

DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS

OF

BOOK 1343 PAGE 219

TRAPPERS CREEK, SECTION 2
(SYCAMORE RUN AT TRAPPERS CREEK)

This DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS OF TRAPPERS CREEK, SECTION 2 (SYCAMORE RUN AT TRAPPERS CREEK) made and entered into as of the 13 day of NOV, 1992, by and between QUIXOTE DEVELOPMENT, LTD. and ALL PROSPECTIVE PURCHASERS OR OWNERS of Lots 22, 33 and 37 through 55 shown and depicted on the plat entitled "Trappers Creek, Section 2 (Sycamore Run at Trappers Creek)" recorded in Plat Cabinet F, Slides 133C and 133D, Craven County Register of Deeds Office;

W I T N E S S E T H:

WHEREAS, Quixote Development, Ltd. (hereinafter called "Declarant") is the Owner of the Lots and Common Areas lying and being situate in Craven County, North Carolina, and being more particularly described herein, and, in order to create uniformity in the Development, Declarant has decided to impose the covenants herein set forth on the property more particularly described as follows:

Lots:

Lots 22, 33 and 37 through 55 as shown on the plat of Trappers Creek, Section 2 (Sycamore Run at Trappers Creek) recorded in Plat Cabinet F, Slides 133C and 133D, in the Craven County Register of Deeds Office.

Common Areas:

A perpetual easement over the two areas depicted as 20 foot Drainage and Landscape Easement and the two areas depicted as 20 foot by 20 foot Sign Easement as shown on the recorded plat.

WHEREAS, Declarant desires to develop a single family residential community and intends by the recordation of this Declaration to impose rules, regulations, restrictions, covenants, conditions, reservations, exceptions, and easements contained herein (hereinafter sometimes called Restrictions) on the land depicted on the aforesaid map to the end that the Lots and Common Areas defined herein shall be held subject to said Restrictions.

NOW, THEREFORE, the Declarant hereby does declare that the Restrictions contained herein shall run with the property defined herein as Lots; shall be a burden on and a benefit to such property; shall be binding on all parties having or acquiring any

See BK 1346 pg 475 for First Amend to Declaration - 12-16-92 Becky Thompson Rgd

right, title, or interest in the property or any part thereof; and shall inure to the benefit of each Owner of any part thereof.

A.

Definitions

As used herein,

(1) "Articles" means the Articles of Incorporation of Sycamore Run Homeowners Association, Inc. and any amendments thereto.

(2) "Bylaws" means the Bylaws of Sycamore Run Homeowners Association, Inc. and any amendments thereto.

(3) "Common Areas" means all real property (including the improvements thereto) and interests in real property now owned or hereafter acquired by the Corporation for the common use and enjoyment of the Owners. The Common Areas to be conveyed by Declarant to and owned by the Corporation are those easements hereinabove described.

(4) "Corporation" means Sycamore Run Homeowners Association, Inc., its successors and assigns.

(5) "Declarant" means Quixote Development, Ltd. and any other person or entity who acquires title to six or more Lots from Quixote Development, Ltd. on which no Dwelling has been constructed at the time of such acquisition.

(6) "Dwelling" means a structure located on a Lot built in accordance with the requirements of Article L hereof.

(7) "Lot" means a separately numbered tract of land shown on the aforesaid plat. At the present time, the Lots are numbered 22, 33 and 37 through 55.

(8) "Owner" means the record Owner, whether one or more persons, of fee simple title to any Lot, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

(9) "Person" or "Persons" means any individual, group of individuals, corporation, partnership or any other entity, including any combination thereof.

(10) "Subdivision" means all of the property defined herein as Lots and Common Areas.

(11) "Board of Directors" means the Board of Directors of Sycamore Run Homeowners Association, Inc.

(12) "Declaration" means this Declaration of Covenants, Conditions, Restrictions and Easements of Trappers Creek, Section 2 (Sycamore Run at Trappers Creek) and any amendments thereto.

(13) "Committee" means the Sycamore Run Architectural Control Committee constituted and having the powers as provided in Article J hereof.

B.

Membership

(1) A Corporation named Sycamore Run Homeowners Association, Inc. has been or will be formed at the direction of the Declarant pursuant to the rules and requirements of the Nonprofit Corporation Act (Chapter 55A) of the General Statutes of North Carolina as an association of the Owners of Lots. Its purposes are to own, manage, maintain, and operate the Common Areas and facilities located upon the Common Areas; to enforce the Restrictions contained herein; and to make and enforce rules and regulations governing the Owners' use and occupation of Lots.

(2) Each Owner of each Lot within the Subdivision shall be a member of the Corporation. The Declarant, by this Declaration, and the Owners of individual Lots by their acceptance of individual deeds thereto, covenant and agree with respect to the Corporation: (A) That for so long as each is an Owner of a Lot within the Subdivision, each will perform all acts necessary to remain in good and current standing as a member of the Corporation; and (B) That any unpaid assessment, whether general or special, levied by the Corporation in accordance with these Restrictions, the Articles or the Bylaws shall be a lien upon the Lot upon which such assessment was levied and shall be the personal obligation of the person who was the Owner of the Lot at the time the assessment fell due.

(3) Each membership in the Corporation shall relate to and have a unity of interest with an individual Lot and may not be separated from ownership of said Lot. The books and all supporting documentation, the Declaration, the Articles, the Bylaws, and all amendments thereto shall be available for examination by all Lot Owners, and their lenders or their lenders' Agents during normal business hours at the principal office of the Corporation.

(4) The Corporation shall have two classes of members:

CLASS A - Class A member(s) shall be all Owners, with the exception of any Owners who qualify as Class B members, and they shall be entitled to one vote for each Lot owned; provided, however, when more than one Person holds an interest in any Lot, all such Persons shall be members; however, the vote for such Lot shall be exercised as they, among themselves, determine, but in no event shall more than one vote or any fraction of a vote be cast with respect to any Lot.

CLASS B - Class B member(s) shall be the Declarant. Class B members shall be entitled to three votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(A) On February 28, 1998; or,

(B) When the total votes outstanding in the Class A membership equal or exceed the total votes outstanding in the Class B membership;

C.

Management and Administration

The management and administration of the affairs of the Common Areas of the Subdivision shall be the sole right and responsibility of the Corporation. The management shall be carried out in accordance with the terms and conditions of these Restrictions, the Articles and the Bylaws of the Corporation. Provided, however, any contract entered into by the Corporation prior to the termination of the Class B membership must contain a provision allowing the Corporation to terminate the contract without cause and without penalty or extra charge, at any time after the termination of the Class B membership upon thirty (30) days advance notice.

D.

Community Expenses

The Community Expenses of the Subdivision include:

(1) All amounts expended by the Corporation in operating, administering, managing, repairing, replacing and improving the Common Areas of the Subdivision including, but not being limited to, constructing and maintaining planting areas, signs and berms thereon; all amounts expended by the Corporation in insuring the Common Areas of the Subdivision; all amounts expended by the Corporation in legal, engineering, or architectural fees and all similar fees which may be incurred by the Corporation from time to time in performing the functions delegated to the Corporation by these Restrictions.

(2) All amounts expended by the Corporation in carrying out any duty or discretion as may be required or allowed by these Restrictions, the Articles or the Bylaws.

(3) All amounts declared to be Community Expenses in the Bylaws or in these Restrictions.

(4) All taxes and special assessments which may be levied from time to time by any governmental authority upon the Common Areas in the Subdivision.

(1) The Declarant for each Lot owned, hereby covenants, and each Owner of any Lot by acceptance of a deed for same (whether or not it shall be so expressed in such deed) is deemed to covenant, to pay to the Corporation monthly general assessments or charges as hereinafter provided. The monthly general assessments, together with interest, costs and reasonable attorneys' fees, shall be a charge and lien on the land and, subject to the provisions of Paragraph 8 of this Article, shall be a continuing lien upon the property against which each such assessment is made. Furthermore, each such assessment, together with interest, costs, and reasonable attorneys' fees, shall also be the personal obligation of the person who was the owner of the Lot at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to a successor in title to a Lot unless expressly assumed by them but, subject to the provisions of this Declaration, delinquent assessments shall continue to be a lien upon such Lot.

(2) Until January 1, 1993, the monthly general assessment shall be Six and No/100 Dollars (\$6.00) per Lot.

(A) From and after January 1, 1993, the monthly general assessment may not be increased in any year by more than ten percent (10%) above the assessment for the previous year without a vote of the membership.

(B) From and after January 1, 1993, the monthly general assessment may be increased by an amount greater than ten percent (10%) of the assessment for the previous year provided the proposed increase is approved by a vote of two-thirds (2/3) of each class of members who are voting in person or by a proxy, at a meeting duly called for this purpose.

(C) The Board of Directors may fix the monthly general assessments which come due after January 1, 1993, at an amount not in excess of the ceiling established herein.

(D) Once the monthly general assessment has been set, notice of the monthly general assessment shall be given to all Lot Owners. It is provided, however, that no Owner is relieved from the obligation to pay the assessment because of failure to give such notice. After the initial notice of the assessment, no bills for such assessment will be forwarded to any Owner but such assessment thereafter shall become due and payable as provided by the Board of Directors.

(E) As provided in the Bylaws and subject to the restrictions and limitations provided herein, the Board of Directors shall establish an Annual Budget in advance for each fiscal year. Such budget shall project all expenses for the forthcoming fiscal year which may be required for the proper operation, management and maintenance of the Corporation and the

Common Areas, including a reasonable allowance for contingencies and reserves. The budget shall take into account any projected or anticipated income. The Board of Directors shall keep separate, in accordance with Paragraph (F) hereof, items relating to the daily operation, management and maintenance of the Corporation and Common Areas from items relating to capital improvements. Upon adoption of such Annual budget by the Board of Directors, copies of said Budget shall be delivered to each Owner and the assessment for said year shall be established, subject to the restrictions and limitations provided herein, based upon such budget; however, the non-delivery of a copy of said Budget to each Owner shall not affect the liability of any Owner for such assessment. The Annual Budget shall be divided by the number of Lots subject to the monthly general assessments at the time of the annual meeting of the members and the quotient shall be the annual general assessment per Lot for the succeeding fiscal year. The annual general assessment per Lot shall then be divided by twelve (12) to determine the monthly general assessment per Lot, subject to such limitations and restrictions, set forth herein. In determining the number of Lots subject to the monthly general assessments, any Lot which is owned by a Class B member shall only be considered one-fourth (1/4) of a Lot.

(F) The Board of Directors, in establishing the Annual Budget for operation, management and maintenance of the Corporation and Common Areas, shall designate therein a sum to be collected and maintained as a reserve fund for the periodic maintenance, repair and replacement of capital improvements to the Common Areas, which capital improvement and replacement fund (Capital Improvement Fund) shall be for the purpose of enabling the Corporation to maintain, repair or replace structural elements, landscape features and mechanical equipment constituting a part of the Common Areas, as well as the replacement of personal property which may constitute a portion of the Common Areas held for the joint use and benefit of the Owners. The amount to be allocated to the Capital Improvement Fund may be established by said Board of Directors so as to collect and maintain a sum reasonably necessary for repair, maintenance and replacement of capital improvements to the Common Areas. The amount collected for the Capital Improvement Fund shall be maintained in a separate account by the Corporation and such monies shall be used only for periodic maintenance, repair and replacement of Capital Improvements to the Common Areas. The Capital Improvement Fund shall be maintained out of the monthly general assessments. Any interest earned on monies in the Capital Improvement Fund, in the discretion of the Board of Directors, may be expended for daily operation, management and maintenance of the Corporation and Common Areas.

(G) All monies collected by the Corporation shall be treated as the separate property of the Corporation and such monies may be applied by the Corporation to the payment of any expense of operating and managing the Corporation, or the proper undertaking of all acts and duties imposed upon it by virtue of this Declaration, the Articles and the Bylaws, except that monies placed in the Capital Improvement Fund shall be used only for the

specified purposes of said fund. As monies for any assessment are paid into the Corporation by any Owner, the same may be commingled with monies paid to the Corporation by the other Owners. Although all funds, including other assets of the Corporation, and any increments thereto or profits derived therefrom, shall be held for the benefit of the members of the Corporation, no member of the Corporation shall have the right to assign, hypothecate, pledge or in any manner transfer his membership interest therein, except as an appurtenance to his Lot. When the Owner of a Lot shall cease to be a member of the Corporation by reason of his divestment of ownership of such Lot, by whatever means, the Corporation shall not be required to account to such Owner for any share of the fund or assets of the Corporation, including any monies which Owner may have paid to the Corporation, as all monies which any Owner has paid to the Corporation shall be and constitute an asset of the Corporation which may be used in the operation and management of the Corporation.

(3) Written notice of any meeting called for the purpose of taking any action authorized under Paragraph (2)(B) shall be sent to all members not less than thirty (30) days, nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

(4) Annual and special assessments, except as otherwise provided herein, shall be fixed at a uniform rate for all Lots. However, for so long as there is a Class B member of the Corporation, the Lots owned by the Class B member shall be liable for and the Class B member shall pay on each Lot as a monthly general assessment only twenty-five percent (25%) of the amount of the monthly general assessment then being levied by the Corporation on each Lot. This reduction in the amount of monthly general assessments due on Lots owned by the Class B member shall terminate as to a particular Lot upon the Lot being conveyed by the Class B member by deed, lease or rental agreement (excluding mortgage or deed of trust) to any person other than Declarant; further, this reduction in the amount of monthly general assessments due by the Class B member shall cease upon the termination of Class B membership as herein provided.

(5) The monthly general assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance of the first Lot in the Subdivision by Declarant. The monthly general assessments shall be payable monthly, with the due date for such payments being as established by the Board of Directors. The payment of any assessment or installment thereof shall be in default if such assessment or installment is not paid to the Corporation within ten (10) days of

the due date for such payment. When in default, the delinquent assessment shall bear interest at the rate of ten percent (10%) per annum until such delinquent assessment and all interest due thereon has been paid in full.

(6) The monthly general assessments levied by the Corporation shall be used exclusively to improve, maintain and repair the Common Areas, to pay the expenses of the Corporation, to pay the cost of mowing and lighting the Common Areas, to pay the cost of any insurance the Corporation determines to purchase and to promote the recreation, health, safety and welfare of the members. Taxes, hazard insurance, and maintenance on Dwellings and Lots shall not be a purpose of said assessments; but rather, shall be an individual cost to be borne by each Lot Owner.

(7) The Corporation shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Corporation setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Corporation as to the status of assessments on a Lot is binding upon the Corporation as of the date of its issuance.

(8) The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to foreclosure of a first mortgage or any proceeding in lieu thereof, shall extinguish the lien 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.

F.

Special Assessments

Special assessments may be levied against Lots for such reasons as are provided in these Restrictions, the Articles or the Bylaws, and on such terms as provided by the directors and the members. Upon a two-thirds (2/3) vote of the Directors and a two-thirds (2/3) vote of each class of members who are voting in person or by proxy at a meeting duly called for this purpose, the Corporation may levy and impose special assessments. The purposes for which special assessments may be levied include, but are not limited to, providing funds to pay Community Expense which exceed the general assessment fund then on hand to pay same (specifically including the cost of any construction, reconstruction or repair or replacement of a capital improvement upon the Common Areas, including fixtures and personal property related thereto) and providing a contingency fund for capital improvements and extraordinary expenses. Furthermore, special assessments may be assessed against specific Lots. Special Assessments, together with interest, costs and reasonable attorneys' fees, shall be a charge and lien on the land and subject to the provisions of Paragraph 8 of Article E, shall be a continuing lien upon the property against

which each such assessment is made. Furthermore, each such assessment, together with interest, costs, and reasonable attorneys' fees, shall be the personal obligation of the person who was the owner of the Lot at the time when the assessment fell due. The personal obligation for delinquent special assessments shall not pass to a successor in title to a Lot unless expressly assumed by them but, subject to the provisions of this Declaration, delinquent assessments shall continue to be a lien upon such Lot.

Written notice of any meeting of the members called for the purpose of levying and imposing special assessments shall be sent to all members not less than thirty (30) days, nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

G

Lien for Assessments

Any general or special assessment, if not paid within thirty (30) days after the date such assessment is due, together with interest at the rate of ten percent (10%) per annum, costs of collection, court costs, and reasonable attorneys fees shall constitute a lien against the Lot upon which such assessment is levied. The Corporation may record notice of the same in the Office of the Clerk of Superior Court of Craven County or file a suit to collect such delinquent assessments and charges. The Corporation may file Notice of Lis Pendens, bring an action at law against the Owner personally obligated to pay the same and/or bring an action to foreclose the lien against the property. No Owner may waive or otherwise escape liability for the assessments provided for herein.

H.

Compliance With This Declaration,
The Articles and The Bylaws of the Corporation

In the case of failure of a Lot Owner to comply with the terms and provisions contained in these Restrictions, the Articles or the Bylaws of the Corporation, the following relief shall be available:

(1) An aggrieved Lot Owner or Owners within the Subdivision or any Lot Owner on behalf of all the Lot Owners within the Subdivision shall have the right to bring an action and recover sums due, damages, injunctive relief, and/or such other and further relief as may be just and appropriate.

(2) If the violation is the nonpayment of any general or special assessment, the Corporation shall have the right to suspend the offending Owner's voting rights for any period during which an assessment against the Lot remains unpaid.

(3) The remedies provided by this Article are cumulative, and are in addition to any other remedies provided by law.

(4) The failure of the Corporation or any Person to enforce any restriction contained in these Restrictions, the Articles or the Bylaws shall not be deemed to waive the right to enforce such restrictions thereafter as to the same violation or subsequent violation of similar character.

I.

Property Rights of Lot Owners, Cross-Easements,
and Exceptions and Reservations by Declarant.

(1) Every Owner of a Lot within the Subdivision as an appurtenance to such Lot shall have a perpetual easement over and upon the Common Areas within the Subdivision for each and every purpose or use to which such Common Areas were intended as determined by their type, or for which such Common Areas generally are used. Such easements shall be appurtenant to and shall pass with the title to every Lot located within the Subdivision, whether or not specifically included in a deed thereto, subject to the following provisions:

(A) The Corporation shall have the right to make reasonable rules and regulations respecting the use of same.

(B) The Corporation may make reasonable rules respecting parking on the streets of the Subdivision.

(C) The Corporation shall have the right to dedicate or transfer fee simple title to all or any part of the Common Areas to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication, sale, or transfer shall be effective unless an instrument agreeing to such dedication or transfer signed by two-thirds (2/3) of each class of members has been recorded.

(D) The Corporation shall have the right to mortgage, pledge, deed in trust, hypothecate, sell, or convey all or any part of the Common Areas; provided, however, no such action may occur until an instrument agreeing to such action signed by two-thirds (2/3) of each class of members has been recorded.

(2) The Corporation hereinafter may grant easements for utility purposes for the benefit of the Subdivision and the Lots now or hereafter located therein, over, under, along and through any Common Area located within the Subdivision.

(3) Any Owner may delegate, in accordance with the Bylaws, his right of enjoyment to the Common Areas and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

(4) Easements for the installation and maintenance of utilities and drainage facilities are as shown on the recorded plat. Those easements are reserved by Declarant for purposes of benefitting this subdivision and its other property in the area. Except as otherwise provided herein, no structure, planting, or other material shall be placed or permitted to remain within these easements which may interfere with the installation and maintenance of utilities, which may change the direction of flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements. Declarant specifically reserves the right to grant any public utility, municipality or other property owner similar nonexclusive easement rights in said utility and drainage easements shown on the aforesaid plat and reserved herein.

(5) The Declarant reserves the right to subject the Lots in the Subdivision to a contract with the City of New Bern Utility Department or any other public utility or municipality for electricity and lighting to the Lots, including the installation of underground electric cables, which contract may require an initial payment and/or continuing monthly payments to the city of New Bern Utility Department or any other municipality or public utility by the Owner of each Lot. Such expense, including both initial and continuing monthly payments, shall be an individual cost to be borne by each individual Lot Owner and is not covered by the general assessments.

(6) The Declarant reserves the right to subject the Lots in the Subdivision to a contract with the City of New Bern Utility Department or any other public utility or municipality for street lights and for lights for the Common Areas and entrance signs which contract may require an initial payment and/or continuing monthly payments to the City of New Bern Utility Department or any other public utility or municipality. Such expense is included in the general assessments.

(7) As long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: annexation of additional properties, dedication of Common Areas, and amendment of this Declaration.

(8) Each Owner of any Lot within the Subdivision, as an appurtenance to such Lot, shall have and is hereby conveyed a perpetual, nonexclusive right of way and easement for the purposes of ingress, egress and regress to and from said Lot over, through and across the streets and roads shown on the Subdivision plat and over Trappers Trail to and from Oaks Road.

(9) The Owner of each Lot, by acceptance of a deed thereto, and the Corporation by acceptance of a deed for the Common Areas, grants to the Declarant, their successor and assigns, and Declarant hereby reserves perpetual nonexclusive general access and utility easements located over, along and through the streets and roads, utility lines, water lines and sewage lines presently existing, shown on the aforesaid plat or hereafter constructed. Such easements are nonexclusive and are for the purposes of providing utilities, water and sewage service and ingress, egress, regress and access to such additional areas as may be later developed and subdivided by Declarant. In its sole, unfettered discretion, Declarant may grant similar nonexclusive easement rights to various parties as they deem necessary and proper.

J.

Architectural Control and Architectural Restrictions

(1) The Architectural Control Committee ("Committee") shall be comprised of three (3) persons. Any natural person may serve as a member of the Committee. Until February 28, 1998, Declarant shall have the right to appoint and remove the three (3) Committee members with or without cause. After such date, the Board of Directors of Corporation shall have the right to appoint and remove members of the Committee with or without cause.

(2) Except as provided in Paragraph 7 of this Article J, before any structure, fence, building, wall or addition to any of same shall be commenced, erected, or maintained upon any Lot and before any alteration (including painting) of the exterior portion of any structure located upon any Lot in the Subdivision shall be commenced (except as shall be undertaken by the Corporation itself), the party desiring to make such changes or erections shall submit and have approved by the Committee (hereinafter called "Committee"), plans and specifications detailing the changes and erections. The plans and specifications must show the structure, kind, shape, height, materials, color and locations of the change or erection. Two (2) complete sets of Committee Application Forms, final plans, and specifications for any and all proposed improvements, shall be (1) hand delivered to the Committee, or (2) mailed certified or registered mail with return receipt requested to the Committee. The Committee shall approve or disapprove such plans within forty (40) days of receipt thereof. One set of plans and specifications and details with the approval or disapproval of the Committee shall be returned to the party submitting them and the other copy shall be retained by the Committee for its permanent files. Until February 28, 1998, the address of the Committee is 1911 South Glenburnie Road, New Bern, North Carolina 28560. After such date, the address is the address of the Corporation.

(3) The Committee shall make its decision approving or disapproving the plans by taking into consideration the nature of the Subdivision, the aesthetics of the proposed changes or alterations, the harmony of the proposed change or erection with the architectural style of neighboring buildings, color schemes,

durability of construction, relative costs, and protection of the investment of the Owners of other Lots in the Subdivision. Submission of incomplete or inaccurate plans and specifications may result in disapproval. The decisions of the Committee shall be final and not subject to appeal or review.

(4) If the Committee fails either to approve or disapprove any plans so submitted within forty (40) days of their submission, the plans will be deemed approved. If a court action challenging the lack of approval is not brought before a certificate of occupancy has been issued by the City of New Bern for the improvement, the plans will be deemed approved.

(5) Neither the Committee nor any agent of the Declarant shall be responsible in any way for any defects in any plans or specifications submitted, revised or approved in accordance with the foregoing provisions nor any structural or other defect in any work done according to such plans and specifications.

(6) The requirements of this Article shall not constitute a lien or encumbrance on any Lot on which construction is complete, and any subsequent purchaser thereof for value without notice thereof is in no way affected by the failure of his predecessors in title to comply with the terms hereof.

(7) The provisions of this Article shall not apply to original construction on a Lot by Declarant and no such approval shall be required for original construction by Declarant.

(8) The initial members of the Committee shall be Hiram J. Mayo, Jr., Henry Stilley, Jr. and Lucien Vaughn.

K.

Insurance

(1) The Corporation shall purchase and maintain at all times a comprehensive general liability insurance policy covering all Common Areas, public ways and any other areas that are under its supervision. The liability insurance shall insure against liability to the public or to other lot owners, their tenants, guests or invitees, relating in any way to the ownership, operation, maintenance and/or use of the Common Areas and any part thereof, and any other areas under the Corporation's supervision including public ways, if the Corporation supervises any such public ways. Such insurance policy shall contain a "severability of interest endorsement" or equivalent coverage which precludes the insurer from denying the claim of a Lot Owner because of the negligent acts of the Corporation or other Lot Owners. Limits of liability shall be at least One Million Dollars (\$1,000,000) covering all claims for personal injury and/or property damage arising out of a single occurrence. Coverage under this policy shall include legal liability arising out of losses related to employment contracts of the Corporation. The policy shall require the insurer to notify in writing the Corporation at least ten (10)

days before the insurer cancels or substantially changes the coverage.

(2) It is the responsibility of each Owner to purchase and maintain hazard insurance on such Owner's Dwelling, personal property, fixtures and appliances. Each Owner shall be responsible for purchasing and maintaining any desired liability insurance covering his Lot and Dwelling.

L.

Restrictions on Use and Occupancy

(1) The division of Lots is permissible provided that the number of Lots in the Subdivision is not increased (i.e., portions of lots are combined with other lots or other portions of lots to form a new Lot). Any such Lot which has been formed with portions of one or more Lots shall be considered to be a Lot as defined herein notwithstanding the fact that said Lot actually consists of portions of more than one original Lot. In the case of such redivision, each redivided Lot shall have a side setback at least as great as the side setback which was required on the Lots from which it was formed prior to such redivision and the original side setbacks shown on the recorded plat may be disregarded. Drainage and utility easements not actually in use shall be moved to the perimeter lot lines of the reconfigured Lot. No Lot shall be used except for single family residential purposes. No building shall be located on any Lot except a Dwelling as defined herein and such other outbuildings which is a normal and customary accessory for a single family residential dwelling, including a private garage. Except as hereinabove provided for reconfigured Lots, all Dwellings shall be located within the building envelopes as shown on the recorded plat.

(2) Every residential Dwelling constructed on a Lot shall contain at least 800 square feet of heated area. In addition, if such Dwelling consists of a one and one-half (1 1/2) story Dwelling, such Dwelling shall have not less than 700 heated square feet on the first floor. Any two story Dwelling shall contain not less than 600 heated square feet on the first floor.

(3) Any appurtenant structure shall be of like materials, construction methods, and techniques, as the principal residential dwelling. Appurtenant structures shall be located to the rear of the Dwelling and at least 10 feet from any Lot line. Fences and appurtenant structures are allowable only if in the opinion of the Committee, they are necessary for the enjoyment of the property for single family residential use. These appurtenant structures shall not be allowed if they are made of metal, tin, aluminum or similar materials.

(4) All mail boxes and paper boxes shall be approved by the Committee.

(5) No fences shall be permitted on any Lot unless erected by the Declarant or approved by the Committee. No chain

link fence, or any other fence comprised in whole or in part of metal shall be allowed within the Subdivision.

(6) Without the prior written consent of the Committee, nothing shall be done or kept in any Dwelling or on any Lot which will increase the rate of insurance applicable to other buildings in the subdivision. No Owner shall permit anything to be done or kept in his Dwelling or on his Lot which will result in the cancellation of insurance on his Dwelling or of that of any of his neighbors. No waste may occur in the Common Areas.

(7) Owners and occupants of Dwellings, without the prior written consent of the Committee, shall not place or store any item on the exterior of a Dwelling.

(8) All motor vehicles of any type kept within the Subdivision shall have current registration and inspection certificates. Only automobiles, pick-up trucks and vans of a size of three-quarter ton or smaller and motorcycles shall be allowed to remain overnight in the subdivision. No tractor, trailer or tractor-trailer may be kept within the Subdivision. It is provided, however, that during the construction and development period, construction trucks, tractors and equipment may be kept within the Subdivision by the Declarant or his designees.

(9) No signs of any kind shall be displayed to the public view on any Lot except signs used by the Declarant or its agent to advertise the property during the construction and sales period, one sign not more than six (6) square feet advertising the property for sale or rent, and the entrance signs to the Subdivision.

(10) No outdoor poles, clotheslines, or other similar equipment shall be erected or permitted on any Lot.

(11) No trash, ashes, garbage, or other refuse shall be dumped or stored or accumulated on the exterior of any Dwelling.

(12) All outdoor receptacles located on a Lot for ashes, trash, rubbish or garbage shall be installed underground, screened or so placed and kept as not to be visible to the occupants of other Lots.

(13) No noxious or offensive activity shall be conducted upon any Lot nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood.

(14) No animals, livestock, or poultry of any kind shall be kept or maintained on any Lot or in any Dwelling except that dogs, cats, or other household pets may be kept or maintained provided they are not kept or maintained for commercial purposes. Such pets shall be reasonable in size and number. Animals or pets shall not run at large.

(15) The provisions of this Article are subject to the condition that for so long as the Declarant retains any Lot or any portion of the property in the Subdivision which has not been sold, leased, rented, or otherwise conveyed, Declarant hereby expressly is permitted to maintain signs on the Common Areas.

(16) No outside radio or television antennas, satellite dishes, or towers of any kind, shall be erected on any Lot or Dwelling unless and until permission for same has been granted by the Committee. No radio station or shortwave operator of any kind shall operate from any Lot or Dwelling without the prior written consent of the Committee.

(17) All plumbing fixtures, dishwashers, toilets, or sewage disposal systems shall be connected to a septic tank or sewage system approved by the appropriate governmental authority and the Declarant. No outside toilet shall be constructed or permitted on any Lot after completion of the principal residential dwelling. Portable toilets shall be allowed during the construction period.

(18) No temporary house, manufactured mobile home, trailer, camper, tent, garage or other outbuilding shall be placed on or erected on a Lot. Modular homes are permitted. Provided, however, the Committee may grant permission for a temporary structure for storage of materials during the construction period and the Declarant may maintain construction and/or sales trailers during the development period. No such temporary structure or appurtenant structure as may be approved shall be used at any time as a dwelling.

(19) Once construction of improvements is started on any Lot, improvements must be substantially completed in accordance with the plans and specifications as approved by the Committee within a reasonable time after commencement.

(20) No residence shall be occupied until the same has been substantially completed and a Certificate of Occupancy has been issued by the appropriate governmental authority.

(21) All structures constructed or placed on any Lot shall be built of substantially new materials and no used structure or materials shall be moved, relocated, or placed on any such Lot.

(22) Fuel storage tanks shall be buried below the surface of the ground or screened by shrubbery or other satisfactory means so that they will always be hidden from streets and Common Areas.

(23) No structure erected upon any Lot may be used as a model exhibit or model home unless prior written consent to do so has been obtained from the Committee. Provided, however, that notwithstanding any other provision of this Declaration, Declarant may maintain model homes and sales offices in the Subdivision as long as Declarant owns a Lot within the Subdivision.

(24) No outside burning of garbage or refuse shall be permitted.

(25) No Lot shall be accessed by motor vehicle except from the front lot line of the Lot as determined by the front of the dwelling located upon said Lot.

(26) No more than _____ square feet of any Lot shall be covered by structures and/or paved surfaces, including walkways or patios of brick, stone, slate or similar materials. This covenant is intended to insure continued compliance with storm water runoff rules adopted by the State of North Carolina and therefore, this covenant may be enforced by the State of North Carolina.

M.

Waiver

No provision contained in these Restrictions, the Articles or the Bylaws, shall be deemed to have been waived, abandoned, or abrogated by reason of failure to enforce them on the part of any Person as to the same or similar future violations, no matter how often the failure to enforce is repeated.

N.

Variances

The Committee in its discretion may allow reasonable variances and adjustments of these Restrictions in order to alleviate practical difficulties and hardship in their enforcement and operation. Any such variances shall not violate the spirit or the intent of this document to create a Subdivision of Lots owned in fee by various Persons with each such Owner having an easement upon areas owned by the Corporation. No variance or adjustment will be permitted if such would be materially detrimental or injurious to the welfare of the other property and improvements in the Subdivision as determined by the Committee.

To be effective, a variance hereunder shall be recorded in the Craven County Register of Deeds Office; shall be executed on behalf of the Committee; and shall refer specifically to this Declaration.

O.

Duration, Amendment and Termination

(1) The covenants and restrictions contained in the Declaration shall run with and bind the land until January 1, 2000, after which time they shall be extended automatically for successive periods of ten (10) years. This Declaration may be amended in full or in part prior to January 1, 2000 by an instrument signed by not less than two-thirds (2/3) of each class of members, and thereafter, by an instrument signed by not less

than three-fourths (3/4) of each class of members, provided, that no amendment shall alter any obligation to pay ad valorem taxes on the Common Areas or assessments for street lighting as herein provided, or affect any lien for the payment of same. Further, no such amendment shall affect the rights of Declarant unless Declarant executes the amendment.

(2) Invalidation of any one of these covenants or Restrictions by judgment or court order shall in no way effect any other provisions which shall remain in full force and effect.

(3) Notwithstanding any other provision of this document, Declarant may amend this instrument without the joinder or consent of any other person or entity if such amendment is required by any governmental agency for governmental approval.

P.

Common Areas: Private

(1) Every Common Area and any facility thereon is private. Neither the Declarant's execution nor recording of the plat nor any other act of the Declarant with respect to the property is or is intended to be or shall be construed as a dedication to the public of any of said common areas other than as reflected herein. An easement for the use and enjoyment of each of the areas designated as Common Areas is reserved by the Declarant, their successors and assigns, for the benefit and use of their remaining property as described above and an easement for the use of such areas may be granted to the owners of such remaining property.

(2) All Common Areas shall be owned by the Corporation and shall be acquired by the Corporation free and clear of all liens and encumbrances except pro rata ad valorem real property taxes for the year of conveyance, rights and easements reserved herein, and drainage and utility easements as established in the chain of title.

Q.

Remedies

Enforcement of these restrictions and conditions shall be by proceeding at law or in equity against any person or persons violating or attempting to violate any covenant or condition, either to restrain violation thereof or to recover damages therefor. Injunction shall not issue to compel the removal of or moving of any completed residence for violation of side setback or front setback restrictions, the sole remedy of any offended person being a suit for damages.

Applicability

These Restrictions shall apply only to the Lots specified herein. No other property is restricted.

S.

Captions

The captions preceding the various Articles of these Restrictions are for the convenience of reference only, and shall not be used as an aid in interpretation or construction of these Restrictions. As used herein, the singular includes the plural and where there is more than one Owner of a Lot, said Owners are jointly and severally liable for the obligations herein imposed. Throughout this Declaration, references to the masculine shall be deemed to include the feminine, the feminine to include the masculine and the neuter to include the masculine and feminine.

T.

Notice

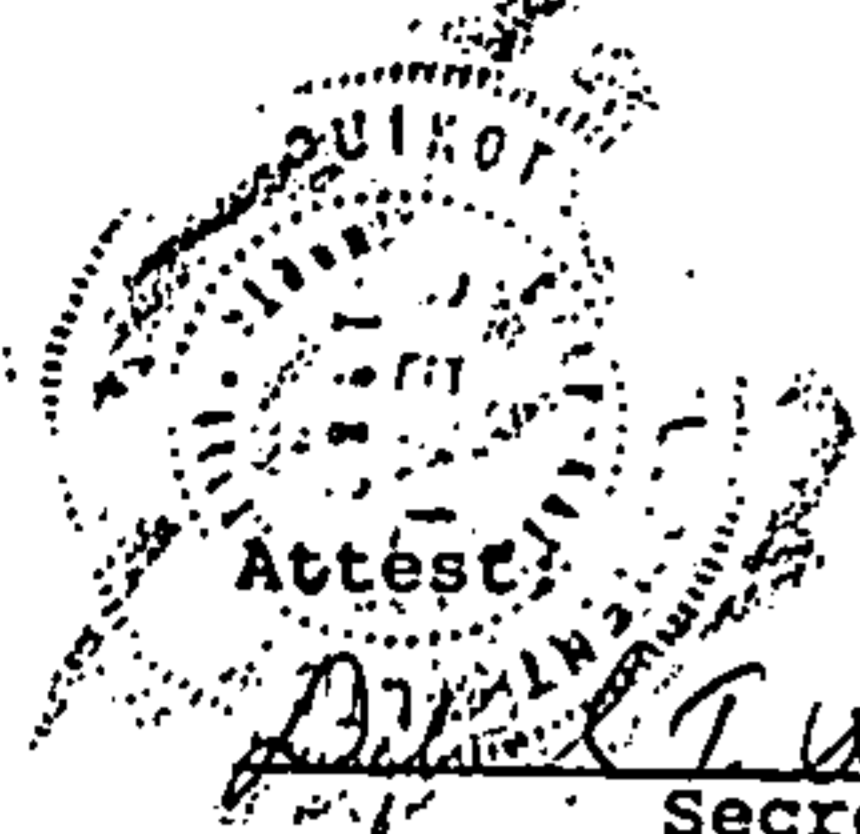
All notices provided for or permitted pursuant to these Restrictions shall be in writing and, except as is herein expressly otherwise provided, notice shall be deemed sufficient and service thereof completed upon hand-delivery or receipt, refusal or nondelivery of same when mailed postage prepaid to the party to or upon whom notice is being given or served at the address of such party last reflected on the records of the Corporation.

U.

Construction

The provisions of this Declaration shall be construed liberally to effectuate its purpose of creating a Subdivision of fee simple ownership of Lots and buildings governed and controlled by rules, regulations, restrictions, covenants, conditions, reservations and easements administered by an Owners' association with each Owner entitled to and burdened with the rights and easements equivalent to those of other Owners. In the case of conflict between this Declaration, the Articles or the Bylaws, this Declaration shall control the Articles and the Bylaws and the Articles shall control the Bylaws.

IN TESTIMONY WHEREOF, Quixote Development, Ltd. has caused this instrument to be executed and sealed in a manner so as to be binding.



QUIXOTE DEVELOPMENT, LTD.

By:

Henry Stille, Jr.
President

STATE OF NORTH CAROLINA
COUNTY OF Craven

I, Connie Harrington Buchanan, a Notary Public in and for said County and State, do hereby certify that on the 13th day of November, 1992, before me personally appeared Henry Stille, Jr. with whom I am personally acquainted, who, being by me duly sworn, says that he is President and that Deborah T. Stille is Secretary of QUIXOTE DEVELOPMENT, LTD., the corporation described in and which executed the foregoing instrument; that he knows the common seal of said corporation; that the seal affixed to the foregoing instrument is said common seal; that the name of the corporation was subscribed thereto by the said Henry Stille, Jr. President; that the said Henry Stille, Jr. President and Deborah T. Stille Secretary subscribed their names thereto and the said common seal was affixed, all by authority of the Board of Directors of said corporation; and that the said instrument is the act and deed of said corporation.

WITNESS my hand and notarial seal, this the 13th day of November, 1992.

Connie Harrington Buchanan
Notary Public

My Commission Expires:

7-18-94



STATE OF NORTH CAROLINA
COUNTY OF CRAVEN

BOOK 1343 PAGE 239

The foregoing certificate of Annex Harry Jr
Sweeney, Notary Public of said County,
and State, is certified to be correct. This instrument was
presented for registration this day and hour and duly recorded in
the office of the Register of Deeds of Craven County, North
Carolina, in Book 1343, Page 219.

This 16 day of April 1992 at
11:20 o'clock A.M.

Thos. H. Simpson
Register of Deeds.