

**DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR ABBOTT CROSSING SUBDIVISION**

06343

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF ABBOTT CROSSING SUBDIVISION (the "Declaration") is made and entered into this 2nd day of SEPTEMBER 1999 by Shearin Companies, Inc. a North Carolina Corporation (hereinafter referred to as "Declarant").

RECITALS:

A. Declarant is the owner of certain property in Vance County, North Carolina, which is described on Exhibit A and attached hereto and made a part hereof (hereinafter referred to as the "Property").

B. Declarant intends to develop the property into a community to be known as Abbott Crossing Subdivision.

C. At the time of the recordation of the plat for Abbott Crossing Subdivision, Declarant shall encumber the property with these covenants and restrictions and be bound to these regulations and other Governing Documents.

NOW, THEREFORE the Declarant hereby declares that all of the Property 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 the Property, which shall run with the Property and be binding on all parties having any right, title, or interest in the Property, or any part thereof, their heirs, successors, and assigns, and thus shall inure to the benefit of each owner thereof.

ARTICLE I
DEFINITIONS:

1.01 "Association" shall mean and refer to The Abbott Crossing Homeowners Association, Inc.

1.02 "Owner" shall mean and refer to the record owner of a fee simple title to any Lot (as hereinafter defined) which is a part of the Property, including any rational part thereof, excluding those having interest merely as security for the performance of an obligation.

1.03 "Member" shall mean and refer to every person or entity who is an Owner, as herein above described, and in being such an Owner comprises the Membership of the Association.

1.04 "Property" shall mean that certain real property described in the recitals and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

1.05 "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map or plat of the Property with the exception of the Common Area.

1.06 "Declarant" shall mean and refer to Shearin Companies, Inc. The Declarant may assign all or a portion of its rights hereunder.

1.07 "Declaration" shall mean and refer to this Declaration of Covenants, Conditions, and Restrictions of Abbott Crossing.

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1.08 "Board of Directors" or "Board" shall mean and refer to the Board of Directors of the Association. Developer is deemed "Board of Directors" until turnover to Homeowners.

ARTICLE II

MEMBERSHIP AND VOTING RIGHTS

2.01 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.

2.02 The Association shall have two classes of voting Membership:

Class A: Class A Members shall be all Owners, with the exception of the Declarant, and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members. In no event shall more than one vote be cast with respect to any Lot.

Class B: Class B Member shall be the Declarant. The Class B Member shall be entitled to three (3) votes for each Lot owned. The Class B Membership shall cease and be converted to Class A Membership on the happening of any of the following events, whichever occurs earlier:

- (a) the total votes outstanding in the Class A Membership equals the total votes outstanding in the Class B Membership; or
- (b) the date exactly ten (10) years after the recording of this Declaration; or
- (c) at the election of the Declarant (whereupon the Class A Members shall be obligated to elect the Board and assume control of the Association).

ARTICLE III

PROPERTY SUBJECT TO THIS DECLARATION

Property Subject to Declaration. The Property is, and shall be, held, transferred, sold, conveyed, and occupied subject to this Declaration.

ARTICLE IV

FUNCTIONS OF THE ASSOCIATION

4.01 Through Board Action. The affairs and decisions of the Association shall be conducted and made by the Board of Directors (hereinafter the "Board"); the Members shall only have such power or rights of approval or consent as is expressly specified herein, or in the Association Articles or Bylaws. In the absence of a specific requirement of approval by Members, the Board may act on its own through its proper officers.

4.02 Required Services. In addition to those other responsibilities specified in the Association Articles or Bylaws, the Association, or its management company if applicable, shall be required to provide the following services as and when deemed necessary and appropriate by the Board and shall have easement rights necessary to perform same:

- (a) All maintenance of the sign easements as recorded on the subdivision plat, and all improvements thereon, as and when deemed necessary by the Board.

(b) Taking any and all actions necessary to enforce all covenants, restrictions services delegated to the Association in any covenants, conditions or restrictions applicable to the Property, or in the Association Articles or Bylaws.

(c) Conducting business of the Association, including arranging for ancillary administrative services such as legal, accounting, and financial, and communication services such as informing Owners of activities, notice of meetings, and other important events.

ARTICLE V

COVENANT FOR MAINTENANCE ASSESSMENTS

5.01 Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Property, hereby covenants and each Owner of any Lot by acceptance of a deed thereof, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges; and (2) special assessments for capital improvements. All assessments, together with late fees, interest, costs, and reasonable attorney's fees for collection thereof, 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 for collection thereof, shall also be the personal obligation of the person who was the Owner of such Property at the time when the assessment fell due and all subsequent Owners until paid.

5.02 Purpose of Assessments. The Assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents in the Property and for the improvement and maintenance of the Common Area, streets and roads, easement areas benefiting the Property, or right-of-way areas adjacent to the Property the Association chooses to maintain, or for any other purpose set forth in the Declaration that the Association deems necessary.

5.03 Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be Fifty Dollars (\$50) per Lot.

(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 each year by five percent (5%) above the maximum assessment for the previous year unilaterally by the Board of Directors without approval by a vote of the Membership.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, to increase the maximum annual assessment more than five percent (5%) of the prior year's maximum annual assessment, a vote of two-thirds (2/3) of each class of Members who are voting in person or by proxy at a meeting duly called for that purpose, must occur.

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

5.04 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 only for the purpose of defraying the cost of any construction, repair or replacement of a capital improvement upon the Common Area, provided that any such assessment shall have the assent of at least a 2/3 vote of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose.

5.05 Uniform Rate of Assessment. All assessments must be fixed at a uniform rate for all Lots.

5.06 Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for in this Article shall commence as to all Lots on the date fixed by the Board of Directors of the Association to be the date of commencement. Each subsequent annual assessment shall be imposed for the year beginning January 1 and ending December 31. The annual assessments shall be payable in advance in annual or semi-annual or quarter-annual installments if so determined by the Board. 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 assessments shall be sent to every Owner subject thereto.

5.07 Declarant Option. Notwithstanding anything set forth in this Declaration to the contrary, until such time as the Class B Membership in the Association is converted to Class A Membership as provided in this Declaration, the Declarant shall have the option of either: (a) paying the Annual Assessment with respect to each Lot owned by the Declarant from time to time, the same as any other Owner; or (b) paying the difference between the actual expenses incurred by the Association for a particular calendar year and the total amount of Annual Assessments levied by the Association against all Lots not owned by the Declarant during such year.

5.08 Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment not paid within fifteen (15) days after the due date shall bear a late fee of twenty-five (\$25) Dollars and interest from the due date at the rate of six percent (6%) 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 Owner's Lot.

5.09 Subordination of the Lien to Mortgages. The lien of the assessments provided for in this Article shall be a lien superior to all other liens less and except real estate tax liens and the lien of a first mortgage to any Institutional Lender which is now or hereafter placed upon any property subject to assessment as long as said mortgage lien is a first lien against the property encumbered thereby; provided, however, that any such mortgagee, when in possession, or any receiver, and in the event of a foreclosure, any purchaser at a foreclosure sale, or any receiver, and in the event of a foreclosure, any purchaser at a foreclosure sale, and any such mortgagee acquiring a deed in lieu of foreclosure, and all persons claiming by, through or under such purchaser or mortgagee, shall hold title subject to the liability and lien of any assessment coming due after such foreclosure (or conveyance in lieu of foreclosure) took place. Notwithstanding any contrary provision hereof, no Institutional Lender acquiring title to a Lot through foreclosure sale, and no persons claiming by, through or under such Institutional Lender or purchaser, shall be personally obligated to pay assessments that accrued prior to the Institutional Lender's or the foreclosure purchaser's acquiring title.

ARTICLE VI ARCHITECTURAL REVIEW

Except for those improvements constructed by Declarant, no building, fence, wall, mailbox, or other structure shall be erected upon the Property, nor shall any exterior addition to, alteration or repair (other than repairing or restoring exterior of any building located upon the Property to its original appearance and color) therein be made until the plans and specifications showing the nature, kind, shape, height, color, 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 by the Board. In the event the Board fails to approve or disapprove such design and location within sixty (60) days after the 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 VII
USE RESTRICTIONS

The Property shall be subject to the following restrictions, reservations and conditions, which shall be binding upon the Declarant and upon each and every Owner who shall acquire hereafter a Lot.

7.01 Violation. If any person shall violate any of the covenants herein, it shall be lawful for the Declarant or any person owning real estate subject to these covenants to bring any proceeding at law or in equity against the person or persons violating any such covenants, including action to enjoin or prevent him or them from so doing, or to cause the violation to be remedied and to recover damages or other dues for such violation. If the party or parties bringing any such action prevail, they shall be entitled to recover from the person or persons violating these restrictions the costs incurred by such prevailing party, including reasonable attorneys' fees and disbursements incurred through all appellate levels.

7.02 Residential Lots. No structure shall be erected, altered, placed or permitted to remain on any of said Lots, other than for single family residential use. Modular homes, site built, and multi-section Hud code homes are permitted as long as they meet the following requirements:

- (a) Roof pitch to be a minimum of 3/12 nominal.
- (b) Interior ceiling height to be a minimum of 7 feet.
- (c) Siding to be wood, brick or vinyl.

7.03 Dwelling Size. Each single family residential dwelling constructed on a Lot shall have a minimum heated and cooled living area (exclusive of porches, garages, storage rooms and outbuildings) of 1160 square feet.

7.04 Antennas, Aerials and Satellite Dishes. No outside antennas, antenna poles, antenna masts, satellite television reception devices larger than 3' in diameter, electronic devices, antenna towers or citizen band (CB) or amateur band (ham) antennas shall be permitted except as approved in writing by Association. Satellite television reception devices no larger than 3' in diameter are permitted without Association approval if the devices are affixed to the rear portion of a house or are located in the rear yard of a Lot.

7.05 Casualty or Destruction to Improvements. In the event an improvement is damaged or destroyed by casualty, hazard or other loss, then, within a reasonable period of time after such incident, the Owner thereof shall either commence to rebuild or repair the damaged improvement and diligently continue such rebuilding or repairing activities to completion or, upon a determination by Owner that the improvement will not be repaired or replaced promptly, shall clear the damaged improvement and grass over and landscape such Lot in a slightly manner consistent with the Declarant's plan for beautification of the Property.

7.06 Pets, Livestock and Poultry. No animals, livestock or poultry of any kind shall be raised, bred or kept within the Property, other than household pets provided they are not kept, bred or maintained for any commercial purpose, and provided that they do not become a nuisance or annoyance to any other Owner.

7.07 Signs. No signs, except a "for sale" sign not exceeding four square feet in surface area and one sign of not more than one square foot used to indicate the name of the resident, shall be erected or displayed to the public view on any Lot.

7.08 Garbage Containers. With the exception of trash collection days, no garbage or trash containers shall be placed forward of the front corner of the house. There shall be no burning of trash or other waste material.

7.09 Oil and Gas Tanks. Oil and gas tanks must be kept in the rear of the dwelling. When possible they must be buried. Otherwise, they will need to be fenced with landscaping acceptable to the Architectural Review Committee.

7.10 Vehicles and Recreational Equipment. Vehicles shall be parked in driveways and shall not be parked in streets whenever possible. Any vehicle, motor home, utility trailer, camper, boat, boat trailer or other recreational vehicle or equipment, horse trailer, or bus, shall be parked in the rear or side, if improved, of the Lot. Licensed commercial vehicles in excess of one ton are prohibited from being parked on the Lot or Street. No automobile without a license plate, commercial, recreational or other motorized vehicle, or the like, shall be stored, dismantled, abandoned, serviced, rebuilt, repaired, or repainted on a Lot unless fully enclosed in a garage. Licensed vehicles, however, shall not be deemed prohibitive to those activities normally associated with the day-to-day maintenance of such vehicles such as oil changes, rotating tires, washing and waxing, minor tune ups, etc.

7.11 Prohibited Structures. No structure of a temporary character including, but not limited to, camping trailers, tents, shacks, sheds, barns, tree houses or out buildings shall be parked or erected on the Property at any time without the express written permission of the Association.

7.12 Nuisances. No obnoxious, unpleasant, unsightly or offensive activity shall be carried on, nor may anything be done, which can be reasonably construed to constitute a nuisance, public or private in nature.

7.13 Window Treatment. No reflective foil, sheets, newspapers, or other similar material shall be permitted on any window or glass door.

7.14 Maintenance. Each Lot and all improvements, including landscaping, located thereon, shall at all times be kept and maintained in a safe, clean, wholesome and attractive condition and shall not be allowed to deteriorate, fall into disrepair or become unsafe or unsightly. In particular, no weeds, underbrush or other unsightly growth and no trash, rubbish, refuse, debris or unsightly objects of any kind shall be permitted or allowed to accumulate on a Lot.

7.15 No building shall be erected, placed, or altered on any lot in said development until the building plans, and plot plan showing the location of the buildings, have been approved by the Architectural Review Committee, its successors or assigns prior to commencement of any construction. Failure to approve or disapprove such plans within thirty (30) days after such plans have been submitted will mean such approval will not be required and this covenant will be deemed to have been fully complied with.

7.16 All building materials used in the exterior construction of any structures shall be new materials, native stone cleaned old brick or vinyl unless otherwise approved by the Architectural Review Committee successors or assigns.

7.17 Cinder or concrete block, asphalt shingles, tar paper or metal shall be prohibited as a major exterior building material; provided, however, asphalt roofing shingles may be used for a roof.

7.18 No abandoned automobiles, trucks, or non-functioning vehicles may be left on any lots in the subdivision.

7.19 No lot or group of lots may be re-subdivided as to produce a greater number of lots.

7.20 The entire exterior of all residential buildings must be completed within ten months after starting, or owner must get written approval of delays from the Architectural Review Committee, successors or assigns, of the ABBOTT CROSSING Subdivision. All foundations or casements must be finished with either brick.

7.21 Each owner of a lot agrees to become a member of the property owners association known as "ABBOTT CROSSING PROPERTY OWNERS ASSOCIATION, INC." The owner or owners of each lot will have one membership and one vote, and the Association will have the power to levy reasonable annual assessments for the purpose of maintaining the roads in ABBOTT CROSSING in the manner and the form hereinafter provided in Article V. The Developer is considered an association member for each lot owned but is not responsible for any dues with the provision that any lots still owned by developer after December 31, 2005, will be subject to any future dues and assessments.

7.22 All telephone, electric and other utility lines and connection between the main utility lines serving the premises and any building constructed on any building site shall be concealed and located underground so as not to be visible.

7.23 Rights of Declarant. Notwithstanding anything in this Article to the contrary, Declarant shall have the right to use Property for ingress and egress thereover and no person shall in any way impede or interfere with the Declarant, in the exercise of this right herein reserved, or interfere with the completion of the contemplated improvements or sale of Lots and improvements thereon. Furthermore, the Declarant may make such use of Property free from the interference of Owners as may be reasonably necessary to facilitate the completion and sale of Lots and improvements thereon, including but not limited to, the maintenance of a sales office and model area, the showing of Property, the display of signs, and the right to construct or place sales and construction offices of a temporary nature on the Property.

7.24 Variances. The Architectural Review Committee shall have the power to grant, and may allow, variances of, and adjustments of, the restrictions established herein in order to overcome practical difficulties and prevent unnecessary hardships in application of the restrictions contained herein; provided, however, that variances or adjustments are done in conformity with the intent and purpose hereof; and, provided also, that in every instance such variance or adjustment will not be materially detrimental or injurious to other Lots in the immediate neighborhood. Variances and adjustments may be the height, size, and setback requirements, but shall not be limited thereto. No variance shall be permitted if it violates governmental minimum standards.

7.25 St/Lt Clause. The Developer reserves the right to subject the real property in this subdivision to a contract with CP&L for the installation of street lighting which requires a continuing monthly payment to CP&L by each residential customer.

7.26 Driveways. The Developer reserves the right to require that all driveways be paved with asphalt or concrete and meet standard size to be established by the Architectural Review Committee.

ARTICLE VIII

ENFORCEMENT OF NON-MONETARY DEFAULTS

8.01 Non-monetary Defaults. In the event of a violation by any Member or Owner (other than the nonpayment of any Assessments or other moneys) of any of the provisions of the restrictions set forth herein, the Association shall notify the Member or Owner of the violation by written notice. If the violation is not cured no

later than seven (7) days after the receipt of the written notice, or if the violation is not capable of being cured within the seven (7) day period the Association may, at its option:

(a) Specific Performance. Commence an action to enforce the performance on the part of the Member or Owner, or for such equitable relief as may be necessary under the circumstances, including injunctive relief; and/or

(b) Damages. Commence an action to recover damages; and/or

(c) Corrective Action. Take any and all action reasonably necessary to correct such violation, which action may include, but is not limited to, removing any building or improvement for which architectural approval has not been obtained, or perform any maintenance required to be performed by this Declaration, including the right to enter upon a Lot to make such corrections or modifications as are necessary, or remove anything in violation of the restrictions set forth herein.

8.02 Expenses. All expenses incurred by the Association in connection with the correction of any violation, or the commencement of any action against any Owner, including costs and reasonable attorneys' fees through the appellate level, shall be a Special Assessment assessed against the applicable Owner, and shall be due upon written demand by the Association and collectible as any other Assessment.

8.03 No Waiver. The failure of the Association to enforce any right, provision, covenant or condition shall not constitute a waiver of the right of the Association to enforce such right, provisions, covenant or condition in the future.

8.04 Enforcement By or Against the Persons. In addition to the foregoing, the Declaration may be enforced by the Declarant, the Association, or any Owner by any procedure at law or in equity against any Person violating or attempting to violate any provisions herein, to restrain any violation, to require compliance with the provisions contained herein, to recover damages, or to enforce any lien created herein. The expenses of any litigation to enforce this Declaration shall be borne by the Person against whom enforcement is sought, provided such proceeding results in a finding that such Person was in violation of this Declaration. The prevailing party in any such action shall be entitled to recover its reasonable attorney fees and disbursements through the appellate level.

ARTICLE IX

GENERAL PROVISIONS

9.01 Assignment of Rights and Duties to the Association. The Declarant may at any time assign and delegate to the Association all or any portion of the Declarant's rights, title, interest, duties or obligations created by this Declaration.

9.02 Covenants to Run with the Title to the Land. This Declaration, as amended and supplemented from time to time as herein provided, shall be deemed to run with the title to the Property and shall remain in full force and effect until terminated in accordance with provisions set out herein.

9.03 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 the Declaration. Failure by the Association or by any Owner to enforce any covenants or restrictions herein contained shall in no event be deemed a waiver of the right to do so thereafter.

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

9.05 Amendment. The covenants and restrictions of this Declaration shall run with and bind the land for a term of twenty-five (25) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. The covenants, restrictions, easements, charges and liens of this Declaration may be amended, changed or added to at any time and from time to time upon the execution and recordation of an instrument executed by Owners holding not less than (2/3) vote of each class of members in the Association. The Declarant specifically reserves the right to amend this Declaration in order to comply with the requirements of the Federal Housing Administration, Veteran's Administration, or Federal National Mortgage Association. As long as there is Class B membership, as that term is defined herein the Federal Housing Administration or Veteran's Administration must approve any amendment to this Declaration other than those to correct scrivener's errors or clarify any ambiguities herein.

The Declarant shall have the right at any time within ten (10) years from the date hereof to amend this Declaration to correct scrivener's errors and to clarify ambiguities determined to exist herein. No amendment shall impair or prejudice rights or priorities of any Institutional Lender without their written consent.

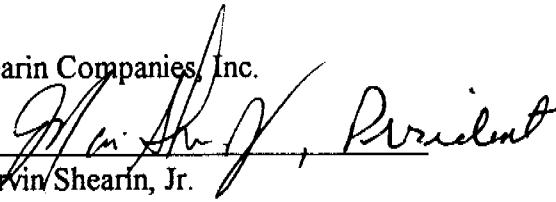
9.06 Notice. Any notice required to be sent to any Member or Owner under the provisions of this Declaration shall be deemed to have been properly sent when mailed, postpaid, to the last known address of the person who appears as Member or Owner on the records of the Association at the time of such mailing.

9.07 FHA/VA Approval. As long as there is a Class B Membership, the following actions will require the approval of the Federal Housing Administration (the "FHA") or the Department of Veterans Affairs (the "VA"); annexation of additional properties, mergers and consolidations; dedication of Common Area; and amendment of this Declaration. FHA or VA approval is also required for any amendments of the Association's Bylaws, the Articles of Incorporation or in the event of the Association's dissolution.

9.08 Entryway Easement. The Association reserves an easement in Abbott Crossing Subdivision as shown on the Abbott Crossing Subdivision map, one for the purposes of locating entrance signs and landscaping for the entrances to the subdivision. The Association, and its agents, shall have the right to enter the easement area and plant and maintain plants, shrubs, and trees and to maintain, repair and replace any signs or entry features. The rights retained hereunder by Declarant shall be for the benefit of the Declarant and any Owner.

IN WITNESS WHEREOF, the undersigned, being the Declarant has hereunto set its hand and seal the day and year first above written.

Shearin Companies, Inc.

By:  President

Marvin Shearin, Jr.
105 Whitfield Street
Enfield, NC

BK 865 PG 242

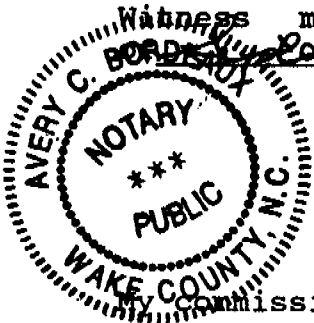
NORTH CAROLINA

WAKE COUNTY

I, Avery C. Bordeaux, a Notary Public for said County and State, do hereby certify that Marvin Shearin, Jr personally came before me this day and acknowledged that he is President of Shearin Companies, Inc. and acknowledged, on behalf of Shearin Companies, Inc., the due execution of this foregoing instrument.

Witness my hand and official seal, this the 9th day of September 1999.

Avery C. Bordeaux



My Commission Expires 4-12-2001

My Commission expires _____

STATE OF NORTH CAROLINA, VANCE COUNTY

The foregoing certificate of Avery C. Bordeaux, Notary Public of Wake County, N.C. is certified to be correct. This instrument was presented for registration and recorded in this office in Book 865, Page 233. This 22 day of September 1999 at 11:41 o'clock A.M.

CYNTHIA S. ABBOTT, REGISTER OF DEEDS

By: Cynthia S. Abbott Assistant