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JUDY J. TART
REGISTER OF DEEDS
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PITT COUNTY, NC

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PREPARED BY: HORNE & HORNE, PLLC
NORTH CAROLINA
PITT COUNTY

RESTRICTIVE COVENANTS

THIS DECLARATION, made on the date hereinafter set forth by COBBLESTONE OF GREENVILLE, LLC a North Carolina Limited Liability Company with its principal offices in Pitt County, North Carolina, hereinafter referred to as "Declarant" and "Owners" do hereby covenant and agree to and with all other persons, firms or corporations now owning or hereafter acquiring as owners any tract or parcel of land in the area designated.

WITNESSETH:

WHEREAS, Declarant is the owner of certain property in or near The City of Greenville, Pitt County, North Carolina, which is more particularly described as follows:

Lying in the City of Greenville, Pitt County, North Carolina and being all of Lots 1, 2, 3, 4, 5, 6, 41, 42, 43, 44, 45, 46, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164 and 165 of Cobblestone, Phase Two, as shown on map recorded in Map Book 62, Page 111 Pitt County Registry.

NOW THEREFORE, Declarant hereby declares that all of the properties described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants, and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with, the real property and be binding on all parties having any right, title, or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I
DEFINITIONS

Section 1: "Association" shall mean and refer to Cobblestone Homeowners Association of Pitt County, Inc. its successors and assigns.

Section 2: "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title to any Lot which is a part of the Properties; including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

ARTICLE III
MEMBERSHIP AND VOTING RIGHTS

Section 1: Membership. Every owner of a lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 2: The Association shall have two classes of voting membership.

Class A. Class A membership shall be all Owners, with the exception of the Declarant, and shall be entitled to one vote for such Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as then determined, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B member(s) shall be the Declarant and shall be entitled to three (3) votes for each Lot owned, and notwithstanding any other provisions herein, shall be assessed at a rate of not more than twenty-five (25) per cent of the Class A membership rate. Class B membership shall cease and be converted to the Class A membership when the total votes outstanding in the Class A membership equals the total votes outstanding in the Class B membership, and in all events no later than October 1, 2007.

Section 3. During any period in which a Member shall be in default in the payment of any assessment levied by the Association which constitutes a lien upon the Member's Lot(s) the voting rights of such Member may be suspended by the Board of Directors until such assessment has been paid.

ARTICLE IV
COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1: Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessment or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment shall not pass to his successors in title unless expressly assumed by them.

Section 3: "Properties" shall mean and refer to that certain real property hereinbefore described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 4: "Common Area" if any, is designated shall mean all real property (including the improvements thereto) owned by the Association to be reserved to the Association at the time of the conveyance of the first lot:

Section 5: "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area, and shall include both new Lots of any Lot, shown on the plat referred to above, which is subdivided for the purpose of construction of a duplex.

Section 6: "Declarant" shall mean and refer to Cobblestone of Greenville, LLC.

Section 7: "Member" shall mean and refer to every person or entity who holds membership in the Association.

ARTICLE II
PROPERTY RIGHTS

Section 1: Owner's Easement of Enjoyment. Every owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) the right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area;

(b) the right of the Association to suspend the voting rights and right of use of the recreational facilities by an owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed 60 days for any infraction of its published rules and regulations;

(c) the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer signed by 2/3rds of each class of members has been recorded.

(d) the right of individual owners to the exclusive use of parking spaces as provided in this article.

Section 2: Declaration of Use. Any owner may delegate, in accordance with the By-Laws, his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

Section 2: Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Properties and in particular for the acquisition, improvement and maintenance of properties, services and facilities devoted to this purpose and related to the use and enjoyment of the Common Area if any is designated as such, including but not limited to, the costs of Lot yard maintenance, common area lighting, maintenance of Common Area, the payment of taxes assessed against the Common Area, the procurement and maintenance of insurance, if any, in accordance with the By-Laws, the employment of attorneys to represent the Association when necessary, and such other needs as may arise.

Section 3: Basis and Maximum of Annual Assessments. Until January 1 of the year immediately following the conveyance of the first lot to an Owner, the maximum annual assessment shall be \$300.00 per Lot (to include each side of a duplex Lot as a Lot subject to full assessment), payable monthly, prorated for the remainder of said year.

(a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased effective January 1 of each year without a vote of the membership in conformance with the rise, if any, of the Consumer Price Index (published by the Department of Labor, Washington D.C.) from the preceding month of July.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment for the next succeeding two (2) years may be increased above that established by the Consumer Price Index formula by a vote of the members, and for each succeeding period of two (2) years thereafter, provided that any such change shall have the assent of two-thirds (2/3rds) of the votes of each class of members who are voting in person or by proxy, at a meeting duly called for this purpose, written notice of which shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting setting forth the purpose of the meeting. The limitations hereof shall not apply to any change in the maximum and basis of the assessments undertaken as an incident to a merger or consolidation in which the Association is authorized to participate under its Articles of Incorporation.

(c) The Board of Directors may fix an annual assessment at an amount not in excess of the maximum.

Section 4: Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special

assessment applicable to that year for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3rds) of the votes of each class of members who are voting in person or by proxy at the meeting duly called for this purpose.

Section 5: Notice and Quorum for Any Action Authorized Under Sections 3 and 4.

Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all members not less than thirty (30) days nor more than (60) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty (60%) per cent 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 requirements, 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.

Section 6: Uniform Rate of Assessment. Except as provided for Class B members, both annual and special assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly basis.

Section 7: Date of Commencement of Annual Assessments and Due Dates. The annual assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance of the lot to any owner. However, it is not the intent of the owners to assess any Lot during the construction phase. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessments against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A property executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 8: Effect of Nonpayment of Assessment. Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of eight per cent per annum. The Association may bring an action at law against the owner personally obligated to pay the same, or foreclose the lien against the property. No owner

may waive or otherwise escape or deny liability for the assessments provided for herein by abandonment of his Lot.

Section 9: Subordination of the Lien to Mortgages. 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 mortgage foreclosure 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.

Section 10: Exempt Property. All property dedicated to and accepted by, a local authority and all properties owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of North Carolina, shall be exempt from the assessments created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

ARTICLE V INSURANCE

Section 1. Ownership of Policies. Insurance policies upon the Lots and improvements thereon shall be purchase by the Owner of a Lot for the benefit of the Owner and his mortgagee as their interest appear.

Section 2. Coverage. All buildings and improvements upon the Lots shall be insured in an amount equal to at least one hundred (100%) percent insurable replacement value as determined annually by the Owner. Such coverage shall provide protection against:

- (a) Loss or damage by fire and other hazards covered by a standard extended coverage endorsement;
- (b) Such other risks as from time to time shall be customarily covered with respect to buildings and improvements on the Lots.

Section 3. Proceeds. All insurance policies purchased by an Owner shall be for the benefit of the Owner and his mortgagee as their interests may appear, and all proceeds thereof shall be payable as follows:

- (a) The proceeds shall be paid first to defray the cost of reconstruction and repair of damages so covered.
- (b) Any proceeds remaining thereafter shall be distributed to the beneficial owners.

ARTICLE VI

PARTY WALLS

Section 1: General Rules of Law to Apply. Each wall which is built as a part of the original construction of the homes upon the Properties and placed on the dividing line between the Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 2: Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

Section 3: Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section 4: Weatherproofing. Notwithstanding any other provisions of this Article, an Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protections against such elements.

Section 5: Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 6: Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators, and binding on the parties.

ARTICLE VII
MAINTENANCE AGREEMENT

Section 1: Joint Maintenance. Any two lot owners who jointly use a party wall may mutually agree to provide for exterior maintenance upon structures upon each lot particularly as to painting, care of roof, gutter, down spouts and exterior building surfaces.

Section 2: Separate Maintenance. The parties owning property on which the joint party wall is in use may agree to provide for separate maintenance to the end that each owner shall take care of and be responsible for the maintenance on his property, but each separate owner shall maintain his property including the appearance in a manner not incompatible with

the adjacent party wall owner.

Section 3: Arbitration. In the event of any dispute arising concerning the maintenance or the sharing of cost of maintenance or any other matter under the provisions of this Article, each lot owner shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators, and binding on the parties. It is expressly understood that this Agreement shall apply only to those lots, if any, as stipulated in subsequent deeds of conveyance by any "Owners".

ARTICLE VIII ARCHITECTURAL CONTROL

No building, fence, wall, mailbox or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by the declarant. In the event said Board or the declarant, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with.

ARTICLE IX USE RESTRICTIONS

1: No Lot shall be used except for residential duplex purposes only and no business or commercial enterprise may be carried on upon any lot, except that any builder may maintain a model duplex for the purpose of a sales office. Any duplexes built on any lot shall contain a minimum of 950 square feet of heated space on each side of the duplex unit (1900 square feet minimum per lot).

2: 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.

3: No horses, swine, sheep, goats, mules, poultry or animals of any kind shall be raised, bred or kept on any Lot, except that dogs, cats or other household pets in a reasonable number may be kept provided they are not kept, bred or maintained for commercial purpose, and provided, further, that such pets do not constitute a danger or nuisance including, but not by way of limitation, excessive barking or causing property damage, to other Lot owners or to the neighborhood. When off an Owner's Lot, any pet must be controlled by a leash. Under no

circumstances shall any owner at any time breed, raise or maintain more than two animals on any

lot. Homeowners and their tenants are responsible for the conduct and waste of their pets.

4: Plan approval: No site preparation or initial construction, erection, or installation of any improvements, including, but not limited to, dwelling units, outbuildings, fences or walls, signs or other structures shall be undertaken upon any lot in this subdivision without the prior approval of Declarant or its successors or designees. It is the intent of the parties that all exteriors of the structures shall be harmonious with all of the other structures in Cobblestone Subdivision. All building plans or specifications showing the exterior materials being used and exterior paint scheme of the proposed improvements or outbuildings shall be submitted and approved by the Declarant or its successors or designees. All duplexes constructed in Cobblestone Subdivision shall have a front elevation constructed with brick or stone veneer. Individual mailboxes or newspaper receptacles shall be allowed only of a type, construction and design, designated by Declarant, it being the intention that all mailboxes be alike. Such approval in all events must be in writing. If no approval or rejection has been given for such planned use or for such plans which have been deposited or delivered to the Declarant, its successors or designees within thirty (30) days after written application, the plan shall be deemed to have been approved.

5: All lots, whether occupied or unoccupied, shall be well maintained by the owner and no unattractive growth of vegetation or accumulation of rubbish or debris shall be permitted. No wrecked or junked motor vehicles or vehicles without current license plates and registration shall be permitted to remain upon any lot. No boat, trailer, mobile home, camper, recreational vehicle or truck rated at over three-quarter (3/4) ton shall be permitted to remain for any period of time upon any street or lot. All personal conveyances shall be parked and maintained upon the driveway/concrete area of the property. All trash shall be kept and maintained in approved containers and located behind the premises.

6: No bicycle, skateboard or other entertainment ramps or other temporary or permanent recreational structures may be erected or placed on any street or lot. No bicycle, skateboard or other wheeled transportation device shall be allowed on any sidewalk, with the exception of wheelchairs or other handicap devices. No permanent or temporary basketball goals shall be permitted at any time upon any street or lot, unless located at least 25 feet from the front lot line.

7: No barber shops, beauty parlors or shops, commercial or business activity shall be permitted or suffered to remain on any of the lots shown on the map referred to herein, nor shall any activity be carried on which under the Ordinances of the City of Greenville, North Carolina,

are identified as "Cottage Industries".

8: No trailer, basement, tent, shack, garage, barn or other outbuildings erected, parked or placed on any lot shall at any time be used as a residence, temporarily or permanent, nor shall any structure of a temporary character be used as a residence. No storage buildings or any like structure shall be erected or placed on any portion of the lot for temporary or permanent use.

9: No sign of any kind shall be displayed to the public view on this property except one sign of not more than eight (8) square feet advertising the property for sale, or signs used by a builder, developer, Realtor or owner to advertise the property during construction and then for sale. No "For Rent" signs or similar advertisement shall be permitted on any lot except in the window of a duplex only.

10: No lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage or other waste shall not be kept except in sanitary containers. All incinerators or other equipment for the storage or disposal of such materials should be kept in a clean and sanitary condition.

11: No fence shall be constructed without prior written consent of the Declarant. In any event, no fence shall be constructed, built or erected on any lot on the property, except for a pressure treated lumber fence; and any such fence shall be constructed, built or erected at a height no greater than six (6) feet along the exterior lot lines. It is further provided that no fence of any kind shall be constructed on any lots on the property in the front yard of such lot, said front yard being defined as that particular area of the yard located between the rear corner of the residence and the street. A privacy fence erected in the rear portion of the property used to separate the two units shall not exceed a height greater than 10 feet.

12: No satellite dish or comparable communication device, unless located on the rear or rear roof of a dwelling, and less than 24 inches in diameter, and no transmitting tower shall be placed, used or erected on any lot within the property, either temporarily or permanently, and same shall not be permitted to exist on the property.

13: All driveways shall be constructed of concrete.

14: The Association shall provide for lawn maintenance for each Lot. Lawn maintenance is defined as and limited to the cutting of grass in any area not fenced in by the Owner. All lawn maintenance inside a fenced in area shall be the responsibility of the Lot Owner. Owners are responsible for the maintenance of all trees, shrubs or other landscaping located on any Lot.

15: All lot owners, within two years of purchasing a lot, shall construct a dwelling approved by declarant to completion. A dwelling shall be deemed to have been constructed to completion if a Certificate of Occupancy has been issued for such dwelling by the duly authorized governmental agency. Any owner of any lot that fails to complete a dwelling within two years of purchase shall offer to sell the property back to the owners herein. The offer to sell, and sale, if any shall be of fee simple title, by general warranty deed and free and clear of encumbrances. The purchase price shall be the sum of the purchase price paid by the then current owner when he/she/it originally purchased the lot, plus fair market value of any improvements made to the property. The language in this paragraph shall be included in all conveyances of all lots from the owners herein and the Grantee(s) of said conveyance accept this stipulation as binding and enforceable.

ARTICLE X
EASEMENTS

Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat. Within these easements no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation and maintenance of utilities, or 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.

All Lots and Common Areas shall be subject to easements for the encroachment of initial improvements constructed on adjacent Lots by the Declarant to the extent that such initial improvements actually encroach, including, but not limited to, such items as overhanging eaves, stoops, chimneys, bay windows, gutters and down spouts, misaligned common walls, foundation footings and walls. Declarant shall have a reasonable construction easement across the Common Area for the purpose of constructing improvements on the lots.

Declarant reserves and creates herein an easement on behalf of the Association, by and through its agents, to enter upon any lot, for the purpose of lawn maintenance as referred to herein in Article

ARTICLE XI
GENERAL PROVISIONS

Section 1: Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restrictions herein contained shall in no

event be deemed a waiver of the right to do so thereafter.

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

Section 3: Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date of this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty (20) year period by an instrument signed by not less than ninety (90) per cent of the Lot Owners, and thereafter by an instrument signed by not less than seventy-five (75) percent of the Lot Owners. Any amendment must be recorded.

Section 4: Annexation. Except as provided in Section 5(b) in this Article, additional residential property and Common Area may be annexed to the Properties with the consent of two-thirds (2/3) of each class members.

Section 5: FHA/VA Approval.

(a) 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 Area, and amendment of this Declaration of Covenants, Conditions and Restrictions.

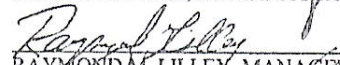
(b) Additional land adjacent to the Cobblestone Subdivision, Phase Two may be annexed by the Declarant without the consent of the members within ten (10) years of the date of this instrument. The annexation shall be an instrument on amendment executed by the Declarant and recorded in the Office of the Register of Deeds of Pitt County, North Carolina.

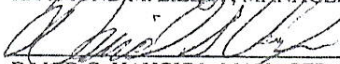
IN WITNESS WHEREOF, the declarant has executed this document the day and year first above written and adopted the word "Seal" appearing after their name as their own.

COBBLESTONE OF GREENVILLE, LLC

 (SEAL)
LEON R. HARDEE, MANAGER

 (SEAL)
LEON R. HARDEE, JR., MANAGER

 (SEAL)
RAYMOND M. LILLEY, MANAGER

 (SEAL)
DAVID G. VAUGHN, MANAGER