Prepared by and return to: Wayne R. Hadler, Beemer, Savery & Hadler, P.A., P.O. Drawer 3150, Chapel Hill, N.C., 27515.

NORTH CAROLINA

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR PROVIDENCE RIDGE

DURHAM COUNTY

THIS DECLARATION, made and entered into this the _____ day of April, 2002, by HOMESCAPE DEVELOPMENT COMPANY, INC., a North Carolina corporation, party of the first part, hereby referred to as Declarant, whose address is P.O. Box 16009, Chapel Hill, N.C. 27516.

FOR REGISTRATION REGISTER OF DEEDS
WILLIE L. COVINGTON
DURHAM COUNTY, NC
2002 MAY 15 02:34:55 PM
BK:3444 PG:531-571 FEE:$131.00
INSTRUMENT # 2002022608

WITNESSETH:

Whereas, Declarant is the owner of the following described real property located in Durham County, more particularly described as:

Being all of property shown on that certain map and survey entitled "Final Plat – Subdivision for Providence Ridge, Homescape Development Company, Inc." prepared by Ballentine Associates, P.A., and including Phase one (Lots 6, 7, 27 through 42) , Future Phase Two (Lots 1 through 5, Lots 8 through 26, and Lots 43 through 54), together with the right-of-way of Kemmont Road, Middleton Road; Providence Ridge Lane, and Highgrove Lane and all Open Space areas, as shown on a map and survey prepared by Ballentine Associates, P.A. and recorded in Plat Book 155, Page 3, Durham County Registry.

AND WHEREAS, Declarant intends to construct a single family residential home on each Lot and to convey each Lot subject to the Covenants, Conditions and Restrictions contained in this Declaration.

NOW, THEREFORE, Declarant declares that all the property in the development known as PROVIDENCE RIDGE shall be held, sold, and conveyed subject to the following easements, restrictions, covenants and conditions.

Preamble: The purpose of this instrument is to enhance and protect the value, desirability and attractiveness of the aforesaid real property; to ensure appropriate development and improvement of each Lot located therein; to ensure appropriate

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house construction on each lot; to protect the owner of each Lot against such improper use of surrounding Lots; to preserve, as far as practicable, the natural beauty of said property; to guard against the erection of poorly designed or proportioned structures and/or structures built of improper or unsuitable materials; and to obtain harmonious color schemes. To that end, Declarant herein creates a Homeowners Association and vests it with certain powers and authority consistent with the intentions expressed in this Preamble. Lastly, said easements, restrictions, covenants and conditions shall be appurtenant to and run with the land and shall be binding on all parties having any right, title or interest in the described real property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof.

ARTICLE ONE: Definitions.

Section 1: "Properties" shall mean and refer to that certain real property known as PROVIDENCE RIDGE together with the right-of-way of Kemmont Road , Middleton Road , Providence Ridge Lane, and Highgrove Lane and all Open Space areas, as shown on a map and survey prepared by Ballentine Associates, P.A. and recorded in Plat Book 155, Page 3, Durham County Registry, brought within the jurisdiction of the "Association" subject to this Declaration.

Section 2: "Association" shall mean and refer to the Providence Ridge Homeowners Association, Inc., its successors and assigns.

Section 3: "Lot" shall mean and refer to any plot of land as shown on any recorded subdivision map of the "Properties."

Section 4: "Owner" shall mean and refer to the record owner, whether one or more persons or entities of a fee simple title to any of the aforesaid fifty-four (54) lots which

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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 5: "Stormwater Drainage Easement", "Open Space", "Entrance and Landscape Easement," and "Undisturbed Landscape Buffer" shall mean and refer to all real property (including any improvements thereon) shown on the recorded plat of the subdivision, and located on Lots within the subdivision, to which the Association has been granted by Declarant easement rights for the maintenance, upkeep and repair of said real property. The recorded plat (s) evidences a 25' wide Undisturbed Landscape Buffer along the easternmost property line of Lots 14, 15, 16, 17 and 18. Entrance and Landscape Easements are located on Lots 1, 2, 6, 7, 30, 36, 37, 38, 39, 45 and 54. Stormwater Drainage Easements are located on Lots 11, 12, 15, 16, 20, 21 22, 23, 33, 34, 37, 38, 39, 40, 41, 43, 44, 46, 47, 48, 49 and the Open Space areas or as otherwise shown on said recorded plat.

Section 6: "Declarant" shall mean and refer to HOMESCAPE DEVELOPMENT 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 7: "Member" shall mean and refer to any person or entity entitled to membership in the Association as provided for herein. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to an assessment by the Association. The Owner of a Lot shall become a member of the Association merely by virtue of being an Owner of a Lot. In the event of multiple ownership of any given Lot, each Owner shall be a member of the Association but only one vote total shall be accorded to each Lot.

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ARTICLE TWO: Property Rights.

Section 1: Owners' Easements of Enjoyment: Each Owner of a Lot in PROVIDENCE RIDGE shall have a right and easement of (in common with every other Lot Owner in PROVIDENCE RIDGE) in and to the Entrance and Landscape Easements, Stormwater Drainage Easements, Undisturbed Landscape Buffer and Open Space located on certain Lots or on the Property to the extent of having the Association maintain, upkeep and repair said Lots or Property, subject to the following provisions:

(a) The right of the Association to charge reasonable fees for the maintenance, upkeep and repair of the Entrance and Landscape Easements, Stormwater Drainage Easements, Undisturbed Landscape Buffer and Open Space;

(b) The right of the Association, as provided in its By-Laws, (See Exhibit "A' attached) to suspend the enjoyment of rights of any Member or any tenant of any Member for any period during which any assessment remains unpaid; and for any period not to exceed sixty (60) days for any infractions of its published rules and regulations, it being understood that any suspension for either non-payment of any assessment or breach of the rules and regulations of the Association shall not constitute a waiver or discharge of the Member's obligations to pay the assessment.

(c) The right of the Association to dedicate or transfer all or any part of the aforesaid Entrance and Landscape Easements, Stormwater Drainage Easements, Undisturbed Landscape Buffer, Open Space areas or any other easement shown on the recorded plat (s) for Providence Ridge, to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer signed by 2/3 of each class of

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members has been recorded in the Durham County Registry. Notwithstanding the above, for so long as the Declarant owns at least one lot , the Declarant may dedicate or transfer all or any part of the aforesaid Entrance and Landscape Easements, Stormwater Drainage Easements, Undisturbed Landscape Buffer, Open Space areas, or any other easements shown on the recorded plat for Providence Ridge to any public agency, authority, or utility for such purposes as Declarant wishes.

(d) The right of the Association, in accordance with its Articles of Incorporation and By-Laws, to borrow money for the purpose of improving the Entrance and Landscape Easements, Stormwater Drainage Easements, Undisturbed Landscape Buffer, Open Space areas, or any other easements shown on the recorded plat (s) for Providence Ridge and in aid thereof. The right to borrow money must be subordinated to the Declaration. The Association may not use easement property as security for any loan.

Section 2: Delegation of Use: Subject to this Declaration and By-Laws, a Lot owner may delegate his right of enjoyment to the Entrance and Landscape Easements, Stormwater Drainage Easements, Undisturbed Landscape Buffer, Open Space, or any other easements shown on the recorded plat (s) for Providence Ridge and intended for a Lot owner's right of enjoyment to his heirs and assigns, members of his family, invitees, agents, licensees, guests, tenants, or contract purchasers who reside on the property.

Section 3: Conveyance of Easements for the Entrance and Landscape Easements, Stormwater Drainage Easements, Undisturbed Landscape Buffer and Open Space as shown on the recorded Plat (s) shall, by the recording of this Declaration be to the PROVIDENCE RIDGE Homeowners Association, subject to Declarant's reserved

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easement rights during construction as set forth herein but free and clear of all encumbrances except for street or road rights of way, sidewalks and utility easements. Subject to Declarant's reserved easement rights, the Association, from and after the sale and conveyance of one-half of the Lots in PROVIDENCE RIDGE, shall be solely responsible for maintaining and insuring those areas. Declarant expressly reserves the right to alter and restructure existing Lot lines provided Declarant shall not increase or decrease the number of existing buildable Lots, and provided further that Declarant owns the Lots affected thereby, or if Declarant does not own one or more of the Lot or Lots affected, Declarant shall have obtained the consent of the other Lot owner or Lot owners.

ARTICLE THREE: Membership and Voting Rights.

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

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 vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot. The right of any Member to vote may be suspended by the Board of Directors for just cause pursuant to its rules and regulations.

Class B - The Class B member(s) shall be the Declarant and shall be entitled to five (5) votes for each Lot owned. The Class B membership shall cease and be

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converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(a) when the total votes outstanding in the Class A membership exceeds the total votes outstanding in the Class B membership, or

(b) December 31, 2006.

ARTICLE FOUR: Covenant for Assessments.

Section 1: Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) an Annual Assessment, and (2) a Special Assessment for capital improvements, both such assessments to be established and collected as hereinafter provided. The Annual Assessment, and as applicable, the Special Assessment, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for the delinquent assessments shall not pass to his successors in title unless expressly assumed by them. The Declarant and all homebuilders who own a Lot covenant and agree to pay the Association fifty percent (50%) of the Annual Assessment that is charged to all other Lot owners.

Section 2: Purposes of Assessments.

(a) The assessments levied by the Association shall be used exclusively

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for beautification of the subdivision; enforcing these covenants and the rules of the Association; improving and maintaining the Property; and providing the use and enjoyment of the Open Space.

(b) In addition, the assessments as collected shall be spent for general maintenance, upkeep, repair and operation, which shall include, but not necessarily be limited to, general lawn mowing, landscaping, entry lighting and entry structure maintenance and repair, and irrigation system maintenance and repair, all in connection with the maintenance of the Entrance and Landscape Easement areas along Middleton Road and Kemmont Road, and as applicable, the Stormwater Easement areas.

(c) The Annual Assessment shall also be used to pay for the replacement of diseased or dead Leyland Cypress trees that were initially planted by Declarant as a buffer along the rear of lots 14 through 18.

(d) Declarant intends, during construction, to complete all plantings for the subdivision and reserves at its sole discretion the right to construct an entryway designation sign solely at Declarant's cost; subject, however, to the provision, that once the plantings, irrigation system and entry lighting have been installed and the sign constructed, then maintenance and replacement costs shall become the financial responsibility of the Association, to be paid from the Annual Assessment.

Section 3: Maximum Annual Assessment. Until December 31,2002, the maximum Annual Assessment shall be One Hundred Forty Four ($ 144.00) Dollars per Lot, payable at the rate of One Hundred Forty Four ($ 144.00) Dollars per year.

(a) From and after December 31, 2002, the maximum Annual Assessment effective for any year may be increased from and after January 1 of the succeeding

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year by the Board of Directors, without a vote of the membership, by a percentage which may not exceed the greater of ten percent (10%) or the percentage increase reflected in the United States Consumer Price Index for the preceding calendar year (as published by the United States Department of Labor).

(b) From and after December 31,2002, the maximum Annual Assessment may be increased by a percentage greater than permitted by this Article by an affirmative vote of two-thirds (2/3) of each class of Members who are voting in person or by proxy, at a meeting duly called for such purpose, written notice of which, setting forth the purpose of the meeting, shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting.

(c) The Board of Directors may fix the Annual Assessment at any amount not in excess of the maximum.

(d) Each lot owner, excepting the Declarant and homebuilders, shall pay the sum of Twenty-Five ($25.00) Dollars into a working capital fund of the Association at the time of transfer of said Lot to said owner.

Section 4: Special Assessments for Capital Improvements. In addition to the Annual Assessment authorized above, the Association may levy, in any assessment year, a Special Assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of any capital improvement upon the Entrance and Landscape Easements, Stormwater Drainage Easements, Undisturbed Landscape Buffer or Open Space, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose, written

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notice of which, setting forth the purpose of the meeting, shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. The amount of the proposed assessment need not be stated.

Section 5: Uniform Rate of Assessment. Both Annual and Special Assessments must be fixed at a uniform rate for all Lots and may be collected on either a monthly, quarterly, semi-annual or annual basis.

Section 6: Notice and Quorum for Any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all Lot Owners not less than 30 days nor more than 60 days in advance of the meeting. At the first such meeting called, the presence of Lot Owners or of the 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 (½) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

Section 7: Date of Commencement of Annual Assessments: Due Dates. The Annual Assessment provided for herein shall commence for every Lot on the day of conveyance and closing of the first Lot by the Declarant to any Lot purchaser. The first Annual Assessment shall be adjusted according to the number of days 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.

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The Association, upon demand and for a reasonable charge, shall furnish a certificate signed by an officer of the Association, or by its Management Company, setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association, or its Management Company, as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 8: Effect of Nonpayment of Assessments: Remedies of the Association. Any assessments, or portions thereof, which are not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of twelve (12.0%) percent per annum, plus a one-time late payment penalty of Twenty-five ($25) Dollars. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Entrance and Landscape Easement Areas, Open Space areas, or abandonment of his Lot.

Section 9: 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 on such Lot. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer, except that such an extinguished lien may be reallocated and assessed to all of the Lots as a common expense. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Article Five: Insurance and Assessments:

Section 1: The premiums for all insurance policies on the areas and improvements

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located within the Entrance and Landscape Easements, Stormwater Drainage Easements, Open Space and the Undisturbed Buffer behind Lots 14-18, shall be deemed a common expense and shall be paid as part of the Annual Assessment for each Lot in PROVIDENCE RIDGE.

Section 2: The Board of Directors shall have the authority to and shall obtain insurance for all buildings, fixtures or improvements, owned by the Association, if any or applicable, against loss or damage by fire or other hazards in an amount equal to the maximum insurable replacement value (100% of current replacement costs) as determined annually by the Board of Directors with the assistance of the insurance company providing such coverage such that the coverage will be sufficient to cover the costs of all repair or reconstruction work necessitated by damage or destruction from any insurable hazard.

Section 3: The Board of Directors shall have the authority to and shall also obtain a broad form public casualty and liability insurance policy covering the Entrance and Landscape Easements, Stormwater Drainage Easements, Open Space areas and Undisturbed Buffer area behind Lots 14-18 and all damage or injury to person or property caused by the negligence of the Association or any of its agents. The face amount of public casualty and liability coverage shall be at the discretion of the Association, but in no event less than one million ($1,000,000.00) dollars per occurrence.

Section 4: The Board of Directors shall be authorized to obtain liability coverage for its acts as a Board.

Section 5: Proceeds: All insurance policies purchased by the Board of Directors shall be for the benefit of the Homeowners Association and the Lot Owners and shall

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provide that all proceeds thereof shall be payable to the Board of Directors as insurance trustees under this Declaration. The sole duty of the Board of Directors as insurance trustees shall be to receive the proceeds and to hold the same in trust for the purposes elsewhere stated herein or stated by the By-Laws.

Section 6: Distribution of Insurance Proceeds.: Proceeds of insurance policies received by the Board of Directors as insurance trustees shall be held and paid to defray any and all costs of reconstruction, repair or liability insurance considerations. Any proceeds remaining after defraying such costs shall be retained by the Homeowners Association unless good cause is shown to otherwise distribute the remaining proceeds to an owner or owners.

ARTICLE SIX: Architectural Control.

Declarant intends to create in PROVIDENCE RIDGE a community which is both functional and aesthetically pleasing. To facilitate achieving this goal, Declarant will review all plans, specifications and site location drawings for all improvements to be constructed on any lot in PROVIDENCE RIDGE prior to any construction commencing thereon. Further, after initial construction is completed, Declarant will review any and all plans designed to alter, modify, add to or subtract from what was initially constructed. To that end, no building, fence, wall or other structure shall be commenced, erected or maintained upon any Lot in PROVIDENCE RIDGE, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, elevation, materials, floor plans, color scheme and location of the same with respect to the topography and finished ground elevation, shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and

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topography by Declarant, or in the absence of Declarant owning at least one Lot in PROVIDENCE RIDGE, by the Board of Directors of the Association, or by an Architectural Control Committee (hereinafter "ACC") comprised of three (3) or more representatives appointed by the Board. The ACC 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. Upon approval of the submitted plans and specifications, construction shall be commenced and completed promptly and in strict conformity with such plans as have previously been approved, and Declarant and/or the Association shall be entitled to obtain a temporary restraining order or injunction to stop any construction which is in violation thereof. In the event Declarant, or, as the case may be, the Board of Directors, or, as the case may be, an Architectural Control Committee designated by the Board of Directors fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed fully complied with. All such requests shall be sent by certified mail to the Declarant, or to the Board of Directors or to the Architectural Control Committee, as the case may be, at the last known address of the party to whom the request is being sent.

In an instance where a structure has been erected, or the construction thereof is substantially advanced, in such manner that the same violates the restrictions contained in this Declaration or any other covenants which the ACC has the power to enforce, or in such manner that the same encroaches on any easement area or setback line, the ACC reserves the right, but not the obligation, to release the property from the restriction which it violated and to grant an exception to permit the

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encroachment by the structure over the setback line or on the easement area, so long as the ACC, in the exercise of its sole discretion, determines that the release or exception will not materially and adversely affect the health, safety and appearance of the Properties.

The ACC has the right, but not the obligation, to grant waivers for minor deviations and infractions of this Declaration. The granting of any waiver for any portion of the Properties may be given or withheld in the ACC's sole discretion and a prior grant of a similar waiver shall not impose upon the ACC the duty to grant new or additional requests for such waivers. If necessary, the ACC shall record a waiver with the Durham County Registry consistent with the rights contained herein.

Any exceptions granted by the ACC shall not relieve the Lot Owner from the responsibility to obtain the consent of easement holders and local governmental authorities.

As to all construction within PROVIDENCE RIDGE, this approval process will remain the sole responsibility of Declarant so long as Declarant owns one or more Lots in PROVIDENCE RIDGE, or until such time as Declarant, in writing, transfers this responsibility to the Board of Directors of the Association or an Architectural Control Committee established by the Board.

This Article may not be amended without the Declarant's written consent so long as the Declarant owns any real property subject to this Declaration or subject to annexation to this Declaration.

ARTICLE SEVEN: Exterior Maintenance.

Section 1: As set forth in the Preamble, Declarant, or when Declarant has turned over the control of the Homeowners Association to its Board of Directors as herein set

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forth, the Board of Directors of the Association shall be solely responsible for the maintenance and upkeep of the Entrance and Landscape Easements, Stormwater Drainage Easements and Open Space areas in PROVIDENCE RIDGE.

Section 2: In the event that the need for any such maintenance or repair as set out herein is caused by or through the willful or negligent act of an Owner, his family, guests, or invitees, the cost of such maintenance or repairs shall be added to and become a part of the assessment to which such Owner's Lot is subject.

ARTICLE EIGHT: Easements

Section 1: All of the Properties, including all Lots and easement areas, shall be subject to such easements for water lines, sanitary sewer lines, storm drainage facilities, gas lines, cable TV, telephone and electric power lines and other public utilities as shall be or shall have been granted by the Declarant or by its successors in title. Declarant, while it retains fee simple title to at least one Lot in PROVIDENCE RIDGE, or the Association's Board of Directors shall have the power and authority to grant and establish in, over, upon, under and across the Entrance and Landscape Easements, Stormwater Drainage Easements and Open Space areas such further easements as are requisite for the convenient use and enjoyment of the Property as well as its proper maintenance or operation.

Section 2: Yard Easement For Maintenance. An easement is hereafter reserved, conveyed and established for the benefit of the Association for ingress, egress and regress upon, to and from the Yard of Lots 1, 2, 6, 7, 36, 37, 38, 39, and 45 for the purpose of maintenance, upkeep and repair of the Entrance and Landscape Easement area located on said lots. In addition, an easement is hereafter reserved, conveyed and established for the benefit of the Association for ingress, egress and

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regress upon, to and from the Yard of all Lots, for the purpose of maintenance or repair of Storm Drainage Easements located on such Lots as shown on the recorded plat. In addition, an easement is hereafter reserved, conveyed and established for the benefit of the Association for ingress, egress and regress upon, to and from the Yard of Lots 14-18 on which exists the Undisturbed Landscape Buffer for the purpose of replacing dead or diseased Leyland Cypress trees initially planted by Declarant.

ARTICLE NINE: Use Restriction

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 maintenance, upkeep and repair of the Entrance and Landscape Easements, Stormwater Drainage Easements and Open Space areas.

Section 2: Use of Property. No portion of the Property (except for temporary office of the Declarant and/or a model home used by Declarant for sales and marketing purposes) shall be used except for residential purposes and related incidental purposes. "Single-family residential" purposes may include "light-housekeeping" apartments containing no more than one bedroom. Specifically, no Lot may be stripped of its topsoil and trees or permitted to go to waste by being excavated, neglected or having trash or refuse thrown, dropped or dumped on it.

Section 3: Setback Lines: Consistent with City of Durham zoning regulations at the time this Declaration is recorded in the Durham County Registry, no building or other improvement permanent in nature shall be constructed outside or beyond the various setback lines for each Lot as shown by the building envelope on the recorded plat (s) of PROVIDENCE RIDGE.

Section 4: Quiet Enjoyment. No obnoxious or offensive activity shall be carried on

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upon the Property, nor shall anything be done which may be or become a nuisance or annoyance to residents within the neighborhood. No trash, rubbish, stored materials, wrecked or inoperable vehicles or similar unsightly items shall be allowed to remain on any Lot outside an enclosed structure; provided, however, that this shall not be construed to prohibit temporary deposits of trash, rubbish, and other such items for pickup by governmental or other similar garbage/trash removal services.

Section 5: Signs. No signs of any kind except those advertising an individual Lot "For Sale" and except for those signs used by the Declarant in the advertising of the Property or erected by Declarant identifying portions of the Property such as "Open Space" or "Entrance and Landscape Easement" shall be displayed for public view in and about the Properties.

Section 6: Items to be Approved by Association: Without the prior approval of the Board of Directors as to location, style, type, size and composition, no antennae, satellite receiving devices, pole towers, solar collectors or similar structures, no fuel tanks or any similar type of storage receptacle, no mailboxes or newspaper containers and no temporary structures such as shed, mobile homes, trailers or tents may be placed on any Lot or the Common Areas. However, Declarant, its successors or assigns, may place one or more construction trailers on any Lot during construction provided the same are removed within a reasonable period of time after construction in that area has been completed.

Section 7: No structure less than Fourteen Hundred (1400 square feet of heated living space for a one story structure nor less than Seventeen Hundred (1700) square feet of heated living space for all structures greater than one (1) level shall be permitted to be built upon any Lot in PROVIDENCE RIDGE.

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Section 8.: No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot, except dogs, cats or other household pets in a reasonable number, provided they are not kept, bred or maintained for any commercial purposes, and provided, further, that such pets do not constitute a danger or nuisance to other Lot Owners or to the neighborhood. No more than two (2) such pets shall be regularly kept outside on any Lot.

Section 9: All driveways shall be concrete or brick pavers unless otherwise approved in writing by the ACC.

Section 10: All mailboxes in the subdivision shall be the same as specified by the ACC. The lot owner shall be responsible for the purchase and installation of the approved mailbox.

Section 11: No window air-conditioning units shall be installed in the side of any structure in such manner as to be visible from any Lot or any street.

Section 12.: No lumber, brick, stone, cinder block, concrete or any other building materials, scaffolding, mechanical devices or any other material or device used for building purposes shall be stored on any Lot except for the purpose of construction on such Lot and shall not be stored on such Lot for longer than the length of time reasonably necessary for the construction in which same is to be used.

Section 13: Restricted Parking Rights. No boats, trailers, campers, motor homes, limousines, trucks, tractors or similar personal property owned by a Member, his guests, family members or tenants shall be parked within the right of way of any public or private street in or adjacent to Providence Ridge; nor shall any of these be parked on the Properties except in an enclosed garage or screened area approved by the ACC. The Association shall have the right to adopt appropriate rules for the temporary

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parking of these items on the Properties. No travel trailers or recreational vehicles shall be at any time used as a residence either temporarily or permanently. No commercial vehicles shall park regularly or continuously on the Property, without the prior approval of the Association.

Section 14: Violation of any of these provisions shall subject the violating Lot owner to legal action, in law or in equity, filed against him by either the Board of Directors of the Association or any Lot owner in PROVIDENCE RIDGE. Such legal action, if successful, shall provide for the payment of reasonable attorney's fees in addition to remedies in law or in equity.

ARTICLE TEN: Easements for Construction Purposes

An easement over, through and to all Lots, is hereby reserved, conveyed, and established in favor of Declarant, and homebuilders for initial construction of any Lot to be used for purposes of ingress, egress, regress, construction activity, storage of construction materials, the necessary disturbance of land for construction on any Lot, and installation of driveways, sidewalks, underground drainage and utility conduits and hookups, if any, associated with the development of the Entrance and Landscape Easements and Stormwater Drainage Easements, or the construction of any residential structure on a Lot. This easement shall be used only as and when necessary to facilitate the construction of improvements at any time on a Lot by Declarant or homebuilder, as well as the extension of driveways, sidewalks, underground drainage and utility conduit and hookups to any dwelling structure situated on a Lot. In using and taking the benefits for said easement, Declarant and homebuilders shall use their best efforts to minimize any soil or land disturbance activities, and shall restore the land to its predisturbance condition, insofar as such is

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practical after construction is completed and shall not materially interfere with the use of any Lot for the construction and maintenance of a dwelling structure.

ARTICLE ELEVEN: General Provisions

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

Section 2: Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect. In the event of any contradiction, real or apparent, between the Articles of Incorporation and the By-Laws, the By-Laws shall control and in the event of any contradiction, real or apparent, between the By-Laws and this Declaration, then the terms and conditions of this Declaration shall control.

Section 3: Amendment. The covenants, conditions and restrictions of this Declaration shall run with and bind the land for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty (20) year period by an instrument signed by not less than seventy-five percent (75%) of the Lot Owners. Any amendment must be recorded in the Durham County Registry.

Section 4: Mortgagee's Rights. A first mortgagee, or the insurer or guarantor of a first mortgage shall be entitled, upon written request, to receive copies of this Declaration,

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the By-Laws, Rules and Regulations, and Articles of Incorporation of the PROVIDENCE RIDGE HOMEOWNERS ASSOCIATION; entitled to receive at no additional cost the annual financial statement within ninety (90) days following the end of the fiscal year; entitled to receive written notices of meetings of the Association and to designate a representative to attend all such meetings; entitled to receive timely notice of any substantial damage to or destruction of any part of the Entrance and Landscape Area or Stormwater Easement facilities; entitled to receive notice if the same are subjected to a condemnation or eminent domain proceeding or are otherwise sought to be acquired by a condemning authority; entitled to receive notice of any sixty (60) days delinquency in the payment of assessments or charges of any Owner of any Lot upon which that mortgagee, insurer or guarantor holds a mortgage; entitled to receive notice of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; and entitled to receive notice of any proposed action which requires the consent of a specified percentage of mortgage holders.

Section 5: Reserved Rights of Lot Owners. No Lot Owner shall be subject to a restraint imposed by the Association upon his right to sell, transfer, or otherwise convey his Lot. Under no circumstances shall the Association have a right of first refusal upon the sale and conveyance of any Lot. No Lot Owner shall be subject to any restraint imposed by the Association upon his right to mortgage his Lot with whomever or whatever institution and upon those terms and conditions the Lot Owner is willing to accept. Each Lot Owner is entitled to inspect the books and records and other related documents of the Association during normal business hours or under other reasonable circumstances.

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Section 6: Contracts. Any contract, lease or agreement entered into by the Association on its own behalf or by Declarant on behalf of the Association must be terminable by either party without cause upon not more than ninety (90) days notice to the other party and with cause upon not more than thirty (30) days notice to the other party. If so terminated, no termination fee shall be required to be paid to the party so terminated. This provision shall include, but not be limited to, contracts for professional management of the project.

Southland Associates, Inc., as Trustee, and Central Carolina Bank and Trust Company, as Beneficiary, join in the execution of this instrument for the sole purpose of subordinating the lien of their deed of trust recorded in Book 3236, Page 319, Durham County Registry, to this Declaration to the same extent as if this Declaration had been executed and recorded prior to the recording of the aforesaid two Deeds of Trust.

Wayne R. Hadler, as Trustee, The Wedidit Family Limited Partnership, Ery Magasanik and Laura Magasanik, as Beneficiaries, join in the execution of this instrument for the sole purpose of subordinating the lien of their deed of trust recorded in Book 2860 Page 251, Durham County Registry, to this Declaration to the same extent as if this Declaration had been executed and recorded prior to the recording of the aforesaid deed of trust.

IN WITNESS WHEREOF, the undersigned has caused this instrument to be executed in its corporate name, with corporate seal affixed, all by order of its Board of Directors, the day and year first above written.

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ATTORNEYS AT LAW
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Homescape Development Company, Inc.
Declarant

By: _____
James A. Brandewie, President

Attest:

Ruth C. Brown, Assistant Secretary
corporate seal

Southland Associates, Inc.

By: _____
VP President

Central Carolina Bank and Trust Company

By: _____
Sr. Vice President

Attest:

_____ Asst Secretary
corporate seal

_____ Secretary
corporate seal

_____ (seal)
Ery Magasanik, Noteholder
by a/i/f Wayne R. Hadler

_____ (seal)
Wayne R. Hadler, Trustee

_____ (seal)
Laura Magasanik, Noteholder
by a/i/f Wayne R. Hadler

THE WEDIDIT FAMILY LIMITED PARTNERSHIP, a Massachusetts Limited Partnership

By _____
Mark M. Christopher, Trustee of the Wedidit Trust, a Massachusetts Trust and General Partner of The Wedidit Family Limited Partnership

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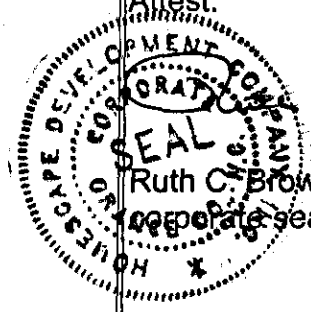
Attest:



Ruth C. Brown, Assistant Secretary
corporate seal

Southland Associates, Inc.

By:_____

President

Attest:

Secretary
corporate seal

Central Carolina Bank and Trust Company

By:_____

President

Secretary
corporate seal

Ery Magasanik by a/i/f (seal)
Ery Magasanik, Noteholder
by a/i/f Wayne R. Hadler

Wayne R. Hadler (seal)
Wayne R. Hadler, Trustee

Laura Magasanik by a/i/f (seal)
Laura Magasanik, Noteholder
by a/i/f Wayne R. Hadler

THE WEDIDIT FAMILY LIMITED PARTNERSHIP, a Massachusetts Limited Partnership

By_____
Mark M. Christopher, Trustee of the Wedidit Trust, a Massachusetts Trust and General Partner of The Wedidit Family Limited Partnership, and Not Individually

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STATE OF COUNTY OF

I, DEBORAH C. WOLFE, a notary public in and for said county and state do hereby certify that Mark M. Christopher, Trustee of the Wedidit Trust, General Partner of The Wedidit Family Limited Partnership, personally came before me this day and acknowledged the due execution of the foregoing.

Witness my hand and notarial seal, this the 3rd day of April, 2002.

My commission expires:
DEBORAH C. WOLFE, Notary Public
My Commission Expires February 24, 2006

Notary Public

NORTH CAROLINA - COUNTY OF ORANGE

I, Jeffrey A. Jones, a Notary Public in and for said county and state do hereby certify that Wayne R. Hadler, Trustee, personally appeared before me this day and acknowledged the due execution of the foregoing and I further certify that Wayne R. Hadler, attorney in fact for Ery Magasanik and Laura Magasanik personally appeared before me this day and being by me duly sworn says that he executed the foregoing and annexed instrument for and on behalf of Ery Magasanik and Laura Magasanik and that his authority to execute and acknowledge said instrument is contained in an instrument duly recorded in Book 2586, Page 94, Durham County Registry, that this instrument was executed under and by virtue of the authority given in said instrument granting him power of attorney; that the said Wayne R. Hadler personally acknowledged the due execution of the foregoing and annexed instrument for the purposes therein expressed for and on behalf of the said Ery Magasanik and Laura Magasnik.

Witness my hand and notarial seal, this the 1st day of April, 2002.

My commission expires:
2/12/2006

Notary Public

NORTH CAROLINA - COUNTY OF ORANGE

I, Jeffrey A. Jones, a notary public in and for said county and state do hereby certify that Ruth C. Brown personally came before me this day and acknowledged that she is Assistant Secretary of Homescape Development Company, Inc., and that by authority duly given and as an act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal, and attested by its Assistant Secretary.

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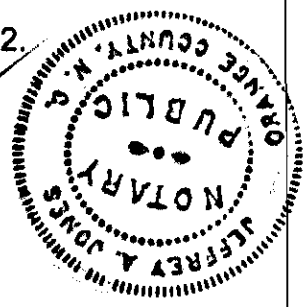
Witness my hand and notarial seal, this the 1st day of April, 2002.

My commission expires:

~~5/22/2005~~
2/12/2005

~~Notary Public~~



NORTH CAROLINA - COUNTY OF

I, _____, a notary public in and for said county and state do hereby certify that _____ personally came before me this day and acknowledged that ___he is _____ Secretary of Southland Associates, Inc., Trustee, and that by authority duly given and as an act of the corporation, the foregoing instrument was signed in its name by its _____ President, sealed with its corporate seal, and attested by its _____ Secretary.

Witness my hand and notarial seal, this the __ day of April, 2002.

My commission expires:

Notary Public

NORTH CAROLINA - COUNTY OF

I, _____, a notary public in and for said county and state do hereby certify that _____ personally came before me this day and acknowledged that ___he is _____ Secretary of Central Carolina Bank and Trust Company, Beneficiary, and that by authority duly given and as an act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal, and attested by its _____ Secretary.

Witness my hand and notarial seal, this the _ day of April, 2002.

My commission expires:

Notary Public

BEEMER, SAVERY, HADLER & JONES, P.A.
ATTORNEYS AT LAW
SUITE 800-B, FRANKLIN SQUARE
1829 E. FRANKLIN STREET
P. O. DRAWER 3150
CHAPEL HILL, N. C. 27514

Witness my hand and notarial seal, this the _ day of April, 2002.
My commission expires:
5/22/2005 Notary Public

NORTH CAROLINA - COUNTY OF Orange

I, Laura W. Ballenger, a notary public in and for said county and state do hereby certify that Shawn W. Turner personally came before me this day and acknowledged that he is Asst. Secretary of Southland Associates, Inc., Trustee, and that by authority duly given and as an act of the corporation, the foregoing instrument was signed in its name by its Vice President, sealed with its corporate seal, and attested by its Asst. Secretary.

Witness my hand and notarial seal, this the 2nd day of April, 2002.

My commission expires: April 11, 2006 Laura W. Ballenger
Notary Public

LAURA W. BALLENGER NOTARY PUBLIC ORANGE COUNTY, N.C.

NORTH CAROLINA - COUNTY OF Orange

I, Laura W. Ballenger, a notary public in and for said county and state do hereby certify that Margi E. Rice personally came before me this day and acknowledged that she is Asst. Secretary of Central Carolina Bank and Trust Company, Beneficiary, and that by authority duly given and as an 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 its Asst. Secretary.

Witness my hand and notarial seal, this the 2nd day of April, 2002.

My commission expires: April 11, 2006 Laura W. Ballenger
Notary Public

LAURA W. BALLENGER NOTARY PUBLIC ORANGE COUNTY, N.C.

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ATTORNEYS AT LAW
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EXHIBIT "A"

BYLAWS OF
PROVIDENCE RIDGE HOMEOWNERS ASSOCIATION, INC.

ARTICLE I: Name and Location.

The name of the corporation is PROVIDENCE RIDGE HOMEOWNERS ASSOCIATION, INC., hereinafter referred to as the "Association." The Principal office of the corporation shall be located at 202 TimberHill Lane, Chapel Hill, Orange County, North Carolina, 27516, but meetings of members and directors may be held at such places within the State of North Carolina, County of Orange, as may be designated by the Board of Directors.

ARTICLE II: DEFINITIONS.

Section 1: "Properties" shall mean and refer to that certain real property known as PROVIDENCE RIDGE together with the right-of-way of Kemmont Road , Middleton Road, Providence Ridge Lane, Highgrove Lane and all Open Space areas, as shown on a map and survey prepared by Ballentine Associates, P.A. and recorded in Plat Book 155, Page 3, Durham County Registry, brought within the jurisdiction of the "Association" subject to this Declaration.

Section 2: "Association" shall mean and refer to the Providence Ridge Homeowners Association, Inc., its successors and assigns.

Section 3: "Lot" shall mean and refer to any plot of land as shown on any recorded subdivision map of the "Properties."

Section 4: "Owner" shall mean and refer to the record owner, whether one or more persons or entities of a fee simple title to any of the aforesaid fifty-four (54) lots 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 5: "Stormwater Drainage Easement", "Open Space", "Entrance and Landscape

Easement," and "Undisturbed Landscape Buffer" shall mean and refer to all real property (including any improvements thereon) shown on the recorded plat of the subdivision, and located on Lots within the subdivision, to which the Association has been granted by Declarant easement rights for the maintenance, upkeep and repair of said real property. The recorded plat evidences a 25' wide Undisturbed Landscape Buffer along the easternmost property line of Lots 14, 15, 16, 17 and 18. Entrance and Landscape Easements are located on Lots 1, 2, 6, 7, 30, 36, 37, 38, 39, 45 and 54. Stormwater Drainage Easements are located on Lots 11, 12, 15, 16, 20, 21 22, 33, 34, 37, 38, 39, 40, 41, 43, 44, 46, 47, 48, 49, and the Open Space areas or as otherwise shown on said recorded plat.

Section 6: "Declarant" shall mean and refer to HOMESCAPE DEVELOPMENT 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 7: "Member" shall mean and refer to any person or entity entitled to membership in the Association as provided for herein. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to an assessment by the Association. The Owner of a Lot shall become a member of the Association merely by virtue of being an Owner of a Lot. In the event of multiple ownership of any given Lot, each Owner shall be a member of the Association but only one vote total shall be accorded to each Lot.

ARTICLE III: Meetings of Members.

Section 1: Annual Meetings. The first meeting of the Members shall be held within one year from the date of incorporation of the Association, and each subsequent regular annual

meeting of the Members shall be held on any weeknight other than Friday during the month of January of each year thereafter, at the hour of seven o'clock P.M.

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 by the Declarant, or upon written request of the Members who are entitled to vote one-half (½) of all the votes of the Class A and Class B membership combined.

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 fifteen (15) days before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and in the case of a special meeting, the purpose of the meeting.

Section 4: Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, one-half (½) of the votes of the membership (Class A and Class B combined) shall constitute a quorum for any action, except as otherwise provided in the Articles of Incorporation, the Declaration, or these ByLaws and specifically as set out in Article Four of the Declaration, including those actions set forth in Sections 3 and 4, Article Four of the Declaration. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5: Proxies. At all meetings of Members, each Member may vote in person or by Proxy. All proxies are revocable and shall automatically expire when a Member sells and

conveys his Lot.

ARTICLE IV: 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: Term of Office. At the first annual meeting, the Members shall elect two directors for a term of two years and one director for a term of one year. Thereafter, Directors shall be elected for two year terms. At such time as the affairs and control of the Homeowners Association is transferred from the Declarant to the Lot Owners, either voluntarily or as provided in the Declaration, the membership shall be entitled to increase the number of Directors by a majority of votes cast in favor of said increase.

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

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

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

ARTICLE V: Nomination and Election of Directors.

Section 1: Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual

meeting. The Nominating Committee shall consist of a Chairman, who shall be a Member of the Board of Directors, and one or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations 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 VI: Meetings of Directors.

Section 1: Regular Meetings. The Board of Directors shall be held quarterly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. The meeting may be held by telephone conference under the provisions in Article IV, Section 5, Action Taken Without A Meeting. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

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

Section 3: Quorum. A majority of the number of Directors shall constitute a quorum for

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

ARTICLE VII: Powers and Duties of the Board of Directors.

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

(a) Suspend the voting rights and other rights of any Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing for a period not to exceed sixty (60) days for infraction of published rules and regulations.

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

(c) 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) Employ a manager, an independent contractor, or such other employees as the Board of Directors deem necessary and or desirable for the operation and maintenance of the Association and its property, and to prescribe for such employees their duties and compensation.

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

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

(b) Prepare annually, within ninety (90) days of the close of the Association's fiscal year, a general, itemized statement showing the assets and liabilities of the Association, identifying the physical location of such assets as appropriate, and a statement of revenues and expenses for the preceding year. This statement shall also include the name, address and amount owed to any Creditor of the Association to whom the sum of One Thousand or more ($1,000) Dollars is owed. This statement shall be furnished to any Lot Owner or the Holder of any first mortgage on a Lot in PROVIDENCE RIDGE within thirty (30) days after the Board receives written request from such Owner or Mortgage Holder for this statement;

(c) Supervise all officers, agents and employees of the Association, if any, and see that their duties are properly performed;

(d) As more fully provided in the Declaration, to prepare no later than thirty (30) days prior to the start of each fiscal year of the Association a budget outlining anticipated revenues and expenses for the coming year for the Association and to furnish a copy to any Lot Owner or the Holder of any first mortgage on a Lot in PROVIDENCE RIDGE within thirty (30) days after the Board receives written request from such Owner or Mortgage Holder for this budget statement. In this context, the Board shall also be responsible to:

(i) fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period.

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

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

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

(f) Procure and maintain adequate hazard and extended casualty insurance on all structures and areas maintained by the Association and adequate liability insurance for same.

(g) Cause all officers or employees having fiscal responsibility to be bonded, as it may deem appropriate.

(h) Cause all necessary maintenance and repair to be completed to the extent provided for in the Declaration.

ARTICLE VIII: Officers and their Duties.

Section 1: Enumeration of Offices. The officers of this Association shall be a president and, in the discretion of the Board of Directors, a vice-president, either or both of whom at all times shall be a Member of the Board of Directors, and a secretary, a treasurer, and/or a secretary/treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2: Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members. At the discretion of the Board of Directors and if so elected, any one or more Directors may fill any one or more of the officer's positions.

Section 3: Term. The officers of this Association shall be elected annually by the Board of Directors and each shall hold office for one (1) year unless said officer 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 of time, have such authority and perform such duties as the Board of Directors may, from time to time, determine.

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

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

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

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

(a) The President shall be the Chief Executive Officer of the corporation and subject to control by the Board of Directors shall in general supervise and control the business and affairs of the corporation. The President shall preside at all meetings of the Members and shall in conjunction with other officers execute contracts, leases, deeds, promissory notes, deeds of trust and other instruments which the Board of Directors have authorized to be executed.

(b) The Vice-President, in the event the Association shall have such an

officer, shall in the absence, disability, refusal to act or death of the President perform the duties of the President and when so acting shall have all the powers of and be subject to all the restrictions imposed upon the President.

(c) The Secretary of the corporation shall keep the minutes and records of the Association and/or Board of Directors' meetings; give the proper notices, be custodian of the Association's seal and other Association documents, sign with the President such documents as the President is authorized to execute and in general perform all the duties as from time to time may be assigned to the Secretary by the President or by the Board of Directors.

(d) The Treasurer shall have charge and custody of and be responsible for all funds and securities of the Association and shall be responsible for maintaining and filing the proper records and documents required for the Associations financial records. The Treasurer shall also be responsible for preparing for the Board of Directors an annual budget and a statement of the prior year's receipts and expenditures.

ARTICLE IX: Committees.

The Board of Directors shall act as an Architectural Control Committee as provided in the Declaration. In addition, the Board of Directors may appoint other committees as deemed appropriate in carrying out its purposes.

ARTICLE X: Books and Records.

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

ARTICLE XI: Corporate Seal.

The Association shall have a seal in circular form having within its circumference the words: PROVIDENCE RIDGE HOMEOWNERS ASSOCIATION, INC., Durham County, N.C. 2002.

ARTICLE XIII: 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 Members present in person or by proxy.

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

ARTICLE XIV: Miscellaneous.

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

IN WITNESS WHEREOF, the undersigned, being all the Directors of PROVIDENCE RIDGE HOMEOWNERS ASSOCIATION, INC., have set our hands and seals this the ___th day of April, 2002.

James A. Brandewie (seal)

Kerry A. Brandewie (seal)

Michael Ruth (seal)

CERTIFICATION

I, the undersigned, do hereby certify that:

I am the duly elected and acting secretary of the PROVIDENCE RIDGE HOMEOWNERS ASSOCIATION, INC., a North Carolina corporation.

The foregoing ByLaws constitute the original ByLaws of said Association as duly adopted at a meeting of the Board of Directors thereof held on the ____th day of April, 2002.

In Witness Whereof, I have set hereunto my name as Secretary of the Association, this the _____th day of April, 2002.

Kerry A. Brandewie, Secretary

WILLIE L. COVINGTON
REGISTER OF DEEDS , DURHAM COUNTY
DURHAM COUNTY COURTHOUSE
200 E. MAIN STREET
DURHAM, NC 27701

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DECL 41 PGS $131.00

Recorder: CYNTHIA Y FRAZIER

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State of North Carolina, County of Durham

The foregoing certificate of DEBORAH C WOLFE , JEFFREY A JONES , LAURA W BALLENGER Notaries are certified to be correct. This 15TH of May 2002

WILLIE L. COVINGTON , REGISTER OF DEEDS

By: Cynthia Y Frazier

Deputy/Assistant Register of Deeds

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