

STATE OF NORTH CAROLINA

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR STONEHENGE TOWNHOMES SECTION ONE, RECORDED IN BOOK OF MAPS 1983, PAGE 358, WAKE COUNTY REGISTRY

COUNTY OF WAKE

THIS DECLARATION, made on the date hereinafter set forth by DEVELOPMENT ASSOCIATES, INC., a North Carolina corporation, hereinafter referred to as the "Declarant";

W I T N E S S E T H :

WHEREAS, the Declarant is the owner of certain property containing 10 acres more or less near the City of Raleigh, Wake County, North Carolina, which is more particularly described as Stonehenge Townhomes, Section One, as the same is shown on the map recorded in Book of Maps 1983, Page 358, Wake County Registry; and

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

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

ARTICLE I - DEFINITIONS

Section 1. "Association" shall mean and refer to STONEHENGE ASSOCIATION, its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property hereinbefore described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of members or designated classes of members of the Association, including Limited Common Area, and including all water and sewer lines serving the properties which are not located in a dedicated easement or public street.

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

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

Section 6. "Lot in Use" shall mean and refer to any lot on which a dwelling unit has been fully constructed and made ready for occupancy as a dwelling unit, including, without limitation, completion of the installation of final floor covering, interior paint and wallpaper and all appliances. In addition to the foregoing, a Lot may become a Lot in Use by contractual agreement between the Declarant and the Owner of such lot.

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

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

Section 9. "Declarant" shall mean and refer to Development Associates, Inc. and its successors and assigns to whom the rights of Declarant hereunder are expressly transferred, in whole or in part, and subject to such terms and conditions as the Declarant may impose.

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

PRESENTED FOR REGISTRATION  
MAY 13 4 06 PM '08  
R. A. MCALPIN, JR.  
REGISTER OF DEEDS  
WAKE COUNTY, N.C.

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

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

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

- (a) All sums lawfully assessed by the Association against its members;
- (b) Expenses for maintenance of the townhomes as provided in this Declaration;
- (c) Expenses of administration, maintenance, repair, or replacement of the Common Areas or the Limited Common Areas;
- (d) Expenses declared to be common expenses by the provisions of this Declaration or the Bylaws;
- (e) Hazard, liability, or such other insurance premiums as the Declaration or the Bylaws may require the Association to purchase;
- (f) Ad valorem taxes and public assessment charges lawfully levied against common areas;
- (g) Expenses agreed by the members to be common expenses of the Association;
- (h) Unpaid assessments resulting from the purchase of a townhome at a foreclosure sale (such assessment shall be collectible from all members of the Association, including the purchaser at the foreclosure sale, his successors and assigns);

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

Section 15. "Amenities" shall mean the facilities constructed, erected or installed on the Common Areas for the use, benefit and enjoyment of Members.

#### ARTICLE II - ANNEXATION OF ADDITIONAL PROPERTIES

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

Section 2. If within six years of the date of incorporation of this Association, the Declarant should develop additional lands within the boundaries of the following tract, such additional lands may be annexed to said Properties without the assent of the Class A members:

BEING all of the property described in deed recorded in Book 2992, Page 788, Wake County Registry together with a tract north of and immediately adjacent to the aforescribed tract which is known as the "Chavis land"; and, being all of the property described as Tract No. II in deed recorded in Book 2922, Page 432, Wake County Registry; and being all of the property described in deed recorded in Book 2856, Page 248, Wake County Registry.

The total number of lots within the Properties herein described and the area subsequently annexed shall not exceed 200 unless approved by Class A members as provided in Section 1 of this Article.

Section 3. Annexation of additional Properties shall be accomplished by recording in the Wake County Registry a Declaration of Annexation, duly executed by the Declarant if the Declarant has the right to annex pursuant to Section 2 above (and by the Association if pursuant to Section 1 above), describing the lands annexed and incorporating the provisions of this Declaration, either by reference or by fully setting out said provisions of this Declaration. The additional land shall be deemed annexed to the Properties on the date of recordation of the Declaration of Annexation, and in the case of an annexation by the Declarant, no action or consent on the part of the Association or any other person or entity shall be necessary to accomplish the annexation except the City of Raleigh if required by its ordinances.

Section 4. Subsequent to recordation of the Declaration of Annexation by the Declarant, the Declarant shall deliver to the Association one or more deeds conveying any Common Area within the lands annexed as such Common Area is developed, as set forth in Article V, Sections 3 and 4 of this Declaration.

#### ARTICLE III - MEMBERSHIP

Every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject by covenants of record to assessment by the Association, including contract sellers, shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. No Owner shall have more than one membership. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association. Ownership of such Lot shall be the sole qualification for membership. The Board of Directors may make reasonable rules relating to the proof of ownership of a Lot in this subdivision.

#### ARTICLE IV - VOTING RIGHTS

Section 1. The Association shall have two classes of voting membership and fractional voting shall not be permitted.

Class A. Class A members shall be all those Owners as defined in Article III with the exception of the Declarant. Class A members shall be entitled to one vote for each Lot in which they hold the interest required for membership by Article III. When more than one person holds such interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B member shall be the Declarant. The Class B member shall be entitled to three (3) votes for each Lot in which it holds the interest required for membership by Article III, provided, that the Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs first:

(a) when the total votes outstanding in Class A membership equal the total votes outstanding in Class B membership, but provided that the Class B membership shall be reinstated if thereafter and before the time stated in Subparagraph (b) below, such additional lands are annexed to the Properties without the assent of Class A members on account of the development of such additional lands by the Declarant, all as provided for in Article II, Section 2 above, or

(b) on December 31, 1988.

Section 2. The right of any Member to vote may be suspended by the Board of Directors for just cause pursuant to its rules and regulations.

#### ARTICLE V - PROPERTY RIGHTS

Section 1. Members' Easements of Enjoyment. Every member shall have a right and easement of enjoyment in and to the Common Area (including access, ingress and egress to and from public streets and walkways) and such easement shall be appurtenant to and shall pass with the title to every assessed Lot, subject to the following provisions:

(a) The right of the Association, in accordance with its Article and Bylaws and with the assent of members entitled to cast two-thirds (2/3) of the votes of the entire Class A membership and two-thirds (2/3) of the entire Class B membership, if any, to borrow money for the purpose of improving the Common Area and facilities and in aid thereof to mortgage said property unless prohibited by law, and the rights of such mortgagee in said properties shall be subordinate to the rights of the homeowners hereunder;

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

the Class A membership and two-thirds (2/3) of the votes of the Class B membership, if any, has been recorded, agreeing to such dedication or transfer, and unless written notice of the proposed action is sent to every Member not less than 30 days nor more than 60 days in advance; and

(c) The right of the individual members to the exclusive use of parking spaces as provided in this Article.

Section 2. Delegation of Use. Any Member may delegate, in accordance with the Bylaws; his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the Property.

Section 3. Title to the Common Area. The Declarant hereby covenants for itself, its heirs and assigns, that it will convey fee simple title to the Common Area shown on the aforementioned map recorded in Book of Maps 1983, Page 358, Wake County Registry, to the Association, free and clear of all encumbrances and liens, prior to the conveyance of the first Lot, except utility and drainage easements and easements to governmental authorities. Similarly, the Declarant will convey to the Association Common Areas which are parts of Stonehenge Townhomes as those portions are annexed in the future until all Common Areas, as shown on plans approved by the City of Raleigh, have been conveyed to the Association.

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

Section 5. TV Antennas and Piped-In Music. The Association may provide one or more central television antennas for the convenience of the Members and may supply piped-in music and the cost of these may be included in annual or special assessments. The Association may regulate or prohibit the erection of television antennas on individual lots.

#### ARTICLE VI - COVENANT FOR ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot in Use owned within the Property upon which a townhome has been constructed, hereby covenants, and every other owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to covenant and agree to pay to the Association:

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

Notwithstanding any provisions herein to the contrary, the assessment for each Lot which is not a Lot in Use shall be twenty-five percent (25%) of the assessment of a Lot in Use.

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

The annual and special assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the Lot and improvements against which each such assessment is made. Each such assessment, together with such

interest and costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of the Lot at the time the assessment fell due. The personal obligation of an Owner for delinquent assessments shall not pass to his successors in title unless expressly assumed by them. All assessments shall be shared equally by the owners of each Lot, except as otherwise provided in this section.

(Explanatory Note - As a matter of information to future members of this Association, the Declarant wishes to make it known that it is highly probable that a variety of dwellings with a variety of exteriors will be constructed and that whatever exteriors are constructed will be for the purpose of achieving harmony of design and textures while at the same time avoiding monotony. In such event, some dwellings may entail more expense for exterior maintenance than others. However, the construction of the variety will be for the enhancement of property values of all townhomes. Therefore, no difference is made in the amount of annual assessment on account of any disparity in the cost of exterior maintenance or the replacement of roofs on account of the different types of construction.)

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for promoting the recreation, health, safety and welfare of the residents of the Property (including those items enumerated in Article I, Section 13 (e) and (f) hereinabove); enforcing these covenants and the rules of the Association; improving and maintaining the Property and the townhomes situated thereon; and, providing the services and facilities for purposes of and related to the use and enjoyment of the Common Area and facilities.

Section 3. Amount of Assessment.

(a) Initial Assessment. To and including December 31, 1983, the initial annual assessment shall not be in excess of Three Hundred Sixty Dollars (\$360.00) per Lot in Use, the exact amount of which shall be determined from time to time as provided in Subsection (d) of this Section 3.

(b) Increase by Association. From and after December 31, 1983, the annual assessment effective for any year may be increased from and after January 1 of the succeeding year by the Board of Directors, without a vote of the membership, by a percentage which may not exceed the greater of five percent (5%) or the percentage increase reflected in the U.S. City Average, Consumer Price Index - United States and selected areas for urban wage earners and clerical workers, all itmes most recent index and percentage changes from selected dates (published by the U.S. Burear of Labor Statistics, Washington, DC), or such other Index as may succeed the Consumer Price Index, for the twelve-month period ending the immediately preceding October 1.

(c) Increase by Members. From and after December 31, 1983, the 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. The limitations herein set forth shall not apply to any increase in assessments undertaken as an incident to a merger or consolidation in which the Association is authorized to participate under its Articles of Incorporation.

(d) Criteria for Establishing Annual Assessment. The initial annual assessment shall not exceed Three Hundred Sixty Dollars (\$360.00). In establishing the annual assessment for any subsequent assessment year, the Board of Directors shall consider all current costs and expenses of the Association, any accrued debts, and reserves for futura needs, but it may not increase the annual assessment in an amount in excess of the greater of five percent (5%) or the sums derived by application of the Consumer Price Index formula provided in Subsection (b) without the consent of Members required in Subsection (c) of this Section 3.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the costs of construction or reconstruction, unexpected repair, or replacement of a described capital improvement upon the common area, including the necessary fixtures and personal property related thereto, provided 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 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. Special Assessments for the Purchase and Reconstruction of Townhomes. In the event that any townhome located on the Property is substantially destroyed by fire or other hazard, the Owner shall give written notice to the Association within thirty (30) days following such destruction of whether he intends to repair or reconstruct the townhome; and if the Owner fails to give such notice to the Association, it shall be conclusively considered, for purposes of this Section, as notice that he does not intend to repair or reconstruct the townhome. For the purposes of this Section, "substantially destroyed" shall mean that the costs of replacement or repair equals at least fifty percent (50%) of the appraised value of the improvements on the lot before they were damaged. If the Owner elects not to repair or reconstruct the townhome, the Association shall have the first right and option to purchase such unit in the manner herein-after provided. The purchase option shall be effective for a period of ninety (90) days following notice of the Owner's election not to repair or reconstruct.

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

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

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

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

(c) Application of Insurance Proceeds. The owner of the townhome, prior to the conveyance to the Association, shall apply or cause to be applied so much of the proceeds of any hazard insurance paid by reason of the damage or destruction of the townhome as shall be necessary to pay all liens, mortgages, deeds of trust, taxes, and encumbrances upon the lot so that the fee simple marketable title thereto may be conveyed free and clear of all liens and encumbrances. If the insurance proceeds are not sufficient to pay all liens, encumbrances, and obligations upon the lot, the purchase price shall be reduced by an amount adequate to pay any such deficiency.

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

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

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

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

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

Section 6 Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all lots and lots in use, on a per lot and per lot in use basis, and may be collected on a monthly basis.

Section 7. Quorum for any Action Authorized under Sections 3, 4, and 5. At the first meeting called, as provided in Section 3, 4 and 5 of this Article, the presence at the meeting of members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, subsequent meetings may be called, subject to the notice requirement set forth in Sections 3, 4 and 5, and the required quorum at any such subsequent meeting shall be one-half (1/2) of the required quorum at the next preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the next preceding meeting.

Section 8. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided herein for Lots in Use shall be paid in equal monthly installments and the payment of such shall commence as to each lot in use on the first day of the first month following the date that such lot became a lot in use. Lots which are not Lots in Use in Section 1 shall become subject to assessments the first day of the first month following the date on which the first lot has become a Lot in Use. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every owner subject thereto. The due dates shall be established by the Board of Directors. The Association, upon demand at any time, shall furnish a certificate in writing signed by an officer of the Association setting forth whether the assessments on a specified lot have been paid. A properly executed certificate of the Association as to the status of assessments on a lot is binding upon the Association as of the date of its issuance.

Section 9. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessments or portion thereof which are not paid when due shall be delinquent. If the assessment or portion thereof is not paid within thirty (30) days after the due date, the same shall bear interest from the date of delinquency at the highest rate then permitted by the regulations of the Federal Housing Administration (FHA) and the regulations of the Veterans Administration (VA); provided, however, that if the highest rate permitted by FHA and VA are not the same, the interest rate shall be the lower of rates permitted by these two agencies. The Association may bring an action against the owner personally obligated to pay the same, and interest, costs, late payment charges and reasonable attorney's fees resulting from any such action shall be added to the amount of such assessment. If any law permits the filing of a lien and the foreclosure of such lien, or other similar action, as a method of enforcement of the Association's right to collect assessments, the Association may use such remedy. No owner may waive or otherwise escape liability for the assessment provided for herein by nonuse of the common area or abandonment of his lot.

Section 10. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein on any lot shall be subordinate to the lien of any first mortgage on such lot. The sale of a lot to a bona fide purchaser for value and 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. No sale or transfer shall relieve such lot from liability for any assessments thereafter becoming due or from the lien thereof.

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

#### ARTICLE VII -- EXTERIOR MAINTENANCE

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

Any owner who fences or encloses or screens by plants or structures the rear portion of his lot (which fence, enclosure and screen shall require the prior approval of the Association), may plant trees, shrubs, flowers, and grass in the fenced or enclosed portion as he elects and shall maintain the fenced or enclosed portion at his own expense, provided that such maintenance does not hinder the Association in performing its maintenance duties as to the townhome, the remaining yard spaces, or the limited common area. No such maintenance by an owner shall reduce the assessment payable by him to the Association. If, in the opinion of the Association, any such owner fails



to maintain his rear yard in a neat and orderly manner, the Association may revoke the owner's maintenance rights for a period not to exceed one year and the Association shall perform maintenance during the revocation period. The owner shall not plant any vegetation in front of his townhome except with the prior written approval of the Association.

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

#### ARTICLE VIII - PARTY WALLS

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

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

Section 3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any owner who has used the wall may restore it, and if the the other owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use, without prejudice, however, to the right of any such owner to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

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

Section 5. Right to Contribution. The right of any owner to contribution from any other owner shall be appurtenant to the land and shall pass to each owner's successor in title. If any owner desires to sell his property, he may, in order to assure a prospective purchaser that no adjoining owner has a right of contribution as provided herein, request of the adjoining property owner or owners or any one of them a notarized certification that no right of contribution exists; whereupon it shall be the duty of each adjoining property owner to make such certification without charge immediately upon request; provided, however, that where the adjoining property owner claims a right of contribution, the certification shall contain a recital of the amount claimed. In the event a property owner refuses or neglects to do so within fifteen (15) days after the receipt of written notice, it shall be deemed a waiver of his right of contribution.

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

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

## ARTICLE IX - ARCHITECTURAL CONTROL &amp; INSPECTION

It is the intention of the Declarant that there be achieved, as nearly as possible, congruity and/or harmony with existing structures in terms of scale, material, color, fenestration and texture. Therefore, no site preparation or initial construction, erection or installation of any improvements, including, but not limited to, residences, outbuildings, fences, walls, screens (whether by plants or structures) and other structures, shall be undertaken upon the Properties unless the plans and specifications therefor, showing the nature, kind, shape, height, materials, and location of the proposed improvements shall have been submitted to the Declarant or its agent and expressly approved in writing. No subsequent alteration or modification of additional improvements may be undertaken on any of the Properties without prior review and express written approval of the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board.

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

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

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

## ARTICLE X - USE RESTRICTIONS

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

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

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

(b) Nothing shall be kept and no activity shall be carried on in any building or townhome or on the common area and facilities which will increase the rate of insurance, applicable to residential use, for the Property or the contents thereof. No owner shall do or keep anything, nor cause or allow anything to be done or kept, in his townhome or on the common area and facilities which will result in the cancellation of insurance on any portion of the Property, or the contents thereof, or which will be in violation of any law, ordinance or regulation. No waste shall be committed on any portion of the common area and facilities.

(c) No immoral, improper, offensive, or unlawful use shall be made of the Property, or any part thereof, and all valid laws, ordinances and regulations of all governmental agencies having jurisdiction thereof shall be observed. All laws, order, rules, regulations or requirements of any governmental agency having jurisdiction thereof, relating to any portion of the Property, shall be complied with, by and at the sole expense of the owner or the Association, whichever shall have the obligation to maintain or repair such portion of the Property.

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

(e) No industry, business, trade, occupation or profession of any kind, whether commercial or otherwise, shall be conducted, maintained or permitted on any part of the Property, except that the Declarant or its agents may use any unsold townhome for sales or display purposes.

(f) No owner shall display, or cause or allow to be displayed, to public view any sign, placard, poster, billboard or identifying name or number upon any townhome, building, or any portion of the common area and facilities, except as allowed by the Association pursuant to its bylaws; provided, however, that the Declarant and any mortgagee who may become the owner of any unit, or their respective agents, may place "For Sale" or "For Rent" signs on any unsold or unoccupied townhomes and in suitable places on the common area; provided, however, that during the development of the Property and the marketing of townhomes, the Declarant may maintain a sales office and may erect and display such signs as the Declarant deems appropriate as aids to such development marketing, provided that such signs do not violate any applicable laws.

(g) No person shall undertake, cause or allow any alteration or construction in or upon any portion of the common area and facilities except at the direction or with the express written consent of the Association.

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

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

#### ARTICLE XI - EASEMENTS

Section 1. Walks, Drives, Parking Areas, and Utilities. All of the Property, including lots and common area, shall be subject to such easements for driveways, walkways, parking areas, water lines, sanitary sewers, storm drainage facilities, gas lines, telephone and electric power lines, television antenna lines, and other public utilities as shall be established prior to subjecting the Property to this Declaration by the Declarant, and the Association shall have the power and authority to grant and to establish in, over, upon, and across the common area conveyed to it such further easements as are requisite for the convenient use and enjoyment of the Property.

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

Section 3. Encroachments. All lots and the common area shall be subject to easements for the encroachment of initial improvements constructed on adjacent lots by the Declarant to the extent that such initial improvements actually encroach, including, without limitation, such items as overhanging eaves, gutters, downspouts, exterior storage rooms, and walls. If any encroachment shall occur subsequent to subjecting the Property to this Declaration as a

result of settling or shifting of any building or as a result of any permissible repair, construction, reconstruction, or alteration, there is hereby created and shall be a valid easement for such encroachment and for the maintenance of the same. Every lot shall be subject to an easement for entry and encroachment by the 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 and drainage. The Declarant, upon making entry for such purpose, shall restore the affected lot or lots to as near the original condition as practicable.

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

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

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

#### ARTICLE XII - RIGHTS OF INSTITUTIONAL LENDERS

Section 1. Rights Reserved to Institutional Lenders. "Institutional Lender" or "Institutional Lenders", as the terms are used herein, shall mean and refer to banks, savings and loan associations, insurance companies, other reputable mortgage lenders and insurers of first mortgages. So long as any Institutional Lender or Institutional Lenders shall hold any mortgage upon any Lot, or shall be the owner of any Lot, such Institutional Lender or Institutional Lenders shall have the following rights:

(a) To be furnished with at least one copy of the Annual Financial Statement and Report of the Association, prepared by a Certified Public Accountant designated by the Association, including a detailed statement of annual carrying charges or income collected and operating expenses, such Financial Statement and Report to be furnished by April 15 of each calendar year.

(b) To be given notice by the Association of the call of any meeting of the membership to be held for the purpose of considering any proposed Amendment to the Declaration, or the Articles of Incorporation and Bylaws of the Association, which notice shall state the nature of the amendment being proposed, and to be given permission to designate a representative to attend all such meetings.

(c) To be given notice of default in the payment of assessments by any owner of a Lot encumbered by a mortgage held by the Institutional Lender or Institutional Lenders, such notice to be given in writing and to be sent to the principal office of such Institutional Lender or Institutional Lenders, or to the place which it or they may designate in writing to the Association,

(d) To inspect the books and records of the Association during normal business hours.

(e) To be given notice by the Association of any substantial damage to any part of the Common Area.

(f) To be given notice by the Association if any portion of the Common Area, is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority.

Whenever any Institutional Lender desires the benefits of the provisions of this section, such lender shall serve written notice of such fact upon the Association by registered mail or certified mail addressed to the Association and sent to its address stated herein identifying the Lot upon which any such

Institutional Lender or Institutional Lenders hold any mortgage or mortgages or identifying any Lot owned by them, or any of them, together with sufficient pertinent facts to identify any mortgage or mortgages which may be held by it or them, and which notice shall designate the place to which notices are to be given by the Association to such Institutional Lender.

#### ARTICLE XIII- GENERAL PROVISIONS

Section 1. Providing for Traffic Flow. It shall be the responsibility of the Association to maintain uninterrupted traffic flow along all private streets within the Properties. If it is necessary for "no parking" signs to be erected in order to accomplish this, this shall be done at the expense of the Association as a common expense.

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

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

Section 3. Insurance. Every owner shall maintain in full force and effect at all times fire and hazard insurance in an amount equal to the full replacement cost of his townhome (i.e., said policy shall contain a replacement cost endorsement as a part thereof) except that the amount shall not be required to exceed the replacement cost of the townhome. An owner shall exhibit to the Board, upon demand, evidence that such insurance is in effect. If any owner shall fail to maintain such insurance, the Board is authorized to obtain such insurance in the name of the owner from an insurer selected by the Board, and the cost of such insurance shall be included in the annual assessment of the owner and shall constitute a lien against his lot until paid.

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

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

Section 4. 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.

Section 5. Exchange of Common Area. The Association, acting through its Board, from time to time may exchange with Declarant or any member a portion of the Common Area for a portion of the real property owned by such member within Stonehenge Townhomes Subdivision, provided that the real property acquired by the Association in exchange: (a) is free and clear of all encumbrances except the Declaration, and easements for drainage, utilities and sewers; (b) is contiguous to other portions of the Common Area; (c) has approximately the same area and utility as the portion of the Common Area exchanged; and (d) has been approved by the City of Raleigh Planning Department to assure that the provisions of the Raleigh City Code are not being violated. The real property so acquired by the Association shall be a part of the Common Area, and without further act of the Association or membership, shall be released from any provisions of the Declaration except those applicable to the Common Area. The portion of the Common Area so acquired by Declarant or a member, without further act of the Association or membership, shall cease to be Common Area and shall be subject to those provisions of the Declaration that were applicable to the real property conveyed to the Association by the member.

Section 6. FHA/VA Approval. Notwithstanding any provision in this instrument to the contrary, as long as there is a Class B membership, and if Declarant desires to qualify sections of this subdivision for Federal Housing Administration or Veterans Administration approval (but not otherwise), the following actions will require the prior approval of Federal Housing Administration or the Veterans Administration: Annexation of additional properties, dedication of Common Areas, exchange of Common Area for other portions of the Properties, and amendment of this Declaration of Covenants, Conditions and Restrictions.

Section 7. 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 the owners of not less than ninety percent (90%) of the lots, and thereafter by an instrument signed by the owners of not less than seventy-five percent (75%) of the lots; provided, however, that the Board of Directors may amend this Declaration, without the consent of owners, to correct any obvious error or inconsistency in drafting, typing or reproduction. All amendments shall be certified as an official act of the Association and shall forthwith be recorded in the Wake County Registry. All amendments shall become effective upon recordation.

Section 8. If any amendment to these covenants, conditions and restrictions is executed, each such amendment shall be delivered to the Board of Directors of this Association. Thereupon, the Board of Directors, shall, within thirty (30) days do the following:

- (a) Reasonably assure itself that the amendment has been executed by the owners of the required number of lots. (For this purpose, the Board may rely on its roster of members and shall not be required to cause any title to any lot to be examined);
- (b) Attach to the amendment a certification as to its validity, which certification shall be executed by the Association in the same manner that deeds are executed. The following form of certification is suggested:

CERTIFICATION OF VALIDITY OF AMENDMENT TO COVENANTS,  
CONDITIONS AND RESTRICTIONS OF STONEHENGE TOWNHOMES

By authority of its Board of Directors, Stonehenge Townhomes Association hereby certifies that the foregoing instrument has been duly executed by the owners of \_\_\_\_\_ percent of the lots of Stonehenge Townhomes and is, therefore, a valid amendment to the existing covenants, conditions and restrictions of Stonehenge Townhomes.

STONEHENGE TOWNHOMES ASSOCIATION

By: \_\_\_\_\_  
President

ATTEST:  
  
\_\_\_\_\_  
Secretary

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

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

Notwithstanding the foregoing, no amendment shall be effective unless approved by the City Attorney of Raleigh (so long as this is required by the Raleigh City Code); provided, however, that if any amendment is submitted to said City Attorney and is neither approved or disapproved within twenty (20) days from the date of submission, it shall be conclusively presumed that the City Attorney has approved it.

Section 9. Amendment of Declaration without Approval of Owners. The Declarant, without the consent or approval of any other owner, shall have the right to amend this Declaration to conform to the requirements of any law or governmental agency having legal jurisdiction over the Property or to qualify the Property or any lots and improvements thereon for mortgage or improvement loans made, insured or guaranteed by a governmental agency or to comply with the requirements of law or regulations of any corporation or agency belonging to, sponsored by, or under the substantial control of, the United States Government or the State of North Carolina, regarding purchase or sale of such lots and improvements, or mortgage interests therein, as well as any other law or regulation relating to the control of Property, including, without limitation, ecological controls, construction standards, aesthetics, and matters affecting the public health, safety and general welfare. A letter from an official of any such corporation or agency, including, without limitation, the Veterans Administration, U.S. Department of Housing and Urban Development, the Federal Home Loan Mortgage Corporation, Government National Mortgage Corporation, or the Federal National Mortgage Association, requesting or suggesting an amendment necessary to comply with the requirements of such corporation or agency shall be sufficient evidence of the approval of such corporation or agency, provided that the changes made substantially conform to such request or suggestion.

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

Section 10. Amendment to Achieve Tax-Exempt Status. The Declarant, for so long as it shall retain control of the Association, and, thereafter, the Board of Directors, may amend this Declaration as shall be necessary, in its opinion, and without the consent of any owner, to qualify the Association or the property, or any portion thereof, for tax-exempt status. Such amendment shall become effective upon the date of its recordation in the Wake County Registry.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has executed this instrument this the 11<sup>th</sup> day of April, 1983, by authority of its Board of Directors.

DEVELOPMENT ASSOCIATES, INC.

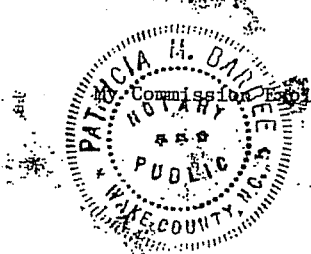
By: [Signature]  
President

ATTEST:  
[Signature]  
Secretary

STATE OF NORTH CAROLINA  
COUNTY OF WAKE

I, the undersigned, a Notary Public in and for said State and County do hereby certify that KAY B. GILL, personally appeared before me this day and acknowledged that she is Assistant Secretary of DEVELOPMENT ASSOCIATES, INC., a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, H. Arthur Sandman, sealed with its corporate seal, and attested by herself as its Assistant Secretary.

Witness my hand and official stamp or seal, this 11<sup>th</sup> day of April, 1983.



Patricia M. Barber  
Notary Public

NORTH CAROLINA — WAKE COUNTY

The foregoing certificate \_\_\_\_\_ of Patricia M. Barber

\_\_\_\_\_  
Notar(y)(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.

R. B. MCKENZIE, JR., Register of Deeds

By Alfred C. Smith  
Deputy Register of Deeds



Prepared By: H. Arthur Sandman (HOLD)  
FOR  
REGISTRATION

BOOK 3178 PAGE 732

SEP 30 2 34 PM '83

STATE OF NORTH CAROLINA  
R.B. MCKENZIE, JR.  
REGISTER OF DEEDS  
WAKE COUNTY, N.C.

FIRST AMENDMENT TO  
DECLARATION OF COVENANTS, CONDITIONS AND  
RESTRICTIONS FOR STONEHENGE TOWNHOMES  
SECTION ONE, RECORDED IN BOOK OF MAPS 1983,  
PAGE 358, WAKE COUNTY REGISTRY

COUNTY OF WAKE

THIS FIRST AMENDMENT to the Declaration of Covenants, Conditions and Restrictions for Stonehenge Townhomes, Section One, recorded in Book of Maps 1983, Page 358, Wake County Registry, hereinafter referred to as "Covenants", made this 28th day of September, 1983 by DEVELOPMENT ASSOCIATES, INC., a North Carolina corporation, hereinafter referred to as "Declarant".

W I T N E S S E T H :

WHEREAS, Declarant has caused the Covenants to be recorded in Book 3108 at Page 859, the Office of the Register of Deeds, Wake County, North Carolina, and;

WHEREAS, Declarant desires to further identify and define the "Association" referred to in Article I, Section 1 of said covenants as the Stonehenge Townhomes Homeowners Association, Inc., a North Carolina non-profit corporation, which was incorporated on April 13, 1983 and a copy of said corporation's Articles of Incorporation are recorded in Book 3108, Page 852, Wake County Registry, North Carolina.

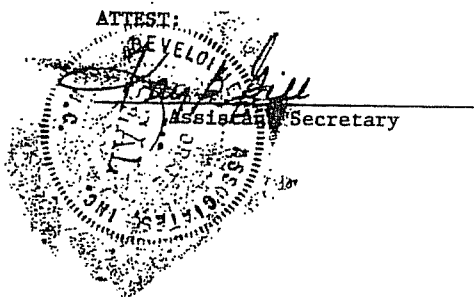
NOW, THEREFORE, it is hereby understood that the "Association" as defined in Article I, Section 1 of said Covenants shall be the Stonehenge Townhomes Homeowners Association, Inc., a North Carolina non-profit corporation, incorporated on April 13, 1983 as evidenced by Articles of Incorporation recorded in Book 3108, Page 852 at 4:06 p.m. on April 13, 1983, in the Office of the Register of Deed of Wake County, North Carolina, and that all references to the "Association" in said Covenants shall mean the said Stonehenge Townhomes Homeowners Association, Inc.

IN WITNESS WHEREOF, DEVELOPMENT ASSOCIATES, INC. has executed this instrument on the day and year first above written by the authority of its Board of Directors.

DEVELOPMENT ASSOCIATES, INC.

By: [Signature]  
H. Arthur Sandman, President

ATTEST:  
[Signature]  
Assistant Secretary

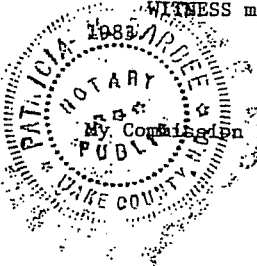


ary Page  
First Amendment to Declaration of Covenants, Conditions & Restrictions  
for Stonehenge Townhomes, Section One, recorded in Book of Maps 1983, Page 36,  
Wake County Registry.

STATE OF NORTH CAROLINA  
COUNTY OF WAKE

I, the undersigned, a Notary Public in and for said State and County,  
do hereby certify that KAY B. GILL, personally appeared before me this day  
and acknowledged that she is Assistant Secretary of DEVELOPMENT ASSOCIATES,  
INC., a North Carolina corporation, and that by authority duly given and  
as the act of the corporation, the foregoing instrument was signed in its  
name by its President, H. Arthur Sandman, sealed with its corporate seal,  
and attested by herself as its Assistant Secretary.

WITNESS my hand and official stamp or seal, this 28<sup>th</sup> day of September,



Patricia M. Barber  
Notary Public

NORTH CAROLINA - WAKE COUNTY

The foregoing certificate \_\_\_\_\_ of Patricia M. Barber  
\_\_\_\_\_

\_\_\_\_\_  
Notar(y)(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 Jesse B. Johnson  
Deputy Register of Deeds