have the following meaning:

Section 1. "Architectural Committee" means the committee appointed by the Board of Directors to approve the development of the Lots, as provided in ARTICLE VI hereof. The initial Architectural Committee shall consist of **Stephen B. Eastman, H. H. Honeycutt, III and Randolph Reid.**

Section 2. "Articles" means the Articles of Incorporation for the Association, including any amendments thereto, filed with the Office of the Secretary of State for the State of North Carolina.

Section 3. "Assessment" means an Owner's share of the Common Expenses assessed, from time to time, against the Owner's Lot by the Association in the manner herein provided.

Section 4. "Association" means Woodbridge Homeowners Association, Inc., a North Carolina non-profit corporation, and its successors.

Section 5. "Board of Directors" or "Board" means the Association's Board of Directors, which is the governing body of the Association.

Section 6. "Bylaws" means the bylaws, from time to time adopted and amended by the Association, to govern the Association's administration and operation.

Section 7. "Common Area" means, singularly or collectively, all that portion of the Properties (including the improvements thereto and thereon) owned or leased by the Association for the common use and enjoyment of the Owners, including, if any, roadway medians and islands, parking areas, open space and recreational areas and facilities furnished for the general use of the Owners, and such other portions of or interests in the Properties as Declarant shall, from time to time, designate as Common Area. The Common Area may be designated by Declarant or the Association as "Common Area", "Common Property", "Open Space", or some other similarly descriptive term, on a recorded plat, in a supplemental Declaration, or in a deed or other written instrument, and also shall refer to all personal property owned or leased by the Association and designated as common property by the Declarant or the Association. The Common Area, at the time of Declarant's conveyance of the initial Lot in Woodbridge, is described with greater particularity on **Exhibit B**, attached hereto and incorporated herein by this reference.

Section 8. "Common Expenses" means all sums lawfully assessed against a Lot by the Association including expenses of administration, maintenance, repair, replacement or maintenance of the Common Area or Buffer Area, expenses agreed upon by the Association, the cost of any liability insurance premiums, ad valorem taxes and assessments levied against Common Area, and expenses declared as Common Expenses by the provisions of this Declaration or the Bylaws.

Section 9. "Declarant" means Flagship Development Company, a North Carolina corporation, and any successor to or assignee of Declarant's rights, powers and authorities hereunder (in whole or in part).

Section 10. "Declaration" means this Declaration of Covenants, Conditions and Restrictions for Woodbridge, and all amendments thereto filed for record in the Office of the Register of Deeds of Wake County, North Carolina, as permitted hereunder.

Section 11. "Lot" means any numbered or lettered parcel of land within the Properties, as shown upon any recorded subdivision map of the Properties, which is zoned and intended for single-family residential use and on which Declarant contemplates that a Residence will be constructed and occupied. The Lot specifically excludes any Common Area and street rights-of-way.

Section 12. "Member" means each person or entity who owns a Lot and who holds membership in the Association, including Declarant so long as it owns any Lot.

Section 13. "Owner" means the record owner, whether one or more persons or entities, of fee simple title to any Lot, as shown by the public records of Wake County, North Carolina, but excluding those having such interest merely as security for the performance of an obligation or those who are tenants or lessees of a Lot.

Section 14. "Properties" means that certain real property more particularly described on **Exhibit A** (together with all improvements now or hereafter located thereon), and any additional property (together with all improvements which may at any time be located thereon), made subject to this Declaration pursuant to Article VIII, Section 5, hereof.

Section 15. "Residence" means a detached single-family residential dwelling unit and an attached or detached garage appurtenant thereto, an attached outbuilding or storage building appurtenant thereto, and/or a detached pump house serving a swimming pool on the Lot, with all of the foregoing meeting the requirements contained in this Declaration, including approval by the Architectural Committee.

ARTICLE II
PROPERTY RIGHTS

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

(a) the right of the Association to permit the use of, and to charge reasonable admission and other fees for the use of, any recreational facilities which may constitute a portion of the Common Area, subject to the laws of the City of Raleigh, North Carolina (hereinafter the "City");

(b) the right of the Association to suspend the voting rights and right to use any of the recreational facilities which may constitute a portion of the Common Area by an Owner for any period during which any Assessment against his Lot remains unpaid, and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations;

(c) the right of the Association, in accordance with the Articles and Bylaws and with the written assent of two-thirds (2/3) of each class of Members, to borrow money for the purpose of improving the Common Area and, in aid thereof, to deed in trust the Common Area; provided, such deed of trust shall be subject to the rights and easements of the Owners in the Common Area.

(d) the right of the Association, in accordance with the Articles and Bylaws and with the written assent of two-thirds (2/3) of each class of Members, 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 as provided in the Articles; and,

(e) the right of the Association to formulate, publish, impose and enforce rules and regulations for the use and enjoyment of the Common Area, which regulations may further restrict the use of the Common Area.

Section 2. Delegation of Use. Subject to Section 1 above, any Owner may delegate, in accordance with the Bylaws, his rights of use and enjoyment in and to the Common Area, to a member of his family, his lawful tenants, or contract purchasers who reside on such Owner's Lot and, to his guests, invitees and licensees.

Section 3. General Easements and Associated Undertakings. All of the Properties, including the Lots, the Common Area and street rights-of-way in Woodbridge, shall be subject to such easements for public streets, utility lines, telecommunication lines, sanitary sewers, storm drainage facilities, and landscape easements and buffers, as established by Declarant from time to

time including, without limitation, those shown on any recorded map of the Properties, or any part thereof. The Association shall have the power and authority to grant and establish upon, over, under and across the Common Area such further easements as are requisite for the convenient use and enjoyment of the Properties.

In addition, an easement is hereby established for the benefit of any governmental agency, and agent thereof, over all the Common Area and Lots for the setting, removal, and reading of water meters, the maintenance and replacement of government water, sewer and drainage facilities, the fighting of fires, collection of garbage and police protection.

Section 4. Temporary Construction Access and Disturbance Easement. Subject to such reasonable rules and regulations as may hereafter be established by the Association for the protection of the Common Area, an easement over, through and to the Common Area is hereby reserved, conveyed and established in favor of Declarant and each Lot Owner to be used for purposes or ingress, egress, regress, the conduct of construction activity on a Lot, the Common Area or any public street, sidewalk and median, the storage of construction materials, and the necessary disturbance of land for construction on any Lot including, without limitation, the installation of driveways, sidewalks, underground drainage and utility conduits and hookups. This easement shall be used only as and when necessary to facilitate the construction, by Declarant or any Owner, of improvements on a Lot, the Common Area or any public street, sidewalk and median. In using and taking the benefits of said easement, Declarant, or its designate, and Owners shall use their best efforts to minimize any land, improvements, or vegetation disturbance activities within the Common Area, and shall restore such land, improvements, and vegetation therein to a condition substantially as that which existed prior to such disturbance. Should Declarant, its designate, or an Owner fail to restore the disturbed Common Area, as required above, the Association may restore the land and vegetation to the required condition and Declarant, its designate, or Owner, as the case may be, shall indemnify the Association for the reasonable expenses incurred in performing such restoration. Where any Owner shall seek to take advantage of the easement herein conveyed, such Owner's rights of use shall be restricted to that Common Area which shall be reasonably servient and proximate to his Lot.

Section 5. Easement for Minor Encroachments. Each Lot and the Common Area shall be subject to a perpetual easement for the encroachment of initial improvements constructed on Lots to the extent that such initial improvements actually encroach, including, without limitation, such items as overhanging eaves, roofs, gutters, downspouts, exterior storage rooms, bay windows, stoops, decks, patios, porches, steps and walls. If any encroachment shall occur subsequent to subjecting the Properties to the Declaration as a result of settling or shifting of any improvement 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 perpetual maintenance of the same.

Every Lot shall be subject to an easement for entry and encroachment by Declarant, 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, drainage, streets and utility lines installed or constructed by Declarant. Declarant, upon making entry for such purpose, shall restore the affected Lot to as near the original condition as practicable.

Section 6. Frontage and Entrance Buffer Easement. As shown on one or more of the recorded plats of the Properties, certain of the Lots are subject to a 10 foot wide frontage and landscape buffer area (the "Buffer Area"). The purpose of the Buffer Area is to provide a transitional landscape area between the Subdivision and Falls of the Neuse Road and for the location of entrance signs identifying the Subdivision. The Association shall have the sole and exclusive right to erect and maintain such entrance signs and to plant, remove and otherwise maintain all vegetation and landscape materials within the Buffer Area. Such exclusive right shall include the right, at any time and from time to time, to enter upon the Buffer Area to erect, repair and replace the entrance signs, to plant, water, prune, weed, spray, replace and maintain any plants, trees, grass, shrubs, vegetation and other landscape materials within the Buffer Area, and to remove any visual obstructions to motorists. No architectural construction or hard surface improvements shall be placed within the Buffer Area, at any time, by the Lot Owner. In the event the Association's activities hereunder disturb the subservient Lot, the Association shall restore such Lot to a condition substantially as it existed prior to such disturbance. The Lot Owner shall remain the fee owner of the Buffer Area adjacent to his Lot and, as such, may make all available uses of such Buffer Area not inconsistent with the terms of this Section and this Declaration.

Section 7. Limitation on Disturbance of Common Area. Anything herein to the contrary notwithstanding, if any portion of the Common Area is located within an area (as shown on a recorded map of the Properties) designated by any governmental authority as "stream buffer" or "wetlands", then without the prior written approval of such governmental authority: no portion of such area, including its vegetation, shall be graded, impacted or disturbed, and no improvements shall be constructed, placed or permitted to remain on or within the Designated Area.

Section 8. Emergencies and Entrance. Each Lot 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 the Lot and/or that endangers the Common Area, any other Lot, or any improvement thereon.

Section 9. Title to the Common Area. Declarant hereby covenants for itself, its heirs and assigns that it will convey to the Association fee simple title to the Common Area, and all improvements thereon, free and clear of all encumbrances and liens, except drainage and utility easements and the right-of-way of High Holly Lane.

Section 10. Utility Charges for the Common Area. As consideration for the conveyance of the Common Area, and as consideration for the rights, entitlements and benefits granted to and conferred upon the Association under and by virtue of this Declaration, the Association covenants and agrees to accept the responsibility for payment of any and all fees, charges and expenses arising by virtue of the use of utilities provided to and used in connection with any of the Common Area and improvements thereon. Such cost of fees, charges and expense paid by the Association shall be charged ratably to the Owners as an Assessment according to the provisions of Article IV below.

ARTICLE III
MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership in the Association shall be appurtenant to and may not be separated from ownership of any Lot which is subject to Assessment.

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

Class A: Class A Members shall be all Owners, with the exception of the Declarant, and shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members and the vote for such Lot shall be exercised as they determine, but in no event shall more than one (1) vote be cast with respect to any Lot. Cumulative voting and fractional share voting shall not be permitted.

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

- (a) when 75% of the maximum number of Residences allowed for the Properties (including any of the Properties subject to annexation as provided in Article VIII, Section 5, hereof) have certificates of occupancy thereon and have been conveyed to an Owner; or

(b) on January, 1, 2000.

ARTICLE IV
COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant and each Lot Owner (by acceptance of a deed to a Lot), hereby covenants and agrees to pay to the Association annual Assessments and special Assessments for the payment of Common Expenses, such Assessments to be established and collected as hereinafter provided. The annual and special Assessments, together with interest, costs, fines, and reasonable attorney's fees incurred by the Association in connection therewith, shall be a charge and continuing lien upon the Lot against which each such Assessment is made. Each such Assessment, together with interest, costs, fines and reasonable attorney's fees shall also be the personal obligation of the person who was the Owner of the Lot at the time when such obligation became due. The personal obligation for delinquent obligation shall not pass to the Owner's successor in title unless expressly assumed by such successor.

Section 2. Purpose of Assessments. The Assessments levied by the Association shall be used exclusively for the payment of Common Expenses including, without limitation, such expenses as necessary and appropriate to promote the recreation, health, safety and welfare of the residents in the Properties, the improvement, repair and maintenance of the Common Area and Buffer Area, and any improvements therein, the establishment of adequate reserves for the maintenance, repair and replacement of improvements and vegetation located within the Common Area and Buffer Area, the payment of insurance premiums for contracts of hazard and liability insurance on the Common Area and Buffer Area, the payment of public and private improvements made to or for the benefit of the Common Area, the payment of ad valorem taxes and special assessments, if any, on the Common Area, and such other matters and needs as may arise.

Section 3. Maximum Annual Assessment. Until January 1, 1996, the maximum annual Assessment shall be \$120.00 (\$10.00 per month).

(a) From and after January 1, 1996, the maximum annual Assessment may be increased each year by not more than six percent (6%) above the maximum annual Assessment for the previous year without a vote of the Members.

(b) The Board of Directors may fix the annual Assessment at an amount not in excess of the maximum allowed herein.

Section 4. Special Assessments. In addition to the annual Assessments authorized above, the Association may levy, in an Assessment year, a special Assessment for the purpose of defraying,

in whole or in part, the cost of any construction, maintenance, reconstruction, repair or replacement of any improvement or vegetation upon the Common Area or Buffer Area; provided, however, any such Assessment shall have the assent of two-thirds (2/3) of the votes of the Members who are voting, in person or by proxy, at a meeting duly called for this purpose.

Section 5. Notice and Quorum for Any Action Authorized Under Section 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 4 of this Article shall be sent to all Members not less than ten (10) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty percent (60%) of the votes of the Members shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

Section 6. Uniform Rate of Assessment. Both annual and special Assessments shall be fixed at a uniform rate for all Lots, provided, however, until such time as a certificate of occupancy has been issued for a Residence, the annual and special Assessments for such Lot shall be twenty-five percent (25%) of such Assessments for those Lots for which a certificate of occupancy has been issued.

Section 7. Date of Commencement of Annual Assessments: Due Dates. As provided in the ByLaws, the Board of Directors shall fix the amount of the annual Assessment against each Lot and send written notice of such annual Assessment to every Owner at least thirty (30) days in advance of each annual Assessment period (beginning January 1). Unless otherwise provided by the Board or herein, each annual Assessment shall be paid in twelve (12) equal monthly installments commencing on January 1 of each year and continuing on the first day of each calendar month thereafter. The annual Assessment against a Lot, for the year in which the plat depicting such Lot is recorded with the Wake County Registry, shall be equal to the monthly annual Assessment then assessed against other Lots, times the months remaining in such calendar year (beginning with the first month next following such recordation).

Section 8. Effect of Nonpayment of Assessments. Remedies of the Association. Any Assessment or fine not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of ten percent (10.0%) per annum, or the highest rate allowed by law, and shall be subject to a late charge of \$25.00. In addition, the Association shall be entitled to recover, from the Owner and/or the Lot, its reasonable attorneys fees incurred in connection with such default. The Association may bring an action

at law against the Owner to collect such delinquent Assessment, late charges, fines and reasonable attorney's fees of any such action, or foreclose its lien against the Lot for such charges. No owner may waive or otherwise escape liability for the Assessments and other charges provided for herein by non-use of the Common Area or abandonment of his Lot.

Section 9. Subordination of the Lien to Mortgages. The lien of the Assessments provided for herein shall be subordinate to the lien of any first mortgage or deed of trust ("mortgage") against the Lot. The sale or transfer of any Lot shall not affect the Assessment lien; however, the sale or transfer of any Lot pursuant to the foreclosure of such mortgage, or any proceeding in lieu thereof, shall extinguish the lien of such Assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any Assessments thereafter becoming due or from the lien thereof.

Section 10. Fines Designated to be Special Assessments. The Board may impose fines against any Lot for violation of this Declaration, the Articles or Bylaws, and such fines shall be treated as a special Assessment otherwise due to the Association, and, as such, shall be the personal obligation of the Lot Owner and a lien against the Owner's Lot. Fines shall be paid not later than thirty (30) days after notice of the imposition or assessment of the fines. These fines shall not be construed to be exclusive and shall exist in addition to all other rights and remedies to which the Association may be otherwise legally entitled; however, any fine paid by the offending Owner(s) shall be deducted from or offset against any damages that the Association may otherwise be entitled to recover from such Owner. Fines shall be as follows:

(a) First non-compliance or violation: a fine not in excess of Fifty Dollars (\$50.00).

(b) Second non-compliance or violation: a fine not in excess of One Hundred Dollars (\$100.00).

(c) Third and subsequent non-compliance or violation or violations that are of a continuing nature: a fine not in excess of One Hundred Dollars (\$100.00) for each week of continued violation or non-compliance.

ARTICLE V INSURANCE

Section 1. Ownership of Policies. All insurance policies upon the Common Area and Buffer Area shall be for the benefit of the Association, the Owners and their mortgagees, as their interest may appear.

Section 2. Coverage. Public liability insurance shall be secured by the Association with limits of liability of no less than One Million Dollars (\$1,000,000.00) per occurrence and shall include an endorsement to cover liability of the Owners as a group and as a single Owner. There shall also be obtained such other insurance coverage as the Association shall determine, from time to time, to be desirable and necessary. Such policies shall contain clauses providing for waiver of subrogation, if possible.

Section 3. Fidelity Insurance or Bond. All persons responsible for or authorized to expend funds or otherwise deal in the assets of the Association, shall first be bonded by a fidelity insurer to indemnify the Association for any loss or default in the performance of their duties in an amount equal to at least one-half the annual Assessment plus reserves accumulated.

Section 4. Premiums. Premiums for contracts of insurance purchased by the Association shall be paid by the Association and charged ratably to all Owners as part of the annual Assessment according to the provisions of Article IV, above.

Section 5. Proceeds. All contracts of insurance purchased by the Association shall provide that all proceeds thereof shall be payable to the Association as insurance trustee under this Declaration. The sole duty of the Association, as insurance trustee, shall be to receive such proceeds and distribute them for the benefit of the beneficiaries thereof in the following manner:

(a) the proceeds shall be paid first to defray the costs of reconstruction and repair of the casualty or liability so covered; and,

(b) any expense of the insurance trustee may be paid from proceeds after payment of the reconstruction or repair expense or liability. Any proceeds remaining thereafter shall be distributed to the beneficiaries of the insurance as their interests may appear.

ARTICLE VI ARCHITECTURAL AND APPEARANCE CONTROL

Section 1. Architectural Committee Approval. No Residence, outbuilding, sign, fence, wall, hedge, mass planting, outside lighting, walk, driveway, antenna, satellite dish, solar panel, decorative lawn ornaments, or other structure or planting shall be constructed, erected, installed or planted upon any Lot, or the exterior of the Residence or other structure thereon, until the plans and specifications showing the nature, kind, shape, height, materials, floor plans, color scheme, and location with respect to topography and finished ground elevation, and other specifics thereof, shall have been submitted to and approved, in writing, by a majority of the Architectural Committee. The Architectural

Committee shall have the right to refuse to approve any plans and specifications which are not suitable or desirable, in its sole discretion, for aesthetic or any other reasons, provided such approval is not unreasonably withheld. In approving or disapproving such plans and specifications, the Architectural Committee shall consider the suitability of the proposed building, improvements, structure or landscaping and materials of which the same are to be built, the site upon which it is proposed to be erected, the harmony thereof with the surrounding area and the effect thereof on adjacent or neighboring Lots and the Common Area. In the event the Architectural Committee shall fail to specifically approve or disapprove the plans and specifications submitted in final and complete form, within thirty (30) days after written request for final approval or disapproval, such plans and specifications shall be deemed approved. There is specifically reserved unto the Architectural Committee the right of entry and inspection upon any Lot for the purpose of determining whether there exists any construction or planting which violates the terms of any approval by the Architectural Committee or the terms of this Declaration or of any other covenants, conditions and restrictions to which the Lot is subject. The Architectural Committee and the Board of Directors is specifically empowered to enforce the provisions of this Declaration by any legal or equitable remedy, and in the event it becomes necessary to resort to litigation to determine the propriety of any constructed improvement, or to remove any unapproved improvements, the prevailing party shall be entitled to recover all court costs, expenses and reasonable attorney's fees in connection therewith. The Association, Declarant, Architectural Committee or any officer, employee, director or member thereof shall not be liable for damages to any persons submitting plans and specifications for approval by reason of mistake in judgment, negligence or nonfeasance arising out of or in connection with the approval, disapproval or failure to approve any plans and specifications. Every person who submits plans and specifications for approval agrees, by submission of such plans and specifications, that it will not bring any action or suit against the Association, Declarant, or Architectural Committee to recover any such damages.

Section 2. Maintenance of the Common and Buffer Areas, Streets and Lots. The Common Area and the Buffer Area, and improvements and vegetation therein, shall be maintained solely by the Association. Specifically, the landscaping of island(s) within the right(s) of way of public street(s) shall be the responsibility of the Association and such areas shall be kept in a neat, clean, attractive and safe condition. Neither the City of the City, or any other governmental agency, shall be liable for any accidents or damage caused by the encroachment of such traffic islands within the right(s) of way and the Association shall hold harmless the public and indemnify the City, the State of North Carolina, and all other governmental authorities from such liability.

The streets within Woodbridge, as shown on the recorded plats for Woodbridge, shall be dedicated for public use. Declarant shall remain responsible for the maintenance of any such street until its maintenance is formally accepted by the appropriate government entity.

Subject to the restrictions applicable to that portion of a Lot comprising any of the Buffer Area, each Owner shall, at his own expense, keep and maintain his Lot, the Residence, and all other improvements and vegetation thereon, in a neat, orderly and well-kept condition; provided, that such maintenance shall not hinder the Association in performing its maintenance duties as to the Common Area and the Buffer Area. If, in the opinion of the Association or the Architectural Committee, such Owner fails to so maintain his Lot, the Association may revoke the Owner's maintenance rights for a period, not to exceed one (1) year, and the Association shall provide such maintenance during the revocation period. The cost of such maintenance, and any necessary replacements or repairs, by the Association shall be added to and become a part of the current annual Assessment to which such Lot is subject and shall be paid, along with the annual Assessment, in equal monthly installments over the balance of the then current calendar year.

Section 3. Residence Size and Driveways. Except with the prior written approval of the Architectural Committee: any one-story Residence constructed, placed or permitted to remain on a Lot shall contain not less than fifteen hundred (1500) square feet, outside measurement, of enclosed heated floor area; and, any other Residence constructed, placed or permitted to remain on a Lot shall contain not less than two thousand (2000) square feet, outside measurement, of enclosed heated floor area. Enclosed heated floor area shall be exclusive of basements, porches, breezeways, steps and garages. All driveways and parking areas on a Lot shall be fully paved.

Section 4. Building Set Back Lines. The primary dwelling unit of a Residence shall not be located on a Lot nearer to the Lot's boundary lines than the building setback lines as required by the City's applicable zoning laws. For purposes of this restriction, eaves, steps, stoops, open and screened-in porches, overhangs, bay windows, decks, patios, chimneys shall not be considered as part of the main dwelling house, but the location of such improvements on a Lot shall be subject to the approval and control of the Architectural Committee, as provided in this Declaration. Provided, anything herein to the contrary notwithstanding, no portion of a Residence may encroach upon any other Lot or the Common Area or violate any of the City's zoning regulations. The Architectural Committee may grant variances from and/or waive violations of the foregoing setback requirements provided for herein. Such variances and waivers shall be in writing and effective when recorded in the Wake County Registry.

A minor violation is allowed so long as it does not violate the City's zoning regulations.

Section 5. Utility and Drainage Easements. Easements for the installation and maintenance of utilities and drainage facilities are reserved on each Lot as shown on any recorded plat depicting such Lot, as well as ten (10) feet along the rear of each Lot and five (5) feet along each side of the Lot, unless shown in excess of such distances on any recorded plat for such Lot, in which case the distances shown on the plat shall control. Within these easements, no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities and drainage facilities, or which may change the direction of flow or drainage channels in the easements, or which may obstruct or retard the flow of water through the drainage channels in the easements. Such easement area of each Lot, and all improvements in it, shall be maintained continuously by the Owner of the Lot, except for those improvements which a public authority or utility company is responsible. Declarant, so long as it is a Class B member, and thereafter, the Association, reserves the right to waive, in writing, any one or all rear and side line easement requirements.

ARTICLE VII
LOT USE RESTRICTIONS

Section 1. Rules and Regulations. The Board and the Architectural Committee shall, from time to time, formulate, publish, amend, modify, waive and enforce reasonable rules and regulations concerning the use and enjoyment of each Lot, and any improvements thereon. Until otherwise provided, each Lot shall be subject to the following rules and regulations:

(a) The Lot shall be used only for single-family residential purposes, provided, nothing herein shall preclude Declarant, or its assigns, from locating a temporary sales office on the Lot or using the Residence thereon as a temporary sales office or model home, subject to the laws of the City.

(b) No outside clothes lines shall be permitted upon the Lot.

(c) No commercial signs, with the exception of a "For Sale" or "For Rent" sign no more than three feet in width and height, shall be placed on the Lot; provided, subject to the laws of the City, Declarant, and its assigns, may erect and maintain temporary signs for its sales and construction offices and for the marketing of the Lots and Residences in Woodbridge.

(d) No construction materials, equipment, machinery or any other thing used for construction purposes shall be stored on the Lot, except as may relate to construction on the Lot or for longer than the length of time reasonably necessary for such construction.

(e) No above-ground swimming pool shall be installed on the Lot.

(f) Nothing shall be kept, and no activity shall be carried on, within the Residence, or other structure on the Lot which will increase the rate of insurance for the Common Area or the Buffer Area or result in the cancellation of any such insurance, or which will be in violation of any law, ordinance, or regulation.

(g) All garbage receptacles, containers and enclosure shall be located at the rear of the Residence on the Lot, properly screened from the view from any street abutting the Lot, except as otherwise required by law.

(h) No structure on the Lot, other than the Residence, shall be used for human habitation, either temporarily or permanently.

(i) No fence, wall, hedge or mass planting shall be constructed, placed or permitted to remain on the Lot without the prior approval of the Architectural Committee.

(j) The Lot Owner shall provide adequate off-street parking areas for his motor vehicles and those of his family, tenants and guests, and he shall not permit any such vehicle to be regularly parked on the streets within Woodbridge.

(k) No inoperative vehicle, boat, trailer, camper or other recreational vehicle shall be regularly parked on the Lot except in an area adequately screened from view of the street and adjoining Lots.

(l) The pursuit of hobbies or other activities which tend to cause disorderly, unsightly or unkept conditions, shall not be permitted or undertaken on the Lot.

(m) The Lot may not be subdivided, by sale or otherwise, so as to reduce the total area thereof below that as shown on any plat of the Lot recorded by Declarant.

(n) No stable, dog run, poultry house or other similar structure shall be constructed or allowed to remain on the Lot, nor shall livestock of any nature whatsoever be kept or maintained on the Lot, without the prior written permission of the Architectural Committee; provided, a reasonable number of household pets, as determined by the Board, shall be permitted to remain on the Lot, provided they are not raised or kept for commercial purposes.

(o) No noxious, offensive or loud activities shall be carried on upon the Lot; each Owner shall refrain from any act or use of the Lot which could reasonably cause embarrassment, discomfort, annoyance or a nuisance to the neighborhood; and, no industry, business, trade occupation or profession of any kind shall be

permitted on the Lot, except that Declarant, and/or its assigns, may use the Lot for sales or display purposes.

Section 2. Governmental Regulations. All governmental laws, rules and regulations applicable to a Lot shall be observed, at all times, by the Owner. In the event of any conflict between any provision of such governmental laws, rules and regulations, and any provision of this Declaration, the more restrictive provision shall apply.

ARTICLE VIII
GENERAL PROVISIONS

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

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

Section 3. Amendment. The covenants, conditions and restrictions of this Declaration shall run with and bind the Properties, Lots and the Common Area for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended by an instrument approved by not less than two-thirds (2/3) of each Class of Members; provided, no amendment shall become effective without the consent of the City's Attorney, or his staff.

Section 4. Amendment Form. If any amendment to this Declaration is so approved, each such amendment shall be delivered to the Board of Directors and the City's Attorney. Thereupon, the Board shall, within thirty (30) days, do the following:

(a) Reasonably assure itself that the amendment has been validly approved by the Owners and the City's Attorney, or his staff. 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:

CERTIFICATION OF VALIDITY OF AMENDMENT TO DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS OF
WOODBIDGE

By authority of its Board of Directors, Woodbridge Homeowners Association, Inc., hereby certifies that the foregoing instrument has been duly approved by the Members of Woodbridge Homeowners' Association, Inc. and the Raleigh City Attorney, or his staff, and is, therefore, a valid amendment to the existing covenants, conditions and restriction of Woodbridge.

This the ____ day of _____, _____.

WOODBIDGE HOMEOWNERS ASSOCIATION, INC.

President

Attest (SEAL):

Secretary

All amendments shall be effective from the date of their recordation in the Wake County Registry, provided, however, that no such instrument shall be valid until it has been indexed in the name of the Association. When any instrument purporting to amend the Declaration 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 Lot.

Section 5. Annexation of Additional Properties. At any time during the effective term of this Declaration, Declarant may propose that the Association annex additional Properties which have been or will be developed as a part of the general plan of development for Woodbridge as follows:

(a) Additions by Declarant. Additional land, within the area describe in Exhibit C attached hereto, may be annexed by Declarant without the consent of Members within five (5) years from the date of this Declaration, provided that, the City, FHA, FNMA or VA, as the case may be, determine that the annexation is in accord with the general plan heretofore approved by them.

The additions authorized under this and the succeeding subsection, shall be made by filing of record an amendment with respect to the additional property which shall extend the scheme of the covenants, conditions and restriction of this Declaration to

such property or by adopting this Declaration in whole or in part by reference.

Such amendment may contain such complementary additions and modifications of the covenants, conditions and restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the added properties and as are not inconsistent with the scheme of this Declaration.

(b) Other Additions. Annexation of additional real property, other than that described in Exhibit C, shall require the assent of two-thirds (2/3) of the votes of each class of Members at a meeting duly called for this purpose, written notice of which shall be sent to all Members not less than ten (10) days nor more than sixty (60) days in advance of the meeting setting forth the purpose of the meeting. The presence of Members or of written proxies entitled to cast two-thirds (2/3) of the votes of each class of membership shall constitute a quorum. If the required quorum is not present at any meeting, another meeting may be called subject to the notice requirement set forth above and the required quorum at such subsequent meeting shall be the same. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting. In the event that two-thirds (2/3) of the Members are not present in person or by proxy, Members not present may give their written consent to the action taken thereat.

Section 6. Leasing. No Residence shall be leased for transient or hotel purposes, nor may any Owner lease less than the entire Residence, nor shall any lease of a Residence be for a period of less than six (6) months. Any lease must be in writing and provide that the terms of the lease and occupancy of the Residence shall be subject to this Declaration and the Bylaws and any failure by a lessee to comply with such shall be a default under the lease.

Section 7. Contract Rights of Association. As long as there is a Class B membership, any contract entered into by or on behalf of the Association shall contain a provision giving the Association, or the other party thereto, the right to terminate such contract upon the giving of not more than thirty (30) days written notice to the other party or parties.

Section 8. Underground Utilities and Street Lighting. Declarant reserves the right to subject the Properties to a contract with Carolina Power & Light Company for the installation of underground electric cables and the installation of street lighting, either of which or both of which may require a continuous monthly charge to the Owner of each Lot. Upon acceptance of a deed to a Lot, each Owner agrees to pay Carolina Power & Light Company the continuing monthly payment therefore as approved by the North Carolina Utilities Commission, or other appropriate government authorities. Declarant reserves the right to contract on behalf of

each Lot with Carolina Power & Light Company, or its successors and assigns, for street lighting service.

Section 9. Lender's Notice. Upon written request to the Association, identifying the name and address of the holder, insurer or guarantor and the Lot number or address, any mortgage holder, insurer, or guarantor will be entitled to timely written notice of:

(a) any condemnation or casualty loss that affects either a material portion of the Properties or the Lot securing its mortgage;

(b) any sixty (60) day delinquency in the payment of Assessments owed by the Owner of the Lot on which it holds the mortgage;

(c) a lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association;

(d) any proposed action that requires the consent of a specified percentage of mortgage holders; or

(e) the Association's financial statement for the immediately preceding fiscal year.

Section 10. FHA/VA/FNMA/CITY Approval. As long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration, ("FHA") Veterans Administration ("VA"), Federal National Mortgage Association ("FNMA") or the City, as the case may be: annexation of additional properties, dedication of any of the Common Area, deeding in trust the Common Area, mergers, consolidations and amendment of this Declaration.

Section 11. Conflicts. In the event of a conflict between the terms and provisions of this Declaration and the Bylaws or Articles, the terms and provisions of this Declaration shall control. In the event of a conflict between the terms and provision of the Bylaws and the Articles, the terms and provisions of the Articles shall control.

Section 12. Gender and Grammar. The singular, wherever used herein, shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply, either to corporations or other entities or to individuals, men or women, shall, in all cases, be assumed as though in each case fully expressed.

Section 13. Authorized Action. All action that the Association is allowed to take under this Declaration shall be authorized actions of the Association if approved by the Board in

the manner provided in the Bylaws, unless the terms of this Declaration or the Articles or Bylaws expressly require the approval of the Members.

IN WITNESS WHEREOF, the undersigned have caused this instrument to be executed and its seal affixed, as of the 1st day of February, 1995.

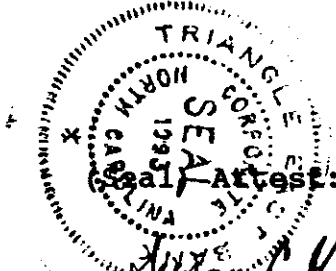
Flagship Development Company



By: [Signature]
President

Triangle East Bank joins in the execution of this Declaration and does hereby subordinate the lien of its deed of trust recorded in Book 6198, Page 750, Wake County Registry, to the terms and conditions of this Declaration.

Triangle East Bank



By: [Signature]
SENIOR Vice President

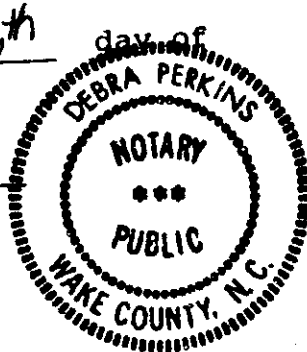
[Signature]
Secretary

STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, Debra Perkins, a Notary Public for the County and State aforesaid, certify that Stephen B. Eastman personally came before me this day and acknowledged that he is Secretary of Flagship Development Company, 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 seal and attested by him as its Secretary.

WITNESS my hand and official stamp/seal, this 6th day of February, 1995.

Debra Perkins
Notary Public



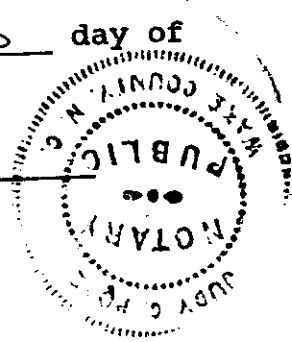
My Commission Expires: _____

STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, Judy B. Pope, a Notary Public for the County and State aforesaid, certify that Susan C. Robert personally came before me this day and acknowledged that she is Asst Secretary of Triangle East Bank, a 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 SR. Vice President, sealed with its corporate seal and attested by him/her as its asst Secretary.

WITNESS my hand and official stamp/seal, this 3 day of February, 1995.

Judy B. Pope
Notary Public



My Commission Expires: 10-21-95

NORTH CAROLINA — WAKE COUNTY

The foregoing certificate of Debra Perkins, Judy B. Pope
Notary(ies) Public is

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

KENNETH C. WILKINS, Register of Deeds

By Donna J. Bissett
Asst./Deputy Register of Deeds

EXHIBIT A

To Declaration of Covenants, Conditions and Restrictions
for Woodbridge

BEING ALL of that parcel of land containing 15.942 acres, more or less, as shown on that subdivision plat entitled "Property of Woodbridge Subdivision, Phase One", prepared by Scott & Co., Registered Land Surveyors, and recorded in Book of Maps 1995, Page 184, Wake County Registry, and consisting of Lots 1-19, respectively, the 2.573 acre parcel Reserved by Owner, and the public roadways and common area, all as shown on the aforesaid referenced plat.

EXHIBIT B

To Declaration of Covenants, Conditions and Restrictions
for Woodbridge

BEING ALL of the Entrance Island (the traffic island located at the intersection of Falls of Neuse Road and High Holly Lane), as shown on that subdivision plat entitled "Property of Woodbridge Subdivision, Phase One", prepared by Scott & Co., Registered Land Surveyors, and recorded in Book of Maps 1995, Page 184, Wake County Registry.

EXHIBIT C

To Declaration of Covenants, Conditions and Restrictions
for Woodbridge

BEING ALL of that parcel containing 100 acres, more or less, as described in that deed from Miriam T. Fonville, widow, to John T. Fonville, dated July 28, 1980, and recorded in Book 2848, Page 900, Wake County Registry; save and except, that parcel (approximately 1.16 acres) described in that deed recorded in Book 1810, Page 222, Wake County Registry, and that parcel (approximately 6.34 acres) shown on that map recorded in Book of Maps 1980, Page 574, Wake County Registry; and, being that same parcel, containing 92.70 net acres as shown on that map entitled "Property of John T. Fonville" by Scott & Co., RLS, Raleigh, NC, dated May 1994 (Job No. 94-05-03).