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FOR
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STATE OF NORTH CAROLINA

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COUNTY OF WAKE

KENNETH C. WILLIAMS
DECLARATION OF MASTER COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
COVENTRY SUBDIVISION

THIS DECLARATION, made this 26th day of August 1994, by Urban Resources, Inc., a North Carolina corporation (hereinafter referred to as "Urban Resources" or "Declarant"), and the undersigned lender ("Consenting Mortgagee");

WITNESSETH:

WHEREAS, Urban Resources is the owner of certain property located in Wake County, North Carolina, and more particularly described in Exhibit "A" attached hereto and incorporated herein by reference (the "Property"); and

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

WHEREAS, Declarant desires to create Coventry Subdivision; and

WHEREAS, Declarant desires to provide for the preservation and enhancement of the property values, amenities and conceptual intent of Coventry Subdivision, for the maintenance of Common Properties and improvements thereon as described herein, and accordingly desire to subject the Property together with such additions and/or deletions as may hereinafter be made, to the covenants, restrictions, easements, affirmative obligations, charges, and liens, as hereinafter set forth, each and all of which is hereby declared to be for the benefit of said Property and each and every owner of any and all parts thereof; and

WHEREAS, Declarant has deemed it desirable for the efficient preservation of the values and amenities of Coventry Subdivision to create one agency to which shall be delegated and assigned the power and authority of owning, maintaining and administering the Common Properties as defined herein, administering and enforcing the covenants and restrictions governing said Common Properties, collecting and disbursing all assessments and charges necessary for such activities, and promoting the recreation, health, safety, and welfare of the residents; and

WHEREAS, Declarant has caused or will later cause to be incorporated under the laws of the State of North Carolina as a nonprofit corporation, Coventry of Raleigh Homeowners Association, Inc., for the purpose of exercising the functions described above, and which are hereinafter more fully set forth; and

NOW, THEREFORE, in consideration of the premises and covenants set forth herein, Declarant declares that the Property and such additions and/or deletions thereto as may hereafter 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 hereinafter set forth (sometimes referred to as the "Covenants"), and said Covenants shall run with the land and be binding on all persons claiming under or through Declarant and/or Owner, as defined below, and said Covenants shall inure to the benefit of each Owner thereof.

ARTICLE 1.

DEFINITIONS

Section 1. "Association" shall mean and refer to the Coventry of Raleigh Homeowners Association, Inc. a North Carolina nonprofit corporation, and its successors and assigns.

Section 2. "Owner" shall mean and refer to the record owner, whether one or more persons, firms, associations, corporations, or other legal entities, their successors and assigns, of a fee simple title to any Dwelling Unit or Site which is part of the Property presently or hereafter made subject hereto, including contract sellers, but notwithstanding any applicable theory of a mortgage, shall not mean or refer to the mortgagee, as successors or assigns, until and unless 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. The terms "Owner" and "Declarant" shall not be mutually exclusive.

Section 3. "Coventry Subdivision" or the "Property" shall mean and refer to that certain real property described in Exhibit A attached hereto and incorporated herein by reference and such additions and/or deletions thereto as may hereafter be brought within or taken from the jurisdiction of the Association as subjected to this Declaration or any Supplemental Declaration.

Section 4. "Common Properties", "Common Property" or "Common Areas" shall mean and refer to those areas of land within Coventry Subdivision which are deeded to the Association for the common use and enjoyment of all members and shall include all storm drainage devices, all water lines located outside public rights-of-way, public utility easements and Dwelling Units or Sites, and all sanitary sewer lines located outside public right-of-ways, public sanitary sewer easements and Dwelling Units or Sites. The term "Common Properties" shall also include any personal property acquired by the Association. 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.

Section 5. "Common Expenses" shall mean and refer to all sums lawfully assessed by the Association against its Members, expenses of administration, maintenance, repair or

replacement of Common Areas, and/or Landscaped Rights-of-Way, private stormwater devices and private sanitary sewer lines and facilities ad valorem expenses for payment of taxes and assessments levied against the Common Properties, expenses declared to be or described as common expenses by the provisions of this Declaration, premiums for hazard, liability or other insurance as may be obtained by the Association and expenses agreed by the Members of the Association to be common expenses of such Association.

Section 6. "Site" shall mean any plot of land regardless of size as shown on a recorded subdivision plat of Coventry Subdivision which has been approved as required by this Declaration for a single family detached Dwelling.

Section 7. "Undeveloped Site" shall mean a Site or an area of Coventry Subdivision not yet developed but intended to contain one or more residential Units as approved by the County/City of Raleigh, including any additions or deletions thereto.

Section 8. "Lot" shall mean and refer to any improved or unimproved parcel of land, with delineated boundary lines, shown upon any recorded subdivision map of the Property, intended for the construction of a detached single family Dwelling, excluding any Common Properties as defined herein.

Section 9. "Landscaped Rights-of-Way" shall mean the (1) medians and other areas within street rights-of-way within the Property that may be landscaped and improved with sprinkler systems, lighting, and maintained in accordance with the provisions hereinafter contained as well as (2) any landscaping required by the Special Highway Overlay District of the Raleigh City Code.

Section 10. "Dwelling Unit" shall mean a single family detached residence containing sleeping faculties for one or more persons, a bathroom, and a kitchen.

Section 11. "Member" shall mean and refer to every person or entity entitled to membership in the Association as provided in this Declaration.

Section 12. "Declarant" shall mean the entity described above in the first paragraph, its successors and assigns, if such successors or assigns should acquire more than one undeveloped Lot 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 Urban Resources to develop the Property.)

Section 13. "Declaration" shall mean and refer to this Declaration of Master Covenants, Conditions and Restrictions for Coventry Subdivision as it may be amended and supplemented (by Supplemental Declarations) from time to time as herein provided.

Section 14. "Board of Directors" or "Board" means those persons elected or appointed to act collectively as the directors of the Association.

Section 15. "Book of Resolutions" shall mean and refer to the document containing rules and regulations and policies adopted by the Board of Directors.

Section 16. "By-Laws" shall mean the By-Laws of the Association as they now or hereafter may exist.

Section 17. "VA" shall mean Department of Veterans Affairs and "HUD" shall mean Department of Housing and Urban Development.

Section 18. "Property" shall mean the Property and any and all other property hereafter made subject to this Declaration as provided hereinbelow.

Section 19. "Project" shall mean and refer to the development now known as Coventry, of which the Property is a part. Urban Resources has retained, and hereby retains the right to change the name of the Project from "Coventry" to another name selected by Urban Resources by filing an amendment hereto in the records of Wake County, North Carolina.

Section 20. "Builder" shall mean any entity purchasing one or more Lots from Urban Resources, or its successors or assigns, for the purpose of constructing thereon detached single family dwellings.

ARTICLE II.

PROPERTY AND PROPERTY RIGHTS IN THE COMMON AREAS

Section 1. Property Made Subject to Declaration. The Property is hereby made subject to this Declaration and the Property shall be owned, held, leased, transferred, sold, mortgaged and/or conveyed by Declarant, the Association and each Owner subject to this Declaration and the controls, covenants, conditions, restrictions, easements, development guidelines, charges and liens set forth in this Declaration.

Section 2. Annexation of Property. If Urban Resources is the owner from time to time of any property adjoining in whole or in part any portion of the land now or hereafter constituting any portion of the Property or Common Areas ("Additional Property") which it desires to add to the scheme of this Declaration, it may do so by filing of record, on or before December 31, 1998, a Supplemental Declaration (herein so called) which shall, upon consent of the County/City of Raleigh, extend the scheme of this Declaration to such Additional Property; provided, however, that such Supplemental Declaration, as applied to the Additional Property covered thereby, may include such specific additional controls,

covenants, conditions, restrictions, easements, development guidelines, charges and liens as may be set forth in such Supplemental Declaration; and if a person or entity other than Urban Resources desires to add property to the scheme of this Declaration, such property may only be so added if it adjoins in whole or in part any portion of the land now or hereafter constituting any portion of the Property or Common Areas and if Urban Resources and the Association, by a vote of 2/3 of the members present at any annual or special meeting at which the addition of further property is considered, give written consent thereto, and if the foregoing conditions are met such property shall be considered "Additional Property"; provided, however, that Urban Resources's consent will not be necessary after December 31, 1998.

Section 3. Contents of Supplemental Declaration. Upon consent of the City of Raleigh, each Supplemental Declaration shall set forth the controls, covenants, conditions, restrictions, easements, development guidelines, charges and liens to which the Additional Property covered thereby shall be subject. Such controls, covenants, conditions, restrictions, easements, development guidelines, charges and liens may contain additions, deletions and modifications from those contained in this Declaration, as the parties subjecting such Additional Property to the scheme of this Declaration may desire; provided if such party is other than Urban Resources, as a condition to such party's right to so impose such additions, deletions or modifications, such party must obtain the prior written consent thereto of Urban Resources and the Association, acting through its Board; provided, however, that Urban Resources's consent will not be necessary after December 31, 1998. In no event, shall such Supplemental Declaration revoke, modify or add to the controls, covenants, conditions, restrictions, easements, development guidelines, charges and liens established by this Declaration or a previously filed Supplemental Declaration as it applies or they apply to the Property or to previously added Additional Property except as provided in Section 5 of this Article. Supplemental Declarations shall require the prior approval of the City Attorney for the City of Raleigh.

Section 4. Merger or Consolidation. Upon a merger or consolidation of the Association with another association which is a nonprofit corporation composed of owners of Additional Property, and upon consent of the City of Raleigh, the properties, rights and obligations of the Association may, by operation of law, be transferred to another surviving or consolidated association or, alternatively, the properties, rights and obligations of another association may, by operation of law, be added to the property, rights and obligations of the Association as the surviving corporation pursuant to a merger. The surviving or consolidated association shall be considered the Association and shall administer the terms and provisions of this Declaration and any applicable Supplemental Declarations, if any, affecting the portions of the Property in the jurisdiction of such Association, together with the covenants and restrictions established upon any other properties, as one scheme. No such merger or consolidation, however, shall effect any revocation, change or addition to the terms and provisions of this Declaration or any Supplemental Declaration pertaining to the Property or any portion thereof except as specifically provided in this Declaration.

Section 5. Members' 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 run with the title of every Lot, subject to the following restrictions set forth in section 7 of this Article II.

Section 6. Delegation of Use. Any Member may delegate in accordance with the By-Laws of the Association, his right of enjoyment to the Common Properties and facilities to the members of his family, his tenants, or contract purchasers who reside on such Members' Lot.

Section 7. Extent of Member's Easements. The rights and easements of enjoyment created hereby shall be subject to the following:

(a) The right of the Association, in accordance with its Articles of Incorporation, to borrow money for the purpose of improving the Common Properties and in aid thereof to mortgage said properties; provided, however, that the mortgagee's interest therein shall be subordinate to the rights of the Owners in such Common Properties;

(b) The right of the Association to take such steps as are reasonably necessary to protect the Common Properties against foreclosure; 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 non-members reasonable admission and other fees for the use of the Common Properties and/or facilities, if any, therein in accordance with the Raleigh City Code upon recommendation of the Recreational Committee which shall be appointed by the Board of Directors; and

(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 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 City of Raleigh and by the vote of two-thirds (2/3) of the vote of each class of 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 at such Members' address on the records of the Association. 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 or the

managing agent 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. The Common Properties cannot be mortgaged or conveyed without the consent of at least two-thirds (2/3rds) of the Class A members at a duly called meeting at which a quorum is present.

(f) If ingress or egress to any resident is through the Common Properties, any conveyance or encumbrance of such Common Property will be subject to the Owner's easement.

Section 8. 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 or consolidations, mortgaging of Common Areas, dedication of Common Areas, and dissolution and amendment of these Articles.

ARTICLE III.

MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

Section 1. Members. Urban Resources for so long as it shall be an Owner, and every person or entity who is a record owner of a fee simple or undivided fee simple interest in any Dwelling Unit or Site that is subject by the Covenants to assessments by the Association and who qualifies as an Owner, as defined above, shall be a Member of the Association; provided, however, 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 Dwelling Unit or Site which is subject to assessment by the Association. Ownership of a Dwelling Unit or Site shall be the sole qualification for Membership. The Board of Directors may make reasonable rules relating to the proof of ownership of a Dwelling Unit or Site in Coventry Subdivision. No Owner shall have more than one Membership, except as expressly provided hereinafter.

Section 2. Member Classes and Voting Rights. The Association shall have two (2) classes of voting Members:

Class A. Class A Members shall be all Owners with the exception of Urban Resources, until its Class B Membership has converted to Class A Membership. Class A Members shall be entitled to one (1) vote for each Dwelling Unit or Site in which they hold the required ownership interest.

Class B. The Class B Member shall be Urban Resources, its successors or assigns. The Class B Member shall be entitled to three (3) votes for

each Dwelling Unit or Site in which it holds the required ownership interest, provided that the Class B Membership shall cease and be converted to Class A Membership on the happening of either of the following events, whichever occurs first:

(a) The total votes outstanding in Class A Membership equals the total votes outstanding in the Class B Membership; provided, that the Class B Membership shall be reinstated with all rights, privileges, responsibilities and voting power if, after conversion of the Class B Membership to Class A Membership, as provided hereunder, and before the time stated in subparagraph (b) below, additional lands are annexed to the Property without the assent of the Class A Members on account of the development of such additional lands by the Declarant, all within the times and as provided for herein, or

(b) December 31, 1998. Thereafter, the Declarant may be entitled to one (1) vote per Dwelling Unit or Site owned by it.

Section 3. Voting Right Suspension. The right of any Member to vote may be suspended by the Board of Directors for just cause pursuant to its rules and regulations and for any period during which any assessment of a Member remains unpaid according to the provisions of Article IV, Section 9.

Section 4. Voting. The total vote of the Association shall consist of the sum of the votes of the Class A Members and the votes of Class B Members present in person or by proxy at a legally constituted meeting at which a quorum is present. The number of votes present at a meeting that will constitute a quorum shall be as set forth in the By-Laws, as amended from time to time. Notice requirements for all action to be taken by the Members of the Association shall be as set forth herein or in the By-Laws, as the same may be amended from time to time.

When more than one person holds an interest in any Dwelling Unit or Site, all such persons shall be Members; and the vote for such Dwelling Unit or Site shall be exercised as they among themselves determine; however, in no event may more than one vote be cast with respect to any one Dwelling Unit or Site owned by Class A Members and in no event shall fractional votes be allowed. When one or more co-Owners signs a proxy or purports to vote for his or her co-Owners, such vote shall be counted unless one or more other co-Owners is present and objects to such a vote or, if not present, submits a proxy or objects in writing delivered to the Secretary of the Association before the vote is counted.

A person's or entity's membership in the Association shall terminate automatically whenever such person or entity ceases to be an Owner, but such termination shall not release or relieve any such person or entity from any liability or obligation incurred under or in any

way connected with the Association or this Declaration during the period of such ownership, or impair any rights or remedies which the Association or any other Owner has with regard to such former Owner.

Section 5. Right of Urban Resources to Representation on Board of Directors of the Association. Notwithstanding anything contained herein to the contrary, until December 31, 1998, or until Urban Resources shall have conveyed seventy-five percent (75%) of the Lots, whichever occurs first, Urban Resources (or its expressed assignee of the right granted in this section) shall have the right to designate and select at least two-thirds majority of the Board of Directors of the Association. Whenever Urban Resources shall be entitled to designate and select any person or persons to serve on any Board of Directors, the manner in which such person or persons shall be designated shall be as provided in the Articles of Incorporation and/or By-Laws of the Association. Urban Resources shall have the right to remove any person or persons selected by it to act and serve on said Board of Directors and replace such person or persons with another person or other persons to act and serve in the place of any director or directors so removed. Any director designated and selected by Urban Resources need not be an Owner. Any representative of Urban Resources serving on the Board of Directors of the Association shall not be required to disqualify himself from any vote upon any contract or matter between Urban Resources and the Association where Urban Resources may have pecuniary interest or other interest.

ARTICLE IV.

COVENANTS FOR ASSESSMENT

Section 1. Creation of Lien and Obligation for Assessments. Urban Resources, for each Lot owned by it, hereby covenants and agrees, and each Owner of any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or conveyance, shall be deemed to covenant and agree to all the terms and provisions of these Covenants and to pay to the Association (or to an independent entity or agency which may be designated by the Association to receive such monies):

(a) Annual Assessments or charges;

(b) Special Assessments for the purposes set forth in this Article, such assessments to be fixed, established, and collected from time to time as hereinafter provided. The Annual and Special Assessments together, which such interest thereon and costs of collection therefor as hereinafter provided, shall be a charge and continuing lien on the Lot against which such assessment is made. Each such assessment, together with such interest thereon and cost of collection therefor as hereinafter provided, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment fell due. In the case of co-ownership of a Lot, all such co-owners shall be jointly and severally liable for the assessment.

(c) Special Individual Assessments levied against an individual Owner to reimburse the Association for extra costs for maintenance and/or repairs caused by the failure of such Owner to maintain its individual Lot and improvements plus a twenty percent (20%) handling fee to the Association for the administrative costs of scheduling such maintenance and/or repairs.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used for payment of Common Expenses and for the purposes of enforcing and carrying out the terms and provisions hereof and of any Supplemental Declaration, carrying out the duties of the Board, the purposes of the Association and promoting the recreation, health, safety and welfare of the residents of the Property and 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 costs of labor, equipment, materials, and management supervision thereof. The Special Assessments shall be used for the purposes set forth in Section 1c, Section 4 and Section 5 of this Article.

Section 3. Basic and Maximum Annual Assessments. For the calendar year 1994, the maximum annual assessment shall be One Hundred Twenty and No/100 Dollars (\$120.00) per Dwelling Unit or recorded Lot except as otherwise provided herein, the exact amount of which shall be determined from time to time by the Board of Directors. On or before December 31 of each year during the term hereof, the Board shall set the amount of the Annual Assessment for the ensuing year for each Dwelling Unit or Lot, taking into consideration, among other things, the then-current Common Expenses and estimated increases in Common Expenses, the then-current development and/or maintenance costs, estimated increases in development and/or maintenance costs, and the future needs of the Association. The amount of the Annual Assessment for each Dwelling Unit or Lot as set by the Board shall be determined by dividing the amount of costs and expenses to be incurred by the Association for the year in question, as such amount is reasonably estimated by the Board (and which estimated amount may include a reasonable contingency fund), by the number of Dwelling Units or Lots in the Property, such that the regular Annual Assessment for each Dwelling Unit or Lot shall be the same. The Annual Assessment shall be due and payable as provided in Section 7 of this Article. Notwithstanding anything herein to the contrary, the Board of Directors can increase the amount of the Annual Assessment by up to 10% in any given calendar year without the approval of the Members of the Association; however, the Board of Directors may not increase the Annual Assessment by more than 10% in any given calendar year without the vote of at least 2/3 of the Members present at a duly-called meeting whereat a quorum is present.

Section 4. Special Assessment. In addition to the Annual Assessment authorized by Section 3 hereof, the Board may levy in any assessment year or years a Special Assessment, as defined herein, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of an Association-owned improvement including the necessary fixtures and personal property related thereto, or

for carrying out other purposes and/or duties and obligations of the Association as stated in its Articles of incorporation or as stated herein. Special Assessments shall be assessed pursuant to this Section 4 against the Dwelling Units and owners thereof and the Lots and owners thereof on a pro rata basis in the same manner as described in Section 3 above.

Section 5. Uniform Rate of Assessment. Both Annual and Special Assessments must be fixed at a uniform rate for all Dwelling Units and Sites within a particular class of membership, except for exempt Dwelling Units and Sites provided in Section 12 hereof and except that, notwithstanding anything within this Declaration to the contrary, Declarant and Builder shall be required to pay only 25% of any Annual or Special Assessment levied against any Dwelling Unit, Lot or Site owned by it and for which no certificate of occupancy has been issued by the appropriate governmental authority.

Section 6. Commencement Date of Annual Assessment. The first Annual Assessment provided for herein shall commence on September 1, 1994 ("1994 Assessment") and such Annual Assessments shall continue on a calendar year basis thereafter from year to year. However, the 1994 Assessment shall only be 4/12ths of the Annual Assessment.

Section 7. Due Date of Assessments. The 1994 Annual Assessment and all other Annual Assessments shall be due and payable on a quarterly basis on the first day of each quarter. The first quarterly installment of the Annual Assessment shall become due and payable on the day of recordation of this Declaration and/or the recordation of Lot(s) and shall be prorated according to the number of days remaining in the quarterly period. The due date of any special assessment under Section 4 hereof shall be fixed in the resolution authorizing such assessment.

Section 8. Duties of the Board of Directors. The Board of Directors of the Association shall fix the amount of the assessment against all Lots for each assessment period and shall, at that time, prepare a roster of the Lots 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, and for a reasonable charge, at any time furnish to any Owner liable for said assessment, or to any person interested in Owner's Title, with the permission of Owner, a certificate in writing signed by an officer of the Association, setting forth whether said assessment has been paid; provided, however, that no Owner, or such person interested in Owner's title, shall be entitled to receive more than one (1) certificate for each payment. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid. Mortgagees of the Property or of any Lots within the Property are not required to collect assessments.

Section 9. Effect of Nonpayment of Assessment. Any assessment that is not paid within ten (10) days after the due date shall incur a late charge in the amount of ten dollars (\$10.00) and, if such assessment is not paid within thirty (30) days after the due date, then

such assessment and applicable late fee, shall become delinquent and shall, together with interest therefrom at the rate of eleven percent (11%) per annum (or if illegal, the highest rate of interest permitted by law) from the due date, and the cost of collection thereof as hereinafter provided, become a charge and continuing lien on the Lot and all improvements thereon. If an 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 Lot, and there shall be added to the amount of such assessment the costs of collection, including reasonable attorneys' fees and expenses, and interest as provided above. No Owner may waive or escape liability for the assessments provided for herein by non-use of the Common Properties or abandonment of his Lot. Each Owner, by his acceptance of a deed to a Lot, hereby expressly vests in the Association, or its agents or assigns, the right and power to bring all actions against such Owner or Member personally liable for the collection of such charges as a debt and to enforce the aforesaid lien by all methods available for the enforcement of such liens, including foreclosure by an action brought in the name of the Association in a like manner as a mortgage or a deed of trust lien on real property and such Owner hereby expressly grants to the Association a power of sale in connection with foreclosure of said lien. The lien provided for in this action shall be in favor of the Association and shall be for the benefit of the Association and all other Owners.

Section 10. Assessment Lien and Foreclosure. All sums assessed in the manner provided in this Article but unpaid, shall, together with late fees and interest as provided in Section 9 hereof and the cost of collection, including reasonable attorneys' fees, become a continuing lien and charge on the Lot owned by the defaulting Owner and improvements thereon covered by such assessment, as of the assessment due date, which shall bind such Lot and improvements then in the hands of the Owner, and the defaulting Owner's heirs, devisees, personal representatives, successors, and assigns. Except as hereinafter provided, the aforesaid lien shall be superior to all other liens and charges against such Lot and improvements thereon. To evidence the aforesaid assessment lien, the Board may prepare a written notice of assessment lien setting forth the amount of the unpaid indebtedness, the name of the Owner of the Lot and improvements thereon covered by such lien and a description of the Lot. Such notice shall be signed by one of the officers of the Association and shall be recorded in the Office of the Register of Deeds of Wake County, North Carolina. Such lien for payment of assessments shall attach with the priority above set forth from the date that such payment becomes delinquent and may be enforced by the foreclosure of the defaulting Owner's Lot and improvements thereon by the Association in like manner as a deed of trust with power of sale on real property subsequent to the recording of a notice of assessment lien as provided above, and/or the Association may institute suit against the Owner personally obligated to pay the assessments and/or for foreclosure of the aforesaid lien judicially or may seek other available remedy or relief. In any foreclosure proceeding, whether judicial or non-judicial, the Owner shall be required to pay the costs, expenses, and reasonable attorneys' fees incurred. The Association shall have the power to bid on the Owner's Lot and improvements at foreclosure or other legal sale and to acquire, hold, lease, mortgage, convey or otherwise deal with the same. The provisions of this Article IV shall

be in addition to the provisions of applicable laws relating to liens established as herein provided.

Section 11. 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 any Lot subject to assessment. Sale or transfer of any Lot shall not affect the assessment lien; however, sale or transfer of any Lot pursuant to such mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien, but not the personal liability of the Owner affected, of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 12. Exempt Property. The following property, individuals, partnerships and corporations subject to this Declaration shall be exempted from the assessment, charge and Lien created herein:

- (a) Properties conveyed to public utilities for the purpose of granting utility easements;
- (b) All properties exempt from taxation by the laws of the State of North Carolina, upon the terms and to the extent of such legal exemptions; and
- (c) All Common Properties as defined herein;
- (d) All properties dedicated to, and accepted by, a local public municipality or authority.

Section 13. Annual Budget. By majority vote of the directors, the Board of Directors shall adopt an annual budget for the subsequent year of operation, which shall provide for allocation of expenses in such a manner that the obligations imposed by these Declarations and any and all Supplemental Declarations will be met.

Section 14. Omission of Assessments. The omission of the Board, before the expiration of any year, to fix the assessments hereunder for that or the next year, shall not be deemed a waiver or modification in any respect of the provisions of this Declaration, or a release of any Owner from the obligation to pay the assessments, or any installment thereof for that or any subsequent year, but the assessment fixed for the preceding year shall continue until a new assessment is fixed.

ARTICLE V

ARCHITECTURAL CONTROL

Section 1. General. Anything contained in Article VI of this Declaration to the contrary notwithstanding, no Site preparation on any Lot or change in grade or slope of any Lot or erection of buildings or exterior additions or alterations to any building situated upon the Property or erection of or changes or additions in landscaping (excluding minor changes such as, but not limited to, annual and perennial flowers), fences, hedges, walls and other structures, or construction of any swimming pools or other improvements, shall be commenced, erected or maintained on any Lot until the Architectural Control Committee (herein called the "Architectural Control Committee" or the "Committee") appointed as hereinafter provided, has approved the plans and specifications therefor and the location of such improvements.

Section 2. Common Properties. Subject to the restrictions of the Raleigh City Code and notwithstanding the foregoing, Urban Resources, prior to December 31, 1998, has the express right to construct an information center on the Common Properties (which center would be removed not later than 90 days after abandonment) and locate sales and marketing signage or other such marketing tools on the common properties with no need for approval under this Article. It is further understood model homes may be constructed within the property for marketing purposes without any approval under this Article.

Section 3. Composition. Until December 31, 1998, Urban Resources shall appoint the members of the Architectural Control Committee which will be composed of three (3) individuals, one of whom shall be a Builder, each generally familiar with residential and community development design matters and knowledgeable about the Urban Resources's concern for a high level of taste and design standards within the Project. In the event of the death or resignation of any member of the Architectural Control Committee, Urban Resources, for so long as it has the authority to appoint the members of the Architectural Control Committee, and thereafter, the remaining members of the Architectural Control Committee, shall have full authority to designate and appoint a successor. Subsequent to December 31, 1998, the Board shall appoint the members of the Architectural Control Committee. At any time, Urban Resources may elect not to appoint the members of the Architectural Control Committee and may assign this right to the Board of Directors. For all construction commenced on or before December 31, 1998, Urban Resources retains the right to approve all original house construction plans even though other members may be appointed to the Architectural Control Committee. Members of the Architectural Control Committee are not required to be Members or Owners.

Section 4. Procedure. No improvement of any kind or nature shall be erected, remodeled or placed on any Lot until all plans and specifications therefor and a site plan therefor have been submitted to and approved in writing by the Architectural Control Committee, as to:

- (a) quality of workmanship and materials, adequacy of site dimensions, adequacy of structural design, and facing of main elevation with respect to nearby streets;

(b) conformity and harmony of the external design, color, type and appearance of exterior surfaces with the remainder of the Property and improvements thereon;

(c) location with respect to topography and finished grade elevation and effect of location and use on neighboring Lots and improvements situated thereon and drainage arrangement;

(d) the other standards set forth within this Declaration (and any amendments hereto) or as may be set forth within bulletins promulgated by the Architectural Control Committee, or matters in which the Architectural Control Committee has been vested with the authority to render a final interpretation and decision as the same may relate to creating a harmonious residential development in the Property.

Final plans and specifications for all improvements proposed to be constructed on a Lot shall be submitted in duplicate to the Architectural Control Committee for its approval or disapproval. The Architectural Control Committee is authorized to request the submission of samples of proposed construction materials. At such time as the plans and specifications meet the approval of the Architectural Control Committee, one complete set of plans and specifications will be retained by the Architectural Control Committee, who shall not show said plans and specifications to third parties without prior approval of the Builder, and the other complete set of plans and specifications will be marked "Approved" and returned to the Lot Owner or his designated representative. In the event that a Builder wishes to use the same plans and specifications for more than one Dwelling Unit, once those plans and specifications have been approved in accordance with the terms of this paragraph, they need not be re-submitted for approval in order that the Builder may use them again; however, the Architectural Control Committee shall still review the use of any previously approved plans and specifications on certain lots and determine whether the plans and specifications are appropriate for the proposed lot.

If found not to be in compliance with these covenants, conditions and restrictions or if found to be otherwise unacceptable to the Architectural Control Committee pursuant hereto, one set of plans and specifications shall be returned to the Lot Owner marked "Disapproved," accompanied by a reasonable statement of items found not to be in compliance with these covenants, conditions and restrictions or otherwise being so unacceptable. Any modification or change to the Architectural Control Committee-approved set of plans and specifications must again be submitted to the Architectural Control Committee for its inspection and approval. The Architectural Control Committee's approval or disapproval, as required herein, shall be in writing. All homeowners requesting Architectural Control Committee approval must comply with all City, County and Governmental Applications and Permit requirements.

The Architectural Control Committee may from time to time publish and promulgate architectural standards bulletins which shall be fair, reasonable and uniformly applied in

regard to the lots and shall carry forward the spirit and intention of these covenants, conditions and restrictions. Although the Architectural Control Committee shall not have unrestrained or complete discretion with respect to taste, design and any standards specified herein, the Committee shall be responsive to technological advances or general changes in architectural designs and materials and related conditions in future years and use its best efforts to balance the equities between matters of taste and design (on the one hand) and use of private property (on the other hand). Such bulletins shall supplement these Covenants and are incorporated herein by reference, provided, however, that such bulletin may be amended with only the affirmative vote of the Board of Directors. All such bulletins shall be kept on file with the records of the Association at the principal office of the Association and are subject to review as provided herein for such books and records.

Section 5. Jurisdiction. The Architectural Control Committee is authorized and empowered to consider and review any and all aspects of the construction of any improvements on a Lot which may, in the reasonable opinion of the Architectural Control Committee, adversely affect the living enjoyment of one or more Owner or the general value of the Property of the Project.

Section 6. Enforcement. The Architectural Control Committee shall have the specific, nonexclusive right (but no obligation) to enforce the provisions contained in this Article of this Declaration and/or to prevent any violation of the provisions contained in this Article of this Declaration by a proceeding at law or in equity against the person or persons violating or attempting to violate any such provisions contained in this Article of this Declaration. No failure to enforce or delay in enforcement of this Article shall be deemed a waiver of the right to enforce strict compliance with the terms of this Article.

Section 7. Definition of "Improvement". The term "improvement" shall mean and include all buildings, storage sheds or areas, roofed structures, satellite dish antennas, parking areas, loading areas, trackage, fences, walls, hedges, mass plantings, poles, driveways, ponds, lakes, changes in grade or slope, site preparation, clothesline installation, swimming pools, tennis courts, signs, exterior illumination, changes in any exterior color or shape and any new exterior construction or exterior improvement which may not be included in any of the foregoing. The definition of improvements does not include flower, shrub or tree replacements or any other replacement or repair of any magnitude which ordinarily would be expended in accounting practice and which does not change exterior colors or exterior appearances. The definition of improvements does include both original improvements and all later changes to improvements.

Section 8. Failure of the Architectural Control Committee to Act. If the Architectural Control Committee fails to approve or disapprove any plans and specifications and other submittals which conform (and which relate to improvements which will conform) with the requirements hereof or to reject them as being inadequate or unacceptable within thirty (30) days after submittal thereof, and provided such submittal was a full and complete submittal of all items that were to have been submitted to the Architectural Control

Committee, it shall be conclusively presumed that the Architectural Control Committee has approved such conforming plans and specifications and other submittals, EXCEPT that the Architectural Control Committee has no right or power, either by action or failure to act, to waive or grant any variances relating to any mandatory requirements specified in the Declaration or by any rules, regulations, ordinances, or requirements of any governmental authority. If plans and specifications or other submittals are not sufficiently complete or are otherwise inadequate, the Architectural Control Committee shall either reject them as being inadequate or approve or disapprove part, conditionally or unconditionally, and reject the balance. The Architectural Control Committee is authorized to request the submission of samples of proposed construction materials.

Section 9. Limitation of Liability. Except for gross negligence, neither the Architectural Control Committee nor the members thereof nor Urban Resources shall be liable for claims, causes of action, damages or otherwise to anyone submitting plans and specifications and other submittals for approval or to any Owner by reason of mistake of judgment, negligence or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve or disapprove any plans or specifications.

Section 10. Miscellaneous. The Association shall reimburse members of the Architectural Control Committee for reasonable out-of-pocket expenses.

ARTICLE VI

USE OF LOTS AND COMMON PROPERTY

The Property (and each Lot situated therein) and the Common Property shall be occupied and/or used as follows:

Section 1. Residential Purposes Only. Each Lot shall be used exclusively for single-family, non-transient residential purposes containing detached Dwellings. No planes, boats, trailers, campers, abandoned cars, or abandoned trucks shall be parked on driveways or in yards unless adequately screened from view and with the prior approval of the Architectural Control Committee. No trade or business of any kind shall be conducted upon any Lot or any part thereof, except as may be approved by the Board of Directors on a case-by-case basis after petition by an Owner, provided, however, that any such approved business must be entirely conducted within the confines of the house or garage of an Owner and must not create, among other things, a nuisance to neighbors or create, among other things, excessive noise, traffic, odors, or unpleasant appearances. No structure shall be erected, placed, altered, used or permitted to remain on any Lot other than one detached single-family private Dwelling with or without one private attached garage for not more than two (2) automobiles. No Lot and no improvement may be used for hotel or other transient residential purposes. Each lease relating to any Lot or any improvements thereon (or any part of either thereof) must be for a term of at least sixty (60) days and must provide that the tenant is obligated to observe and perform all of the terms and provisions hereof applicable

to such Lot and/or improvement. The provisions of this Article VI, Section 1 shall not apply to those activities reasonably necessary for the construction of the Dwelling Unit on the Lot by Builder or the use of sales models.

Section 2. Obstructions, Etc. There shall be no obstruction of the Common Property, nor shall anything be kept or stored in the Common Property, nor shall anything be altered, or constructed or planted in, or removed from the Common Property, without the prior written consent of the Board of Directors. Urban Resources shall have the right to install signs in the Common Property.

Section 3. Restricted Actions by Owners. No Owner shall permit anything to be done or kept on his Lot or in the Common Property which will result in the cancellation of or increase of cost of any insurance carried by the Association, or which would be in violation of any law. No waste shall be committed in the Common Property. Each Owner shall comply with these Declarations as well as all laws, regulations, ordinances (including, without limitation, applicable zoning ordinances) and other governmental rules and restrictions in regard to such Owner's Lot(s).

Section 4. Signs. No sign of any kind shall be displayed to the public view on any Lot except Unit identification signs and one professional sign of not more than five (5) square feet advertising the Lot for sale or rent or advertising the building contractor constructing improvements on the Lot during the initial construction and sales period. However, the foregoing shall not act to restrict or prohibit Urban Resources or Builder from erecting and maintaining signs and billboards advertising the Property, the Project or portions of either thereof. Notwithstanding the foregoing, all signs erected and maintained on any Lot must conform with all applicable governmental requirements.

Section 5. Nuisances. Nothing shall be done in any part of the Property, nor shall any noxious or offensive activity be carried on, nor shall any outside lighting or loudspeakers or other sound-producing devices be used, which, in the judgement of the Board, may be or become an unreasonable annoyance or nuisance to the other Owners.

Section 6. Attachments. No permanent attachments of any kind or character whatsoever (including, but not limited to, television and radio antennas) shall be made to the roof or exterior walls of any residence on a Lot, unless such attachments shall have been first submitted to and approved by the Architectural Control Committee, as defined in Article V.

Section 7. Damage to the Common Property. Each Owner shall be liable to the Association and/or the Declarant for any damage to the Common Property and/or Landscaped Rights-of-Way caused by the negligence or willful misconduct of the Owner or his family, tenants, guests, or invitees.

Section 8. Rules of the Board. All Owners and occupants of any Lot shall abide by all rules and regulations adopted by the Board from time to time. The Board shall have

the power to enforce compliance with said rules and regulations by all appropriate legal and equitable remedies, and an Owner determined by judicial action to have violated said rules and regulations shall be liable to the Association and/or the Urban Resources for all damages and costs, including attorney's fees incurred in enforcing such rules and regulations.

Section 9. Animals. No animals, livestock or poultry shall be raised, bred or kept in any portion of the Property except that dogs, cats or other household pets may be kept, but not for any commercial purposes, provided that they do not create a nuisance (in the judgement of the Board) such as, but without limitation, by noise, odor, damage or destruction of property or refuse. All pet owners must contain, restrain, and control pets under applicable city and county animal control laws, and, in any event, all pets must be on a leash when not on the Lot of the pet owner.

Section 10. Waste. No Lot shall be used or maintained as a dumping ground for rubbish, trash or garbage. Waste of any nature shall not be kept on any part of the Property except on a temporary basis in sanitary containers which shall be adequately screened from view by means of a screening wall or material similar to and compatible with that of the Dwelling.

Section 11. Boats and Recreational Vehicles. Neither a motorboat, houseboat, or other similar water-borne vehicle nor any "camper" or recreational vehicle may be maintained, stored or kept on any portion of the Property, except in enclosed garages or in areas specifically designated by the Board.

Section 12. Floor Areas, Stories. The total floor area of the main Dwelling house of each individual residential unit located on a Lot, exclusive of porches, terraces, garages and outbuildings, shall contain not less than 1000 square feet of space. No improvements, as hereinafter defined, may be constructed or maintained on any Lot which exceeds two (2) stories plus a finished or unfinished attic in height.

Section 13. Exterior Finish; Roof Materials. The exterior of each building (exclusive of windows) erected on a Lot shall consist of wood or pressed-board type siding, brick, stone, other masonry, or other first class materials as the Architectural Control Committee may approve. Detached accessory buildings shall be of the same construction and materials as listed in this Section. All roofs on all improvements (including, without limitations, improvements) constructed on each Lot shall be of self-seal composition shingles or such other materials as may be specifically approved in writing by the Architectural Control Committee.

Section 14. Building Setback Lines. The main building on each Lot (and all required parking for such Lot) shall not be located on any Lot nearer to the Lot boundary line than the building setback line specified on the subdivision plat by which such Lot was created or, if a greater setback is required thereby, as required by applicable zoning laws and other governmental requirements.

Section 15. New Construction. Construction of new buildings only shall be permitted on Lots, it being the intent of this covenant to prohibit the moving of any existing building onto a Lot and remodeling or converting same into a Dwelling house. Urban Resources retains the right to Architectural Control approval for all new house construction for all Lots within Coventry Subdivision commenced on or before December 31, 1998.

Section 16. Limitation of Truck Parking and Other Vehicles. Trucks of any Owner with tonnage in excess of one ton shall not be permitted to park overnight on the streets, driveways or otherwise within the Property. No vehicle of any size which transports flammable or explosive cargo may be kept in the Property at any time by any Owner or its invitees or guests. No vehicles of any Owner that are not in a condition to be normally operated or which are unsightly in appearance may be stored or situated on any Lot, including in the driveway of any Lot, or parked on any street at any time, but may be stored in an enclosed garage. Urban Resources, or any other developers, builders or Owners, will use its reasonable best efforts to provide for all new construction on the Property parking areas, driveways and garages for vehicles of a type allowed under this section. During the period of construction on each Lot, no Owner shall be allowed to park any construction vehicles on the Lot or in the streets for any period of time beyond the time that said vehicle is necessary for construction on the said Lot. If said vehicle is parked on the Lot for any extended period of time, then said vehicle shall be located in a place that is screened from the street and from the adjacent property Owners. On-street parking by Owners within the Property is expressly prohibited.

Section 17. No Temporary Structure. No temporary dwelling, shop, tent, trailer or mobile home of any kind or any improvement of a temporary character (except dog houses) shall be permitted on any Lot except that the builder or contractor may have temporary improvements (such as a sales office and/or construction trailer) on a given Lot during construction of a residence. No building material of any kind or character shall be placed or stored upon the Property until the owner thereof is ready to commence construction of improvements.

Section 18. Landscaping. Except for the building pad, driveways and sidewalks, patios and decks as approved by the Architectural Control Committee (if required as hereinafter provided) on each Lot, the surface of each Lot shall be of grass or other live foliage and/or ground cover and such grass, foliage and ground cover shall be neatly maintained at all times. The general grading, slope and drainage plan of a Lot may not be altered without Architectural Control Committee approval and/or appropriate governmental agency approvals, if applicable. All firewood shall be neatly stacked in the rear or to the side of the house and/or garage on any Lot. Landscaping and gardening materials and supplies, including but not limited to, topsoil, wood chips, sand, pine straw, wheat straw and manure, whether in bag, bale or bulk form, shall be spread, used or incorporated into the landscaping and/or garden as quickly as possible after delivery and in no event shall be permitted to remain in view in either bag, bale or bulk form without being spread, used, or incorporated into the landscaping and/or garden for longer than fifteen (15) days.

Section 19. Fences and Walls. No fence or wall shall be erected, placed or altered on any Lot nearer to any street fronting such Lot than the building corner of the main Dwelling constructed on such Lot and shall not exceed six (6) feet in height unless otherwise specifically required by governmental authorities having jurisdiction. All fences shall be maintained in a structurally sound and attractive manner. All fences shall be of wood construction and, as more particularly described in Article V, an Owner must obtain the approval of the Architectural Control Committee before erecting a fence on such Owner's Lot.

Section 20. Sight Line Limitations. No fence, wall, hedge or shrub planting which obstructs sight lines at elevations between two and six feet above roadways shall be placed or permitted to remain on any corner Lot within the triangular area formed by the street right of way lines. The same sight line limitations shall apply on any Lot within ten (10) feet from the intersection of a street property line with the edge of a driveway pavement. No tree shall be permitted to remain within such distances of such intersection unless the foliage line is maintained at sufficient height to prevent obstruction of sight lines.

Section 21. Antennae. No exterior antennae, earth satellite station, microwave dish or other similar improvement may be constructed, placed or maintained on any Lot.

Section 22. Gas Meters. No gas meters shall be set in the front of a residence on a Lot unless such meter is of an underground type.

Section 23. Air Conditioning Equipment. No air conditioning apparatus shall be installed on the ground in front of any residence on a Lot. No air conditioning apparatus shall be attached to any front wall or window of a residence on a Lot. No evaporative cooler shall be installed on the front wall or window or the side wall or window (unless screened to the satisfaction of the Architectural Control Committee) of a residence on a Lot.

Section 24. Clothes Lines. The outdoor drying of clothes and the erection of outdoor clothes lines or similar devices is prohibited within the Property.

Section 25. Burning. Except within fireplaces in the main residential Dwelling and outdoor cooking, no burning of anything shall be permitted within the subdivision.

Section 26. Mailboxes. All mailboxes shall be affixed to a substantial pole or stand permanently placed in the ground at a place which allows mail delivery from the street and shall not be located within a sidewalk or within areas not allowed by the Department of Transportation or other governmental entity having jurisdiction. All mailboxes and posts other than the design approved by Urban Resources must first have approval by the Architectural Control Committee.

Section 27. Utilities. All utilities and utility connections shall be located underground, including electrical and telephone cables and wires. Transformers, electric,

gas or other meters of any type, or other apparatus shall be contained within the buildings constructed on Lots or, if approved by the Architectural Control Committee in writing, located on the exterior of buildings provided they are adequately screened as required by the Architectural Control Committee in accordance with the provisions of this Declaration.

Section 28. Governmental Requirements. Nothing herein contained shall be deemed to constitute a waiver of any governmental requirements applicable to any Lot and all applicable governmental requirements or restrictions relative to the construction of improvements on and/or use and utilization of any Lot shall continue to be applicable and shall be complied with in regard to the Lots.

ARTICLE VII

INSURANCE AND CASUALTY LOSSES

Section 1. Insurance. The Association, by and through its Board of Directors or its otherwise duly authorized agents, shall have the authority to obtain and shall obtain, if available at a reasonable price, insurance for all insurable improvements on the Common Properties against loss or damage by fire or other hazards, including extended coverage of vandalism and malicious mischief. This insurance, if available, shall be in an amount sufficient to cover the full replacement cost or repair or reconstruction in the event of damage or destruction from any such hazard. The Association shall also obtain a comprehensive public liability policy in the minimum amount of \$1,000,000 covering the Common Properties, the Association, and its Members for all damage or injury caused by the negligence of the Association or any of its Members or agents, along with a Fidelity Bond for all officers and employees having control over the receipt and disbursement of Association funds and Worker's Compensation to the extent necessary to comply with applicable laws. Premiums for all such insurance contemplated hereunder shall be Common Expenses of the Association.

Section 2. Disbursement of Proceeds. Proceeds of insurance policies shall be disbursed as follows:

(a) If the damage or destruction for which the proceeds are paid is repaired or reconstructed, the proceeds, or such portion thereof as may be required for such purpose, shall be disbursed in payment for such repairs or reconstruction. Any proceeds remaining after such costs of repair or reconstruction to the Common Properties shall be retained by and for the benefit of the Association.

(b) If it is determined by the Board of the Association that the damage or destruction of Common Properties for which the proceeds are paid shall not be repaired or reconstructed, such proceeds shall be retained by and for the benefit of the Association.

Section 3. Insufficient Proceeds. If the insurance proceeds are insufficient to repair or replace any loss or damage, the Board may levy a Special Assessment, as provided for in Article IV of this Declaration, to cover the deficiency.

ARTICLE VIII

CONDEMNATION

In the event that all or any part of the Common Properties shall be taken (or conveyed in lieu of or under threat of condemnation) the award made for such taking shall be payable to the Association as trustee for Owners, to be disbursed as follows:

(a) If the taking involves a portion of the Common Properties on which improvements have been constructed, the Association shall restore or replace such improvements so taken on the remaining Common Properties to the extent such plans are available in accordance with plans approved by the Board of Directors of the Association.

(b) If the taking does not involve any improvements on the Common Properties or in the event that a decision is made not to repair or restore such improvements, or if there are net funds remaining after any such restoration or replacement is completed, then such award or net funds shall be disbursed to the Association and used for such purposes as the Board of Directors may determine.

ARTICLE IX

EASEMENTS

Section 1. Blanket Easement. There is hereby created a blanket easement upon, across, over, and under all of the Property subject to this Declaration for ingress and egress, installation, replacing, repairing and maintaining all utilities, including, but not limited to, water, sewer, gas, telephones, cablevision and electricity. By virtue of this easement, it shall be expressly permissible for the providing electrical and/or telephone company to erect and maintain the necessary equipment on said property, and to affix and maintain electrical and/or telephone equipment under the roofs and exterior walls of said Common Properties. An easement is further granted to all police, fire protection, garbage collectors, ambulance, and all similar persons to enter upon the streets and Common Properties in the performance of their duties. Further, an easement is hereby granted to the Association, its officers, agents, employees, and to any management companies selected by the Association to enter in or to cross over the Common Properties provided for herein. Notwithstanding anything to the contrary contained in this Section 1, no sewers, electrical lines, water lines, or other utilities may be installed or relocated on the Property except as initially approved by Urban Resources or thereafter approved by Urban Resources or the Association's Board of Directors. Should any utility furnishing a service covered by the general easement herein provided request a specific easement by separate recordable documents, Urban Resources (or

the Association after the termination of Class B Membership or in the event the easement crosses property owned by the Association) will have the right and authority to grant such easement on the Property without conflicting with the terms hereof. The easement provided for in this Article shall in no way affect other recorded easements on the Property.

Section 2. Underground Electrical Services.

(a) Underground electrical service only shall be available to all the Lots and to the recreational buildings to be constructed on the Common Properties. The metering equipment shall be located on the exterior surface of the wall at a point to be designated by the utility company. The utility company furnishing the service shall have a two-foot priority easement along and centered on the underground electrical power service conductors installed from the utility company's easement to the designated point of service on the Dwelling.

(b) Easements for the underground service may be crossed by the driveways and walkways, provided Urban Resources or builder makes prior arrangements with the utility company furnishing electrical service. Such easements for the underground service shall be kept clear of all other improvements including buildings, patios and/or other pavings other than crossing walkways or driveways and neither Urban Resources nor any such utility company using the easements shall be liable for any damage done by either of them or their assigns, their agents, employees, or servants to shrubbery, trees, flowers, and other improvements of the Owner located on land covered by said easements.

Section 3. Encroachments and Urban Resources's Easements to Correct Drainage.

All Lots and the Common Properties shall be subject to an easement for the encroachments of initial improvements constructed on adjacent sites by Urban Resources to the extent that such initial improvements actually encroach, including, without limitation, such items as overhanging eaves, gutters, downspouts, exterior storage rooms, bay windows, steps and walls. If this Declaration is breached or any encroachment occurs as a result of settling or shifting of any building or as a result of any permissible repair, construction, reconstruction, or alterations, there is hereby created and shall be and remain a valid easement for such encroachment and the maintenance of the same. For a period of twenty-five (25) years from the date of conveyance of the first site in a parcel, phase or section, Urban Resources reserves a blanket easement and right on, over and under the ground within that parcel, phase or section to maintain and to correct drainage or surface water in order to maintain reasonable standards of health, safety and appearance. Such right expressly includes the right to cut any trees, bushes or shrubbery, make any grading of the soil, or take any other similar action reasonably necessary. After such action has been completed, Urban Resources shall restore the affected property to its original condition to the extent practicable. Urban Resources shall give reasonable notice of intent to take such action to all affected Owners. These rights and reservations are assignable by Urban Resources.

Section 4. Easement to City of Raleigh. An easement is hereby established for municipal, state or public utilities serving the area, their agents and employees on all

Common Properties hereby or hereafter established for setting, removing, and reading utility meters, maintaining and replacing utility or drainage connections, garbage collection, delivery of mail, and acting with other purposes consistent with the public safety and welfare, including, without limitation, police and fire protection.

Section 5. Easement for Minor Encroachments. All Lots and the Common Property shall be subject to a perpetual easement for the encroachment over building set back lines of initial improvements constructed on Lots by Urban Resources or any builder to the extent that such initial improvements actually encroach, including, without limitation, such items as overhanging eaves, gutters, downspouts, exterior storage rooms, bay windows, decks, stoops, steps, walls, piers and docks. If any such encroachment shall occur subsequent to subjecting the Property to the Declaration as a result of settling or shifting of any improvement or a result of any permissible repair, construction, reconstruction, or alteration, there is hereby created and shall be a valid easement for such encroachment and for the maintenance of the same. Each Lot shall be subject to an easement for entry and encroachment by Urban Resources for a period not to exceed eighteen (18) months following conveyance of such Lot to an Owner for the purpose of correcting any problems that may arise regarding grading and drainage. Urban Resources or any Builder, upon making entry for such purpose, shall restore the affected Lot or Lots to as near the original condition as practicable.

Section 6. Emergencies. Every Lot and Dwelling structure thereon shall be subject to an easement for entry by the Association for the purpose of correcting, repairing, or alleviating any emergency condition which arises upon any Lot or within any Dwelling structure and that endangers any improvement or portion of the Common Property.

Section 7. Title to the Common Property. Urban Resources hereby covenants for itself, its heirs and assigns that it will convey fee simple title to the Common Property to the Association and any Common Properties subsequently platted and identified to the Declaration, which Common Property shall include any private roads or drives which may have been previously created, free and clear of all encumbrances and liens, except public streets, private roads or drives, greenway easements and utility easements. The Common Property is to be owned by the Association at the time of the conveyance of the first Lot conveyed after the recording of this Declaration. Any person or entity submitting Additional Property to this Declaration shall convey fee simple title to the Common Property contained therein to the Association, which Common Property shall include any private roads or drives which may have been previously created, free and clear of all encumbrances and liens, except public streets, private roads or drives, greenway easements and utility easements before the conveyance of any Lot contained in such Additional Property.

Section 8. Utility Charges for Water and Street Lights. As consideration for the conveyance of the Common Property and as consideration for the rights, entitlements and benefits granted to and conferred upon the Association under and by virtue of this Declaration, the Association covenants and agrees to accept the responsibility for payment of

any and all fees, charges and expenses arising by virtue of the use of water provided to and used in connection with any of the Common Property and by virtue of the use and operation of the street lights installed and erected with the Common Property from and after the date of such acceptance. Such costs of fees, charges and expenses paid by the Association shall be charged ratably to the Owners as an Assessment according to the provisions in Article IV.

ARTICLE X

GREENWAY-CITY OF RALEIGH

Notwithstanding any other provisions of this Declaration, the Association, Owners, Members, Tenants of Members, Members' guests or invitees, or families of Members shall not, within any portion of the Common Properties which is greenway area dedicated to the City of Raleigh, without the prior written consent of the City of Raleigh:

- (a) Grant easements of any nature whatsoever;
- (b) Remove any trees or vegetation;
- (c) Erect gates, fences or other structures;
- (d) Place any garbage receptacles;
- (e) Fill or excavate;
- (f) Plant vegetation or 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 and Lot Owners 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.

ARTICLE XI

GENERAL PROVISIONS

Section 1. Duration. This Declaration and the controls, covenants, restrictions and standards set forth herein shall run with and bind the Property and shall be to the benefit of every Owner of a Lot in the Property, including Urban Resources, and their respective heirs, successors, and assigns, for a term of thirty-five (35) years from the date this Declaration is recorded. At such time, the easements, covenants, conditions and restrictions herein will automatically be extended for period(s) of ten (10) additional years each unless

and until a majority of the Owners of the Lots vote against such extension, which vote shall be evidenced by an appropriate instrument of record recorded on or before the expiration of the then-applicable period. Owners may vote in person or by proxy at a meeting duly called for such purpose, written notice of which shall have been given to all Owners at least thirty (30) days in advance of the date of such vote, which notice shall set forth the purpose of such meeting.

Section 2. Amendment. Subject to the limitations hereinafter contained, this Declaration or any Supplemental Declaration may be amended or modified at any time by a vote of sixty six and two-thirds percent (66 2/3%) of the total eligible votes of the membership of the Association as defined in Article III hereof, with both classes of the membership voting together. Members may vote in person or by proxy at a meeting duly called for such purpose, written notice of which shall be given to all Members at least thirty (30) days in advance of the date of such vote, which notice shall set forth the purpose of such meeting. Notwithstanding anything contained hereinabove, it is understood and agreed that the consent of Urban Resources in writing to any amendment or modification hereof or of any Supplemental Declaration must first be obtained if such amendment or modification is to be effected prior to December 31, 1998. In addition, Urban Resources may make minor amendments or modifications hereof which do not involve a change which materially affects the rights, duties or obligations specified herein provided it first obtains the approval (by vote at a duly called meeting) of the holders of fifty-one percent (51%) or more of the eligible votes of the Association (with both Classes of voting Members voting together). Any amendment or modification effected pursuant to this Section 2 shall become effective when an instrument is filed for the record in the Register of Deeds Office, Wake County, North Carolina, with the signatures of the requisite number of Owners (and the signature of Urban Resources, if such amendment or modification is to be effected prior to December 31, 1998). The foregoing shall not limit the rights of Declarant under Article 11, Section 5 above. All amendments hereto must be approved by the City Attorney for the City of Raleigh, such approval to be evidenced by attaching a letter from such City Attorney to the recorded amendment, provided, however, that the City Attorney upon failure to approve or disapprove of a proposed amendment within thirty (30) days of receipt of a copy of such proposed amendment shall be deemed to have approved such amendment.

Section 3. Amendment Form. If any amendment to this Declaration is so approved, each such amendment shall be delivered to the Board of the Association. Thereupon, the Board of Directors shall within thirty (30) days, do the following:

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

CERTIFICATION OF VALIDITY OF AMENDMENT TO COVENANTS
CONDITIONS AND RESTRICTIONS OF
COVENTRY SUBDIVISION

By authority of its Board of Directors, Coventry of Raleigh Homeowners Association, Inc., hereby certifies that the foregoing Instrument has been duly approved by the Owners of Coventry Subdivision and is, therefore, a valid amendment to the existing covenants, conditions and restrictions of Coventry Subdivision.

This the ____ day of _____, 19__.

COVENTRY OF RALEIGH HOMEOWNERS
ASSOCIATION, INC.

ATTEST:

Secretary

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

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

Section 4. Enforcement. Enforcement of the controls, covenants, conditions, restrictions, easements, development guidelines, charges and liens for which provision is made in this Declaration shall be by any proceeding at law or in equity (or otherwise, as provided in this Declaration) against any person or persons violating or attempting to violate any such control, covenant, condition, restriction, easement, development guideline, charges or lien and in no event shall any delay in such enforcement be deemed a waiver of the right to do so thereafter or of any other or future violation of any thereof. Urban Resources, the Association and each Owner shall each independently have the right to enforce these Covenants.

Section 5. Severability of Provisions. If any paragraph, section, sentence, clause or phrase of this Declaration shall be or become illegal, null or void for any reason or shall be held by any court of competent jurisdiction to be illegal, null or void, the remaining paragraphs, sections, sentences, clauses and phrases shall remain effective irrespective of the

fact that any one or more other paragraphs, sections, sentences, clauses, or phrases shall become or be illegal, null or void.

Section 6. Notice. Whenever written notice to an Owner (including Urban Resources) is required hereunder, such notice shall be given by the mailing of same, postage prepaid, to the address of such Owner appearing on the records of the Association. If notice is given in such manner, such notice shall be conclusively deemed to have been given by placing same in the United States mail properly addressed, with postage prepaid, whether received by the addressee or not. It is the Owner's responsibility to notify the Association of any changes in Owner name and/or mailing address.

Section 7. Titles. The titles, headings and captions which have been used throughout this Declaration are for convenience only and are not to be used in construing this Declaration or any part thereof.

Section 8. Conflicts. In the event of any irreconcilable conflict between this Declaration and the ByLaws of the Association, the provisions of this Declaration shall control. In the event of any irreconcilable conflict between this Declaration and the Articles of Incorporation of the Association, the provisions of this Declaration shall control.

Section 9. Urban Resources Consent. No provision hereof requiring the consent of Urban Resources shall be effective during any period while Urban Resources does not own property subject to the provisions of this Declaration.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has caused this Declaration to be executed under Seal on the day and year first above written.

URBAN RESOURCES, INC., A NORTH CAROLINA CORPORATION

By: *Robert K. Hullstam*
President

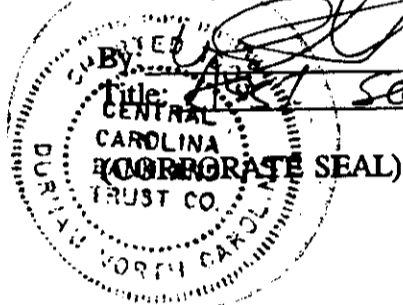
ATTEST:
Craig A. Bair
Secretary

(CORPORATE SEAL)

CONSENTED TO AND APPROVED BY:

AS EVIDENCE OF SUBORDINATION OF ITS LIENS TO THIS DECLARATION)

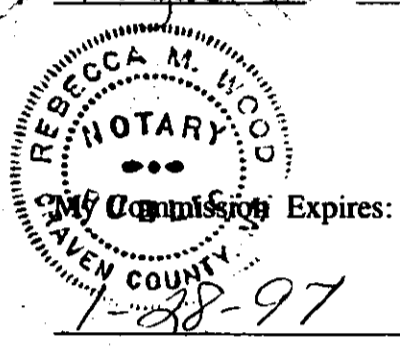
Central Carolina Bank and Trust Company



STATE OF NORTH CAROLINA
WAKE COUNTY

I, Rebecca M. Wood, a Notary Public, do hereby certify that
Craig A. Briner personally appeared before me this day and acknowledged that
he/she is the _____ Secretary of Urban Resources, Inc., a North Carolina
corporation, and that by authority duly given and as the act of the Corporation, the
foregoing instrument was signed in its name by its _____ President, sealed with its
corporate seal, and attested by him/her as its _____ Secretary.

Witness my hand and official stamp or seal this 26th day of
August, 1994.



Rebecca M. Wood
Notary Public

APPROVED AS TO FORM BY THE CITY OF RALEIGH

By: Paul Bohmick
Title: City Attorney

NORTH CAROLINA — WAKE COUNTY

The foregoing Certificate _____ of _____
Rebecca M. Wood

Notary(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 Meta N. Harris
Asst./Deputy Register of Deeds

TRACT 1:

BEGINNING at NCGS Monument "Hunter" N 769,534.81 and E 2,134,107.78 and running thence N 07° 40' 36" E 561.32 feet to an existing iron pipe and running thence N 59° 59' 38" W 50.88 feet to an iron pipe set and being the true POINT AND PLACE OF BEGINNING; running thence from said POINT AND PLACE OF BEGINNING S 24° 26' 27" W 830.55 feet to a right-of-way monument; running thence with the northern margin of the "Outer Loop Right-of-Way" as described in Deed Book 5522 Page 822, Wake County Registry (the "Outer Loop") N 57° 25' 51" W 1,041.29 feet to a right-of-way monument; continuing with the northern margin of said Outer Loop N 35° 00' 59" W 508.28 feet to a right-of-way monument; continuing with the northern margin of said Outer Loop N 38° 47' 52" W 233.19 feet to a right-of-way monument; continuing with the northern margin of said Outer Loop N 42° 53' 41" W 347.20 feet to a right-of-way monument; continuing with the northern margin of said Outer Loop N 44° 38' 47" W 1,651.17 feet to an iron pipe set, said iron pipe set being located in the common corner of the boundary between the property described herein, the northern margin of the right-of-way of said Outer Loop described herein, and the property now or formerly belonging to James M. and Ernestine Jeffreys as described in Deed Book 2752, Page 106, and Deed Book 1516, Page 02, Wake County Registry; running thence from said iron pipe set with said Jeffreys' line N 85° 12' 53" E 332.70 feet to an existing iron pipe; running thence with the line of Bentley Woods Subdivision as described in Book of Maps 1980, Page 460, Wake County Registry S 87° 55' 16" E 124.26 feet to an existing iron pipe; continuing with said line of Bentley Woods S 87° 55' 45" E 357.25 feet to an existing iron pipe; continuing with said line of Bentley Woods S 11° 30' 18" E 294.59 feet to an existing iron pipe; continuing with said line of Bentley Woods S 85° 17' 30" E 319.95 feet to an existing iron pipe located in the center line of the City of Raleigh 20-foot sanitary sewer easement; continuing with said line of Bentley Woods S 85° 43' 55" E 460.80 feet to an existing iron pipe; continuing with said line of Bentley Woods S 85° 54' 52" E 269.79 feet to an existing iron pipe; running thence with the line of Bentley Woods Subdivision as shown in Book of Maps 1981, Page 280, Wake County Registry S 00° 02' 45" E 814.88 feet to an existing iron pipe; running thence with the lines of Bentley Woods Subdivision Section 6-A as described in Book of Maps 1973, Page 101, Wake County Registry and with the line of Bentley Woods Subdivision Section 8 as described in Book of Maps 1977, Page 926, Wake County Registry the following courses and distances: S 59° 47' 48" E 636.37 feet to an iron pipe set and S 59° 59' 38" E 676.66 feet to an iron pipe set being the true POINT AND PLACE OF BEGINNING, and containing 57.1507 acres more or less as more particularly described in that survey by Bass, Nixon and Kennedy, Inc., Consulting Engineers, for Urban Resources, Inc., dated January 10, 1994, and being the northern portion of all of the property acquired by Grantor by Deed recorded in Book 5388, Page 465, Wake County Registry.

Provided, however, that Grantor makes no warranties of title (1) as to the cemetery or graveyard property shown on the above-referenced survey (the "Graveyard") or (2) as to that portion of the twenty-foot wide driveway access easement lying within the boundaries of the herein-conveyed property shown on the same above-referenced survey (the "Driveway"). As to the Graveyard and the Driveway, Grantor herein conveys only such interest as Grantor owns, if any.

139-99401

TRACT 2:

BEGINNING at a point in the southern right-of-way of Fox Road N.C. State Road 2042, said point being the northeast corner of Lot 2 as shown in Book of Maps 1978, Volume 3, Page 314, Wake County Registry; thence with the western line of property now or formerly owned by C.E. and B. W. Shearon South 3° 33' 37" West 216.91 feet to an existing pipe; thence South 85° 13' 47" West 70.75 feet to an existing pipe; thence North 3° 33' 37" East 216.31 feet to a point in the southern right-of-way of Fox Road, State Road 2042; thence with the southern right-of-way of Fox Road, State Road 2042 North 84° 45' 07" East 70.84 feet to the point and place of BEGINNING and containing .348 acres as shown in survey map for Urban Resources by David K. Brubaker R.L.S. of W. K. Dickson & Company, Inc. dated May 4, 1994, and being a portion of Lot 2 as shown in Book of Maps 1978, Page 314, Wake County Registry.