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KENNETH C. WILKINS REGISTER OF DEEDS WAKE COUNTY

NORTH CAROLINA

WAKE COUNTY

DECLARATION OF DEED RESTRICTIONS

THIS DECLARATION OF DEED RESTRICTIONS (this "Declaration") made and entered into as of January 27, 1995, ~~1994~~ by and between GLEN ROYALL MILL LIMITED PARTNERSHIP, a North Carolina limited partnership (the "Owner") and NORTH CAROLINA HOUSING FINANCE AGENCY (the "Lender");

W I T N E S S E T H

In consideration of the mutual covenants and understandings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the Owner and the Lender hereby agree as follows:

Section 1. Definitions and Interpretation. The following terms shall have the respective meanings set forth below:

"Deed of Trust" means the mortgage or deed of trust that secures the Mortgage Loan and constitutes a lien on a fee simple interest in the Development and the Land.

"Development" means the residential housing unit(s) to be acquired, constructed or rehabilitated with the proceeds of the Mortgage Loan and to be located on the Land.

"Land" means the real property described in Exhibit A attached hereto.

"Low-Income Requirement" means the requirement that tenants of units have incomes not exceeding the maximum income set out in Section 2(a) of this Declaration and made applicable by the Project Occupancy Restriction.

"Low-Income Tenant" means an individual or family whose income satisfies the Low-Income Requirement.

"Mortgage Loan" means the loan made to the Owner by the Lender to finance the acquisition, construction or rehabilitation of the Development.

"Note" means the instrument that contains the promise of the Owner to pay the sum of money stated therein at the time stated therein and that evidences the obligation of the Owner to repay the Mortgage Loan.

"Period of Affordability" means the period beginning on the Conversion Date as defined in the Note (the "Commencement Date") and ending on the date that is 30 years after the Commencement Date.

"Project Occupancy Restriction" means the obligation of the Owner that rents charged Low-Income Tenants shall not exceed the maximum rent that may be imposed on occupancy of such Unit, pursuant to 24 CFR Section 92.252.

"Regulations" means the rules and regulations promulgated by the Department of Housing and Urban Development in 24 CFR Part 92.

"State" means the State of North Carolina.

Unless the context clearly requires otherwise, as used in this Agreement, words of the masculine, feminine or neuter gender shall be construed to include any other gender when appropriate and words of the singular number shall be construed to include the plural number, and vice versa, when appropriate. This Agreement and all the terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity hereof.

The titles and headings of the sections of this Agreement have been inserted for convenience of reference only, and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof or be considered or given any effect in construing this Agreement or any provisions hereof or in ascertaining intent, if any question of intent shall arise.

Section 2. Residential Property. The Owner hereby represents, covenants, warrants and agrees that:

(a) The Development will be acquired, constructed or rehabilitated for the purpose of providing "affordable housing" (i) as prescribed in 24 CFR Part 92.252 in the event the Owner uses the Project for rental purposes, or (ii) as prescribed in 24 CFR Part 92.254 in the event the Owner occupies the Project as its residence, and furthermore fifty percent (50%) of the units must be rented to families whose income does not exceed fifty percent (50%) of the area median income as calculated periodically by the U.S. Department of Housing and Urban Development ("HUD") and fifty percent (50%) of the units must be rented to families whose income does not exceed sixty percent (60%) of the area median income as calculated periodically by HUD; and

(b) The determination of whether a Low-Income Tenant meets the Low-Income Requirement shall be made by the Owner at least annually on the basis of the then current income of such Low-Income Tenant and the guidelines established by the HOME Program; and

(c) Subject to the provisions of Section 4 below, the Project shall continue as affordable housing for the full Period of Affordability.

Section 3. Covenants to Run With the Land. The covenants, reservations and restrictions set forth herein shall be deemed covenants running with the Land and, except as provided in Section 4 hereof, shall pass to and be binding upon the Owner's heirs, assigns and successors in title to the Land or the Development; provided, however, that upon the termination of this Agreement in accordance with the terms hereof, said covenants, reservations and restrictions shall expire. Except as provided in Section 4 hereof, each and every contract, deed or other instrument hereafter executed covering or conveying the Land or the Development or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments. If a portion or portions of the Development are conveyed, all of such covenants, reservations and restrictions shall run to each portion of the Development.

Section 4. Term. This Agreement shall remain in full force and effect until the expiration of the Period of Affordability; provided, however, that this Agreement shall automatically terminate in the event of foreclosure or transfer of title by deed in lieu of foreclosure. In the case of foreclosure or transfer of title by deed in lieu of foreclosure or similar event, such termination will cease to be in effect if, at any time during the remainder of the Period of Affordability, the owner of record immediately prior to the foreclosure or deed in lieu of foreclosure, or any newly formed entity that includes such former owner or those with whom the former owner has or had family or business ties, obtains an ownership interest in the Development or the Land.

Section 5. Correction of Noncompliance. The failure of the Owner to comply with any of the provisions of Section 2 of this Agreement shall not be deemed a default hereunder unless such failure has not been corrected within a period of 60 days following the date that any of the parties hereto learned of such failure or should have learned of such failure by the exercise of reasonable diligence.

Section 6. Remedies; Enforceability. If a violation of any of the provisions hereof occurs or is attempted, the Lender and its successors and assigns may institute and prosecute any proceeding at law or in equity to abate, prevent or enjoin any such violation or attempted violation, to compel specific performance hereunder, or to recover monetary damages caused by such violation or attempted violation. The provisions hereof are imposed upon and made applicable to the Land and shall run with the Land and shall be enforceable against the Owner or any other person or entity that has or had an ownership interest in the Development at the time of such violation or attempted violation. No delay in enforcing the provisions hereof as to any breach or violation shall impair, damage or waive the right of any party entitled to enforce the provisions hereof or to obtain relief against or recover for the continuation or repetition of such breach or violation or any similar breach or violation hereof at any later time or times.

Section 7. Filing. This Agreement shall be duly recorded in the office of the Register of Deeds for the county in which the Land is located.

from the Borrower, the Security Instrument shall remain in full force and effect for the term set forth above. Lender, at Lender's option, may allow a partial release of the Property on terms acceptable to the Lender may charge a release fee.

20. Substitute Trustee. Lender may from time to time in Lender's discretion remove Trustee and appoint a successor trustee to any Trustee appointed hereunder. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon the Trustee herein and by applicable law.

21. Termination of Lender's obligation to Advance Funds. Borrower acknowledges that Lender may cancel its obligation to make any future credit extensions on further advances under the Note in accordance with the provisions of the Note. Borrower acknowledges that its obligation under the Note will continue until all sums owed by Borrower to Lender have been paid.

22. Additional Representations, Warranties and Covenants. Borrower further represents, warrants and agrees that:

(a) Borrower is the owner of the Property;

(b) All representations made by Borrower in the loan application are correct and there has not been any material adverse change in the financial condition of Borrower from the date of the application;

(c) Borrower has no knowledge of any environmental condition or hazard which adversely affects the Property;

(d) No work has been done on or materials furnished to or improvements made to the Property within the last 90 days, except such improvements, work and materials, if any, as have been paid in full;

(e) There are no lien rights, or possibility of lien rights, judgments, executions, suits or bankruptcies, which may be or have been asserted against the Property except for any lien or encumbrance listed below;

(f) Borrower will indemnify and save harmless Noteholder from loss or damage which it may suffer on account of any lien claims, valid or invalid, that may be asserted against the Property;

(g) The Property is used as Borrower's principal dwelling;

(h) The only liens or encumbrances on the Property in addition to the lien created by this Deed of Trust are as follows:
FIRST UNION MORTGAGE CORP

(i) If the proceeds of this loan are being used to purchase the Property, the total purchase price of $ n/a is being paid to n/a (Seller) and no credits of any type, including, but not limited to, rent credits or credits of any improvement to the Property, will reduce the purchase price; and

(j) If the Property is a condominium, this Deed of Trust is permitted under any condominium documents and if any approvals are required, such approvals have been obtained.

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IN WITNESS WHEREOF, Borrower has executed this Deed of Trust and adopted as his seal the word "(SEAL)" appearing beside his name.

Robert R. Yates (SEAL)
ROBERT R. YATES -Borrower

Lucy P. Yates (SEAL)
LUCY P. YATES -Borrower

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STATE OF NORTH CAROLINA
COUNTY OF Wake

I, Diane A. Wallis, a Notary Public of the County of Wake, State of NORTH CAROLINA, do hereby certify that ROBERT R. YATES and wife LUCY P. YATES personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal this January 23 1995.

Diane A. Wallis
Notary Public

My Commission Expires: 10-13-95

NORTH CAROLINA — WAKE COUNTY

The foregoing certificate of Diane A Wallis Notar(y)(ies) Public is (are) certified to be correct. This instrument and this certificate are duly registered at the date and time and in the book and page shown on the first page hereof.

KENNETH C. WILKINS, Register of Deeds

By Donna J Bissett
Asst./Deputy Register of Deeds

Section 8. Governing Law. This Agreement shall be governed by the laws of the State.

Section 9. Amendments. Except as provided in Section 4, this Agreement shall not be amended, revised, or terminated except by a written instrument, executed by the parties hereto or their successors in title, and duly recorded in the office of the Register of Deeds for the county in which the Land is located.

Section 10. Notice. Any notice required to be given hereunder shall be given by certified or registered mail, postage prepaid, return receipt requested, at the addresses specified below, or at such other addresses as may be specified in writing by the parties hereto:

Lender: North Carolina Housing Finance Aegncy
P.O. Box 28066, 3300 Drake Circle, Suite 200
Raleigh, N. C. 27607

Owner: Glen Royall Mill Limited Partnership
909 S. Main Street
Wake Forest, N.C. 27587
Attn: Charles L. Grant

Notice shall be deemed given on the third business day after the date of mailing.

Section 11. Severability. If any provision hereof shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions hereof shall not in any way be affected or impaired thereby.

Section 12. Multiple Counterparts. This Agreement may be simultaneously executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

IN WITNESS WHEREOF, the Lender and the Owner have executed this Agreement by duly authorized representatives, all on the date first written hereinabove.

LENDER

NORTH CAROLINA HOUSING FINANCE AGENCY

By: A. Robert Kucab

A. Robert Kucab, Executive Director

NOTARY PUBLIC WAKE COUNTY EVELYN M. ZOBEL

OWNER

GLEN ROYALL MILL LIMITED PARTNERSHIP, a North Carolina limited partnership (SEAL)

By: ____________________ (SEAL)
Charles L. Grant, General Partner

By: James A. Perry, Jr. (SEAL)
James A. Perry, Jr., General Partner

By: James M. Adams, Sr. (SEAL)
James M. Adams, Sr., General Partner

NORTH CAROLINA
WAKE COUNTY

I, Evelyn M. Zobel, a Notary Public in and for the County and State aforesaid, do hereby certify that **A. Robert Kucab**, Executive Director of the North Carolina Housing Finance Agency, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and notarial seal this 27th day of January, 1995

Evelyn M. Zobel
Notary Public

My commission expires: My Commission Expires 8-7-96

STATE OF NORTH CAROLINA
COUNTY OF Granville

THIS 27 day of January, 1995, personally came before me, a Notary Public in and for the said County and State, Charles L. Grant, who, being by me duly sworn, says that he is a general partner of GLEN ROYALL MILL LIMITED PARTNERSHIP, a North Carolina limited partnership, and that the said writing was signed by him in behalf of said partnership as his act and deed and as the act and deed of said limited partnership.

WITNESS my hand and notarial seal, this 27 day of January, 1995.

Sylvia Fowler
Notary Public

SYLVIA FOWLER NOTARY PUBLIC GRANVILLE COUNTY

My Commission Expires: 2-16-99

STATE OF NORTH CAROLINA
COUNTY OF Granville

THIS 27 day of January, 1995, personally came before me, a Notary Public in and for the said County and State, James A. Perry, Jr., who, being by me duly sworn, says that he is a general partner of GLEN ROYALL MILL LIMITED PARTNERSHIP, a North Carolina limited partnership, and that the said writing was signed by him in behalf of said partnership as his act and deed and as the act and deed of said limited partnership.

WITNESS my hand and notarial seal, this 27 day of January, 1995.

Sylvia Fowler
Notary Public

SYLVIA FOWLER NOTARY PUBLIC GRANVILLE COUNTY

My Commission Expires: 2-16-99

STATE OF NORTH CAROLINA
COUNTY OF Granville

THIS 27 day of January, 1995, personally came before me, a Notary Public in and for the said County and State, James M. Adams, Sr., who, being by me duly sworn, says that he is a general partner of GLEN ROYALL MILL LIMITED PARTNERSHIP, a North Carolina limited partnership, and that the said writing was signed by him in behalf of said partnership as his act and deed and as the act and deed of said limited partnership.

WITNESS my hand and notarial seal, this 27 day of January, 1995.

Sylvia Fowler
Notary Public

SYLVIA L. FOWLER NOTARY PUBLIC

My Commission Expires: 2-16-99

NORTH CAROLINA — WAKE COUNTY
The foregoing certificate 5 of Evelyn M. Zobel
Sylvia L. Fowler

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

KENNETH C. WILKINS, Register of Deeds

By P. Anne Redd
Asst./Deputy Register of Deeds

EXHIBIT A

(The Land)

Being all of Tract 1 according to that map recorded in Book of Maps 1990, Page 1081, Wake County Registry, North Carolina.