

Stonebridge Homeowners' Association, Inc.

Combined Document Reference

This document contains reproductions of the four legal documents which define the community rights and obligations of every Stonebridge homeowner, and the structure under which Stonebridge Homeowners Association operates. The four legal documents are defined as:

Articles of Incorporation

The ARTICLES OF INCORPORATION are filed with the Secretary of State as required for all North Carolina corporations.

By-Laws

The BY-LAWS define the operating rules for Stonebridge Homeowner's Association, Inc. They define the number of Directors, the Officers, powers and duties of the Board and of the Officers, voting rights, voting procedures for Directors and for Officers, meeting requirements and establishment of committees. The current document was amended in 1991 to eliminate inconsistencies with the DECLARATION and with actual practice, and in 1992 to change the date of the annual meeting. The original document is filed with the North Carolina Secretary of State.

Declaration of Covenants for Common Properties

The DECLARATION OF COVENANTS FOR COMMON PROPERTIES is like a constitution for Stonebridge homeowners. It defines the community's boundaries; it establishes the common properties; it establishes the Homeowners Association, its Board of Directors and the Architectural Committee to manage the common properties; it defines the relationship between the Association and the developer; and it establishes the basis for annual homeowner assessments and for special assessments. This DECLARATION was amended and restated in 1993 to incorporate all prior amendments, agreements and supplements. It replaces the version dated September 29, 1978. The original document is recorded in Book 5942, Page 390 at the Wake County Registry.

Protective Covenants

The PROTECTIVE COVENANTS bind every Stonebridge homeowner to adhere to certain construction standards and to refrain from specific actions which are considered detrimental to the community as a whole. They establish minimum lot sizes, home sizes and building setbacks; they provide guidelines for fences, accessory buildings and lot appearance and establish the Architectural Committee as arbiter on such issues; they mandate off-street parking; they prohibit animals other than house pets and they prohibit visible storage of boats, trailers or campers. The Protective Covenants are recorded in Book 2666, Page 485 and Book 4694, Page 566 at the Wake County Registry.

Where there is any inconsistency between the BY-LAWS, the ARTICLES OF INCORPORATION and the DECLARATION, the DECLARATION is the prevailing document.

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**ARTICLES OF INCORPORATION
OF
STONEBRIDGE HOMEOWNERS ASSOCIATION, INC.**

In compliance with the requirements of Chapter 55A of the General Statutes of North Carolina, the undersigned, all of whom are residents of the State of North Carolina and all of whom are of full age, have this day voluntarily associated themselves together for the purpose of forming a corporation not for profit and do hereby certify:

ARTICLE I
NAME

The name of the corporation is Stonebridge Homeowners Association, Inc., hereinafter called the "Association".

ARTICLE II
ADDRESS

The principal and Registered office of the Association is located at 3948 Browning Place, in the City of Raleigh, County of Wake, State of North Carolina.

ARTICLE III
AGENT

James R. Rogers, III, whose address is 3948 Browning Place, Raleigh, North Carolina, is hereby appointed the initial registered agent of this Association.

ARTICLE IV
PURPOSE

This Association does not contemplate pecuniary gain or profit to the members thereof, and the specific purpose for which it is formed are to provide for maintenance, preservation and architectural control of residence Lots and Common Area within that certain tract of property described as Stonebridge Subdivision and said other properties as may be annexed thereto, and to promote the health, safety, and welfare of the residents within the above described property and any additions thereto as may hereafter be brought within the jurisdiction of this Association for these purposes to:

- a. Exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in that certain Declaration of Covenants, Conditions and Restrictions, hereinafter called the "Declaration", applicable to the property and recorded or to be recorded in the Office of the Register of Deeds of Wake County, North Carolina, and as the same may be amended from time to time as therein provided, said Declaration being incorporated herein as if set forth at length;

Stonebridge Homeowners' Association, Inc.

- b. Fix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration; to pay all expenses incident to the conduct of the business of the Association, including all licenses, taxes or governmental charges levied or imposed against the property of the Association;
- c. Acquire (by gift, purchase or otherwise) , own hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real property in connection with affairs of the Association;
- d. Borrow money, and with the assent of two-thirds (2/3) of the Class A Members and two-thirds (2/3) of the Class B Members, mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;
- e. Dedicate, sell or transfer all or any part of the Common Area to any public agency, authority, utility or other non-profit corporation for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument has been signed by two-thirds (2/3) of each class of members, agreeing to such dedication, sale or transfer;
- f. Participate in mergers and consolidations with other non-profit corporations organized for the same purposes or annex additional residential property and Common Area, provided that any such merger, consolidation or annexation shall have the assent of two-thirds (2/3) of each class of members;
- g. To annex additional Properties in such manner and upon such terms as set out in a Declaration of Covenants, Conditions, and Restrictions executed by Sturbridge Development Company, Inc., and which is recorded, or to be recorded, in the Office of the Register of Deeds of Wake County, North Carolina;
- h. Have and to exercise any and all powers, rights, and privileges which a corporation organized under the Non-Profit Corporation law of the State of North Carolina by law may now or hereafter have or exercise.

This corporation is organized and shall be operated exclusively as a homeowners association and not for profit. No part of the earnings of this corporation or the funds contributed by any person or corporation shall inure to the benefit of any director, officer, or Member of the corporation, or any private individual (other than by acquiring, constructing, or providing management, maintenance, and care of Association property, and other than by a rebate of excess membership dues, fees, or assessments), except that reasonable compensation affecting one or more of its purposes. In the event of the liquidation or dissolution of the corporation, either voluntary or involuntary, no director or officer of the corporation or any private individual shall be entitled to any distribution or division of its remaining property or its proceeds, and the balance of all money and other property received by the corporation from any source, after payment of all debts and obligations of the corporation, shall be used or distributed exclusively to an entity or entities whose purposes are substantially similar to those set forth in this Article IV and within the intendment of Section 528 of the Internal Revenue Code of 1954 and the regulations thereunder as the same now exist or as they may be hereafter amended from time to time or to an appropriate public agency to be or used for purposes similar to those stated in this Article IV or to an organization which would then qualify under the

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provisions of Section 501(c) (3) of the Internal Revenue Code and its regulations as they now exist or as they may hereafter be amended.

Anything to the contrary notwithstanding the corporation shall not possess or exercise any power or authority either expressly, by implication, or by operation of law that will prevent it at any time from qualifying as a "Residential Real Estate Management Association" as defined in Section 528 of the Internal Revenue Code of 1954 as amended and the regulations thereunder, nor shall it engage directly or indirectly in any activity which would cause the loss of such qualification or deny it such election under such section of the Internal Revenue Code.

In order to properly prosecute the objects and purposes set forth, this corporation shall have all the powers vested in corporations by the laws of the State of North Carolina, Chapter 55A, Section 15, and other laws relating to corporations which may appear in the General Statutes of North Carolina, together with all amendments thereto, past and future, which powers shall include, but the inclusion of such powers shall not be deemed as exclusive of other powers vested in the corporation, the following powers:

This corporation shall have full power and authority to acquire real or personal property, tangible or intangible, by gift, contribution, bequest, devise, purchase, lease, exchange, or by any other manner, and to hold legal or equitable title to real and personal property; to borrow money, issue bonds, indentures or other evidences of indebtedness, secured or unsecured; to sell, buy, lease, encumber, mortgage, pledge, donate and otherwise deal with, acquire and, dispose of real and personal property, either one or both, and generally to perform all acts which may be deemed necessary, expedient or proper by the corporation for the successful carrying out of the objects and purposes for which the corporation is formed.

ARTICLE V
MEMBERSHIP

Every person or entity which 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. Membership shall be appurtenant to and may not be separated from ownership of any lot which is subject to assessment by the Association.

ARTICLE VI
VOTING RIGHTS

The Association shall have two classes of voting memberships:

Class A. Class A members shall be all Owners with the exception of the Declarant and shall be entitled to one vote for each lot owned. When more than one person holds an interest in any lot, all such persons shall be members. The vote for such lot shall be exercised as they, 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(s) shall be the Declarant (as defined in the Declaration) and shall be entitled to four (4) votes for each lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

- (a) When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or
- (b) on December 31, 1985; or
- (c) Upon the surrender of all Class B membership by the holder thereof or cancellation by the Association.

ARTICLE VII
BOARD OF DIRECTORS

The affairs of this Association shall be managed by a Board of not less than three (3) or more than nine (9) directors, who need not be members of the Association. The number of directors may be changed by amendment of the By-Laws of the Association. The names and addresses of the persons who are to act in the capacity of directors until the election of their successors are:

<u>Name</u>	<u>Address</u>
James R. Rogers, III	3948 Browning Place Raleigh, Wake County North Carolina 27609
Howard L. Perry	6400 Falls of Neuse Road Raleigh, Wake County North Carolina 27609
Susan Holbrook	6400 Falls of Neuse Road Raleigh, Wake County North Carolina 27609

At the first annual meeting, the members shall elect three (3) directors for a term of one (1) year, three (3) directors for a term of two (2) years and three (3) directors for a term of three (3) years, and at each annual meeting thereafter, the members shall elect three (3) directors for a term of three (3) years.

ARTICLE VIII
DISSOLUTION

The Association may be dissolved with the assent given in writing and signed by not less than two-thirds (2/3) of each class of members. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust, or other organization to be devoted to such similar purposes.

ARTICLE IX
DURATION

The corporation shall exist perpetually.

ARTICLE X
AMENDMENTS

Amendment to these Articles shall require the assent of seventy-five percent (75%) of the entire membership.

ARTICLE XI
FHA/VA/FNMA APPROVAL

As long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration, the Veterans Administration or the Federal National Mortgage Association: annexation of additional properties, mergers, and consolidations, mortgaging of Common Area, dedication of Common Area, dissolution and amendment of these Articles.

IN WITNESS WHEREOF, for the purpose of forming this corporation under the laws of the State of North Carolina, we, the undersigned, constituting the incorporators of this Association, have executed these Articles of Incorporation this 23rd day of June, 1980.

JAMES R. ROGERS, III
3948 Browning Place
Raleigh, North Carolina 27609

SUSAN HOLBROOK
213 Emerywood Drive
Raleigh, North Carolina 27609

NORTH CAROLINA
WAKE COUNTY

Stonebridge Homeowners' Association, Inc.

(as amended Sept, 1991)

(as amended Sept, 1992)

**BY-LAWS
OF
STONEBRIDGE HOMEOWNERS ASSOCIATION, INC.**

**ARTICLE I
NAME AND LOCATION**

The name of the corporation is STONEBRIDGE HOMEOWNERS ASSOCIATION, INC herinafter referred to as "association". The principal office of the corporation shall be located at HRW, Inc PO Box 51728, 3815 Barrett Drive Raleigh, NC 27609, but meetings of members and directors may be held at such place within the State of North Carolina, County of Wake, as may be designated by the Board of Directors.

**ARTICLE II
DEFINITIONS**

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

Section 2. "Owners" 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 3. "Property" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 4. "Common Area" shall mean all property owned by the Association for the common use and enjoyment of the Owners.

Section 5. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the properties with the exception of the Common Area.

Section 6. "Declarant" shall mean and refer to Sturbridge Development Company, Inc., its successors and assigns, if such successors or assigns should acquire more than one undeveloped lot from the Declarant for the purpose of development or if such successors or assigns should acquire more than one lot, whether developed or undeveloped, pursuant to foreclosure or a deed in lieu of foreclosure ("successors" includes any lender with respect to loans obtained by Sturbridge Development Company, Inc., to develop the Property).

Section 7. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Properties recorded in the Office of the Registrar of Deeds of Wake County, Wake County.

Section 8. "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration.

ARTICLE III **MEETING OF MEMBERS**

Section 1. Annual Meetings. The first annual meeting of the members shall be held within one (1) year from the date of Incorporation of the Association, and each subsequent regular annual meeting of the members shall be held on the third Thursday in September at the hour of seven-thirty p.m. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on a later date fixed by the Board of Directors.

Section 2. Special Meetings. Special meetings of the members may be called at any time by the President or by the Board of Directors. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in such notice.

Section 3. Notice of meetings. Written notice of each meeting of the members shall be given by the Secretary of the Association, or person authorized to call the meeting, by mailing or hand carrying a copy of such notice, postage prepaid, at least 5 days before such meeting to each member entitled to vote thereat, addressed to the member address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and in the case of a special meeting, the purpose of the meeting. Notice shall be deemed given when said notice is deposited in the mails. Attendance by a member at any meeting of members shall be a waiver of notice to him as to the time and place and purpose thereof Attendance at a meeting or a waiver of notice signed by one owner in the event of multiple ownership of a lot shall be considered a waiver of notice as to the owners of that lot.

Section 4. Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these by-laws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or represented, provided that they adjourn the meeting to a time not more than 10 days from the time the original meeting was called.

Section 5. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his lot or upon written notice of revocation filed with the Secretary.

Section 6. Voting. At every meeting of members, each member shall have the right to cast on each question one vote for each lot of which he is an owner. Fifty-one percent (51%) of the eligible votes entitled to be cast by members present at the meeting, in person or by proxy, shall be a majority unless the question is one upon which, by express provision of statute or of the Articles of Incorporation of the Corporation, or of the declaration or of these By-Laws, a different majority vote is required, in which case such express provision shall govern. If more than one person or

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entity is an owner of any lot, then the Association membership voting right appurtenant to such lot shall be exercised as such Owners among themselves shall determine; provided, however, that no fraction of one vote may be cast by any member. In the event and so long as such co-owners of a lot are unable to agree on the manner in which the vote appurtenant to such lot shall be cast, then such vote shall not be regarded and shall not be counted. The vote of any owner who is a corporation, trust, or partnership may be cast by any officer, trustee, or partner, as the case may be, and unless objection by any other such officer, trustee or partner of such owner is noted at the meeting, the Chairman of such meeting shall have no duty to inquire as to the authority of the person casting such vote.

Section 7. Loss of Right to Vote. The vote of any Member who is shown on the books or records of the Association to be more than thirty (30) days delinquent in any payment due the Association shall not be an eligible vote and shall not be counted for purposes of deciding any question so long as such delinquency is not cured; nor shall such Member be eligible to be elected to the Board of Directors.

ARTICLE IV
BOARD OF DIRECTORS — SELECTION — TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of at least three (3) and not more than nine (9) directors, who need not be members of the Association.

Section 2. Term of Office. At the first annual meeting the members shall elect three directors for a term of one year, three directors for a term of two years, and three directors for a term of three years; and at each annual meeting thereafter, the members shall elect three directors for a term of three years.

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

Section 4. Compensation. No director who is also a member shall receive compensation for any services he may render to the Association, unless a resolution authorizing such remuneration shall have been adopted by the Board of Directors. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

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

ARTICLE V
NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more members of the Association who may or may not be members of the Board. The Nominating Committee shall be appointed by the Board of Directors on a timely basis to support the annual meeting and to furnish other nominees as requested by the Board. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from members.

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

ARTICLE VI
MEETING OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held at least quarterly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on a later date fixed by the Board.

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

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board. If at any meeting of the Board of Directors there is less than a quorum present, the majority of those may adjourn the meeting from time to time. At any such meeting any resumption of business which might have been transacted at the meeting as originally called may be transacted without further notice.

ARTICLE VII
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

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

- a. Adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;
- b. Suspend the voting rights and right to use the recreational facilities of a Member during any period in which such member shall be in default in the payment of any assessment levied by the Association. The right of a Member may also be suspended after notice and hearing, for a period not to exceed 60 days for infraction of published rules and regulations;
- c. Exercise for the Association all powers duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these by-laws, the Articles of Incorporation, or the Declaration;
- d. Declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors;
- e. Employ a manager, an independent contractor, attorney or accountant or such other employees as they deem necessary, and to prescribe their duties, and
- f. Enact policies and procedures to govern itself.

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

- a. Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Members who are entitled to vote;
- b. Supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;
- c. As more fully provided in the Declaration to:
 1. Fix the amount of the annual or special assessment against each lot at least thirty (30) days in advance of each annual or special assessment period;
 2. Send written notice of each assessment to every Owner subject thereto, at least thirty (30) days in advance of each annual assessment period;
 3. Foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the Owner personally obligated to pay the same.

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- d. Issue, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;
- e. Procure and maintain adequate liability and hazard insurance on property owned by the Association;
- f. Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;
- g. Cause the Common Area to be maintained in a manner consistent with the provisions of these By-Laws and Declaration;
- h. Prepare and distribute to each member an annual report which shall include the annual financial statement which shall summarize the operation and actions of the Association and its income, expenditures and reserves.

Section 3. Common or Interested Directors. The Directors shall exercise their powers and duties in good faith and with a view to the interests of the Association. No contract or other transaction between the Association and one or more of its Directors, or between the Association and any corporation, firm or association, including the Declarant, in which one or more of the Directors of this Association are directors or officers or are pecuniarily or otherwise interested, is either void or voidable because such Director or Directors are present at the meeting of the Board of Directors or any committee thereof which authorizes or approves the contract or transaction, or because his or their votes are counted for such purpose, if any of the conditions specified in any of the following subparagraphs exist:

- a. The fact of the common directorate or interest is disclosed or known to the Board of Directors or a majority thereof or noted in the minutes, and the Board authorizes, approves, or ratifies such contract or transaction in good faith by a vote sufficient for the purpose or
- b. The fact of the common directorate or interest is disclosed or known to Members, or a majority thereof, and they approve or ratify the contract or transaction in good faith by a vote sufficient for the purpose; or
- c. The contract or transaction is commercially reasonable to the Association at the time it is authorized ratified, approved or executed.

A common or interested Director may be counted in determining the presence of a quorum at any meeting of the Board of Directors or committee thereof which authorizes, approves or ratifies any contract or transaction, and may vote thereat to authorize any contract or transaction with like force and effect as if he were not such director or officer of such other corporation or not so interested.

ARTICLE VIII
OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of this Association shall be a president and vice-president, who shall at all times be members of the Board of Directors, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create.

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

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

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

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

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

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

Stonebridge Homeowners' Association, Inc.

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

PRESIDENT

- a. The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all Promissory notes.

VICE PRESIDENT

- b. The vice president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as maybe required of him by the Board.

SECRETARY — ASSISTANT SECRETARY

- c. The secretary or assistant secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.

TREASURER

- d. The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association or oversee a duly authorized management company to do the same; keep proper books of accounts; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be represented to the membership at its regular annual meeting, and deliver a copy of each to the members.

ARTICLE IX
COMMITTEES

The Association shall appoint an Architectural Control Committee and Arbitration Committee, as provided in the Declaration, and a Nominating Committee, as provided in these By-Laws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE X
BOOKS AND RECORDS

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

ARTICLE XI
ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, administrative late charges as fixed by the Board of Directors may be added on a cumulative basis and the Association may bring an action at Law against the Owner personally obligated to pay the same or foreclose the lien against the property, and accumulated late charges, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-usage of the Common Area or abandonment of his Lot.

ARTICLE XII
CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words "Stonebridge Homeowners Association, Inc., Corporate Seal, North Carolina, 1980".

ARTICLE XIII
AMENDMENTS

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

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

ARTICLE XIV
MISCELLANEOUS

Section 1. The Association shall indemnify every officer or director of the Association and every former officer or director against any and all expenses, including counsel fees reasonably incurred by or imposed upon any officer or director as provided herein.

Section 2. Liquidation Rights. In the event of any voluntary or involuntary dissolution of the Association, each member of the Association shall be entitled to receive out of the assets of the Association available for distribution to the members an amount equal to that proportion of such assets which the number of eligible votes held by such member bears to the total number of eligible votes held by all members.

Section 3. Fiscal Year. The fiscal year of the Association shall begin on the first day of January every year, except for the first fiscal year of the Association which shall begin on the date of incorporation. The commencement date of the fiscal year herein established shall be subject to change by the Board of Directors should corporate practice subsequently dictate.

Section 4. Number and Gender. Whenever in these By-Laws the context so requires, the singular number shall include the plural and the converse; and the use of any gender shall be deemed to include all genders.

Stonebridge Homeowners' Association, Inc.

STATE OF NORTH CAROLINA
COUNTY OF WAKE

DECLARATION OF COVENANTS FOR COMMON
PROPERTIES IN STONEBRIDGE SUBDIVISION
AND PROVISIONS OF STONEBRIDGE
HOMEOWNERS' ASSOCIATION, INC.

THIS AMENDED AND RESTATED DECLARATION OF COVENANTS FOR COMMON PROPERTIES, made this 20th day of May, 1993, by STONEBRIDGE HOMEOWNERS' ASSOCIATION, INC., a North Carolina corporation, hereinafter called "Association", incorporates and replaces the original DECLARATION OF COVENANTS FOR COMMON PROPERTIES MADE the 29th day of September 1978, by STURBRIDGE DEVELOPMENT COMPANY, INC., hereinafter called "Initial Declarant", and all Amendments and Supplemental Declarations thereto;

W I T N E S S E T H:

WHEREAS, the Initial Declarant initially owned the real property described as follows:

Exhibit A attached hereto is incorporated herein by reference. No additional land shall be deemed to be subjected to these covenants except by express written declaration to that effect.

WHEREAS, the Initial Declarant created certain recreational facilities more particularly described as Common Properties for the benefit of said community and for the benefit of all the lots set forth hereinabove, and

WHEREAS, the Initial Declarant has caused to be incorporated under the laws of the State of North Carolina, as a non-profit corporation, STONEBRIDGE HOMEOWNERS' ASSOCIATION, INC., for the purpose of maintaining and administering the Common Properties and administering and enforcing of the covenants and restrictions governing the same, and collecting and disbursing all assessments and charges necessary for such maintenance, administration and enforcement, as hereinafter created, and

WHEREAS, the Initial Declarant declared that the real property described above, and such additions thereto as may hereinafter be made, is and shall be held, transferred, sold, conveyed, leased, occupied and used subject to the covenants, restrictions, conditions, easements, charges, assessments, affirmative obligations, and liens (sometimes referred to as "The Covenants") hereinafter set forth, and said covenants shall run with the land and be binding on all persons claiming under and through the Initial Declarant, and

WHEREAS, said Declaration of Covenants, dated September 29, 1978, was filed by the Initial Declarant for Stonebridge Subdivision and recorded in Book 2666, Page 473, Wake County Registry, and

WHEREAS, said Declaration was amended as shown in Exhibit B, including by instrument dated June 24, 1980 and recorded in Book 2956, Page 560, Wake County Registry, which provides, among other things, that said Declaration may be further amended at any time if two-thirds (2/3) of the Board of Directors of the Association approves such amendment, and

Stonebridge Homeowners' Association, Inc.

WHEREAS, more than seventy-five percent (75%) of the lots affected by these Covenants having been sold, the right of the Class B member for an additional vote for each vote held by a Class A member has terminated, and

WHEREAS, the Initial Declarant has agreed to make no additional properties subject to these covenants without prior concurrence by the Association.

NOW, THEREFORE, in consideration of the premises, the Board of Directors of the Association was convened at a duly called meeting on May 20, 1993, and approved by a vote of at least two-thirds (2/3) of the members of said Board of Directors this Amendment and Complete Restatement of the Declaration of Covenants, incorporating and replacing the original Declaration and all Amendments, Supplemental Declarations and Agreements prior to this Amendment, as follows:

ARTICLE I
DEFINITIONS

Section 1. The following words and terms, when used in this Declaration, or any Supplemental Declaration, shall have the following meanings:

(a) "Association" shall mean and refer to the Stonebridge Homeowners' Association, Inc., a North Carolina non-profit corporation.

(b) "Owner" shall mean and refer to the record owner, whether one or more persons, firms, associations, corporations, or other legal entities, of the fee simple title to any tract situated upon the Properties, but, notwithstanding any applicable theory of a mortgage, shall not mean or refer to the mortgagee, its successors or assigns unless and until such mortgagee has acquired title pursuant to foreclosure or a proceeding in lieu of foreclosure; nor shall the term "Owner" mean or refer to any lessee or tenant of an owner.

(c) "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, as are subjected to this Declaration or any Supplemental Declaration.

(d) "Common Properties" shall mean and refer to those areas of land which are deeded to the Association and designated in said deed as "Common Properties." The term "Common Properties" shall also include any personal property acquired by the Association if said property is designated as Common Property." All common properties are to be devoted to and intended for the common use and enjoyment of the owners, subject to the fee schedules and operating rules adopted by the Association.

Stonebridge Homeowners' Association, Inc.

(e) "Lot" shall mean and refer to any improved or unimproved parcel of land, shown upon any recorded subdivision map of the Properties, intended for the construction of a detached single family dwelling, excluding any "Common Properties", as heretofore defined.

(f) "Member" shall mean and refer to all owners as heretofore defined.

(g) "Initial Declarant" shall mean and refer to Sturbridge Development Company, Inc., its successors and assigns.

ARTICLE II
PROPERTIES

Section 1. Existing Property. The real property which is subject to these covenants, is located in Wake County, North Carolina, and is more particularly described hereinabove. All of the real property hereinabove described shall hereinafter be referred to as "Existing Property."

Section 2. Additions to Existing Property. Additional lands may become subject to this Declaration in the following manner:

(a) Additions. The Initial Declarant, its successors and assigns, including the Association, shall have the right to bring within the plan and operation of this Declaration, additional later acquired properties at future stages of the development, provided that such additions are approved in writing by the Association, pursuant to a two-thirds (2/3) vote by its full Board of Directors at a duly called meeting.

The additions authorized under this and the succeeding Subsection, shall be made by filing of record Supplementary Declarations of Covenants for Common Properties with respect to the additional property which shall extend the operation and effect of these Covenants to such additional property.

The Supplementary Declarations may contain such complementary additions and modifications of the covenants contained in this Declaration as may be necessary or convenient, in the judgment of the Initial Declarant, and approved by two-thirds (2/3) of the full Board of Directors of the Association at a duly called meeting, to reflect the different character, if any, of the added properties.

(b) Other Additions. Upon approval in writing of the Association pursuant to two-thirds of the vote by the full Board of Directors at a duly called meeting, the owner of property other than the Initial Declarant who desires to add it to the plan of these covenants and to subject it to the jurisdiction of the Association, may record a Supplementary Declaration of Covenants with respect to the additional property which shall extend the operation and effect of the covenants to such additional property.

The Supplementary Declaration may contain such complementary additions and modifications of the covenants contained in this declaration as may be necessary or convenient, in the judgment of the Association, to reflect the different character, if any, of the added properties.

(c) Mergers. Upon a merger or consolidation of the Association with another association as provided for in the By-Laws of the Association, its properties, rights and obligations may, by operation of law, be transferred to another surviving or consolidated association, or, in the alternative, the properties, rights and obligations of another association may, by operation of law, be added to the properties of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer the covenants and restrictions established by this Declaration, together with the covenants and restrictions established upon any other properties as one plan. No such merger or consolidation, however, shall effect any revocation, change of or addition to the Covenants established by this Declaration as herein provided.

ARTICLE III **MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION**

Section 1. Membership. The Initial Declarant and every person or entity who is a record owner of a fee simple or undivided fee simple interest in any lot which is subject by the Covenants to assessment by the Association shall be a member of the Association, provided that any such person or entity who holds such title or interest merely as a security for the performance of an obligation shall not be a member of the Association; membership shall be appurtenant to and may not be separated from ownership of any lot which is subject to assessment by the Association.

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

CLASS "A" - Class A members shall be all those owners as defined in Section One (1) of this Article III, and they shall be entitled to one vote per lot owned.

CLASS "B" - The Class B member shall be the Initial Declarant. The Class B member shall be entitled to one vote per lot owned.

The total vote of the Association shall consist of the sum of the votes of Class A Members and the votes of Class B Members. When more than one person holds an interest in any lot, all such persons shall be members; and the vote for such lot shall be exercised as they among themselves determine, but in no event may more than one vote be cast with respect to any lot owned by Class A Members. When one or more co-owners sign a proxy or purports to vote for his or her co-owners, such vote shall be counted unless one or more of other co-owners is present and objects to such vote, or if not present, submits a proxy or objects in writing delivered to the Secretary of the Association before the vote is counted. If co-owners disagree as to the vote, it shall be split equally among the co-owners.

ARTICLE IV
PROPERTY RIGHTS IN THE COMMON PROPERTIES

Section 1. Member's Easements of Enjoyment. Subject to the provisions of these covenants and the rules and regulations of the Association, every member shall have a right and easement of enjoyment in and to the Common Properties and such easement shall be appurtenant to and shall pass with the title of every lot.

Section 2. Delegation of Use. Any member may delegate in accordance with the By-Laws, his right of enjoyment to the Common Properties and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

Section 3. Title to Common Properties. The Initial Declarant hereby covenants, for itself, its successors and assigns that it shall convey, bargain and sell the Common Properties to the Association on or before the date the initial Declarant has acquired effective contracts for the sale of all the lots as shown on the recorded maps of the subdivision.

Section 4. Extent of Member's Easements. The rights and easements of enjoyment created hereby shall be subject to the following:

(a) That the Initial Declarant shall deed the common areas to the Association upon their completion free and clear of all outstanding liens and encumbrances.

(b) The right of the Association to take such steps as are reasonably necessary to protect the above described properties against foreclosures; and

(c) The right of the Association, as provided in its By-Laws, to suspend the enjoyment of rights of any member or any tenant of any member for any period during which any assessment remains unpaid; and for any period not to exceed thirty (30) days for any infraction of its published rules and regulations, it being understood that any suspension for either non-payment of any assessment or a breach of the rules and regulations of the Association shall not constitute a waiver or discharge of the Member's obligations to pay the assessment; and

(d) The right of the Association to charge members' guests reasonable admission and other fees for the use of the Common Properties and/or facilities therein; and

Stonebridge Homeowners' Association, Inc.

(e) The right of the Association to give, sell or lease all or any part of the Common Properties to any public agency, authority, or utility or private concern for such purposes and subject to such conditions as may be agreed to by the members, provided that no such gift, sale or lease shall be effective unless authorized by the vote of two-thirds (2/3) of the vote of the members at a duly called meeting at which a quorum is present and unless written notice of the proposed action is sent to every member at least twenty (20) days in advance of any action taken. For the purpose of acting under this Subsection, presence at the meeting of members or of proxies, entitled to cast sixty percent (60%) of the total vote of the Class A membership shall constitute a quorum. A true copy of such resolution together with a certificate of the result of the vote taken and a certificate of mailing executed by the Secretary of the Association thereon shall be made and acknowledged by the President or Vice-President and Secretary or Assistant Secretary of the Association and such certificate shall be annexed to any instrument affecting the Common Properties, prior to the recording thereof. Such certificates shall be conclusive evidence of authorization by the membership.

ARTICLE V
COVENANTS FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. Each owner of any lot shall, by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, be deemed to covenant and agree to all the terms and provisions of these covenants and to pay to the Association: (1) Annual assessments or charges; (2) Special Assessments for the purposes set forth in Section 4 of this Article, such assessments to 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 therefor as hereinafter provided, shall be a charge and continuing lien on the property against which such assessment is made. Each such assessment, together with such interest thereon and cost of collection thereof as hereinafter provided, shall also be the personal obligation of the person who was the owner of such property at the time when the assessment fell due. In the case of co-ownership of a lot, all of such co-owners shall be jointly and severally liable for the entire amount of the assessment.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the improvement, maintenance, and operation of the Common Properties, including, but not limited to, the payment of taxes and insurance thereon and repair, replacement, and additions thereof, and for the cost of labor, equipment, materials, management and supervision thereof. The Special Assessments shall be used for the purposes set forth in Section 4 of this Article.

Section 3. Maximum Annual Assessment. For calendar year 1978, the maximum annual assessment shall be One Hundred Fifty Dollars (\$150.00) per lot.

(a) After calendar year 1978, the maximum annual assessment may be increased each calendar year not more than 5% above the maximum assessment for the previous calendar year without a vote of the membership.

(b) After calendar year 1978, the maximum annual assessment may be increased above 5% by a vote of two-thirds (2/3) of all members who are voting in person or by proxy, at a meeting duly called for this purpose.

Stonebridge Homeowners' Association, Inc.

(c) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum. However, the Board of Directors may, after consideration of current maintenance costs and future needs of the Association, fix the annual assessment for any year at a lesser amount, but such action shall not constitute a waiver by the Association of its right to revert to the full assessment for future years as provided hereinabove.

Section 4. Special Assessments for Improvements and Additions. In addition to the annual assessments authorized by Section 3 hereof, the Association may levy special assessments, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement upon the Common Properties, including the necessary fixtures and personal property related thereto or additions to the Common Properties or the addition of fire hydrants owned and maintained by the water utility company and installed for the benefit of the members, provided that such assessment shall have the assent of two-thirds (2/3) of the vote at a duly called meeting at which a quorum is present, written notice of which shall be sent at least twenty (20) days in advance and shall set forth the purpose of the meeting. For the purpose of acting under this Section 4, presence at the meeting of members or of proxies, entitled to cast sixty percent (60%) of the total vote of the Class A membership shall constitute a quorum. For the purposes of this Section only, no vote shall be cast under Class B.

Section 5. Date of Commencement of Annual Assessments. The annual assessments provided for herein shall commence on the date (which shall be the first day of a month) fixed by the Board of Directors of the Association to be the date of commencement.

The first annual assessment shall be made for the balance of the calendar year and shall be payable in full within thirty (30) days after the first day of the month fixed for commencement. The assessments for any year after the first year, shall similarly be payable in full within thirty (30) days after the first day of January of said year.

The amount of the annual assessment which may be levied for the balance remaining in the first year of assessment shall be an amount which bears the same relationship to the annual assessment provided for in Section 3, hereto, as the remaining number of months in the year bear to twelve. The same reduction in the amount of the assessment shall apply to the first assessment levied against any property which is hereafter added to the properties now subject to assessment at a time other than the beginning of any assessment period.

The due date of any special assessment under Section 4 hereof shall be fixed in the resolution authorizing such assessment.

The pro-rating of any annual or special assessment due to change in ownership of any lot during a calendar year shall be the responsibility of the individuals involved and not the Association.

Stonebridge Homeowners' Association, Inc.

Section 6. Duties of the Board of Directors. The Board of Directors of the Association shall fix the date of commencement and the amount of the assessment against all lots for each assessment period and shall, at that time, prepare a roster of the properties and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any owner.

Written notice of the assessment shall thereupon be sent to every owner subject thereto.

The Association shall upon demand at any time furnish to any owner liable for said assessment a certificate in writing signed by an officer of the Association, setting forth whether said assessment has been paid. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 7. Effect of Non-Payment of Assessment. The Personal Obligation of the Owner, the Lien; Remedies of Association. If the annual assessment or any special assessment is not paid on the date when due (being the dates specified in Section 5 hereof), then such assessment shall become delinquent and shall, together with accumulated administrative late charges as fixed by the Board of Directors, from time to time, within its discretion, and the costs of collection thereof, as hereinafter provided, thereupon become a charge and continuing lien on the land and all improvements thereon, against which each assessment is made, in the hands of the then owner, his heirs, devisees, personal representatives, successors in title, and assigns.

If the annual assessment or any special assessment is not paid within thirty (30) days after the due date, the Association may bring an action at law against the owner personally and/or foreclose the lien against the property, and there shall be added to the amount of such assessment and late charges the costs of preparing and filing the complaint in such action, and in the event a judgment is obtained, such judgment shall include interest on the assessment, at the then legal rate of interest in respect to judgments, and a reasonable attorney's fee to be fixed by the court together with the costs of the action.

Notwithstanding the foregoing, the Board of Directors may waive administrative late charges and establish alternative payment schedules for assessment to an Owner if, at its sole discretion, it determines this to be in the best interest of the community as a whole.

Section 8. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage or deed of trust now or hereafter placed upon the properties subject to assessment.

Section 9. Exempt Property. The following property, individuals, partnerships or corporations, subject to this Declaration shall be exempted from the assessment, charge and lien created herein:

- (a) The grantee in conveyances made for the purpose of granting utility easements;
- (b) All Common Properties as defined in Article 1, Section 1, hereof;
- (c) All properties exempted from taxation by the laws of the State of North Carolina, upon the terms and to the extent of such legal exemptions.

Stonebridge Homeowners' Association, Inc.

(d) That property owned by Initial Declarant shall be exempt from assessment provided "lots" as defined in Article I, Section (e) shall be subject to assessment by the Association to the extent as all other lots with the exception that the maximum assessment for Initial Declarant's lots owned shall be 25% of the assessment for other lots.

(e) Properties owned by builders, who acquire such lots for the purpose of engaging in the business of constructing residential buildings, for a period of one year from the date the deed to the builder is recorded or upon resale by builder whichever shall first occur.

“Section 10. Initial Capital Reserve Account Contribution. In addition to the annual, monthly and special assessments to be charged and paid hereunder each Lot Owner shall, at the time of the initial purchase of a Lot from any previous Lot Owner, pay to the Association a sum to be determined by the Board of Directors (not to exceed one thousand dollars (\$1,000), which sum shall be deposited into the capital reserve account for the Association for future use in the construction, reconstruction, repair, replacement, maintenance of the Common Properties by the Association. This capital reserve account contribution shall be paid by the Lot Owner notwithstanding the fact that the preceding Lot Owner may have made prior annual or monthly assessments to the Association on the Lot being sold pursuant to the Declaration.

Notwithstanding any of the foregoing, no such capital reserve account contribution shall be levied upon transfer of title to a Lot: (i) by a co-Owner to any Person who was a co-Owner immediately prior to such transfer; (ii) to the Owner's estate, surviving spouse or child upon the death of the Owner; or (iii) to an institutional lender pursuant to a Mortgage or upon foreclosure of a Mortgage.

ARTICLE VI
ARCHITECTURAL CONTROL

Section 1. Review and Approval of Specifications for Additions, Alterations or Changes to Structures. No building, wall, fence, swimming pool, or other improvement shall be commenced, erected, or maintained upon the Common Properties, nor shall any exterior addition to any such existing structure or change or alteration therein, be made until complete plans and specifications therefor showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to the harmony and compatibility of its external design and location, with the surrounding structures and topography, by the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board. In the event said Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with.

ARTICLE VII
GENERAL PROVISIONS

Section 1. Duration and Amendments. The covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, the Initial Declarant, or the owner of any land subject to this Declaration, their respective legal representatives, heirs, successors and assigns, for a term of thirty (30) years from the date this Declaration is recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years unless two-thirds (2/3) of the vote at a duly called meeting of the Association approves a change in the covenants and restrictions. The covenants may be amended at any time if two-thirds (2/3) of the Board of Directors of the Homeowners Association approves the proposed amendment. Provided, however, that said amendment shall be effective immediately upon its adoption.

Section 2. Notices. Any notice required to be sent to any member or owner under the provisions of this Declaration shall be deemed to have been properly sent, and notice thereby given, when mailed, postpaid, to the last known address of the person who appears as member upon the Association's membership roll or owner on the records of the association at the time of such mailing. Notice to one of two or more co-owners of a lot shall constitute notice to all co-owners. It shall be the obligation of every member to immediately notify the Secretary of the Association in writing of any changes of address and it shall be the responsibility of any new member to immediately notify the Association of the fact of the transfer of ownership.

Section 3. Enforcement. Enforcement of these covenants shall be by any proceeding at law or in equity against any person or persons violating or attempting to violate or circumvent any covenant, either to restrain violation or to recover damages, and against the land and to enforce any lien created by these covenants, and failure by the Association or any owner or the Company to enforce any covenant herein contained for any period of time shall in no event be deemed a waiver or estoppel of the right to enforce same thereafter.

Section 4. Severability. Should any covenant or restriction herein contained, or any Article, Section, Subsection, sentence, clause, phrase, or term of this Declaration be declared to be void invalid, illegal, or unenforceable, for any reason, by the adjudication of any court or other tribunal having jurisdiction over the parties hereto and the subject matter hereof, such judgment shall in no wise affect the other provisions hereof which are hereby declared to be severable and which shall remain in full force and effect.

IN WITNESS WHEREOF, Stonebridge Homeowners' Association, Inc. has caused this instrument to be executed the day and year first above written, by its President and attested by its Secretary, and the corporate seal affixed, pursuant to a resolution duly and unanimously adopted by its Board of Directors.

STONEBRIDGE HOMEOWNERS' ASSOCIATION, INC.

Stonebridge Homeowners' Association, Inc.

DECLARATION OF COVENANTS FOR COMMON PROPERTIES IN STONEBRIDGE SUBDIVISION	Exhibit A Page 1 of 3
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LISTING OF PROPERTIES SUBJECT TO COVENANTS

Subdivision Section	Member Lot Numbers		Number of Lots	Declaration Reference No. (See Page 2)
	Per Association	Per Book of Maps		
I	1-52	Same	52	1
I	53	Same	1	1 / Note A
I	54-60	Same	7	1.
I	61	Same	1	4
I	62-71	Same	10	1
I	72-77	Same	6	3
I	78-79	Same	2	2
I	80	Same	1	2,3
I	81-103	Same	23	2
I	104-105	Same	2	3
I	106-135	Same	30	6
I	136-161	Same	26	7
I	162-168	Same	7	9
I	169-174	Same	6	3
I	175-181	Same	7	5
I	182-188	Same	7	8
I	189-217	Same	29	10
II	218-220	Same	3	11
II	221-241	Same	20	11
II	242-243	Same	2	12
II	244	Same	1	11 / Note B
II	245-265	Same	21	11
II	266	Same	1	10A
II	267-293	Same	27	13
II	294	33	1	18 / Note C
III	301-341	1-41	41	14
III	343-363	43-63	21	14
III	365-385	65-85	21	14
IV	401-446	1-46	46	15
VI	601-641	1-41	41	16
VII	701-702	1-2	2	17
VII	704-735	4-35	32	17
VIII	801-820	1-20	20	19
		Total Lots	517	

Stonebridge Homeowners' Association, Inc.

DECLARATION OF COVENANTS FOR COMMON PROPERTIES IN STONEBRIDGE SUBDIVISION	Exhibit A Page 2 of 3
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LISTING OF PROPERTIES SUBJECT TO COVENANTS

Declaration Reference No.	Date of Declaration	Wake County Registry		Book of Maps	
		Book No.	Page No.	Year	Page No.
Original Declaration:					
1	09-29-78	2666	473	1978	463
Supplementary Declarations:					
2	11-28-79	2790	173	1979	944
3	05-13-80	2828	422	1980	103, 327
4	05-28-80	2831	425	1979	944
5	06-26-80	2838	502	1980	440
6	09-15-80	2862	432	1980	513, 685
7	10-24-80	2873	134	1980	879
8	12-02-80	2899	13	1980	915
9	03-03-81	2907	67	1981	27
10	05-05-81	2923	728	1981	389
10A	09-15-81	2961	60	1981	714
11	12-28-81	2984	847	1981	1054
12	09-08-82	3047	647	1982	563*
13	03-22-83	3100	968	1983	269
14	06-30-83	3139	834	1983	759
15	03-01-85	3440	438	1985	218
11	02-11-86	3658	117	1986	135
17	06-20-88	4310	551	1988	798
18	12-28-89	4627	26	1985	264
19	04-03-90	4694	566	1990	206

*See also Book of Maps 1984, Page No. 445

Note A: Lot 53 contains the septic field for the Clubhouse. It has been reserved for sale by the Initial Declarant if city sewers should become available in the Subdivision in the future.

Note B: Lot 244 was omitted by oversight from Declaration Reference No. 11, dated 12-28-81. It is incorporated hereby as part of this Amendment and Restatement.

Note C: Lot 294 was added per Agreement dated 12/28/89 between Association and lot owner. Lot was previously in Chelsea Subdivision. It is incorporated hereby as part of this Amendment and Restatement.

DECLARATION OF COVENANTS FOR COMMON PROPERTIES IN STONEBRIDGE SUBDIVISION	Exhibit A Page 3 of 3
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LISTING OF PROPERTIES SUBJECT TO COVENANTS

Common Properties:

Clubhouse, Swimming Pool and Parking Lot. Located on Emerywood Drive. Recorded in Wake County Registry, Book 2971, Page 297, and shown in Book of Maps 1978, Page No. 463.

Ball Field, Tennis Courts, Playground and Parking Lot. Located off Emerywood Drive. Recorded in Wake County Registry, Book 2971, Page 297, and shown in Book of Maps 1978, Page No. 463.

Misty Lake. Parking lot and access path located off Brookfield Road. Public access to lake is via ingress/egress easement along East and North shores of lake. Recorded in Wake County Registry, Book 2993, Page 141, and shown in Book of Maps 1982, Page No. 50.

Recreation Center. Swimming pool, changing rooms, tennis courts, pavillion, playground and parking lot are located off Carrington Drive. Recorded in Wake County Registry, Book 3408. Page 649, and shown in Book of Maps 1984, Page No. 616.

Entrances. Entrance structures and signs as well as associated landscaping, lighting and water utilities, where available, are located on member lots having sign easements and are maintained by the Association as Common Properties.

DECLARATION OF COVENANTS FOR COMMON PROPERTIES IN STONEBRIDGE SUBDIVISION	Exhibit B Page 1 of 1
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LISTING OF PRIOR AMENDMENTS

The following Amendments to the Declaration of Covenants for Common Properties in Stonebridge Subdivision and Provisions of Stonebridge Homeowners' Association, Inc., dated the 29th day of September, 1978, are incorporated into and replaced by this Amendment and Restatement:

AMENDMENT, dated June 24, 1980 and recorded in the Wake County Registry. Book 2956. Page 560, incorporated numerous changes, including payment of annual assessments by the Initial Declarant on his owned lots at 252 of the assessment for other Members, and provision for the Board of Directors of the Association to make future amendments to said Declaration.

AMENDMENT, dated June 8, 1990 and recorded in the Wake County Registry, Book 4721, Page 175, added fire hydrants owned by the water utility company to the definition of Common Properties for which a Special Assessment may be made.

AMENDMENT, dated December 6, 1990 and recorded in the Wake County Registry, Book 4824, Page 298, enabled administrative late fees to be added to overdue Member assessments.

STATE OF NORTH CAROLINA
COUNTY OF WAKE

PROTECTIVE COVENANTS

THIS DECLARATION, made this 29th day of September 1978, by STURBRIDGE DEVELOPMENT COMPANY, INC., a North Carolina corporation, hereinafter called Declarant; and HOWARD AND SONS BUILDING COMPANY, JAMES W. PERRY BUILDER, INC., W. L. PERRY BUILDER, INC. and PARROTT AND HOWARD CONSTRUCTION COMPANY and LOUIS E. POOLE AND ASSOCIATES, INC. hereinafter called owners;

WITNESSETH:

THAT WHEREAS, the Declarant is the owner of the real property described in Article I of this Declaration and is desirous of subjecting real property to the Protective Covenants hereinafter set forth, each and all of which is and are for the benefit of such property and for each 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.

NOW, THEREFORE, the Declarant hereby declares that the real property described in and referred to in Article I hereof is and shall be held, transferred, sold and conveyed subject to the Protective Covenants set forth below;

ARTICE I
SUBJECT PROPERTIES

The real property which is, and shall be held, transferred, sold and conveyed subject to the Protective Covenants set forth in the Articles of this Declaration is located in the County of Wake, State of North Carolina, and is more particularly described as follows:

Being all of Lots Nos. 1 through 60 inclusive, and Lots Nos. 62 through 71 inclusive, as shown on map entitled "Stonebridge Subdivision, Wake County, North Carolina, Section One" dated April 27, 1978, prepared by Triangle Engineering-Architecture-Planning, Inc., Engineers and recorded in Book of Maps 1978, Volume 4, Page 463, Wake County Registry.

The real property described in Article I hereof is subjected to the Protective Covenants and Restrictions hereby declared to insure the best use and the most appropriate development and improvements of each lot thereof; to protect the owners of lots against such improper use of surrounding lots as will depreciate the value of their property; to preserve so far as practicable, the natural beauty of said property; to guard against the erection thereon of poorly designed or porportioned structures, and structures built of improper or unsuitable materials, to obtain harmonious color schemes; to insure the highest and best development of said property; to encourage and secure the erection of attractive homes thereon, with appropriate locations thereof on lots; to prevent haphazard and inharmonious improvement on lots; to secure and maintain proper setbacks from street, and adequate free spaces between structures, and in general to provide adequately for a high type and qualify of improvement in said property and thereby to enhance the values of investments made by purchasers of lots therein.

ARTICLE II
LAND USE AND BUILDING TYPE

No lot shall be used except for residential purposes, except that nothing herein shall preclude the use of any lot as the well site for a community water system or for use in providing a recreational area for the individual lot owners as a group. No building shall be erected, altered, placed or permitted to remain on any lot other than one detached single-family dwelling not to exceed two and one-half stories in height and a private garage for not more than three cars.

ARTICLE III
SITE AND PLAN APPROVAL

No building, fence, swimming pool, or any other structure shall be erected, placed, or altered on any premises in said development until the building plans, specifications, and plot showing the location of such improvements, have been approved in writing as to conformity and harmony of external design with existing improvements in the development, and as to location of the improvements with respect to topographs and finished ground elevation by an architectural committee (the Architectural Committee) composed of three persons designated and appointed by Declarant or its assigns. In the event said committee fails to approve or disapprove such design or location within sixty days after said plans and specifications have been submitted to it, or in any event, if no suit to enjoin the erection of such improvements or the making of such alterations has been commenced prior to the completion thereof, such approval will not be required and this covenant will be deemed to have been fully complied with. Members of such committee shall not be entitled to any compensation for services performed pursuant to this covenant.

ARTICLE IV
DWELLING SIZE AND DRIVEWAYS

Except with the prior written approval of the Architectural Committee no single-story residential structure which has an heated area of less than 1650 square feet (2400 square feet for Stonebridge VIII¹), exclusive of porches, breeze-ways, steps and garages, shall be erected or placed or permitted to remain on any lot; no story and one-half, residential structure which has a heated area of less than 1750 square feet (2500 square feet for Stonebridge VIII¹), exclusive of porches, breeze-ways, steps and garages; shall be erected or placed or permitted to remain on any lot; no two story residence exclusive of porches, breeze-ways, steps and garages which has a heated area of less than 2,000 square feet (2500 square feet for Stonebridge VIII¹) and no split-level residential structure which has a living area of less than 1350 square feet (2400 square feet for Stonebridge VIII¹), exclusive of basement or unfinished area. All driveways shall be paved (concrete or asphalt) from street to each house including parking areas. An exception for gravel drive-ways will be allowed, at the sole discretion of the Architectural Committee, provided the apron from the street to the property line is paved with asphalt or concrete and is the same width as the driveway. Declarant reserves the right to waive in writing any minor violation of this Articles of this Declaration, and for purposes hereof, any violation which does not exceed 10% shall be considered a minor violation.

¹ By amendment dated April 3, 1990 and filed with the Wake County Register of Deeds, Book 4694, Page 566.

ARTICLE V
BUILDING LOCATION

No building shall be located on any lot nearer to the front line than 75 feet or nearer to the rear line than 30 feet, or nearer to the side street than 30 feet in the case of a corner lot. The Architectural Committee may for good cause waive a violation of the set back requirement provided for herein. This waiver shall be in writing and recorded in the Wake County Registry. A document executed by the Architectural Conunittee shall be, when recorded, conclusive evidence that the requirements of this paragraph have been complied with. No building or garage shall be located nearer than 20 feet to an interior lot line. No other permitted accessory building shall be located nearer than 15 feet to an interior lot line or nearer than 50 feet from the minimum building setback line. For the purpose of this covenant, eaves, steps, chimneys and stoops shall not be considered a part of a building; provided, however, that this shall not be construed to permit any portion of a building on a lot to encroach upon another lot. Declarant reserves the right to waive in writing any minor violation of this Article of this Declaration and for purposes hereof, any violation which does not exceed 20% shall be considered a minor violation.

ARTICLE VI
LOT, AREA AND WIDTH

No dwelling shall be erected or placed on any lot having a width less than 100 feet at the minimum building setback line nor shall any dwelling be erected or placed on any lot having an area of less than 40,000 square feet. Declarant reserves the right to waive in writing any minor violation of this Article of this Declaration and for purposes hereof, any violation which does not exceed 10% shall be considered a minor violation.

ARTICLE VII
EASEMENTS

Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat and over the rear 10 feet of each lot and 5 feet on each side line unless shown in excess of such distances on recorded plat, in which case the plat shall control. Within these easements, no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities and drainage facilities, or which may change the direction of flow or drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements. The easement area of each lot and all improvements in it shall be maintained continuously by the owner of the lot, except for those improvements for which a public authority or utility company is responsible.

ARTICLE VIII
NUISANCES

No noxious or offensive trade or activity shall be carried on upon any lot, nor shall anything be done thereon which may be or become an annoyance of nuisance to the neighborhood. No signs or billboards shall be erected or maintained on the premises. No trade materials or inventories may be stored or regularly parked on the premises. No business activity or trade of any kind whatsoever, which shall include but not be limited to the use of any residence as a doctor's office or professional office of any kind, a fraternity house, a rooming house, a boarding house, an antique shop or gift shop, shall be carried on upon any lot.

ARTICLE IX
TEMPORARY STRUCTURES

Except with the prior written consent of the Architectural Committee no trailer, tent, shack, barn, or other outbuilding, except a private garage for not more than three cars, shall be erected or placed on any lot covered by these covenants. Except with the prior consent of the Architectural Committee, no detached garage shall at any time be used for human habitation temporarily or permanently.

ARTICLE X
FENCES

No fence, wall, hedge, or mass planting shall be permitted to extend beyond the minimum building setback line or within 50 feet of any Street right of way line established herein except upon approval by the Architectural Committee. No chain link fence shall be used without the prior written approval of the Architectural Committee.

ARTICLE XI
ACCESSORY BUILDINGS

No accessory building of any nature whatsoever (including but not limited to detached garage, storage buildings, dog houses, greenhouses) shall be placed on any lot without the prior written approval of the Architectural Committee, with said Committee to have the sole discretion relating to the location and type of accessory building which shall be permitted on any lot.

ARTICLE XII
APPEARANCE

Each owner shall keep his building site free of tall grass, undergrowth, dead trees, trash and rubbish and property maintained so as to present a pleasing appearance. In the event an owner does not properly maintain his building site as above provided, in the opinion of the Architectural Committee, then Declarant may have the required work done and the costs thus incurred shall be paid by the Owner.

ARTICLE XIII
ANIMALS

No animals (including horses) or poultry of any kind, other than house pets shall be kept or maintained on any part of said property.

ARTICLE XIV
PARKING

Adequate off-street parking shall be provided by the owner of each lot for the parking of motor vehicles owned by such owner, and owners of lots shall not be permitted to park their automobiles on the streets in the development. Owners of lots shall not be permitted to park boats, trailers, campers and all other similar property on the streets in the development, and such property shall be parked in a garage or screened area.

ARTICLE XV
UNDERGROUND UTILITIES AND STREET LIGHTING

Declarant reserves the right to subject the real property described hereinabove to a contract with Carolina Power & Light Company for the installation of underground electric cables and the installation of street lighting, either or both of which may require a continuous monthly charge to the owner of each building lot. Upon acceptance of a deed to a Lot, each owner agrees to pay to Carolina Power and Light Company the continuing monthly payment therefor as approved by the North Carolina Utilities Commission, or other appropriate government authorities. Declarant reserves the right to contract on behalf of each Lot with Carolina Power and Light Company, or its successors and assigns, for street lighting service. Upon acceptance of a deed to a Lot, each Owner agrees to pay to Carolina Power and Light Company the continuing monthly payment therefor as approved by the North Carolina Utilities Commission, or its successor or other appropriate governmental authority.

ARTICLE XVI
TERM

These covenants are to run with the land and shall be binding on all parties and all persons claiming under them for a period of twenty-five (25) years from the date these covenants are recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years unless an instrument signed by a majority of the then owners of the lots has been recorded, agreeing to change said covenants in whole or in part.

ARTICLE XVII
ENFORCEMENT

Enforcement shall be by proceedings at law or in equity against any person or persons violating or attempting to violate any covenant either to restrain violation or to recover damages.

ARTICLE XVIII
SEVERABILITY

Invalidation of any one of these covenants or any part thereof by judgment or court order in no ways affects any of the other provisions which shall remain in full force and effect, and the failure of any person or persons to take action to enforce the violation of any of these covenants and restrictions shall not be construed as a waiver of any enforcement rights and shall not prevent the enforcement of such covenant or covenants in the future.

IN TESTIMONY WHEREOF, the Declarant has caused this instrument to be executed in its corporate name by its President, attested by its Secretary, and its corporate seal to be hereunto affixed, by order of its Board of Directors duly given, all as of the day and year first above written.

STURBRIDGE DEVELOPMENT COMPANY, INC.
(Corporate Seal)