

H. Arthur Jordan (Held)

PRESENTED FOR REGISTRATION
BOOK 3522 PAGE 879
STATE OF NORTH CAROLINA
COUNTY OF WAKE
JUL 26 3 46 PM '85
DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
STONEHENGE XI PHASE ONE,
RECORDED IN BOOK OF MAPS 1985,
REGISTERED DEEDS PAGE 1201, WAKE COUNTY REGISTRY
WAKE COUNTY, NC

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 7 acres more or less near the City of Raleigh, Wake
County, North Carolina, which is more particularly described as
Stonehenge XI, Phase One, as the same is shown on the map
recorded in Book of Maps 1985, Page 1201, 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 or any part thereof, and shall inure
to the benefit of each owner thereof.

ARTICLE I - DEFINITIONS

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

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

Section 11. "Building" shall mean and refer to a single family dwelling or a multi-unit dwelling 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 dwellings, if any, 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 dwelling 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. "Dwelling" shall mean and refer to a place of residence constructed upon a Lot within the Property, provided, however, that the duplex, if constructed on Lot 914 shall be considered one dwelling, and the triplex, if constructed on Lot 904 shall be considered one dwelling. Neither the dwelling on Lot 914 nor the dwelling on Lot 904 may be divided into individual townhouse or condominium units.

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 the Declarant's master plan as Tract J which lies north of and immediately adjacent to the herein described tract and which is zoned R6 at the present time under the City of Raleigh Zoning Ordinances; and also the remainder of Tract G in the Declarant's master plan.

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. No annexation shall be less than 5 acres in size.

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 per Lot. 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, 1990.

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 Articles 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.

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 1985, Page 1305, 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 XI 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. Restricted Parking Rights. No boats, trailers, campers, motor homes, trucks or tractors 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 Stonehenge XI; nor shall any of these be parked on the Properties except in an enclosed garage, screened area, or in areas designated by the Association. The Association shall have the right to adopt appropriate rules for the temporary parking of these items on the Properties.

Section 5. Antennas and Satellite Receiving Devices. the erection of antennas and/or satellite receiving devices of any kind whatsoever on individual Lots shall be prohibited unless specifically approved by the Architectural Committee established hereinbelow.

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 dwelling 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; and
- (b) Special assessments for capital improvements.

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 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 assessment, together with such interests 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 the Owners of each Lot, except as otherwise provided in this section.

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, 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, 1986, the initial annual assessment shall not be in excess of One Hundred Eighty Dollars (\$180.00) 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, 1986, 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 ten percent (10%) or the percentage increase reflected in the U.S. City Average, Consumer Price Index - United States and selected areas "or urban wage earners and clerical workers, all items most recent index and percentage changes from selected dates" (published by the U.S. Bureau 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, 1986, 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 One Hundred Eighty Dollars (\$180.00). 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 future needs, but it may not increase the annual assessment in an amount in excess of the greater of ten percent (10%) or the sums derived by application of the consumer Price Index formula provided in subsection (b) without the

consent of the 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. 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 either a monthly, quarterly, or semi-annual basis.

Section 6. Quorum for any Action authorized under Sections 3 or 4. At the first meeting, called, as provided in Section 3 or 4 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 or 4, 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 7. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided herein for Lots in Use shall be paid in 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 8. 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 six per cent (6%) per annum. 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 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. The sale of a Lot to a bona fide purchaser for value and the sale or transfer of any lot pursuant to such mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 10. 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 - FRONT YARD MAINTENANCE AND MASS PLANTINGS

Notwithstanding the fact that the Association shall provide maintenance of Common Areas and limited common areas, each Lot owner shall be responsible for maintaining the area between his front property line and the edge of the street or pavement (including the driveway and sidewalk). No Lot Owner shall plant any vegetable garden in front of his dwelling or any mass planting on his Lot except with the prior written approval of the Architectural Committee established hereinbelow.

ARTICLE VIII - ARCHITECTURAL CONTROL & 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) temporary structures, and other structures or additions of any nature, 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 addition, alteration or modification of improvements may be undertaken on any of the Properties without prior review and express written approval of the Architectural Committee composed of three (3) or more representatives appointed by the

Board (or the Declarant if the Board has not established said Architectural Committee).

In general, the construction or planting of fences, walls, screens, and other structures will not be permitted if in the opinion of the Declarant 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 Architectural Committee, 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 Committee if they contain erroneous data or fail to present adequate information upon which the Declarant or the Committee can arrive at a decision.

The Declarant or the Committee shall have the right, at its election, 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 III - 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, 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, except that the Declarant may use one or more buildings for offices and/or models for sales purposes consistent with the Code of Ordinances of Raleigh.

(b) 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 of the Association, whichever shall have the obligation to

maintain or repair such portion of the Property.

(d) Nothing shall be done which will impair the structural integrity of any building, 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 buildings 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 building or any portion of the Common Area and facilities, except as allowed by the Association pursuant to its Bylaws or as required by the ordinances of the City of Raleigh; provided, however, that the Declarant may authorize "For Sale" or "For Rent" signs on any unsold or unoccupied dwellings in suitable places on the Common Area; provided, however, that during the development of the Property and the marketing thereof, the Declarant or its agents may maintain a sales office and may erect or display such signs as the Declarant deems appropriate in 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 on 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 dwelling, subject to any rules and 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 X - EASEMENTS

Section 1. Walks, Drives, Parking Areas, and Utilities. All of the Property, including Lots and Common Area, shall be subject to easements for driveways, walkways, parking areas, water lines, sanitary sewers, storm drainage facilities, gas lines, telephone and electric power lines, cable television 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. 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, cable television lines, fire fighting, garbage collection, postal delivery, emergency and rescue activities and law enforcement activities.

Section 4. Easement and Right of Entry for Repair, Maintenance and Reconstruction. If any dwelling is located closer than five (5) feet from its lot line, the Owner thereof shall have a perpetual access easement over the adjoining Lot to the extent reasonably necessary to perform repair, maintenance or reconstruction of his dwelling. Such repair, maintenance or reconstruction shall be done expeditiously and, upon completion of the work, the Owner shall restore the adjoining Lot to as near the same condition as that which prevailed prior to the commencement of the work as is reasonably practicable.

ARTICLE XI - 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 first 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 an independent Certified Public Accountant designated by the Association, including a detailed statement of annual carrying charges or income collected and operating expenses.

(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 XII - 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 Property 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. The Board of Directors shall procure and maintain adequate liability and hazard insurance on Property owned by the Association.

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 the Declarant or any member a portion of the Common Area for a portion of the real property owned by such member within Stonehenge XI 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 the 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 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 XI

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

STONEHENGE XI HOMEOWNERS
ASSOCIATION, INC.

ATTEST:

BY:

President

Secretary

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

All amendments shall be effective from the date of 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 XI.

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 interest therein, as well as any other law or regulation relating to the control of the 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.

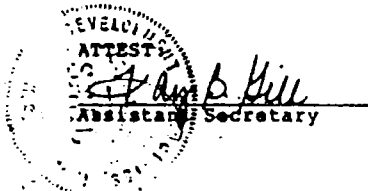
No amendment made pursuant to this Section shall be effective until duly recorded in the Register of Deeds of Wake County.

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 25th day of July, 1985 by authority of its Board of Directors.

DEVELOPMENT ASSOCIATES, INC.



By: H. Arthur Sandman
President

STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, the undersigned, a Notary Public in and for said County and State 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 notarial seal this 25th day of July, 1985.

Susan E. McGuire
Notary Public



My Commission Expires: 11-15-86

NORTH CAROLINA - WAKE COUNTY
The foregoing certificate of Susan E. McGuire

(Note) 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.

By: Regina R. Cook
Deputy Register of Deeds

PRESENTED
FOR
Prepared By: H. Arthur Sandman, HONORABLE

STATE OF NORTH CAROLINA
COUNTY OF WAKE

JAN 24 10 46 AM '86
DECLARATION OF
ANNEXATION
KENNEDY
BOOK OF MAPS 1985, Page 2026
WAKE COUNTY

THIS DECLARATION OF ANNEXATION made this 7th day of:
November, 1985, by DEVELOPMENT ASSOCIATES, INC., a North Carolina
corporation, hereinafter called "Declarant".

W I T N E S S E T H:

WHEREAS, Declarant by instrument dated July 25, 1985,
recorded in Book 3522, Page 879, Wake County Registry, subjected
certain land in Stonehenge XI Subdivision to Protective
Covenants; and

WHEREAS, Declarant is the owner of the hereinafter described
land in Stonehenge XI Subdivision and desires to subject the same
to said Protective Covenants recorded in Book 3522, Page 879, all
of which shall be for the benefit of such property and for each
and every owner thereof, and shall inure to the benefit of and
pass and run with said property, and each and every lot or parcel
thereof, and shall apply to and bind the successors in interest
and any owner thereof. The land described herein is being
annexed pursuant to Article II, Section 2 of the Declaration
recorded in Book 3522, Page 879, Wake County Registry.

NOW, THEREFORE, Declarant hereby declares that the real
property described below is and shall be held, transferred, sold
and conveyed subject to the Protective Covenants set forth in
said Declaration recorded in Book 3522, Page 879, Wake County
Registry.

BEING all of Lots 893 through 895 inclusive; 908 through 915 inclusive;
Lot 931; Lots 941 through 944 inclusive; and Lots 950 through 961
inclusive of Stonehenge XI Subdivision as shown on map recorded in
Book of Maps 1985, Page 2026, Wake County Registry.

IN TESTIMONY WHEREOF, Development Associates, Inc. has
caused this instrument to be executed in its corporate name by
its proper officers thereunto duly authorized, all as of the day
and year first above written.

DEVELOPMENT ASSOCIATES, INC.

WITNESSES:

Kay B. Gill
Assistant Secretary

By: *H. Arthur Sandman*
H. Arthur Sandman, President

STATE OF NORTH CAROLINA
COUNTY OF WAKE

I do hereby certify that on this day before me personally appeared
H. Arthur Sandman, who being by me first duly sworn, says that he
is the President and Kay B. Gill is the Assistant Secretary of
Development Associates, Inc., the corporation described in and

which executed the foregoing instrument; that he knows the common seal of said corporation; that the seal affixed to the foregoing instrument is said common seal; and the name of the corporation was subscribed thereto by the said President, and the said President and Assistant Secretary subscribed their names thereto and said common seal was affixed all by order of the Board of Directors of said corporation, and that the said instrument is the act and deed of said corporation. WITNESS my hand and notarial seal this 30 day of November, 1985.

Susan E. McHine
Notary Public



Commission Expires: 11-15-86

NORTH CAROLINA — WAKE COUNTY

The foregoing certificate

of Susan E. McHine

Notary (Witness) 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 Antoine L. Jones
Deputy Register of Deeds