

LEGAL CERTIFICATION FOR

HEWLETT'S RUN

PLANNED UNIT DEVELOPMENT

I am an attorney licensed to practice in the State of North Carolina. I am not an employee, principal or officer of the Declarant. I hereby certify that the legal documents for the above Planned Unit Development are in compliance with all of the following HUD legal requirements.

I. Articles of Incorporation

1. Every person or entity who is a record owner of any lot is entitled to membership and voting rights in the association. Membership is appurtenant to, and inseparable from, ownership of the lot.
2. If the association is dissolved, the assets shall be dedicated to a public body, or conveyed to a nonprofit organization with similar purposes.
3. Amendment of the Articles of Incorporation requires the approval of at least 2/3 vote of the lot owners.
4. Annexation of additional properties, mergers and consolidations, mortgaging of Common Area, dissolution and amendment of the Articles, requires prior approval of HUD/VA as long as there is a Class B membership.

II. Declaration of Covenants.

1. A legal description of the Planned Unit Development is contained.
2. All lots in the Planned Unit Development are subject to the covenants.
3. Every owner has a right and easement of enjoyment to the common area, which is appurtenant to the title to the lot.
4. The lien of any assessment is subordinate to the lien of the deed of trust to any institutional lender.
5. Mortgagees are not required to collect assessments.
6. Annexation of additional properties, dedication of Common Area, and amendment of the Declaration of Cove-

nants, Conditions and Restrictions, requires HUD/VA prior approval as long as there is a Class B membership.

7. Failure to pay assessment does not constitute a default under an insured mortgage.
8. The covenants assure lot owners of automatic membership and voting rights in the association.
9. Each lot owner is empowered to enforce the covenants.
10. The approval of at least 2/3 of the lot owners is required to amend the covenants.
11. The common area cannot be mortgaged or conveyed without the consent of at least 2/3 of the lot owners (excluding the developer).
12. If ingress or egress to any residence is through the common area, any conveyance or encumbrance of such area is subject to lot owner's easement.
13. There is no provision in the covenants which conflicts with the HUD requirement that the common area shall be conveyed to the association free and clear of all encumbrances before HUD insures the first mortgage in the Planned Unit Development.
14. Absolute liability is not imposed on lot owners for damage to common area or lots in the Planned Unit Development.
15. The Class B membership (Declarant's weighted vote) ceases and converts to Class A membership upon the earlier of the following:
 - A. 75% of the units are deeded to homeowners.
 - B. On December 31, 2000.

III. By-Laws

1. The By-Laws are consistent with the Articles of Incorporation and Declaration of Covenants.
2. HUD/VA has the right to veto amendments while there is a Class B membership.

W. TALMAGE JONES, Attorney