

BY-LAWS
OF
CARRIAGE RUN OWNERS ASSOCIATION

ARTICLE I.

NAME AND LOCATION. The name of the unincorporated association is Carriage Run Owners Association, hereinafter referred to as the "Association". The principal office of the Association shall be located at 120 North Franklin Street, Suite A, P. O. Box 4307, Rocky Mount, Nash County, North Carolina, but meetings of members and directors may be held at such places within the State of North Carolina, County of Nash, as may be designated by the Board of Directors.

ARTICLE II.

DEFINITIONS

Section 1. "Association" shall mean and refer to Carriage Run Owners Association, its successors and assigns.

Section 2. "Carriage Run" shall mean and refer to that certain real property shown upon the plat of Section 1 of Carriage Run Subdivision recorded in Map Book 26, Page 10, Nash County Registry, together with additional Sections of Carriage Run Subdivision recorded in the Nash County Registry.

Section 3. "Lot" shall mean and refer to the residential building lots shown upon plat(s) of Carriage Run Subdivision recorded in the Nash County Registry.

Section 4. "Declaration" shall mean and refer to the Declaration of Protective Covenants, Restrictions, and Conditions for Carriage Run Subdivision duly recorded in the Nash County

Registry.

Section 5. "Member" shall mean and refer to every person or entity who holds a membership in the Association, and is restricted to owners of Lots in Carriage Run. A membership shall automatically be transferred to any and all successors in title to a Lot.

Section 6. "Common Area" shall mean all real property and personal property owned, maintained or leased by the Association for the common use, recreation and enjoyment of the Members, including, but not limited to, the areas shown on the plat of Carriage Run set aside for the common use and enjoyment of Owners and/or described in the Declaration.

Section 7. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to a Lot.

Section 8. "Developer" shall mean and refer to Carriage Run Investment Company.

ARTICLE III.

MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the Members shall be held within one year from the date of formation of the Association, and each subsequent regular annual meeting of the Members shall be held on the same day of the same month of each year thereafter, at the hour of 7:00 P. M. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a

legal holiday.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the President or by the Board of Directors, or upon written request of the Members who are entitled to vote one-fourth (1/4) of all of the votes.

Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least 15 days before such meeting to each Member at his Lot, or such other address supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes shall constitute a quorum for any action except as otherwise provided in the Declaration or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

ARTICLE IV.

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of three (3) directors, who need not be Members of the Association, and who until the First Annual meeting shall be Frank S. Harrison, Josephine V. Harrison, and Will H. Lassiter, III.

Section 2. Term of Office. At the first annual meeting and each annual meeting thereafter the members shall elect Directors to serve for one (1) year.

Section 3. Removal. Any Director may be removed from the Board, with or without cause, by a majority vote of the Members. In the event of death, resignation or removal of a Director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE V.

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors to be voted upon by the Members shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members or non-members. The initial members of the Nominating Committee shall be Frank S. Harrison, Josephine V. Harrison, and Will H. Lassiter, III.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy upon which it is eligible to vote, one vote for each Lot owned. The person(s) receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI.

MEETING OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held each year without notice, at such place and

hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 3. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VII.

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power to:

(a) adopt and publish rules and regulations governing the use of the Common Area and the personal conduct of Members and their tenants, invitees and guests thereon, and to establish penalties for the infraction thereof;

(b) suspend the voting rights and right to use of the Common Area of a Member if a Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended or terminated after notice and hearing, for infraction of published rules and regulations by a Member, their tenant, invitees or guests;

(c) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these by-Laws or the Declaration;

(d) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors' and

(e) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

Section 2. Duties. It shall be the duty of the Board of Directors to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Members who are entitled to vote;

(b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) fix the amount of the annual assessments against a Member;

(d) send written notice of each assessment to every Member subject thereto at least thirty (30) days in advance to each annual assessment period; and

(e) terminate the membership of any Member whose assessments are not paid within sixty (60) days after due date;

(f) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made

by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(g) procure and maintain adequate liability and hazard insurance on the Common Area;

(h) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(i) cause the Common Area to be maintained and perform all exterior maintenances to dwellings or lots required by the Declaration.

(j) cause an annual audit of the Association and distribution of that audit to all Members;

(k) cause to be paid or pay all ad valorem taxes levied against the Common Area;

(l) cause all indebtedness of the Association, whether secured or unsecured, to be paid.

ARTICLE VIII.

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of this Association shall be a President, who shall at all times be a member of the Board of Directors, a Secretary, and a Treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 3. Term. The officers of the Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

President

(a) The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

Vice President

(b) The Vice President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

Secretary

(c) The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Members; Keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the Board.

Treasurer

(d) The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made at the completion of each fiscal

year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular meeting, and deliver a copy of each to the Members.

ARTICLE IX.

COMMITTEES

The Board of Directors shall appoint a Nominating Committee, as provided in these By-Laws, and an Architectural Control Committee as provided in the Declaration. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE X.

BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The By-Laws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XI.

ASSESSMENTS

Each Member shall be obligated to pay to the Association an annual assessment levied and used exclusively for the purpose of defraying the cost of the Association, performing its duties and exercising its authority as outlined in these By-Laws and the Declaration and to generally promote the general welfare of its Members. In addition to annual assessments, the Association may levy, in any calendar year a special assessment applicable to that

year only for the purpose of defraying, in whole or in part, the cost of any capital improvement or addition to the Common Area, including fixtures and personal property. Provided however, any such special assessment shall have the assent of two-thirds (2/3) of the vote of the membership who are voting in person or by proxy at a meeting duly called for this purpose. Any assessments which are not paid when due shall be delinquent.

ARTICLE XII.

AMENDMENTS

Section 1. These By-Laws may be amended, at a regular or special meeting of the Members, by a vote of a majority of a quorum of Members present in person or by proxy.

Section 2. In the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

ARTICLE XIII.


MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date hereof.

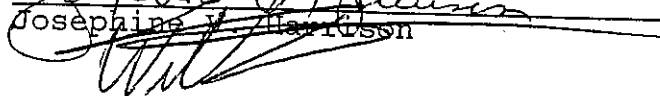
IN WITNESS WHEREOF, we being all of the Directors of Carriage Run Owners Association, have hereunto set our hands this ____ day of February, 1999.



Frank S. Harrison



Josephine Y. Harrison



Will H. Lassiter, III

NORTH CAROLINA
NASH COUNTY

DECLARATION OF PROTECTIVE COVENANTS.
RESTRICTIONS AND CONDITIONS FOR
CARRIAGE RUN SUBDIVISION

Carriage Run Investment Company and Harrison and Harrison, Inc. do hereby covenant and agree to and with all persons, firms and corporations hereafter acquiring any of the real estate hereinafter described that the said real estate is hereby subjected to the restrictions hereinafter set forth as to the use and occupancy thereof by whomsoever owned. The real estate which is hereby subjected to the restrictions hereinafter set forth is described as follows:

Lots 1 through 7, Block A, and Lots 1 through 20, Block B, as shown on the plat of Carriage Run Subdivision, Section 1, recorded in Map Book 26, Page 10, Nash County Registry.

The above described lots are hereby subjected to the following restrictions.

ARTICLE I.

Section 1. "Association" shall mean and refer to Carriage Run Owners Association, its successors and assigns.

Section 2. "Carriage Run Subdivision" shall mean and refer to that certain real property described on a plat of Carriage Run Subdivision, Section 1, recorded in Map Book 26, Page 10, Nash County Registry.

Section 3. "Lot" shall mean and refer to all residential building lots as shown upon the recorded subdivision plat of Carriage Run Subdivision.

Section 4. "Member" shall mean and refer to every person or entity who holds a membership in the Association.,

Section 5. "Developer" and "Declarant" shall mean and refer to Carriage Run Investment Company, a North Carolina corporation with its principal office in Nash County, North Carolina.

Section 6. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any lot.

Section 7. "Declarant" shall mean and refer to this Declaration of Protective Covenants, Restrictions and Conditions for Carriage Run Subdivision.

Section 8. "Common Areas" shall mean and refer to the entrance and identification sign to the subdivision located at the intersection of Greys Mill Road and North Carolina Highway 43 as shown upon the plat of Carriage Run Subdivision, the median within the right of way of Greys Mill Road near its intersection with North Carolina Highway 43, the earthen berm constructed by Developer which is located partially within the right of way of North Carolina Highway 43 and partially on the Lots 1, Block A, and Lots 1, 7 and 8, Block B, within Carriage Run Subdivision, the drainage and utility easement fifty (50) feet in width located partially upon Lots 13, 14, 15, 16 and 20, Block B, and Lot 7, Block A, within Carriage Run Subdivision, together with such other real property within the Additional Land which Developer denotes as Common Area in any Amendment to this Declaration subjecting any portion of the Additional Land to the provisions of this Declaration. The responsibility for the maintenance and repair of these specific common areas shall be the responsibility of the Association, and to the extent necessary to perform its maintenance

and repaid obligations the Association is granted an easement across the Lots. In performing the repair and maintenance obligations, the Association shall exercise its best efforts to leave the Lots undisturbed and repair any damage to the Lots caused or resulting from the exercise of its rights hereunder. Common Area shall further mean and include any and all other real or personal property owned, leased or maintained by the Association for the common use and enjoyment of the Owners.

Section 9. "Additional Land" shall mean and refer to the real estate not subjected herein to the provisions of the Declaration described in a deed to Declarant recorded in Book 1611, Page 937, Nash County Registry.

ARTICLE II. MEMBERSHIP IN ASSOCIATION

Section 1. Membership. Every person or entity who is a record owner of a fee or undivided fee interest in any Lot shall be a member of the Association. The foregoing is not intended to include any persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot. Ownership of a Lot shall be the sole qualification for membership. As evidence of each Owner's membership, each Owner shall deliver to the office of the Association a photocopy of the page(s) of the deed(s) which contains the name of the Member and the Lot(s) owned by such member.

Section 2. Suspension of Membership. 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.

Section 3. Voting Rights. All members shall be entitled to one vote for each Lot in which they hold the interest required for membership. When more than one person holds such interest in any Lot, all such persons shall be members. The one vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot, and no fractional vote may be cast with respect to any lot.

ARTICLE III. COMMON AREA MAINTENANCE

The Association, acting through its Board of Directors, shall provide lawn and ground maintenance and repairs to the Common Areas.

ARTICLE IV. ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Owner of a Lot by acceptance of a deed therefor shall be deemed to covenant and agree to pay the Association annual assessments or charges. The assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided shall be a charge on the Lot and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with such interest, costs, and reasonable attorney's 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 and shall not pass to his successors in title as a personal obligation unless expressly assumed, regardless of the fact it is a lien on the Lot.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the purpose of

defraying the cost of the Association in performing its duties and exercising its authority as outlined in this Declaration, and its By-Laws, including, but not limited to, payment of premiums for liability insurance, taxing if any, and maintenance and repair of the Common Area and any improvements thereon. All monies collected by the Association shall be treated as the separate property of the Association, and such monies may be applied by the Association to the payment of any expense incurred in the administration of the Association, or to the proper undertaking of all acts and duties imposed upon it or authorized by virtue of this Declaration and the By-Laws of the Association. As monies for any assessment are paid to the Association by any Owner, the same may be commingled with monies paid to the Association by other Owners. Although all funds and common surplus, including other assets of the Association, and any increments thereto shall be held for the benefit of the Members, no Member shall have the right to assign, hypothecate, pledge or in any manner transfer his interest therein, except as an appurtenance to his Lot. When an Owner shall cease to be a Member by reason of his divestment of ownership of such Lot, by whatever means, the Association shall not be required to account to such Member for any share of the fund or assets of the Association, or which may have been paid to the Association by such Member, as all monies which any Member has paid to the Association shall be and constitute an asset of the Association which may be used in the operation and management of the Association.

Section 3. Basis and Maximum of Annual Assessments. The initial annual assessment for each Lot shall not be in excess of One Hundred Dollars (\$100.00) per Lot.

(a) From and after December 31, 1999, the annual assessment may be increased effective January 1 of each year without a vote of the membership, by a percentage which may not exceed the percentage increase reflected in the U. S. City Average, Consumer Price Index - United States and selected areas for urban wage earners and clerical workers, all items most recent index and percentage changes from selected dates (published by the U.S. Bureau of Labor Statistics, Washington, D.C.), or such other Index as may succeed the Consumer Price Index, for the Twelve month period ending the preceding September 1.

(b) From and after December 31, 1999, the annual assessment may be increased above that established by the Consumer Price Index formula by an affirmative vote of the Members, whether voted in person or by proxy, at a meeting duly called for this purpose, written notice of which setting forth the purpose of the meeting, shall be sent to all Members not less than ten (10) days nor more than fifty (50) days in advance of the meeting.

(c) In establishing the annual assessment for any assessment year, the Board of Directors shall consider all current costs and expenses of the Association, any accrued debts, and reserves for future needs, but it may not fix the annual assessment in an amount in excess of the same derived by application of the Consumer Price Index formula provided in Subsection (a) without the consent of Members required by Subsection (b) of this Section.

(d) The Board of Directors may decrease the annual assessment from time to time if in its opinion such decrease is prudent.

Section 4. Quorum for Any Action Authorized Under Sections 2 and 3. At the first meeting called, as provided in Sections 2 and 3 hereof, the presence at the meeting of Members or of proxies entitled to cast one-tenth (1/10) of the votes of the membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirement set forth in Section 3, and the required quorum at any such 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 5. Uniform Rate. Annual assessments must be fixed at a uniform rate for all Lots and shall be collected annually or upon such other basis as the Board of Directors shall deem advisable. Provided, however, that assessments levied for the cost of reconstruction, maintenance, repair or replacement of improvements on a Lot due to the willful or negligent acts of a Lot Owner, his family, guests or invitees, or occasioned by a Lot Owner's failure to maintain his Lot and the improvements located thereon in a manner satisfactory to the Board of Directors shall be assessed against the Lot(s) benefitted by said assessment and shall be collected within ten (10) days following completion of said reconstruction, maintenance, repair or replacement.

Section 6. Date of Commencement of Annual Assessments Due Dates. The annual assessments provided for herein shall commence as to each Lot on the first day of the month following the conveyance to an Owner by the original contractor of the house located upon the Lot. 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 assessment 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. The due date shall be established by the Board of Directors. The Association shall, upon demand at any time, furnish a certificate in writing, signed by an officer of the Association, setting forth whether the assessments on a specified Lot have been paid. A reasonable charge may be made by the Board for the issuance of these certificates. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 7. Effect on Non-Payment of Assessments: Remedies of the Association. Any assessments or portions thereof which are not paid when due shall be delinquent. If the assessment or portion is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at fifteen (15.0%) percent per annum, and the Association may (1) accelerate the due dates of all installments of assessments and declare the same due and payable, and (2) bring an action at law against the Owner personally obligated to pay the assessment, and interest, costs, late payment charges and reasonable attorney's fees of any such action shall be added to the amount of such assessment, and/or (3) bring an action to foreclose the lien granted to the Association in the same manner that real estate deeds of trust and mortgages may be foreclosed in the State of North Carolina. The lien granted to the Association shall further secure such advances for taxes, and payments on account of superior mortgages, liens or encumbrances which the Association may at its option advance in order to preserve and protect its lien, and the Association shall further be entitled to interest at fifteen (15.0%) percent per annum on any such advances made for such purpose. All persons, firms or corporations who shall acquire, by whatever means, any interest in the ownership of any Lot, or who may be given or require a mortgage, lien or other encumbrance thereon, are hereby placed on notice of the lien rights granted to the Association, and shall acquire such interest in any Lot expressly subject to such lien rights.

Section 8. Claim of Lien. The lien herein granted unto the Association shall be enforceable from and after the time of recording a claim of lien in the Public Records of Nash County, North Carolina, which claim shall state the description of the Lot encumbered thereby, the name of the Owner, the amount due and the date when due. The claim of lien shall be recordable any time after delinquency and the lien shall continue in effect until all sums secured by said lien shall include only assessments which are

due and payable when the claim of lien is recorded, plus interest, costs, attorney's fees, advances to pay taxes and prior encumbrances and interest thereon, all as above provided. Such claims of lien shall be signed and verified by an officer or agent of the Association. Upon full payment of all sums secured by such claim of lien, the same shall be satisfied of record. No Owner may waive or otherwise escape liability for the assessments provided for herein by abandonment of his Lot.

Section 9. Subordination of the Lien to Mortgage. The lien of the assessments provided for herein on any Lot shall be subordinate to the lien of any mortgage or deed of trust duly recorded in the Nash County Registry on such Lot given by the Owner to secure an indebtedness to any bank, savings bank, savings and loan association, or any similar financial institution. Sale or transfer of any Lot shall not affect the assessment lien.

Section 10. Lien for Common Area Assessments. Certain portions of the Common Area may be subject to maintenance by the City of Rocky Mount if the Association fails to maintain the same. If the Association fails to perform maintenance to such portions of the Common Area the Association and its Members will be liable for the cost of such maintenance performed by the City. If the Association shall fail to pay when due to the City of Rocky Mount any assessment for public maintenance or improvements to the Common Area, and said default continues for six (6) months, then each Owner shall become obligated to pay to the City of Rocky Mount its pro-rata portion of the assessment. The "prorata portion" for a Lot shall be determined by dividing the assessment by the number of lots in Carriage Run Subdivision, and the figure so derived is the prorata portion attributable to a Lot. If an Owner fails to pay his prorata portion of the assessment within thirty (30) days following receipt of notice from the City of Rocky Mount, then the prorata portion of the assessment shall become a continuing lien upon the Owner's Lot, and the City of Rocky Mount may either bring an action at law against the Owner to pay the same or foreclose the lien against the Owner's Lot.

ARTICLE V. MISCELLANEOUS PROVISIONS

Section 1. Use and Subdivision Restriction. No Lot shall be used except for residential purposes or resubdivided to create more than the number lots shown on the plat of Carriage Run Subdivision. A Lot or portions thereof may be combined with another lot provided the resulting lot or lots comply with all applicable zoning ordinances. The Common Area shown on the plat of Cobblestone may not be subdivided or combined with any lot.

Section 2. Architectural Control. No residence, building, structure, antenna, satellite dish antenna, patio roof, patio awning, tool shed, storage shed, fence or other improvement, whether temporary or permanent in nature, shall be erected or placed (or alteration be made to improvements previously approved, including, but not by way of limitation, the change of color) on any Lot until the plans and specifications showing the location, nature, kind, shape and height of the improvements have been approved by the Architectural Control Committee, which shall be composed of Frank S. Harrison, and such other persons as Developer may appoint, as to quality of workmanship and materials, harmony of external design with existing structures, and as to location with respect to topography and finish grade elevation. No chain link fences or carport whose entrance is on the street side shall be allowed. In the event the Architectural Control Committee fails to approve or disapprove within thirty (30) days after said plans and specifications are submitted, or, in any event, if no suit to enjoin the erection of improvements is commenced prior to the completion of said improvements, then the provisions of this covenant shall be deemed to be satisfied. The initial members of

the Architectural Control Committee shall serve until their resignation and/or until Developer has conveyed all Lots, at which time the Association shall have the authority to appoint members.

Section 3. Setback Lines.

(a) All structures and other improvements shall be located on the Lots in such a manner as to comply with the provisions of the Zoning Ordinance of the City of Rocky Mount.

(b) In order to assure that buildings will be located with regard to the topography of each Lot and the location of surrounding buildings, the Architectural Control Committee shall have the right to control absolutely and solely the precise site and location of any dwelling or other permitted building upon any Lot or any building site consisting of more than one Lot.

Section 4. Nuisances. No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done thereon which may be or become an annoyance or a nuisance.

Section 5. Temporary Structures and Trucks. No structure of a temporary character, trailer, mobile home, basement, shack, garage, barn or other outbuilding shall be used on any Lot at any time as a residence, either temporarily or permanently, not shall any truck exceeding three quarter ton, campers, boats, recreational or similar vehicles be parked overnight on any Lot or on the street adjacent to a Lot.

Section 6. Trash Collection. Trash, garbage or other waste shall not be kept on any Lot except in sanitary containers. All receptacles and other equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition. Each Owner shall provide receptacles for garbage in an area not generally visible from the street.

Section 7. Signs. No sign of any kind shall be displayed to the public view on any Lot except one (1) professional sign not more than five (5) square feet advertising the Lot for sale or rent, and except signs used by Developer or its Lender to advertise a Lot during construction of improvements thereon.

Section 8. Easements.

(a) Perpetual, alienable and releasable easements for installation and maintenance of sight easements and utility and drainage facilities are reserved as shown upon the plat of Carriage Run Subdivision. No structure, planting or other materials shall be placed or permitted to remain within these easements which may damage or interfere with the installation and maintenance of said sight, utility or drainage easements.

(b) All Lots and the Common Area shall be subject to the right of the Association at all reasonable times to enter upon each Lot and the Common Area for the purpose of inspecting and performing maintenance and repair to the Common Area.

Section 9. Pets. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot, except that dogs, cats or other household pets may be kept provided they are not raised, bred or kept for commercial purposes.

Section 10. Exterior Lighting. No security lights, yard lights or other type of exterior lighting (other than that provided by Developer in the original construction) shall be erected or placed upon any Lot without the prior, written approval of the Architectural Control Committee.

~~Section 11. Amendment. The covenants, conditions and~~

restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, or the Owner of any Lot, their respective legal representatives, heirs, successors, and assigns, for a term of thirty (30) years from the date this Declaration is recorded, after which time said Covenants shall be automatically extended for successive periods of ten (10) years. The covenants, conditions and restrictions of this Declaration may be amended during the first thirty (30) year period by an instrument signed by the Owners of not less than ninety (90%) percent of the Lots, and thereafter by an instrument signed by the Owners of not less than seventy-five (75%) percent of the Lots.

Section 12. Amendment Certification. If any amendment to these covenants, conditions and restrictions is executed, each such amendment shall be delivered to the Board of Directors of this Association. Thereupon, the Board of Directors shall, within thirty (30) days do the following:

(a) Reasonably assure itself that the amendment has been executed 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.

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

All amendments shall be effective from the date of recordation in the Nash County Registry, provided, however, that no such instrument shall be valid until it has been indexed in the name of this 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 thereafter purchasing any Lot in Carriage Run Subdivision.

Section 13. Amendment of Declaration Without Approval of Owners. The Declarant, without the consent or approval of any Owner, shall have the right to amend this Declaration to subject portions of the Additional Land to the provisions of the Declaration and to designate additional Common Area within the Additional Land, and/or to conform to the requirements of any law or governmental agency having legal jurisdiction over Carriage Run Subdivision or to qualify the Lots and improvements thereon for mortgage or improvement loans made or insured by a governmental agency or to comply with the requirements of law or regulations of any corporation or agency belonging to, sponsored by, or under the substantial control of, the United States Government or the State of North Carolina, regarding purchase or sale of such Lots and improvements, or mortgage interests therein, as well as any other law or regulation relating to the control of Carriage Run Subdivision, including, without limitation, ecological controls, construction standards, aesthetics, and matters affecting the public health, safety and general welfare. A letter from an official or any such corporation or agency, including, without limitation, the Veterans Administration, U.S. Department of Housing and Urban Development, the Federal Home Loan Mortgage Corporation, Government National Mortgage Corporation, or the Federal National Mortgage Corporation, requesting or suggesting an amendment necessary to comply with the requirements of such corporation or agency shall be sufficient evidence of the approval of such corporation or agency, provided that the changes made substantially conform to such request or suggestion.

No amendment made pursuant to this Section shall be effective until duly recorded in the Register of Deeds of Nash County.

Section 14. Amendment to Achieve Tax-Exempt Status. The Developer, for so long as it shall retain voting control of the Association, and thereafter, the Board of Directors, may amend this Declaration as shall be necessary, in its opinion, and without the consent of any Owner, to qualify the Association for tax-exempt status. Such amendment shall become effective upon the date of its recordation in the Nash County Registry.

Section 15. Enforcement. In the event of a violation, impending violation or breach of the aforesaid covenants by any person or persons, the Association, an Owner of a Lot, or any of the, jointly or severally, shall have the right to proceed at law or in equity to compel compliance, to restrain said violation or breach, or to recover damages.

Section 16. Severability. Invalidation of any of these covenants by judgment or court order shall in no way affect any of the other provisions hereof which shall remain in full force and effect.

Section 17. Joinder of Parties. George R. Hamilton, Trustee, Deborah B. Sherrick, Trustee, NewSouth Bank, and Will H. Lassiter, III, Trustee and Allen T. Cronenberg, join in the execution of instrument not as a developer, declarant or other of the Lots subjected to this Declaration, but for the sole and limited purpose of subordinating the lien of deeds of trusts recorded in Book 1611, Page 940 and Book 1631, Page 271, and Book 1611, Page 949, Nash County Registry, to the covenants, conditions and restrictions contained in this Declaration.

IN WITNESS WHEREOF, Carriage Run Investment Company and Harrison & Harrison, Inc. (to subject the nine (9) Lots it owns to the provisions of this Declaration) have executed this instrument in the manner required by law, their corporate seals affixed hereto, and Deborah B. Sherrick, George R. Hamilton and Will H. Lassiter, III, Trustees, and NewSouth Bank and Allen T. Cronenberg, have executed this instrument for the limited purposes set forth hereinabove, in the manner required by law, their personal seals and corporate seals affixed hereto, this the _____ day of February, 1999.

CARRIAGE RUN INVESTMENT COMPANY

BY: Frank S. Harrison
President

ATTEST:

Josephine V. Harrison
Secretary

(CORPORATE SEAL)

George R. Hamilton, Trustee (SEAL)

Deborah B. Sherrick, Trustee (SEAL)

NEWSOUTH BANK

BY: _____
(Vice) President

ATTEST:

(Assistant) Secretary
(CORPORATE SEAL)

Will H. Lassiter (SEAL)
Will H. Lassiter, Trustee

Allen T. Cronenberg (SEAL)
Allen T. Cronenberg

HARRISON & HARRISON, INC.

BY: _____
President

ATTEST:

(Assistant) Secretary
(CORPORATE SEAL)

NORTH CAROLINA
COUNTY OF NASH

I, _____, Notary Public, do hereby certify that _____ personally came before me this day and acknowledged that he/she is (Asst) Secretary of Carriage Run Investment Company, a corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its (Vice) President, sealed with its corporate seal, and attested by himself/herself as its (Asst) Secretary.

Witness my hand and notarial seal, this the _____ day of _____, 1999.

Notary Public

My commission expires:

NORTH CAROLINA
NASH COUNTY

I, _____, Notary Public, of said State and County, certify that George R. Hamilton, Trustee, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and notarial seal, this the _____ day of _____, 1999.

Notary Public

My commission expires:

NORTH CAROLINA
NASH COUNTY

I, _____, Notary Public, of said State and County, certify that Deborah B. Sherrick, Trustee, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and notarial seal, this the _____ day of _____, 1999.

My commission expires: _____

Notary Public

NORTH CAROLINA
COUNTY OF NASH

I, _____, Notary Public, do hereby certify that _____ personally came before me this day and acknowledged that he/she is (Asst) Secretary of NewSouth Bank, a banking corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its (Vice) President, sealed with its corporate seal, and attested by himself/herself as its (Asst) Secretary.

Witness my hand and notarial seal, this the _____ day of _____, 1999.

My commission expires: _____

Notary Public

NORTH CAROLINA
NASH COUNTY

I, Carol L. Lucas, Notary Public, of said State and County, certify that Will H. Lassiter, III, Trustee, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and notarial seal, this the 28th day of January, 1999.

Carol L. Lucas
Notary Public

My commission expires: _____

10-25-2002



NORTH CAROLINA
NASH COUNTY

I, Dublin W. Barber, Notary Public, of said State and County, certify that Allen T. Cronenberg, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and notarial seal, this the 8th day of February, 1999.

Dublin W. Barber
Notary Public

My commission expires: _____

9-15-01

Witness my hand and notarial seal, this the _____ day of _____, 1999.

Notary Public

commission expires:

ORTH CAROLINA
NASH COUNTY

I, _____, Notary Public, do hereby certify that _____ personally came before me this day and acknowledged that he/she is (Asst) Secretary of South Bank, a banking corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its (Vice) President, sealed with its corporate seal, and attested by himself/herself as its (Asst) Secretary.

Witness my hand and notarial seal, this the _____ day of _____, 1999.

Notary Public

commission expires:

ORTH CAROLINA
NASH COUNTY

I, Carol L. Lucas, Notary Public, of said State of North Carolina, certify that Will H. Lassiter, III, Trustee, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and notarial seal, this the 28th day of January, 1999.

Carol L. Lucas
Notary Public

commission expires:
10-25-2002



ORTH CAROLINA
NASH COUNTY

I, Dubbie W. Barber, Notary Public, of said State of North Carolina, certify that Allen T. Cronenberg, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and notarial seal, this the 8th day of February, 1999.

Dubbie W. Barber
Notary Public

commission expires:
9-15-01

NORTH CAROLINA
COUNTY OF _____

I, _____, Notary Public, do hereby certify that _____ personally came before me this day and acknowledged that he/she is (Asst) Secretary of Harrison & Harrison, Inc., a corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its (Vice) President, sealed with its corporate seal, and attested by himself/herself as its (Asst) Secretary.

Witness my hand and notarial seal, this the _____ day of _____, 1999.

Notary Public

My commission expires:
