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FOR
REGISTRATION

Drawn by & HOLD FOR:

PERRY, PATRICK, FARMER & MICHAUX, P.A.

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KENNETH C. WATKINS
REGISTER OF DEEDS
WAKE COUNTY

DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR THE
HUNTER'S KNOLL HOMEOWNERS ASSOCIATION, INC.

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DECLARATION
OF
COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR THE
HUNTER'S KNOLL HOMEOWNERS ASSOCIATION, INC.

THIS DECLARATION, made on the date hereinafter set forth by RHEIN-RALEIGH-CHARLOTTE LIMITED PARTNERSHIP, a North Carolina Limited Partnership (hereinafter the "Declarant"), JOHN CROSLAND COMPANY ("Crosland"), a North Carolina corporation, and ST. LAWRENCE HOMES, INC. ("St. Lawrence"), a North Carolina corporation, and consented to by RICHARD F. DUNLAP, JR. (hereinafter the "Trustee"), and FIRST UNION NATIONAL BANK OF NORTH CAROLINA (hereinafter the "Bank");

W I T N E S S E T H:

WHEREAS, Declarant, Crosland and St. Lawrence are the owners of the real property described on Exhibit A attached hereto and incorporated herein by reference, which real property is to be developed by Declarant into a subdivision consisting of single-family detached homes and be known as HUNTER'S KNOLL (hereinafter the "Subdivision"); and

WHEREAS, Declarant has deemed it advisable to create an organization to enforce covenants and restrictions exclusively applicable to the Subdivision, and to own, maintain, and manage the Common Area, as hereinafter defined, and to perform such other services and to provide such other facilities as the owners of property within the Subdivision may deem necessary or appropriate, and Declarant, therefore, has incorporated under North Carolina law as a non-profit corporation, the HUNTER'S KNOLL HOMEOWNERS ASSOCIATION, INC., for the purpose of exercising the aforesaid functions;

WHEREAS, the Bank is the beneficiary and the Trustee is the trustee on that certain Deed of Trust recorded in Book 5584, Page 251, Wake County Registry, which Deed of Trust is an encumbrance upon the Property;

WHEREAS, the Bank and the Trustee desire to subordinate the lien of the Deed of Trust to this Declaration;

NOW, THEREFORE, Declarant declares that the real property described on Exhibit A attached hereto is and shall be owned, held, transferred, sold, conveyed, and occupied subject to the following covenants, conditions, restrictions, easements, charges and liens, which shall run with the real property and be binding on all parties owning any right, title or interest in said real property or any part thereof, their heirs, personal representatives, successors and assigns, and shall inure to the benefit of each owner thereof, and, by execution of this instrument, the Bank and the Trustee each evidence its consent to the subordination of the Deed of Trust to this Declaration.

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to the HUNTER'S KNOLL HOMEOWNERS ASSOCIATION, INC., a North Carolina non-profit corporation, its successors and assigns.

Section 2. "Properties" shall mean and refer to the "Existing Property" described in Article II of this Declaration and any additional property annexed pursuant to said Article II.

Section 3. "Lot" shall mean and refer to any plot of land, with delineated boundary lines, shown on any subdivision map of the Properties recorded in the office of the Register of Deeds for Wake County, with the exception of any Common Area owned in fee by the Association and any public or private streets shown on such recorded map. In the event that any Lot is increased or decreased in size by recombination or resubdivision through recordation of new subdivision plats, any newly-platted lot shall thereafter constitute a Lot for the purpose of this Declaration.

Section 4. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title to any Lot which is a part of the Properties, including contract sellers and owners of an equity of redemption, but excluding those having an interest in a Lot solely as security for the performance of an obligation.

Section 5. "Common Area" shall mean and refer to any real property, together with any improvements thereon, owned by the Association, whether in fee, by easement or otherwise, for the common use and enjoyment by the Owners of Lots within the Subdivision. The Common Area shall be owned and maintained by the Association or its successors in interest unless dedicated to public use as set forth herein.

It is the intent of the Declarant that the Common Area within the Properties shall be limited to easements reserved for or granted to the Association for the purpose of providing landscaping and signage at the entrance to the subdivision, maintenance of the slope along the right of way of Durant Road, and providing for storm water drainage, including, but not limited to, storm water infiltration devices required by the City of Raleigh. Nothing herein shall, however, limit the right of the Association to acquire fee simple title to any real property intended for the common use and benefit of the Members, and any such property so acquired shall be Common Area.

Section 6. "Member" shall mean and refer to every person or entity who or which holds membership in the Association.

Section 7. "Declarant" shall mean and refer to RHEIN-RALEIGH-CHARLOTTE LIMITED PARTNERSHIP, a North Carolina Limited Partnership, its successors and assigns. It shall also mean and refer to any person, firm or corporation which shall hereafter become vested, at any given time, with title to ten or more undeveloped Lots for the purpose of causing residence buildings to be constructed thereon, and any such successor in title to Rhein-Raleigh-Charlotte Limited Partnership shall be a Declarant during such period of time as said party is vested with title to ten or more such lots so long as said lots are undeveloped, developed but unconveyed, or the improvements constructed thereon are unoccupied, but only during such period.

ARTICLE II

PROPERTY SUBJECT TO THIS DECLARATION AND WITHIN THE JURISDICTION OF THE HUNTERS KNOLL HOMEOWNERS ASSOCIATION, INC.

Section 1. Existing Property. The real property which is and shall be held, transferred, sold, conveyed, and occupied subject to this Declaration is located in the City of Raleigh, Neuse River Township, Wake County, North Carolina, and is further described on Exhibit A attached hereto. This property shall be herein referred to as the "Existing Property".

Section 2. Additions by Declarant. At any time prior to December 31, 2000, Declarant or its successors or assigns may, without the consent of the Association or its Members, annex additional property within the boundaries of the property described on Exhibit B attached hereto and made a part hereof and, therefore, make such property subject to this Declaration by recording in the Wake County Public Registry a Declaration of Annexation extending the operation and effect of this Declaration to the property to be annexed, provided, however, that such property must be contiguous to property already subject to this Declaration and contain an area of not less than five (5) acres, and such annexation must be approved by the City of Raleigh and, if appropriate, by the Federal Housing Administration and/or Veterans Administration. Any or all of the Exhibit B property may be annexed and subjected to this Declaration as one parcel or as several parcels at different times. The addition of such property pursuant to this Section may increase the Common Area; it may also increase the cumulative number of Lots within the Properties and, therefore, may alter the relative voting strength of the classes of Members. Any property annexed pursuant to this Section shall be deemed Existing Property as if the same were part of the Existing Property initially made subject to this Declaration.

Section 3. Additions by the Members. At any time after December 31, 2000, or such earlier time as the Class B Lots cease to

exist as provided in Section 2 of Article III of this Declaration, the Members may annex additional property and, therefore, make such property subject to this Declaration. Such annexation must be approved by the affirmative vote of not less than three-fourths (3/4) of the Members who are present at a duly-called meeting of the Members at which a quorum is present, which meeting shall have been conducted pursuant to a Notice of Meeting specifying as one of the purposes of the meeting, the annexation of additional property by the Members. Such annexation shall be made by recording in the Wake County Public Registry a Declaration of Annexation executed by the Association extending the operation and effect of this Declaration to the property to be annexed, provided, however, that any property so annexed must be contiguous to property already subject to this Declaration and contain an area of not less than five (5) acres, and such annexation must be approved by the City of Raleigh and, if appropriate, by the Federal Housing Administration and/or Veterans Administration. Any property may be annexed and subjected to this Declaration as one parcel or as several parcels at different times. The addition of such property pursuant to this Section may increase the Common Area; it may also increase the cumulative number of Lots within the Properties and, therefore, may alter the relative voting strength of the classes of Members. Any property annexed pursuant to this Section shall be deemed Existing Property as if the same were part of the Existing Property initially made subject to this Declaration.

Section 4. Density. The current zoning classification of Hunters Knoll is R-6, which means that the maximum number of units per acre that can be contained within the Properties without rezoning of the Properties to another zoning classification is six (6) lots per acre and the minimum lot size is 7,260 square feet. Therefore, the maximum number of units that can be contained within the Exhibit A Property without rezoning is 174 and the maximum number of units that can be contained within the Exhibit B Property without rezoning is 131.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

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

Section 2. Voting Rights. The voting rights of the membership shall be appurtenant to the ownership of the Lots. There shall be two classes of Lots with respect to voting rights:

(a) Class A Lots. Class A Lots shall be all Lots except Class B Lots as the same are hereinafter defined. Ownership of a Class A Lot shall entitle the Owners of such Lot to one (1) vote. When more than one person owns an interest (other than a leasehold or security interest) in any Lot, all such persons shall be Members and the voting rights appurtenant to their Lot shall be exercised as they, among themselves, determine; but fractional voting shall not be allowed, and in no event shall more than one vote be cast for each Lot.

(b) Class B Lots. Class B Lots shall be all Lots owned by Declarant or a builder who acquired such Lot(s) from the Declarant for the purpose of constructing a residence thereon which have not been converted to Class A Lots as provided in subparagraphs (1) or (2) below. Declarant shall be entitled to three (3) votes for each Class B Lot.

The Class B Lots shall cease to exist and shall be converted to Class A Lots upon the earlier of the following to occur:

(1) When the total number of votes appurtenant to the Class A Lots equals the total number of votes appurtenant to the Class B Lots; provided, however, that all Lots owned by Declarant shall revert to Class B Lots and thereby be reinstated with all rights, privileges, and responsibilities of such Class if, after the conversion of Class B Lots to Class A Lots, additional Lots within the Properties are formed by the recording in the Wake County Public Registry of a new map of Lots as set forth in Article II hereof, thus making Declarant the Owner, by virtue of the newly-recorded Lots and of other Lots owned by Declarant, of a sufficient number of Class B Lots to cast a majority of votes (it being hereby stipulated that the conversion and reconversion shall occur automatically as often as the foregoing facts shall occur); or

(2) on December 31, 2000.

When the Class B Lots cease to exist and are converted to Class A Lots, Declarant shall have the same voting rights as other Owners of Class A Lots; however, such Lots shall continue to be treated as Class B Lots for assessment purposes.

Section 3. Vacant/Leased Residences. If the Owner of any Lot ceases to occupy that dwelling constructed thereon as his/her own personal living quarters or in the event that any such unit is leased for rental purposes to tenants, the vote as expressed by the Owners of all such vacant and rental units, if voted in a block, shall not be entitled to any weight greater than forty-nine (49%) percent on any matter pending before the Association.

ARTICLE IV

PROPERTY RIGHTS

Section 1. Owners' Easements of Enjoyment and Access. Except as limited by Section 2 of this Article IV, every Owner shall have a right and easement of enjoyment in and access to, from, and over any Common Area owned by the Association in fee simple, which right and easement shall be appurtenant to and shall pass with title to every Lot, subject to the following provisions:

(a) the right of the Association to charge reasonable admission and other fees for the use of any facilities hereafter situated or constructed on the Common Area and to limit the use of such facilities to Owners who occupy a residence on the Properties, and to their families, tenants, and guests, as provided in Section 2 of this Article IV;

(b) the right of the Association to suspend the right of an Owner to vote and to use the Common Area for any period during which any assessment against his Lot remains unpaid, or for any infraction of the Association's published rules and regulations by an Owner or his guest for the duration of the infraction and for an additional period thereafter not to exceed sixty (60) days, provided, however, that the Association may not prevent an Owner from using the Common Area for access to his Lot;

(c) the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed upon by the Members. Notwithstanding anything herein to the contrary, the real property owned by the Association, whether in fee, by easement, or otherwise, shall be preserved to the perpetual benefit of the Owners or of the public in general and shall not be conveyed except to the City of Raleigh or other appropriate governmental entity or to another non-profit corporation for the aforementioned purposes. No such dedication or transfer shall be effective unless the Members entitled to at least three-fourths (3/4) of the votes appurtenant to Class A and Class B Lots agree to such dedication or transfer and signify their agreement by a signed and recorded document, provided that this subsection shall not preclude the Board of Directors of the Association from granting easements for the installation and maintenance of sewage, utility (including CATV), and drainage facilities upon, over, under and across the property owned by the Association without the assent of the Members when such easements, in the opinion of said Board, are necessary for the convenient use and enjoyment of the Properties;

(d) the right of the Association, with the assent of Members entitled to at least two-thirds (2/3) of the votes appurtenant to the Class A and Class B Lots, to mortgage, pledge, deed in trust, or

otherwise hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, subject to the property rights of the Owners as set forth herein; and

(e) The right of the Association and its Members to use an easement designated as Common Area shall be limited to such use as is reasonably necessary for the maintenance and repair of the facilities constructed on such easement by the Declarant or the Association.

Section 2. Delegation of Use.

(a) Family. The right and easement of enjoyment and access granted to every Owner by Section 1 of this Article may be exercised by members of the Owner's family who occupy the residence of the Owner within the Properties as their principal residence in Wake County, North Carolina.

(b) Tenants. The right and easement of enjoyment and access granted to every Owner by Section 1 of this Article may be delegated by such Owner to his tenants or contract purchasers who occupy a residence within the Properties, or a portion of said residence, as their principal residence in Wake County, North Carolina.

(c) Guests. The right and easement of enjoyment and access granted to every Owner by Section 1 of this Article may be delegated to guests of such Owners, tenants or contract purchasers, subject to such rules and regulations as may be established by the Board of Directors.

Section 3. Conveyance of Title to the Association. As stated in Section 5 of Article I of this Declaration, it is the intent of the Declarant that the Common Area within the Properties be limited to easements reserved for or granted to the Association for the purpose of providing landscaping and signage at the entrance to the subdivision, maintenance of the slope along the right of way of Durant Road, and providing for storm water drainage. Declarant covenants, for itself, its successors and assigns, that it will reserve for the benefit of the Association and/or grant to the Association each Common Area easement shown on each recorded plat of the Properties. Declarant reserves an easement to, from, over and across any Common Area so conveyed for the purpose of constructing such improvements on said property as it deems advisable. Any improvements placed on the Common Area by Declarant shall become the property of the Association upon completion of such improvements.

Section 4. Easements for Governmental Access. An easement is hereby established over the Common Area for the benefit of applicable governmental agencies for setting, removing and reading water meters, maintaining and replacing water and drainage facilities, fire fighting, law enforcement, garbage collection, and the delivery of mail.

Section 6. Regulation and Maintenance of Common Area. It is the intent of the Declarant that the Common Area be preserved to the perpetual benefit of the Owners within the Subdivision. To that end, Declarant will, prior to the conveyance of the first Lot to an Owner, reserve on a recorded plat or grant to the Association an easement over and across that portion of any Lot on which a Common Area easement lies. It is the intent of the Declarant that the easement area shall be maintained in the same state as when the Lot upon which such easement lies was conveyed to the Owner.

(a) Rights and Responsibilities of the Lot Owners. Each Owner of a Lot upon which Common Area lies shall pay all property taxes and other assessments levied against his Lot, including that portion of such tax or assessment as is attributable to such Common Area. Notwithstanding any other provision of this Declaration, no Owner or other person shall, without the prior written consent of the Association: (1) remove any trees or vegetation within the Common Area; (2) erect gates, fences, or other structures on the Common Area; (3) place any garbage receptacles on or in the Common Area; (4) fill or excavate the Common Area or any part thereof; or (5) plant vegetation or otherwise restrict or interfere with the use, maintenance, and preservation of the Common Area.

(b) Rights and Responsibilities of the Association. The Association shall have the right and obligation to ensure that the Common Area is preserved to the perpetual benefit of the Owners within the Subdivision and, to that end, shall: (1) maintain the Common Area in its natural or improved state and keep it free of impediments to its free use by the Owners within the Subdivision; and (2) procure and maintain adequate liability insurance covering the Association and its Members against any loss or damage suffered by any person, including the Owner of a Lot upon which Common Area lies, resulting from use of the Common Area.

ARTICLE V

COVENANT FOR MAINTENANCE ASSESSMENT

Section 1. Creation of the Lien and Personal Obligation of Assessments. Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association annual assessments and special assessments, such assessments to be established and collected as hereinafter provided. All such assessment which are unpaid when due, together interest and late charges set forth in Section 8 of this Article V and all costs of collection, including reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Lot against

which such assessment is made. Each such assessment or charge, together with interest and costs of collection, including reasonable attorney's fees, shall also be the personal or corporate obligation of the person(s), firm(s), or corporation(s) owning such Lot at the time when the assessment fell due, but such personal obligation shall not be imposed upon such Owner's successors in title unless expressly assumed by them. Although unpaid assessments and charges are not the personal obligation of such Owner's successors in title unless expressly assumed by them, the unpaid assessments and charges shall continue to be a lien upon the Lot against which the assessment was made.

Section 2. Purposes of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents of the Properties and, in particular, for: (i) acquisition, improvement, and maintenance of properties, services and facilities related to the use and enjoyment of the Common Area; (ii) repair and reconstruction of improvements on the Common Area, including, to the extent same are required by the City of Raleigh, storm water infiltration devices and other storm water drainage facilities constructed on the Properties, including but not limited to, the cost of repair, replacement and additions thereto, the cost of labor, equipment, materials, management and supervision thereof; (iii) payment of taxes and public assessments levied against the Common Area; (iv) procurement and maintenance of insurance in accordance with the By-Laws of the Association; (v) employment of attorneys to represent the Association when necessary; (vi) payment of principal and interest on funds borrowed for Association purposes; and (vii) such other needs as may arise.

Section 3. Maximum Annual Assessment. Until January 1, 1994, the maximum annual assessment shall be \$72.00 per Class A Lot (\$6.00 per month) and \$18.00 per Class B Lot (\$1.50 per month).

(a) From and after January 1, 1994, the Maximum Annual Assessment may be increased by the Board of Directors effective January 1 of each year, without a vote of the membership, but subject to the limitation that the percentage of any such increase shall not exceed 10% of the maximum assessment for the previous year unless such increase is approved by the affirmative vote of a majority of the votes appurtenant to each Class of Lots.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the Maximum Annual Assessment may be increased without limitation if such increase is approved by no less than two-thirds of the votes appurtenant to the each Class of Lots, cast in person or by proxy, at a meeting duly called for this purpose.

(c) The Board of Directors may fix the annual assessment at an amount (including zero) not in excess of the maximum; provided, however, that the assessment established for each Class B Lot shall always be one-fourth (1/4) of the assessment for a Class A Lot, and further provided that no Lot shall be assessed as a Class A Lot until the dwelling constructed thereon is occupied as a residence pursuant to a certificate of occupancy issued by the appropriate governmental agency (thus any Lot containing a dwelling used as a model or sales center and not as a residence shall be assessed as a Class B Lot). In the event that Class B Lots are converted to Class A Lots, or Class A Lots are reconverted to a Class B Lots, the assessment with respect to such Lots shall be prorated and charged according to their class as of the date of each conversion and reconversion.

(d) If a dwelling constructed on a Class B Lot is rented by Declarant or the builder who constructed such dwelling to any other person(s) for use as a residence, such Lot shall be treated as a Class A Lot for assessment purposes for the period during which the dwelling is so rented. Such Lot shall remain a Class B Lot for all other purposes.

(e) Any annual assessment established by the Board of Directors shall continue thereafter from year to year as the annual assessment until changed by the Board.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, special assessment(s) for the purpose of defraying, in whole or in part, the cost of any construction, repair, or replacement of a capital improvement upon property owned by the Association, including fixtures and personal property related thereto, or for repayment of indebtedness and interest thereon, provided that any such assessment shall have the same assent of the members as provided in Section 3(b) of this Article and shall be in the ratios provided in Section 3(c) of this Article.

Section 5. Assessment Rate; Collection Period. The annual and special assessment shall be fixed at a uniform rate for all Lots within each Class and may be collected on a yearly, quarterly or monthly basis, as determined by the Board of Directors.

Section 6. Notice of Quorum for any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all members not less than thirty (30) days nor more than sixty (60) days prior to the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast fifty (50%) percent of all the votes appurtenant to the Class A and Class B Lots shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice or

requirement, and if the same is called for a date not later than sixty (60) days after the date of the first meeting, the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting.

Section 7. Date of Commencement of Annual Assessments; Due Date; Certificate of Payment. The initial annual assessment shall be zero (\$0.00) for both Class A and Class B Lots. The Board of Directors may vote to assess annual assessments at any meeting of the Board and may establish an assessment in any amount less than the Maximum Annual Assessment in effect at that time and set the date upon which such assessments shall commence.

A Lot shall not be subject to assessment as a Class B Lot until the first day of the first month after a plat showing such Lot is recorded in the Wake County Registry. A Lot shall not be assessed as a Class A Lot until the first day of the first month after the dwelling constructed on such Lot is occupied as a residence pursuant to a certificate of occupancy.

At least thirty (30) days before January 1 of each year, the Board of Directors shall fix the amount of the annual assessment against each Lot, and shall send written notice of such assessment to every Owner subject thereto at least fifteen (15) days before January 1 of such year. The due dates for payment of annual and special assessments shall be established by the Board of Directors.

The Association shall, upon demand, and for such reasonable charge as the Board of Directors may determine, furnish a certificate signed by an officer of the Association setting forth whether the assessment on a specified Lot have been paid. If such certificate states that an assessment has been paid, such certificate shall be conclusive evidence of payment.

Section 8. Effect of Nonpayment of Assessments; Remedies. Any assessment not paid within ten (10) days after the due date shall incur a late charge in the amount of \$10.00 and, if not paid within thirty (30) days after the due date, shall also bear interest from the due date at the rate of twelve percent (12%) per annum or the highest rate allowed by law, whichever is less. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property; interest, costs and reasonable attorney's fees of such action or foreclosure 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-use of the Common Area or by abandonment of his Lot.

Section 9. Subordination of the Lien to Mortgages. The liens provided for herein shall be subordinate to the lien of any first mortgage or first deed of trust on a Lot. Sale or transfer of any Lot shall not affect any assessment lien. However, the sale or

transfer of a Lot pursuant to a foreclosure of such mortgage or deed of trust, on any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to the payment thereof which became due prior to such sale or transfer. No such sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof, but the liens provided for herein shall continue to be subordinate to the lien of any first mortgage or deed of trust.

Section 10. Working Capital Fund. At the time of closing of each sale of a dwelling constructed on each Lot, a sum equal to two (2) months assessment for Class A Lots (based on the annual assessment in effect at the time of such sale) shall be collected from the purchaser of such dwelling and transferred to the Association as part of its working capital. The purpose of the working capital fund is to ensure that the Association will have adequate cash available to meet unforeseen expenditures or to acquire additional equipment or services deemed by the Board of Directors to be necessary or desirable. Amounts paid to pursuant to this Section shall not be considered as an advance payment of any regular assessment.

ARTICLE VI

ARCHITECTURAL CONTROL

No building, fence, wall or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made, nor shall a building permit for such improvement or change be made, nor shall any major landscaping or relandscaping of any Lot be commenced or made (such construction, alteration and landscaping are hereinafter referred to as the "Improvements") until plans and specifications showing the nature, kind, shape, heights, materials, color and location of same shall have been submitted to and approved in writing by the Declarant. If the Declarant fails to approve or disapprove such proposed Improvements within thirty (30) days after the plans and specifications have been received by it, approval will not be required, and this Article shall be deemed to have been complied with. The Declarant shall have the right to charge a reasonable fee, not to exceed \$75.00, for receiving and processing each application. The Declarant shall have the right to promulgate and from time to time amend written architectural standards and construction specifications (hereinafter the "Architectural Guidelines") which may establish, define and expressly limit the standards and specifications which will be approved, including, but not limited to, architectural style, exterior color or finish, roofing material, siding material, driveway material, landscape design and construction technique. The Declarant shall not approve any Improvements which it determines, in its discretion, not to be

in harmony of external design, construction and/or location in relation to the surrounding structures, topography or the general plan of development of the Subdivision.

Declarant may, at any time, delegate the review and approval authority contained in this Article VI to the Board of Directors of the Association, which, in turn, may delegate such authority, to an Architectural Committee composed of three or more persons appointed by the Board. Such delegation shall be made by the Declarant by recording in the Wake County Registry an Assignment Of Declarant's Rights. Declarant shall delegate such authority no later of the date upon which Declarant no longer has any Lots within the Property, or December 31, 2000, whichever is earlier. Any use of the term "Declarant" in this Article VI shall be deemed to apply to Declarant and, when appropriate, to the Board of Directors or the Architectural Committee. Nothing herein shall be construed to permit interference with the development of the Lots by Declarant in accordance with its general plan of development.

ARTICLE VII

RIGHTS OF LENDERS

Section 1. Approval of Owners and Holders of First Deeds of Trust. Unless at least seventy-five percent (75%) of the Owners and holders of the first deeds of trust on Lots located within the Properties, have given their prior written approval, the Association shall not:

(a) By act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer any real estate or improvements thereon which are owned, directly or indirectly, by the Association. The granting of easements for utilities or other purposes shall not be deemed a transfer within the meaning of this clause. Notwithstanding anything herein to the contrary, the property owned by the Association, whether in fee, by easement, or otherwise, shall be preserved to the perpetual benefit of the Owners or of the public in general and shall not be conveyed except to the City of Raleigh or to another non-profit corporation for the aforementioned purposes.

(b) Change the method of determining the obligations, assessments, dues or other charges which may be levied against a Lot;

(c) Fail to maintain hazard insurance on insurable improvements on the Common Area on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value; or

(d) Use the proceeds of any hazard insurance policy covering losses to any part of the Common Area for other than the repair, replacement, or reconstruction of the damaged improvements.

Section 2. Books and Records. Any Owner or holder of a first deed of trust on a Lot shall have the right to examine the books and records of the Association during reasonable business hours.

Section 3. Payment of Taxes and Insurance Premiums. The Owners or holders of first deeds of trust on Lots, jointly or individually, may pay taxes or other charges which are in default and which have or may become a charge or lien against any of the Tract 1 property and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage upon the lapse of a policy covering property owned by the Association. The persons, firms or corporations making such payments shall be owed immediate reimbursement therefor by the Association.

ARTICLE VIII

GENERAL PROVISIONS

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

Section 2. Severability. Invalidation or any one of these covenants or restrictions by judgment or court order shall in no way affect any other provision, which shall remain in full force and effect.

Section 3. Amendment. The covenants and restrictions of this Declaration shall run and bind the land, for a term of twenty-five (25) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years unless terminated or altered by a vote of the Owners as set forth below. This Declaration may be amended during the first twenty-five year period by an instrument signed by the Owners of not less than ninety percent (90%) of the Lots, and thereafter by an instrument signed by the Owners of not less than seventy-five percent (75%) of the Lots. Notwithstanding the foregoing, Declarant reserves the right to amend this Declaration, without the consent of the Members, as necessary to comply with the requirements of the City of Raleigh, Wake County, the State of North Carolina, the Federal Housing Administration ("FHA"), the Department of Veterans

Affairs ("VA"), the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, or any other similar governmental or quasi-governmental entity. No amendment shall be effective unless it has been approved by the Raleigh City Attorney and, if required by Section 4 of this Article IV, by FHA or VA, and is recorded in the office of the Register of Deeds of Wake County.

Section 4. FHA/VA Approval. In the event that Declarant has arranged for and provided purchasers of Lots with FHA or VA-insured mortgage loans, then as long as any Class B Lot exists, as provided in Article III hereof, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: annexation of additional properties, mortgaging of real property owned by the Association, deeding of such real property to persons other than the Association, and amendment of this Declaration.

Section 5. Non-Liability of the City. In no case shall the City of Raleigh be responsible for failing to provide any emergency or regular fire, police, or other public service to the Properties, any Lot, or any Owner or occupant thereof when such failure is due to the lack of access to the Properties or any Lot thereof due to inadequate design or construction of such access, blocking of access routes, or any other factor within the control of the Declarant, the Association, an Owner, or an occupant of any Lot.

Section 6. Declarant's Rights To Change Development. With approval of the City of Raleigh and subject to such terms and conditions as the City of Raleigh may impose, Declarant shall have the right to change unit types and/or reallocate units within the Subdivision, and to withdraw property from the Subdivision.

Section 7. Greenway - City of Raleigh Approval. Notwithstanding any other provisions of this Declaration, in the event that a portion of the Common Area is dedicated to the City of Raleigh as a greenway easement, the Association, Owners, Members or families, tenants, guests or invitees of any Member shall not, within any portion of such greenway easement, without the prior written approval of the City of Raleigh:

- (a) Grant easements of any nature whatsoever;
- (b) Plant or remove any trees or vegetation;
- (c) Erect gates, fences or other structures;
- (d) Place any garbage receptacles;
- (e) Fill or excavate; or
- (f) Otherwise restrict or interfere with the use, maintenance and preservation of said greenway in its natural state, including without limitation, recreational pursuits such as walking, bicycling and other similar activities by the general public.

It is understood and agreed that within any greenway area, the City of Raleigh may erect trails, trail markers, place litter receptacles and other convenience facilities and adopt and amend regulations concerning the use of the greenway (including, without limitation, hours of operation), which shall be equally applicable to the general public and the Owners. The Association may adopt such other regulations governing the use of the greenway, not inconsistent with those adopted by the City, and may enter into such agreements with the City of Raleigh as is deemed appropriate to insure the maintenance and upkeep of the greenway in its natural state, free of litter and unsightly debris.

Section 8. Access To Durant Road. Lots 1, 3, 4, 152, 153 and 163 shall not have direct access to or from Durant Road.

IN WITNESS WHEREOF, Declarant, Crosland, St. Lawrence, Trustee and Lender have each caused this instrument to be executed as of the 21st day of January, 1994.

RHEIN-RALEIGH-CHARLOTTE LIMITED PARTNERSHIP, (Seal)
a North Carolina Limited Partnership

By: ROBERT C. RHEIN INTERESTS, INC.,
a North Carolina corporation,
General Partner

By: Richard M. Westmoreland, Jr.
Richard M. Westmoreland, Jr.
Vice President

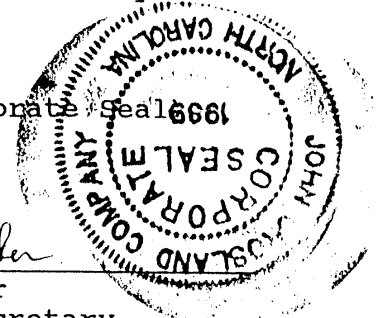
ATTEST:
Richard M. Westmoreland, Jr.
Assistant Secretary



JOHN CROSLAND COMPANY,
a North Carolina corporation,

By: Robert D. Hillmann
Robert D. Hillmann
Vice President

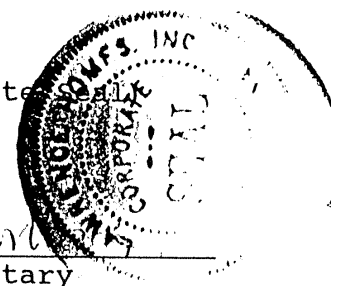
ATTEST:
W. E. Honaker
W. E. Honaker
Assistant Secretary



ST. LAWRENCE HOMES, INC.
a North Carolina corporation,

By: Fenton R. Ohmann
Fenton R. Ohmann
President

ATTEST:
Richard M. Westmoreland, Jr.
Assistant Secretary



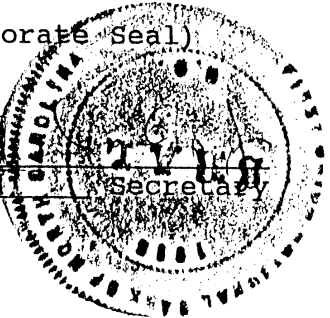
FIRST UNION NATIONAL BANK OF NORTH CAROLINA

(Corporate Seal)

By: Richard F. Dunlap, Jr.

President

ATTEST:

Richard W. Moore
Assistant Secretary

Richard F. Dunlap, Jr. (SEAL)
Richard F. Dunlap, Jr.
Trustee

STATE OF NORTH CAROLINA - WAKE COUNTY:

I, Tamela B. Gilmore, a Notary Public for the County and State aforesaid, certify that RICHARD M. WESTMORELAND, JR., personally came before me this day, and acknowledged that he is a Vice President of ROBERT C. RHEIN INTERESTS, INC., a North Carolina corporation and a General Partner of RHEIN-RALEIGH-CHARLOTTE LIMITED PARTNERSHIP, a North Carolina Limited Partnership, that the seal affixed to the foregoing instrument in writing is the corporate seal of the said corporation, and that, by authority given and as the act and deed of said corporation and said partnership, said writing was signed and sealed by him and attested by Richard W. Moore as its Assistant Secretary.

WITNESS my hand and official seal, this the 18th day of January, 1994.

TAMELA B. GILMORE
NOTARY PUBLIC
WAKE COUNTY, NORTH CAROLINA
My Commission Expires February 17, 1997

Tamela B. Gilmore
Notary Public
My commission expires: 2/17/97

STATE OF NORTH CAROLINA -- COUNTY OF WAKE:

I, Tamela B. Gilmore, a Notary Public for the County and State aforesaid, certify that W. E. HONAKER personally came before me this day and acknowledged that he is Assistant Secretary of JOHN CROSLAND COMPANY, a North Carolina corporation, and that, by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its Vice President, sealed with its corporate seal and attested by him as its Assistant Secretary.

WITNESS my hand and official seal, this the 18th day of January, 1994.

TAMELA B. GILMORE
NOTARY PUBLIC
WAKE COUNTY, NORTH CAROLINA
My Commission Expires February 17, 1997

Tamela B. Gilmore
Notary Public
My commission expires: 2/17/97