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NORTH CAROLINA

WAKE COUNTY

RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR NEUSE CROSSING, SECTION ONE, BOOK OF MAPS 1990, PAGE 627

THIS DECLARATION, made on the date hereinafter set forth by WHITEWOOD PROPERTIES, INC., a North Carolina corporation, hereinafter referred to as the "Declarant"; and the NEUSE CROSSING HOMEOWNERS ASSOCIATIONS, INC., a North Carolina non-profit corporation.

RECITALS:

A. Neuse Crossings Joint Venture, a North Carolina general partnership, executed and caused to be recorded in the Wake County Registry in Book 4306, Page 1, an instrument entitled "Declaration of Covenants, Conditions and Restrictions for Neuse Crossing, Section One, (herein referred to as the "Declaration");

B. Whitewood Properties, Inc. has succeeded to interests of Neuse Crossings Joint Venture as Declarant under the Declaration, and is now vested with all the rights, and duties of Declarant in and under the Declaration;

C. Section 4, of Article XIV of the Declaration provides that the Declaration may be amended by the Association through its Board provided that the proposed amendment, 1) receives the written assent of members or proxies entitled to cast sixty-six and two-thirds percent of the vote of the entire membership; and 2) is approved by the appropriate official for Wake County, if required by the Wake County Code;

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KENNETH C. WILLARD
REGISTER OF DEEDS
WAKE COUNTY

D. Declarant owns all of the property that is covered by the Declaration, and thus controls One Hundred Percent (100%) of the vote of the membership of the Association;

E. Section 5 of Article XIV of the Declaration provides that all amendments shall be effective from the date of recordation in the Wake County Registry, provided, however, that no such amendment shall be valid until it has been indexed in the name of the Association;

F. Declarant and the Association desire to amend and restate the Declaration and Wake County has approved the amendment as set forth below.

NOW, THEREFORE, the Declarant and the Association do hereby restate the Declaration in its entirety and to the extent the Declaration as restated below is different from the Declaration as originally recorded in Book 4306, Page 1 of the Wake County Registry, it is so amended.

The Declaration as recorded in Book 4306 Page 1 of the Wake County Registry is hereby terminated, and the Declaration as restated below is the only document that needs to be consulted in determining the covenants, conditions and restrictions affecting the Property:

WITNESSETH:

THAT WHEREAS, the Declarant is the Owner of certain property lying within Wake County, North Carolina, which is more particularly described as follows:

> Being all of Lots 1 to 29 and 64 to 86 inclusive, all of those areas designated P.C.O.S. #1, P.C.O.S. #2, P.C.O.S.#3, P.C.O.S.#7, O.S. #2, the Greenway and all of that land within street rights of way as shown on a

map entitled "Record Plat - Neuse Crossing Section One by Bass Nixon and Kennedy" and recorded in the Wake County Registry in Book of Maps 1990, Page 627.

WHEREAS, Declarant will convey portions or all of the said Property, subject to certain protective easements, covenants, conditions, restrictions, reservations, liens and charges as hereinafter set forth;

NOW, THEREFORE, Declarant hereby declares that all of the Property described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, all of which are for the purpose of enhancing and protecting the value, desirability, and attractiveness of the real property. These easements, covenants, restrictions, and conditions shall run with the real property by whomsoever owned and shall be binding on all parties having or acquiring any right, title or interest in the described Property or any part thereof, and shall inure to the benefit of each Owner thereof.

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ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to NEUSE CROSSING HOMEOWNERS ASSOCIATION, INC., its successors and assigns.

Section 2. "Property" shall mean and refer to that certain real property referred to as Neuse Crossing, hereinbefore described, and such additions thereto as may hereafter be annexed to the property above described and brought within the jurisdiction of the Neuse Crossings Homeowners Association, Inc. and/or made subject to this Declaration.

Section 3. "Permanent Common Open Space" (PCOS) shall mean all real property dedicated to the common use and enjoyment of the Owners, including, but not limited to, the real property conveyed to the Association. Permanent Common Open Space shall include areas of active and passive recreation and their associated parking areas, and roadways and parking areas other than private driveways and parking spaces serving dwelling units. The Permanent Common Open Space shall include private roads within the Property, but shall not include utility lines, utility structures and public roads. The Permanent Common Open Space (PCOS) to be owned by the Association shall designated on a plat or plats of Neuse Crossing Subdivision recorded or to be recorded in the Office of the Register of Deeds for Wake County, North Carolina. Permanent Common Open Space shall remain as Permanent Common Open Space until such time that the COSD Tract (the

Property) and all facilities, dwelling units and structures thereon, are owned by one individual, partnership or corporation.

All Permanent Common Open Space shall be subject to easements now or hereafter created by the Declarant for utilities (including sewer and water lines), easements for drainage facilities and cable television, easements for ingress and egress, and easements for any encroachments arising from the initial improvements.

Section 4. Open Space - "OS", is open space designated on a plat or plats of Neuse Crossing Subdivision recorded or to be recorded in the office of the Register of Deeds for Wake County, North Carolina. When areas designated as OS have been conveyed to the Association, all the Provisions contained herein relating to PCOS shall equally apply to the OS. The use of any portion of the PCOS for uses not specified on a recorded plat or this Declaration shall be permitted only with the written consent of 75% of the Owners of the Lots in Neuse Crossing Subdivision.

Section 5. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of a portion of the Property which is intended to be used for construction of residential dwellings.

Section 6. "Member" shall mean and refer to every Person or entity who holds membership in the Association.

Section 7. "Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Property, including

contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 8. "Declarant" shall mean and refer to WHITEWOOD PROPERTIES, INC., and its successors and assigns to whom the rights of Declarant hereunder are expressly transferred, in whole or in part, and subject to such terms and conditions as the Declarant may impose.

Section 9. "Person" shall mean and refer to any individual, corporation, partnership, Association, trustee, or other legal entity.

Section 10. "Building" shall mean and refer to a residential structure, constructed or erected on the Property.

Section 11. "Board of Directors" or "Board" means those persons elected or appointed and acting collectively as the Directors of the Neuse Crossing Homeowners Association, Inc., unless a contrary intent is evident.

Section 12. "Common Expenses" shall mean and include:

(a) All sums lawfully assessed by the Association against its members;

(b) Expenses of administration, maintenance, repair, or replacement of the PCOS and Amenities;

(c) Payments and obligations to serve accounts established by the Association;

(d) Expenses declared to be Common Expenses by the provisions of this Declaration or the Bylaws; and

(e) Expenses agreed by the members to be Common Expenses of the Association.

Section 13. "Amenities" shall mean the facilities constructed, erected or installed on the PCOS or OS if OS is conveyed to the Association.

Section 14. "Declaration" shall mean and refer to this Declaration of Covenants, Conditions and Restrictions and all subsequent valid amendments thereto.

Section 15. "Builder(s)" shall mean and refer to any person firm or entity to whom Lots are sold for the purpose of constructing residential dwellings for resale to the public.

ARTICLE II

ANNEXATION OF ADDITIONAL PROPERTIES

Section 1. Annexation by Members. Except as provided in Section 2 of this Article, annexation of additional Property shall require the assent of two-thirds (2/3) of the Class A membership and two-thirds (2/3) of the Class B membership, if any.

Section 2. Annexation by Declarant. If within 10 years of the date this Restated Declaration is recorded in the Wake County Registry, the Declarant should develop additional lands within a tract of land containing 291.91 acres as the same is shown on a map recorded in Book of Maps 1986, page 688, of the Wake County Registry, such additional lands may be annexed to said Property without the assent of the Class A members.

Section 3. Method of Annexation. Annexation of additional Properties shall be accomplished by recording in the Wake County Registry a Declaration of Annexation, duly executed by the Declarant if the Declarant has the right to annex pursuant

to Section 2 above (and by the Association if pursuant to Section 1 above), describing the lands annexed and incorporating the provisions of this Declaration, either by reference or by fully setting out said provisions of this Declaration. The additional lands shall be deemed annexed to the Property on the date of recordation of the Declaration of Annexation, and in the case of an annexation by the Declarant, no action or consent on the part of the Association or any other Person or entity shall be necessary to accomplish the annexation, except Wake County if required by its ordinances; provided, however, that if at the time of such annexation, the Property is under the jurisdiction of a governmental authority other than Wake County, the ordinances of such other governmental authority shall be applicable rather than the ordinances of Wake County.

Section 4. Conveyance of PCOS Upon Annexation. Subsequent to recordation of the Declaration of Annexation by the Declarant, the Declarant shall deliver to the Association one or more deeds conveying any PCOS within the lands annexed as such PCOS is developed, as set forth in Article V, Section 3 of this Declaration.

ARTICLE III

MEMBERSHIP

Every Person or entity who is a record Owner of a fee or undivided fee interest in any Lot which is subject to the Declaration, including contract sellers, shall be a Member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the

performance of an obligation. No Owner shall have more than one membership. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association. Ownership of such Lot shall be the sole qualification for membership. The Board of Directors may make reasonable rules relating to the proof of ownership of a Lot.

ARTICLE IV

VOTING RIGHTS

Section 1. Voting Classes. The Association shall have two classes of voting memberships:

Class A. Class A members shall be all those Owners as defined in Article III with the exception of the Declarant. Class A members shall be entitled to one vote for each Lot in which they hold the interest required for membership by Article III. When more than one Person holds such interest in any Lot, all such persons shall be members. The 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.

Class B. The Class B Member shall be the Declarant. The Class B Member shall be entitled to three (3) votes for each Lot in which he holds the interest required for membership by Article III, provided that the Class B membership shall cease and be converted to Class A membership on the happening of one of the following events, whichever occurs first:

(a) when the total votes outstanding in Class A membership equal the total votes outstanding in Class B membership, but provided that the Class B membership shall be reinstated if thereafter and before the time stated in subparagraph (b) below, such additional lands are annexed to the Properties without the assent of Class A members on account of the development of such additional lands by the Declarant, all as provided for in Article II, Section 2 above, or

(b) on June 1st, 2000.

(c) upon the surrender of all Class B memberships by the holders thereof.

Section 2. Suspension of Voting Rights. The right of any Member to vote may be suspended by the Board of Directors for just cause pursuant to its rules and regulations.

ARTICLE V

PROPERTY RIGHTS

Section 1. Members' Easements of Enjoyment. Every Member shall have a right and easement of enjoyment in and to the PCOS, including the rights of ingress and egress, and such easement shall be appurtenant to and shall pass with the right to every Lot, subject to each of the following provisions:

(a) The right of the Association, in Accordance with its Articles and Bylaws, to borrow money for the purpose of improving the PCOS and in aid thereof to mortgage the PCOS, or any portion thereof, provided the rights of such mortgage in said Property shall be subordinate to the rights of the owners hereunder.

(b) The right of the Association to dedicate or transfer all or any part of the PCOS for such purposes and subject to such conditions as may be agreed to by the members of the Board of Directors.

(c) The right of the Association to dedicate or transfer all or any part of the PCOS for utility, drainage, pedestrian walkway and cablevision easements.

(d) The right of the Association, to formulate publish and enforce rules and regulations as provided in Article IX.

(e) Actions contemplated under subparagraphs (a) and (b), above shall not be taken until the following two steps are met:

(1) Board members entitled to cast three-fourths (3/4) of all the votes of the Board of Directors have voted for such action at a meeting duly called for said purpose, notice of which has been sent to every board Member not less than ten (10) nor more than thirty (30) days in advance of the meeting.

(2) Owners of Lots owning two-thirds (2/3) of the Lots other than those owned by Declarant have approved the action in writing.

The instrument effecting such dedication, transfer, conveyance or mortgage shall be sufficient if executed by appropriate officers of the Association and contains a recital of the above provisions, and that they have been complied with.

Section 2. Delegation of Use. Any Member may delegate, in accordance with the Bylaws, his right of enjoyment to the PCOS to the Members of his family, his tenants, or

contract purchasers who reside on the Property and to his guests and invitees.

Section 3. Title to the PCOS. The Declarant hereby covenants for itself its heirs and assigns, that, prior to the conveyance of the first Lot to a person or entity other than a Builder, it will convey fee simple title to the PCOS as shown on the map referred above, to the Association, free and clear of all encumbrances and liens, except utility and drainage easements and easements to governmental authorities. Similarly, the Declarant will convey to the Association PCOS which are parts of Neuse Crossing as those portions are annexed in the future until all PCOS, as shown on plans approved by the Wake County, has been conveyed to the Association.

ARTICLE VI

COVENANT FOR ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Property, hereby covenants, and every other Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to covenant and agrees to pay to the Association:

(a) Annual assessments or charges which are Common Expenses; and

(b) Special assessments for capital improvements.

Any provision herein to the contrary notwithstanding, the assessment for each Lot owned by Declarant or by a Builder shall be twenty-five percent (25%) of the assessment which is

applicable for a Lot titled in a name other than Declarant or a Builder.

Such assessments shall be fixed, established, and collected from time to time as hereinafter provided.

The annual and special assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the Lot and improvements against which each such assessment is made. Each such assessment, together with such interest and 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 the assessment fell due. The personal obligation of an Owner for delinquent assessments shall not pass to his successors in title unless expressly assumed by them. All assessments shall be shared equally by the Owners of each Lot, except as otherwise provided in this section.

Section 2. Purposes of Assessments. The annual assessment shall be used exclusively for promoting the recreation, health, safety, and welfare of the residents of Neuse Crossing Subdivision; enforcing these covenants and the rules of the Association; improving and maintaining the P.C.O.S. lying within Neuse Crossing, maintaining the subdivision sign at the entrance to Neuse Crossing Drive, the landscaped median, the landscaped areas on the east and west sides of Neuse Crossing Drive (whether inside or outside the street right-of-way), the grass and trees along both sides of Neuse Crossing Drive which are within the street right-of-way, such lights as are not

maintained by Carolina Power & Light Company and paying all Common Expenses.

The Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of improvements to the P.C.O.S. which the Association shall be obligated to maintain. The fund shall be maintained out of the annual assessments.

Section 3. Amount of Annual Assessment.

(a) Initial Assessment. To and including December 31, 1990, the initial annual assessment shall not be in excess of $27.50 per Lot, the exact amount of which shall be determined from time to time as provided in Subsection (d) of this Section 3. Notwithstanding any provision in this Declaration, if one or more lots are resubdivided as permitted by Article X, Section 2 of this Declaration, or if portions of one or more Lots are converted to a street as permitted in Article X, Section 1, whereby the number of Lots is reduced, the assessments of the resulting Lots shall be on a per Lot basis for the resulting Lots rather than on the original Lots as they existed before resubdivision or conversion to a street.

(b) Increase by Association. From and after December 31, 1990, the annual assessment effective for any year may be increased from and after January 1 of the succeeding year by the Board of Directors, without a vote of the membership, by a percentage which may not exceed the greater of seven (7%) percent or 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 on the immediately preceding October 1st.

(c) Increase by members. From and after December 31, 1990, the annual assessment may be increased by a percentage greater than permitted by this Article by an affirmative vote of members or proxies entitled to cast two-thirds (2/3) of the votes of each class of members who are voting in Person or by proxy, at a meeting duly called for such purpose, written notice of which, setting forth the purpose of the meeting, shall be sent to all members not less than fifteen (15) days nor more than thirty (30) days in advance of the meeting. The limitations herein set forth shall not apply to an increase in assessments undertaken as an incident to a merger or consolidation in which the Association is authorized to participate under its Articles of Incorporation.

(d) Criteria for Establishing Annual Assessment. In establishing the annual assessment for any assessment year, the Board of Directors shall set the annual assessment high enough to cover all current costs and expenses of the Association, any accrued debts, and reserves for future needs.

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

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 only for the purpose of defraying, in whole or in part, the costs of construction or reconstruction, unexpected repair, or replacement of a described capital improvement upon the P.C.O.S., including the necessary fixtures and personal property related thereto; provided that any such assessment shall have the assent of members or proxies entitled to cast two-thirds (2/3) 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, setting forth the purpose of the meeting, shall be sent to all members not less than fifteen (15) days nor more than thirty (30) days in advance of the meeting. The amount of the proposed assessment need not be stated.

Section 5. Uniform Rate of Assessment. The annual assessment and special assessments must be fixed at a uniform rate for all Lots, on a per Lot basis, and may be collected on a monthly basis.

Section 6. Quorum for Any Action Authorized Under Sections 3 and 4. At the first meeting called, as provided in Section 3 and 4 of this Article, the presence at the meeting of members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, subsequent meetings may be called, subject to the notice requirement set forth in sections 3 and 4 and the required quorum at any such subsequent meeting shall be one-half (1/2) of the

required quorum at the next preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the next preceding meeting.

Section 7. Date of Commencement of Annual Assessments: Due Dates. The Board shall determine when the annual assessments provided for herein shall commence. Provided, however, no assessment shall begin before a Lot is shown on a map recorded in the Wake County Registry and said Lot has been subjected to the terms and conditions of this Declaration.

The first assessment shall be adjusted according to the number of months then remaining in that fiscal 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 subject thereto. The due dates shall be established by the Board of Directors. The Association, upon demand at any time, shall 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 properly 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 Assessments: Remedies of the Association. Any assessments which are not paid when due shall be delinquent. If the assessments are not paid within thirty (30) days after the due date, assessments shall bear interest from the date of delinquency at the highest rate

allowed by law, not to exceed twelve (12%) percent, and the Association may bring an action at law against the Owner personally obligated to pay the same, and interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment. Owner by acceptance of a deed to a Lot, agrees that such delinquent amount, interest, costs and attorney fees are a lien against the Lot. If any law permits the foreclosure of such lien or other similar remedy as a method of enforcement of the Association's right to collect assessments, the Association may use such remedy. No Owner may waive or otherwise escape liability for the assessment provided for herein by non-use of the PCOS or abandonment of his Lot.

The Association shall be entitled to give written notice of any sixty (60) day delinquency in the payments or charges owed by the Owner of any Lot to a lender which holds a mortgage or deed of trust on said Lot.

Section 9. Subordination of Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. A sale or any transfer of any Lot shall not affect the assessment liens; provided, however, that the sale or transfer of any Lot pursuant to foreclosure of a first mortgage or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to payment which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from the liability for any assessment thereafter becoming due or from the lien thereof.

ARTICLE VII

MAINTENANCE OF PROPERTIES

Section 1. Maintenance of PCOS.

Maintenance of the PCOS located within Neuse Crossing shall be the responsibility of the Association.

Section 2. Maintenance of Lots. Each Owner at his sole expense shall maintain the street area between his lot and the pavement of the street(s) which his Lot abuts, his Lot and residence in a neat, orderly, clean, well maintained condition that conforms to the standards of the Neuse Crossing Subdivision. If in the opinion of the Board, an Owner fails to maintain his property in a neat and orderly condition or otherwise neglects his property and allows unsightly conditions to develop, the Board, after 30 days written notice to the Owner, may, but is not obligated to, take steps to remedy the problem. Such remedy may include, but shall not be limited to; the removal of debris or junked cars, the mowing of grass or cutting of brush and the painting or repair of structures located on the property. The Board may bill such Owner for all expenses incurred in correcting the problem. Every Owner by acceptance of a deed covenants to pay said bill immediately upon receipt thereof. Failure to immediately pay said bill shall result in a lien against said Lot in favor of the Association and the Board may enforce said lien by action at law.

In order to enable the Association to accomplish the foregoing, there is hereby reserved to the Association and its agents, the right and easement for unobstructed access over and

upon each Lot at all reasonable times to perform maintenance, repair and replacement as provided in this Article.

ARTICLE VIII

ARCHITECTURAL CONTROL & INSPECTION

Except for initial improvements by Declarant, no construction, erection, or installation of any improvements, including, but not limited to, residences, outbuildings, and other structures, shall be undertaken upon the Property unless the plans and specifications therefor, showing the nature, kind, shape, height, materials and location of the proposed improvements shall have been submitted to the Declarant or its agent and expressly approved in writing. No subsequent alteration or modification of the exterior of any existing improvements nor construction, erection, or installation of additional exterior improvements may be undertaken on any of the Property without prior review and express written approval of the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board of the Association.

Fences and screens (whether by plants or structures) which extend into that portion of a Lot located between the front line of the Lot and the front line of a residence constructed on the Lot ("Front Yard") and which also border the Front Yard of an adjacent Lot are included in "improvements" set forth above and are subject to the review and evaluation of the Declarant or the Board as set forth herein. Fences and screens located in the "rear or side yard" of a Lot and which do not overhang the Front

Yard of an adjacent Lot as set forth above are not subject to such review and control, but are subject to the protective covenants of Article X of this instrument.

In general, no exterior alterations or additions to buildings or garages shall be disapproved unless such alterations or additions are not in harmony with existing structures, as to style, shape, color and size.

In the event that the Declarant or the Association, as the case may be, fails to approve or disapprove the design of any proposed improvements within thirty (30) days after plans and specifications therefore have been submitted and received, approval will not be required, and the requirements of this Article will be deemed to have been fully met; provided, that the plans and specifications required to be submitted shall not be deemed to have been received by the Declarant or the Association if they contain erroneous data or fail to present adequate information upon which the Declarant or the Association, as the case may be, can arrive at a decision.

The Declarant and/or the Association (as applicable) shall have the right, at its election, but shall not be required, to enter upon any of the Property during site preparation or construction, erection, or installation of improvements to inspect the work being undertaken and to determine that such work is being performed in conformity with the approved plans and specifications and in a good and workmanlike manner, utilizing approved methods and good quality materials.

In any event, if a residence is fully constructed without any suit or injunction having been filed to prevent or stop such construction, it shall be conclusively deemed to have been approved by Declarant, the Association Board of Directors or the Architectural Committee.

ARTICLE IX

RULES AND REGULATIONS

Section 1. PCOS The Board of Directors of the Association shall have the power to formulate, amend, publish, and enforce reasonable rules and regulations concerning the use and enjoyment of the PCOS and private drives and walkways which are not a part of any Lot. Such rules and regulations, along with all policy resolutions and policy actions taken by the Board of Directors, shall be recorded in a Book of Resolution which shall be maintained in a place convenient to the Owners and available to them for inspection during normal business hours.

Section 2. Rules and Regulations for Parking of Vehicles. The Board of Directors of the Association shall have the power to formulate, publish, amend and enforce reasonable rules and regulations concerning the parking of any type of vehicle on the Properties, including PCOS. Said rules may provide, without limitation, the following:

(a) A definition of a "recreational vehicle" and regulations covering the parking of recreational vehicles on public streets.

(b) That campers, planes, boats, trailers, trucks, and commercial vehicles of any kind that the Board designates cannot

be parked on a public or private street or in the PCOS except in areas designated for that purposes, if any. Recreational vehicles may be parked on a Lot provided they are screened in a manner approved by the Declarant, the Association or the Architectural Committee.

(c) Limitations on the period of time and extent to which a motor vehicle may be repaired on the premises, and that all motor vehicles parked on public or private streets or in the PCOS are to have valid license plates.

ARTICLE X

PROTECTIVE COVENANTS

Section 1. Land Use. No Lot shall be used except for single family residential purposes, except that Declarant and the Builders may maintain temporary offices, and sale models on said Lots. If more than three (3) people reside on any Lot and if those in excess of three (3) are not related to any of the three (3) by blood, marriage, or adoption, such residency shall not be deemed a single-family. However, nothing herein shall prevent the conversion of Lots of portions of Lots to public or private streets as approved by the governmental authority having control over such matters, if such approval is required by its ordinances.

Section 2. Lot Size. The lay of the Lots as shown on the plat to be recorded shall be substantially adhered to; provided, however, that with the prior written approval of the Declarant, its successors and assigns, or the Architectural Committee and the appropriate governmental authority, the size

and shape of any Lot may be altered, provided that no Lot or group of Lots may be resubdivided so as to produce a greater number of Lots than that allowed by the applicable zoning laws in force at the time of said change. More than one Lot may be used for the construction of one dwelling provided the location of any structure permitted thereon is approved in writing by the Architectural Committee or the Declarant. Except as provided in this paragraph, no structure shall be erected, altered, placed, or permitted to remain on any Lot other than one detached single family dwelling, not to exceed three stories in height. All structures shall comply with the applicable subdivision and zoning restrictions of the governmental authority having jurisdiction.

Section 3. Dwelling Size. No residential structure, which has a minimum area of less than 1100 square feet of finished heated living area, exclusive of decks, porches, basement and garage, shall be erected or placed on any Lot. Declarant or the Architectural Committee, however, may waive the minimum square footage requirements in those instances it deems appropriate, taking into consideration topography of a certain lot and/or the design of the residence.

Section 4. Building Location. No building on a Lot shall be located nearer to the front Lot line, side street line, interior Lot line or rear Lot line than is permitted by the governing authority having jurisdiction.

Section 5. Temporary Structures. All buildings and structures erected upon said property shall be of new

construction. No structures of a temporary character, trailer, basement, tent, shack, garage, barn or other out-building shall be used on any portion of any Lot at any time as a residence, either temporarily or permanently.

Section 6. Animals. No animals, livestock or poultry of any kind shall be raised, bred, or kept on said Lots except that dogs, cats, or other household pets may be kept provided they are not kept, bred or maintained for any commercial purpose.

Section 7. Signs. No advertising signs, billboards, unsightly objects or nuisances shall be erected, placed or permitted to remain on the Lots except for one "for sale" or "for rent" sign of not more than five (5) foot square and signs, billboards, etc. as necessary during the construction of improvements on the Property. However, the requirements of this paragraph shall not be applicable to signs of the Declarant and/or Builder while development or construction is in progress.

Section 8. Garbage Cans, Clotheslines. All garbage cans, service yards, wood piles or storage piles and clotheslines shall be kept screened by adequate planting or other means approved by the Architectural Committee so as to conceal them from view of neighboring dwellings subject to this Declaration. All garbage, trash, or rubbish shall be regularly removed from the premises and shall not be allowed to accumulate thereon. No equipment, garbage cans, woodpiles, service yards, or storage piles shall be placed in any front yard of any dwelling, except during periods when development or construction is in progress.

Section 9. Television Antennas, Discs, Etc. No television antennas, radio aerials, reception discs or similar objects shall be located on any building, said objects may only be allowed in rear yards screened by adequate planting or other means approved by the Architectural Committee; provided, however, that no discs and other television reception equipment shall be permitted on any Lot after cablevision facilities are available to such Lot. Further, after cablevision facilities have become available to a Lot, all discs and other television reception equipment located on such Lot shall be removed immediately.

Section 10. Fences. No fence, screen or similar structure shall be permitted to unreasonably obstruct the view or light of adjacent Lot Owners. Furthermore, such structures shall be subject to architectural review as set forth in Article VIII of this Declaration.

Section 11. Quiet Enjoyment. No obnoxious or offensive activity shall be carried on upon the Lots, nor shall anything be done which may be or may become a nuisance or annoyance to the neighborhood.

Section 12. Waiver. The Declarant, Association or Architectural Committee may waive any of the provisions of this Article upon a showing that such waiver is necessary to prevent undue hardship and that such waiver would not adversely affect adjacent Lots.

Section 13. Declarant Control. During the period the Declarant controls the voting power of the Association the Declarant may exercise any power allocated to the Architectural Committee pursuant to this Article.

ARTICLE XI

RIGHTS OF FIRST MORTGAGEES AND INSURERS OF FIRST MORTGAGES

Any institutional holder of a first mortgage on a Lot will, upon request in writing to the Association, be entitled to (a) inspect the books and records of the Association during normal business hours, (b) receive written notice of all meetings of the Association and the right to designate a representative to attend all such meetings (c) receive timely written notice of any condemnation or casualty loss that affects either a material portion of the project or the Lot securing its mortgage, (d) receive timely written notice of any sixty (60) day delinquency in the payment of assessments or charges owed by the Owner of any Lot on which it holds the mortgage, (e) receive timely written notice of a lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association, (f) receive timely written notice of any proposed action that requires the consent of a specified percentage of mortgage holders, and (i) be furnished with a copy of any insurance policy owned by the Association, and (j) to be furnished with at least one copy of the Annual Financial Statement and Report of the Association prepared by a Certified Public Accountant designated by the Association, including a detailed statement of annual carrying charges or income collected and operating expenses, such Financial Statement and Report to be furnished by April 15 of each calendar year. The Association may require the payment of expenses incurred in preparing copies and mailing of documents furnished to first mortgage holders pursuant to this Article.

ARTICLE XII

PAYMENT OF TAXES AND ASSESSMENTS ON

PCOS

The Board of Directors of the Association shall provide for the payment of any taxes or assessments levied on the PCOS by the County of Wake or other governmental authority. Said payments shall be paid by the Association as Common Expenses from the annual assessment.

ARTICLE XIII

EASEMENTS

Section 1. Walks, Drives, Parking Areas and Utilities. All of the Property, including Lots and the PCOS, shall be subject to such easements for walkways, water lines, irrigation systems, sanitary sewers, storm drainage facilities, gas lines, telephone and electric power lines, television antenna lines, cable television and other public utilities as shall be established by the Declarant; provided, however, that such easements shall not adversely affect or encroach upon any Lot without the consent of the Owner of such Lot. Further, easements for installation and maintenance of utilities and drainage facilities are reserved over the rear ten feet of each Lot. In the event that the Owner of any Lot shall acquire land adjacent to and in the rear of such Lot, such Lot owner may relocate the easement herein established over the rear line to conform to the increase in size of his Lot provided that such relocation is not prohibited by a governmental authority having jurisdiction, and provided that alteration in drainage does not thereby adversely

affect the drainage of any other Lot or interfere with the right of the Owners of other property within this subdivision to services rendered by the easement herein created. The Association shall have the power and authority to grant and to establish in, over, upon, and across the PCOS conveyed to it such further easements as are requisite for the convenient use and enjoyment of the Property.

PCOS #1 and PCOS #2 shall be conveyed to the Association subject to the right and easement to the public to have access to Neuse River by way of these open spaces. Further, the Declarant reserves the right to dedicate easements crossing any PCOS or OS for sewer, water, wells, drainage, other utilities and cablevision to serve Neuse Crossing Subdivision, the adjacent shopping center and other lands of the Declarant referred to Article II, Section 2 of this Declaration.

Section 2. Easements Appurtenant to Lots. All PCOS shall be subject to an easement in favor of every Lot to which they are adjacent or which they are designated to serve and shall be deemed appurtenant to each such Lot, whereby the Owner of each such Lot shall be entitled to use them as a means of pedestrian ingress, egress and regress and such other uses as shall have been designated. This section shall not be construed to prevent the Association from subjecting the PCOS to an access easement for ingress and egress and an easement for parking areas to serve any amenities which may be located in the PCOS. Such easements shall be superior to the lien of every mortgage or deed of trust.

Section 3. Emergencies. Every Lot shall be subject to an easement for entry by the Association for the purpose of correcting, repairing, or alleviating any emergency condition which arises upon any Lot and that endangers any building or portion of the PCOS.

Section 4. Easement for Governmental Agencies. An easement is hereby established over the PCOS for the benefit of applicable governmental agencies, public utility companies and public service agencies as necessary for setting, removing and reading of meters, replacing and maintaining water, sewer and drainage facilities, electrical, telephone, gas and cable antenna lines, cablevision lines, fire fighting, garbage collection, postal delivery, emergency and rescue activities and law enforcement activities.

ARTICLE XIV

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 charters now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidation of any one or portion 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.

Section 3. Duration. The covenants, conditions and restrictions of this Declaration shall run with and bind the land for a term of thirty (30) years from the date this Declaration is recorded, after which time they shall be automatically extended for an unlimited number of successive periods of ten (10) years each, unless amended as set forth in Section 4 of this Article XIV.

Section 4. Amendment. This Declaration may be amended by the Association through its Board provided that 1) the proposed amendment receives the written assent of members or proxies entitled to cast sixty six and two thirds percent (66 2/3%) of the vote of the entire membership and 2) if required by its code of regulations, the amendment is approved by an appropriate official for the governmental authority having jurisdiction over the Property. In the event any amendment is submitted for approval and no response has been made within thirty (30) days after being submitted to such official, said amendment shall be deemed approved by that office.

Section 5. Certification of Amendment. If any amendment to these covenants, conditions and restrictions is executed, each such amendment shall be delivered to the Board of Directors of the Association. Thereupon, the Board of Directors, shall, within thirty (30) days do the following:

(a) Reasonably assure itself that the amendment has been executed or approved 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. The following form of certification is suggested:

CERTIFICATION OF VALIDITY OF AMENDMENT TO COVENANTS, CONDITIONS AND RESTRICTIONS OF NEUSE CROSSING

By authority of its Board of Directors, Neuse Crossing Homeowners Association, Inc. hereby certifies that the foregoing instrument has been duly approved by members or their proxies entitled to cast sixty-six and two-thirds percent (66 2/3%) of the vote of the entire membership and is, therefore, a valid amendment to the existing Declaration of Covenants, Conditions and Restrictions of Neuse Crossing.

NEUSE CROSSING HOMEOWNERS ASSOCIATION, INC.

BY: James D. Harris
President

ATTEST:
Kathy S. Adams
Assistant Secretary

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

All amendments shall be effective from the date of recordation in the Wake County Registry, provided, however, that no such amendment shall be valid until it has been

indexed in the name of the Neuse Crossing Homeowners Association, Inc. When any instrument purporting to amend the Declaration 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 Lots in Neuse Crossing.

Section 6. Restrictions Against Association Entering Into Long Term Contract While Declarant in control of Board of Directors. Until such time as the total votes outstanding in Class A membership equal the total votes outstanding in Class B membership, or June 1, 2000, whichever occurs first, the Association is not bound either directly or indirectly to contracts or leases (including a management contract but excluding easements granted as herein provided) unless there is a right to termination of any such contract or lease, without cause, which is exercisable without penalty at any time after the occurrence of one of the above events, upon not more than 90 days notice to the other party.

Section 7. Underground Utilities and Street Lighting.

Declarant reserves the right to subject the Property to a contract with Carolina Power & Light Company for the installation of underground electric cables and the installation of street lighting, either or both of which may require a continuous monthly charge to the Owner of each

Lot. Upon acceptance of a deed to a Lot, each Owner agrees to pay Carolina Power & Light Company the continuing monthly payment therefore as approved by the North Carolina Utilities Commission, or its successors or other appropriate governmental authority.

Declarant further reserves the right to connect to each unit necessary water and sewer service which may require a continuous monthly charge to the owner of the Lot. Upon acceptance of a deed to the Lot each Owner agrees to pay said continuing monthly charge, if any.

Section 8. Responsibility. In no case shall the governmental authority having jurisdiction over the Property be responsible for failing to provide any emergency or regular fire, police or other public service to Neuse Crossing or its occupants when such failure is due to the lack of access to such areas because of inadequate design or construction, blocking of access routes, or any other factor within the control of the Declarant, Builders, Association or Occupants.

IN WITNESS WHEREOF, the parties have caused this instrument to be signed in their corporate names by their duly authorized officers and their seals to be hereunto affixed by authority of their respective Boards of Directors, on this the 5th day of June, 1990.

BK4718PG0194

WHITEWOOD PROPERTIES, INC.
a North Carolina corporation

BY: James D. Adams Jr
President

ATTEST:

Kathy S. Adams
Assistant Secretary

NEUSE CROSSING HOMEOWNERS
ASSOCIATION, INC.,
a North Carolina non-profit corporation

BY: James D. Adams Jr
President

ATTEST:

Kathy S. Adams
Assistant Secretary

BK 4718 PG 0195

NORTH CAROLINA

WAKE COUNTY

I, the undersigned, a Notary Public in and for the said State and County, do hereby certify that JAMES D. ADAMS, JR. personally appeared before me this day and acknowledged that he is PRESIDENT of WHITEWOOD PROPERTIES, 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 President, sealed with its corporate seal, and attested by its ASSISTANT SECRETARY.

WITNESS my hand and notarial seal this the 5th day of June, 1990.

Barbara M. Roney
Notary Public

My Commission Expires:
5-26-91

(NOTARIAL SEAL OR STAMP)

BARBARA M. RONEY
NOTARY PUBLIC
NEW HANOVER COUNTY, NC
My Commission Expires 5-26-91

BARBARA M. RONEY
NOTARY PUBLIC
NEW HANOVER COUNTY, NC
My Commission Expires 5-26-91

BK 7187 PG 0196

NORTH CAROLINA

WAKE COUNTY

I, the undersigned, a Notary Public in and for the said State and County, do hereby certify that JAMES D. ADAMS, JR. personally appeared before me this day and acknowledged that he is PRESIDENT of NEUSE CROSSING HOMEOWNERS ASSOCIATION, INC., a non-profit corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its PRESIDENT, sealed with its corporate seal, and attested by its ASSISTANT SECRETARY.

WITNESS my hand and notarial seal this the 5th day of June, 1990.

Barbara M. Roney
Notary Public

My Commission Expires:
5-26-91

(NOTARIAL SEAL OR STAMP)

BARBARA M. RONEY
NOTARY PUBLIC
NEW HANOVER COUNTY, NC
My Commission Expires 5-26-91

NORTH CAROLINA — WAKE COUNTY
The foregoing certificate of Barbara M. Roney
Notar(y)(ies) Public is
(are) certified to be correct. This instrument and this certificate are duly registered at the date and time
and in the book and page shown on the first page hereof.
KENNETH C. WILKINS, Register of Deeds
By Barbara C. Smith
Asst./Deputy Register of Deeds

BK 7 18 PG 0 197

CERTIFICATION OF VALIDITY OF AMENDMENT

TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

OF NEUSE CROSSING

By authority of its Board of Directors, Neuse Crossing Homeowners Association, Inc. hereby certifies that the foregoing instrument has been duly approved by members or their proxies entitled to cast sixty-six and two-thirds percent (66 2/3%) of the vote of the entire membership and is, therefore, a valid amendment to the existing declaration of covenants, conditions, and restrictions of Neuse Crossing.

This the 5th day of June, 1990.

NEUSE CROSSING HOMEOWNERS ASSOCIATION, INC.

BY: James D. Adams Jr
President

ATTEST:
Kathy L. Adams
Assistant Secretary

BK4718PG0198

NORTH CAROLINA

WAKE COUNTY

I, the undersigned, a Notary Public in and for the said State and County, do hereby certify that JAMES D. ADAMS, JR. personally appeared before me this day and acknowledged that he is PRESIDENT of NEUSE CROSSING HOMEOWNERS ASSOCIATION, INC., a non-profit corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its PRESIDENT, sealed with its corporate seal, and attested by its ASSISTANT SECRETARY.

WITNESS my hand and notarial seal this the 5th day of June, 1990.

Barbara M. Roney
Notary Public

My Commission Expires:
5-26-91

(NOTARIAL SEAL OR STAMP)

BARBARA M. RONEY
NOTARY PUBLIC
NEW HANOVER COUNTY, NC
My Commission Expires 5-26-91