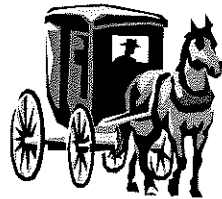




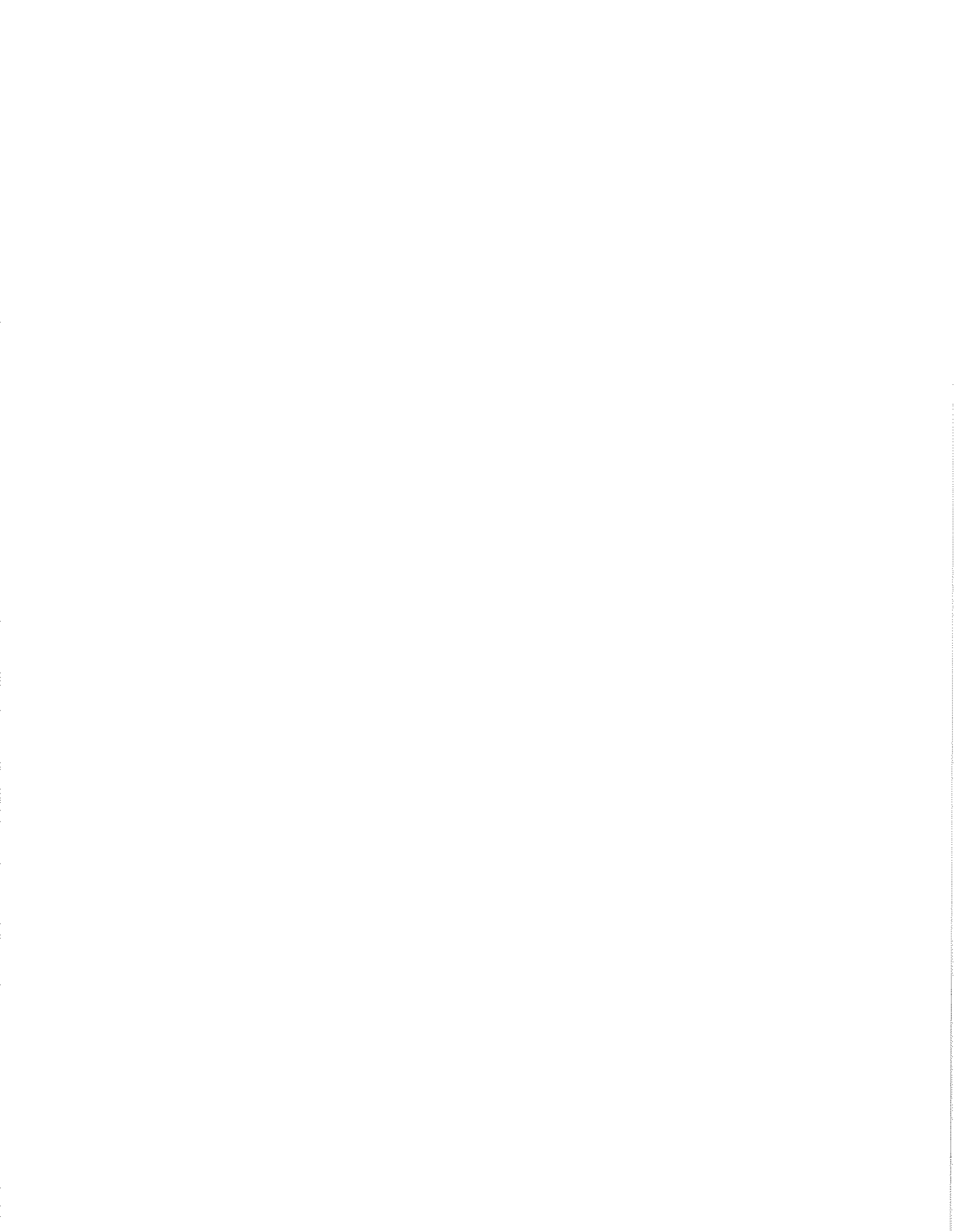
CARRIAGE SQUARE



OF ANDERSON CREEK



Covenants and Restrictions





FOR REGISTRATION REGISTER OF DEEDS
KIMBERLY B. HARGROVE
HARNETT COUNTY, NC
2005 JUL 15 10:01:09 AM
BK: 2104 PG: 031-045 FEE: \$53.00

INSTRUMENT # 2005012374

Drafted by: J. E. Holshouser, Jr.
Sanford Holshouser LLP
P O Box 1227, Pinehurst, NC 28370

STATE OF NORTH CAROLINA

COUNTY OF HARNETT

DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS

THIS DECLARATION, made on the _____ day of July, 2005, by
F&L DEVELOPERS, INC., a North Carolina corporation,
hereinafter referred to as "Declarant".

W I T N E S S E T H :

Declarant is the owner of certain real property in the
County of Harnett, State of North Carolina, which is more
particularly described in Exhibit A attached hereto and
incorporated herein by reference.

Declarant is developing the above-described Property for
residential use as part of a development to be known as
Carriage Square. In connection therewith Declarant wishes to
ensure that there is provision for lawn maintenance.

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, which are for the purpose of protecting the value and desirability of the property and which shall run with the property and be binding on all parties having any right, title or interest in the described Property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof.

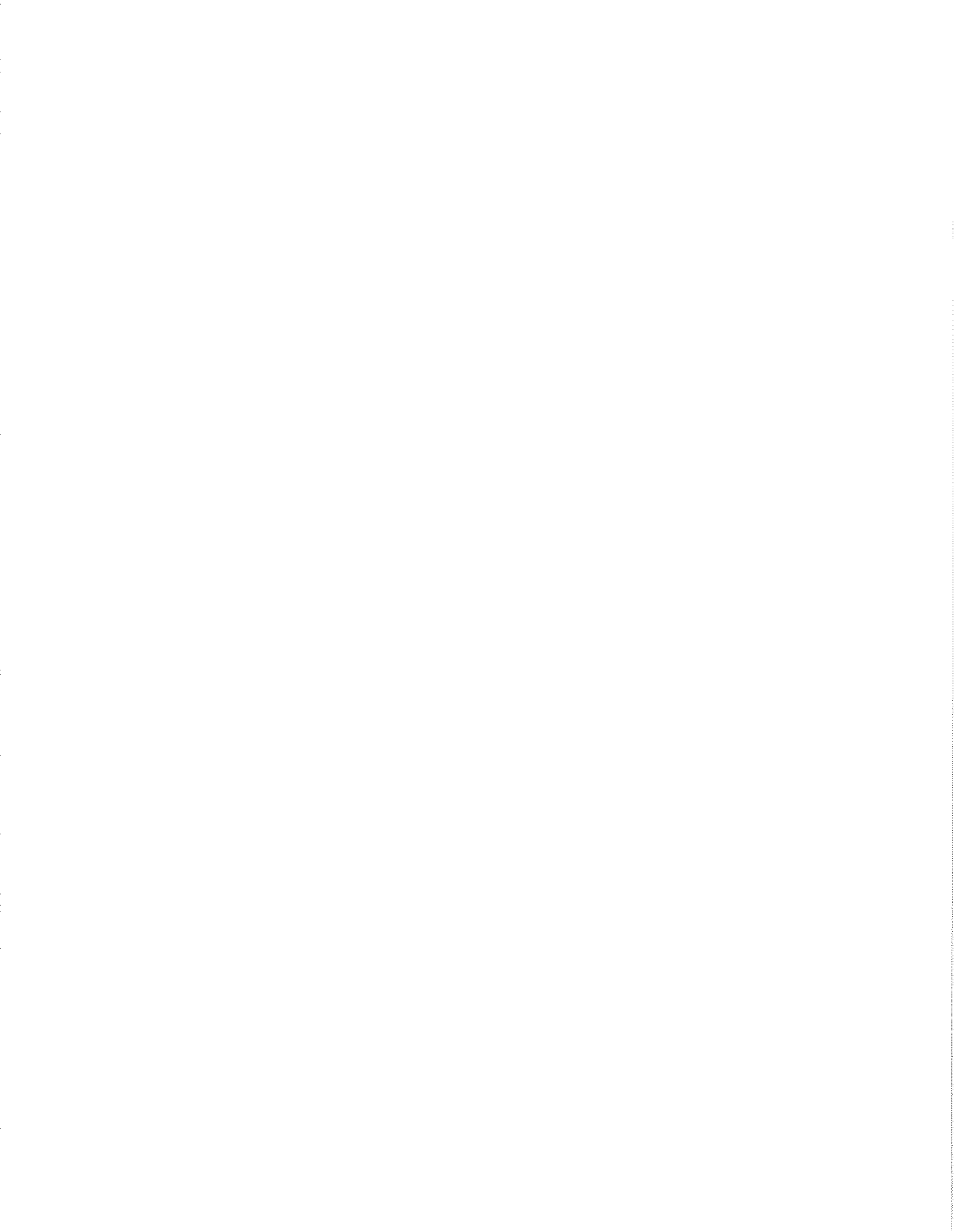
ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to the CARRIAGE SQUARE HOMEOWNERS ASSOCIATION, INC., its successors and assigns. The Association is a not-for-profit corporation formed under the laws of the State of North Carolina by Declarant and having such by-laws as may be determined by Declarant to be appropriate to carry out the purposes of the Association consistent with the requirements of this Declaration.

Section 2. "By-Laws" shall mean the by-laws of the Association as they now or may hereafter exist.

Section 3. "Declarant" shall mean and refer to F&L Developers, Inc.



Section 4. "Lot" shall mean and refer to any lot listed on Exhibit A or in any amendment to this Declaration.

Section 5. "Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of a fee simple title to any Lot, or any portion thereof, which is a part of the Property, but excluding those having such interest merely as security for the performance of any obligation.

Section 6. "Property" shall mean and refer to that certain real property described in Exhibit A, as well as any property added under the provisions of Article IV, Section 4.

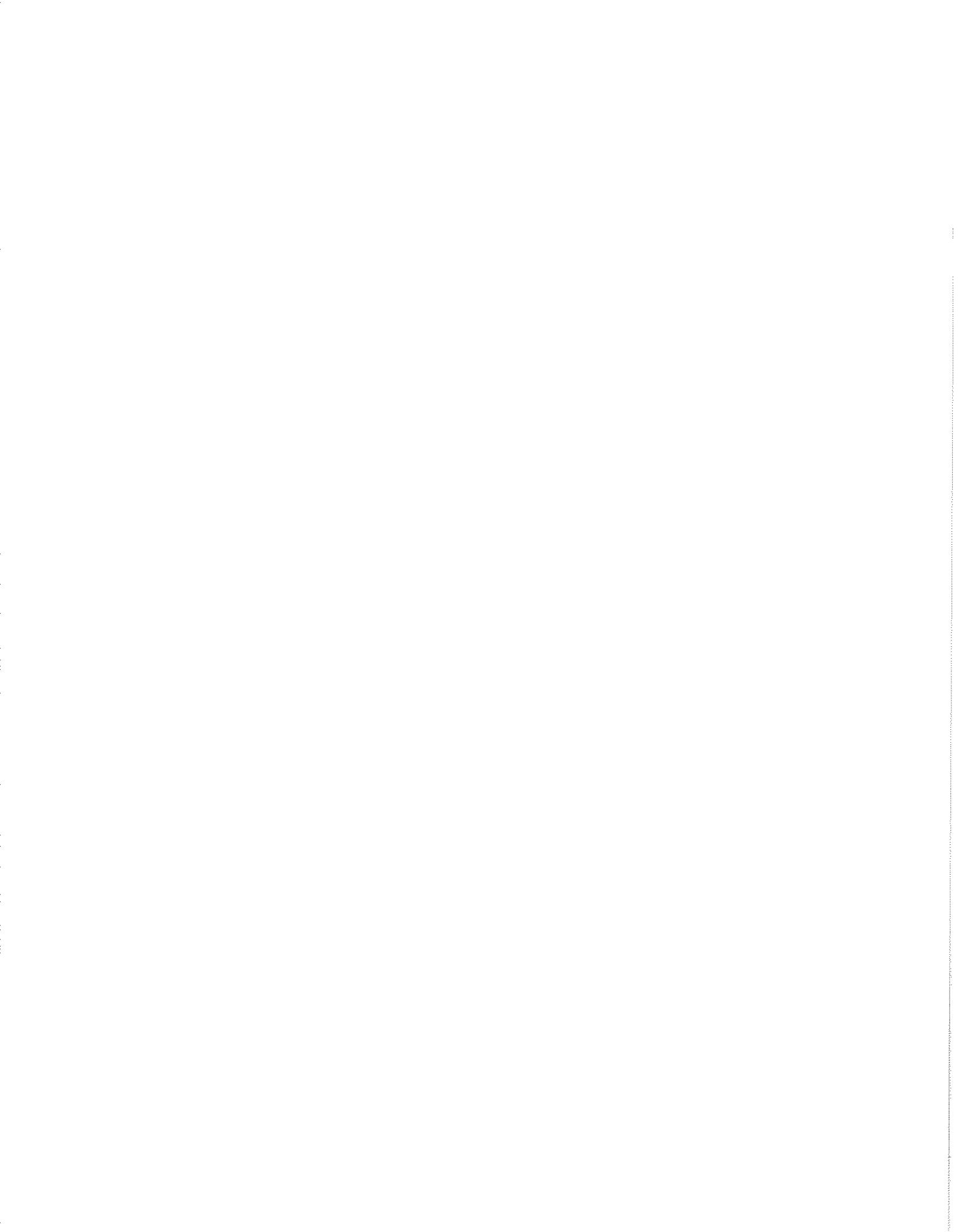
ARTICLE II

MEMBERSHIP AND VOTING RIGHTS

A. Carriage Square Homeowners Association, Inc.

Section 1. Every Owner of a Lot which is subject to a lien for assessments shall be a Member of the Association. An Owner may assign in writing his membership and voting rights to an Occupant upon such terms as the Association may prescribe.

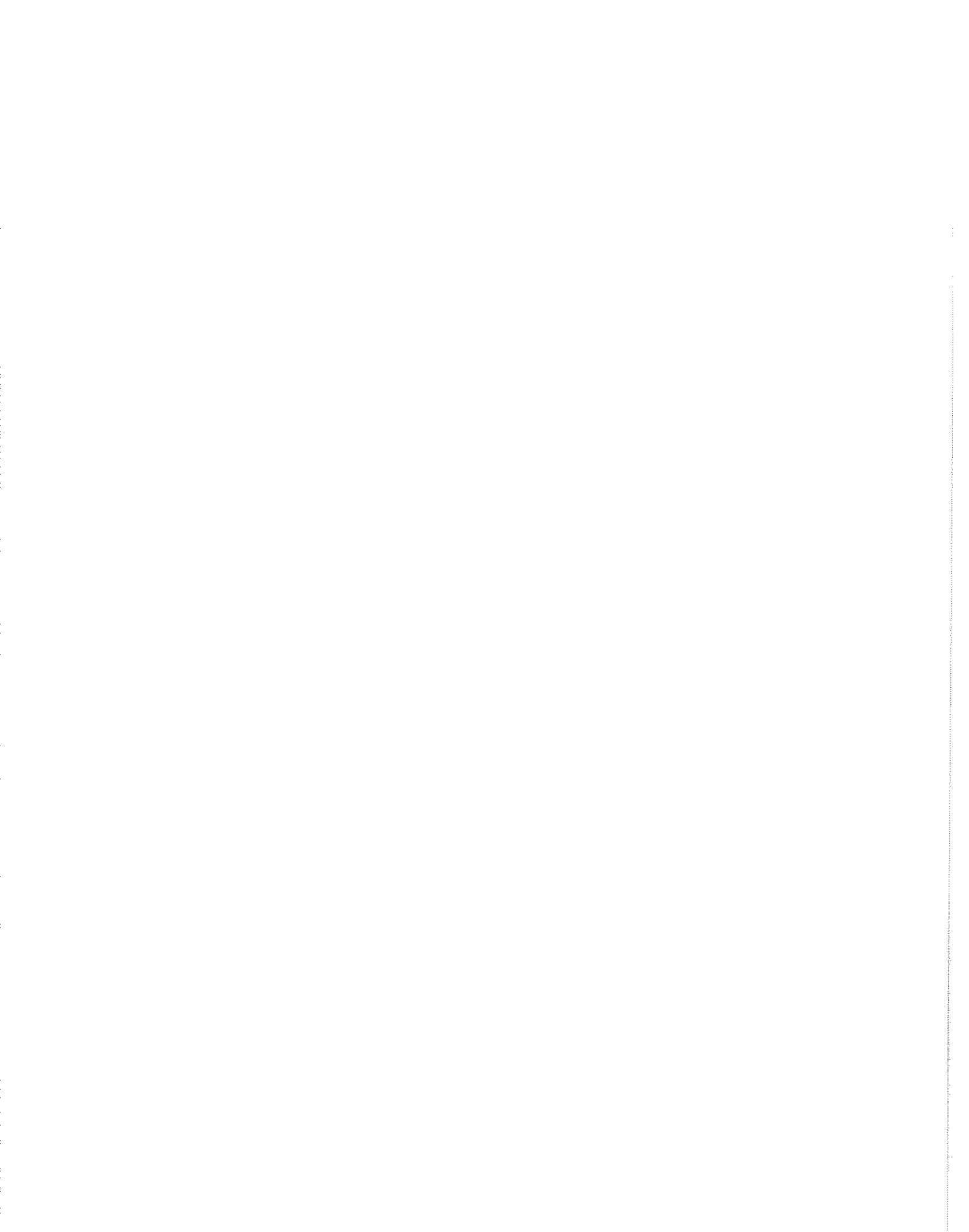
Otherwise, membership and voting rights shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment; provided, however, that no such assignment shall affect the obligation of the Owner to pay the assessment described in Article III hereof.



Each Owner of a Lot shall be entitled to voting rights consisting of one vote for each Lot, except as set forth below. When more than one person holds an interest in any Lot, all such persons shall be members. The vote or votes for such Lot shall be exercised as they among themselves determine, but in no event shall multiple Owners of a Lot be entitled to collectively cast more than the one vote for that Lot.

Pursuant to the provisions of the Planned Unit Development Section of the Harnett County Zoning Ordinance, the Declarant may control and manage the Property Owners Association (1) until 98% of the total dwelling units planned are conveyed to residents or (2) for ten years from the date that the first plat in the PUD is recorded plus one year for each fifty units planned in excess of one hundred units, or (3) for fifty years from the date that the first plat in the PUD is recorded, whichever shall first occur.

To this end, the Association shall have two classes of voting membership: Class A members shall be all Owners other than the Declarant, which shall be a Class B member. The Class B member shall be entitled to one vote for each lot owned by it, plus one vote for each vote held by a Class A member. The total vote of the Association's Members shall



consist of the sum of the votes of all Class A Members and the votes of the Class B member, with each Class A vote being equivalent to one Class B vote. The Declarant's Class A membership will end when the first of the events mentioned in the preceding paragraph shall occur.

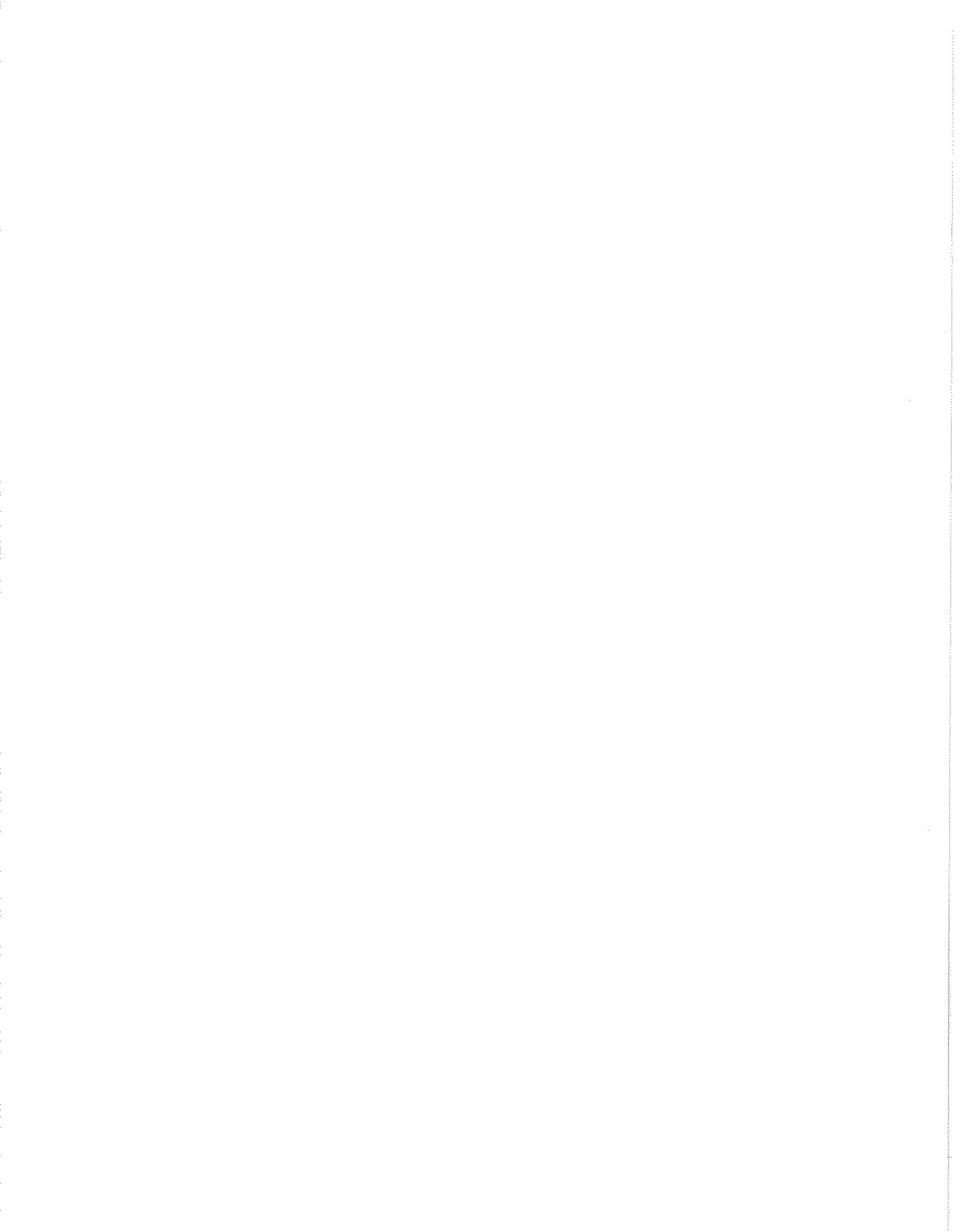
Section 2. Board of Directors. The business and affairs of the Association shall be managed by a Board of Directors of not less than three (3) directors, each of whom shall be elected by a majority vote of the Members of the Association in accordance with its By-Laws. Directors may be but shall not be required to be members of the Association. No Director shall incur any liability whatsoever to any member, owner or occupant for any actions taken by such Director in good faith and within the scope of his or her authority in implementing or enforcing any provision of this Declaration.

ARTICLE III

COVENANT FOR MAINTENANCE AND ASSESSMENTS

A. Carriage Square Homeowners Association, Inc

Section 1. Creation of the Lien and Personal Obligation of Assessments. Each Owner of any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) monthly assessments or charges; and (2)

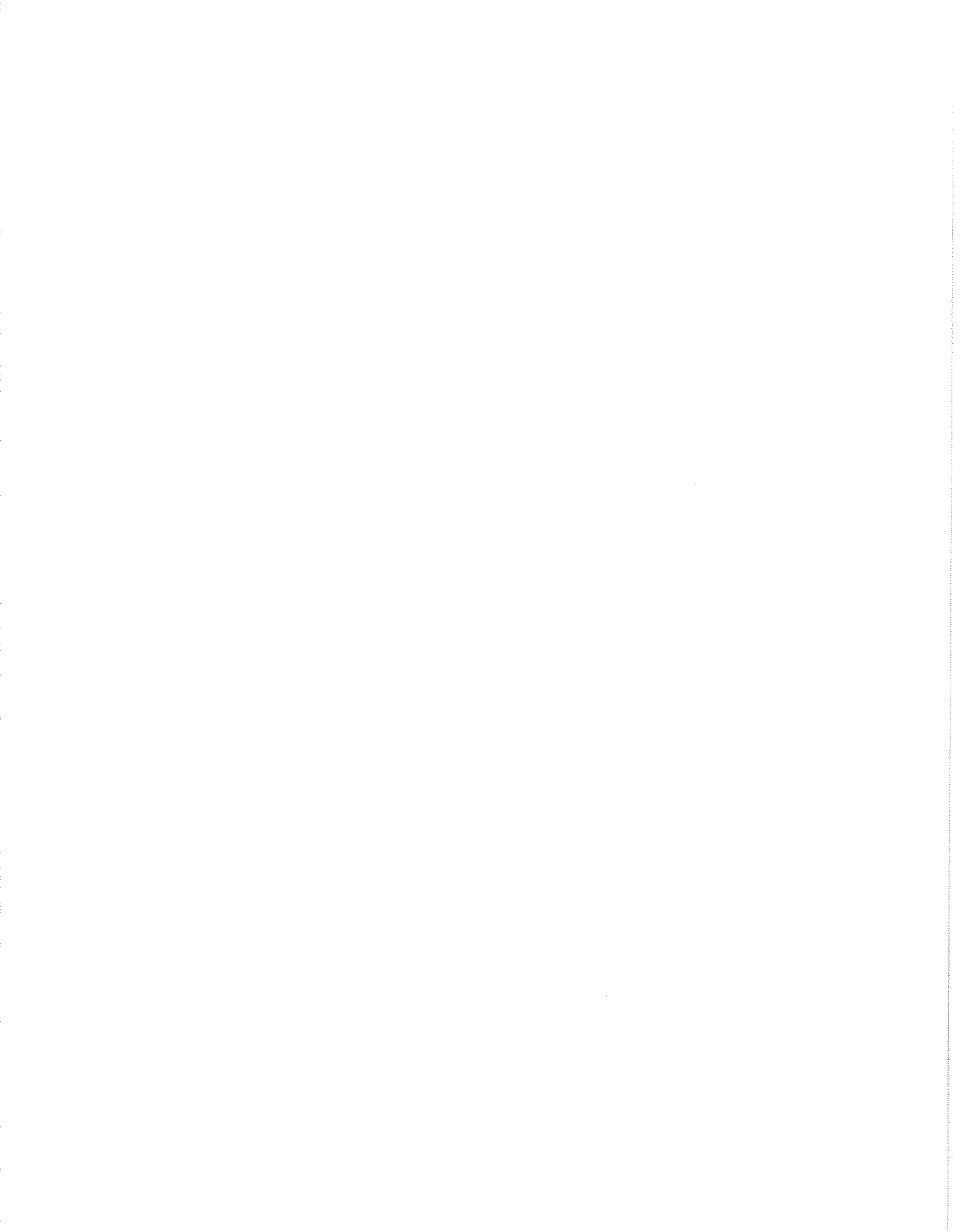


special assessments for capital improvements, such assessments to be established as necessary and collected as hereinafter provided. Lots owned by the Declarant shall be also subject to such assessments. The annual and special assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who is the Owner of such property at the time when the assessment fee is due. The personal obligation for the delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments.

(a) The assessments levied by the Association shall be used for maintenance of the lawns within the property, employment of professional services as needed to represent the Association if necessary, and such other needs as may arise.

(b) 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 described above, or to the proper undertaking of all acts and duties imposed upon it by virtue of this Declaration,



the Articles of Incorporation and the by-laws of the Association. As monies for any assessment are paid unto the Association by any Lot Owner, the same may be commingled with monies paid to the Association by the other Lot Owners. Although all funds and common surplus, including other assets of the Association, and any increments thereto or profits derived therefrom shall be held for the benefit of the Members of the Association. No Member of the Association shall have the right to assign, hypothecate, pledge or in any manner transfer his membership interest therein, except as an appurtenance to his Lot or as set out herein. When a Lot Owner shall cease to be Member of the Association by reason of his divestment of ownership of his Lot, by whatever means, the Association shall not be required to account to such Owner for any share of the fund or assets of the Association which may have been paid to the Association by such Owner, as all monies which any Owner has paid to the Association shall be and constitute an asset of the Association to be used in the manner set out herein.

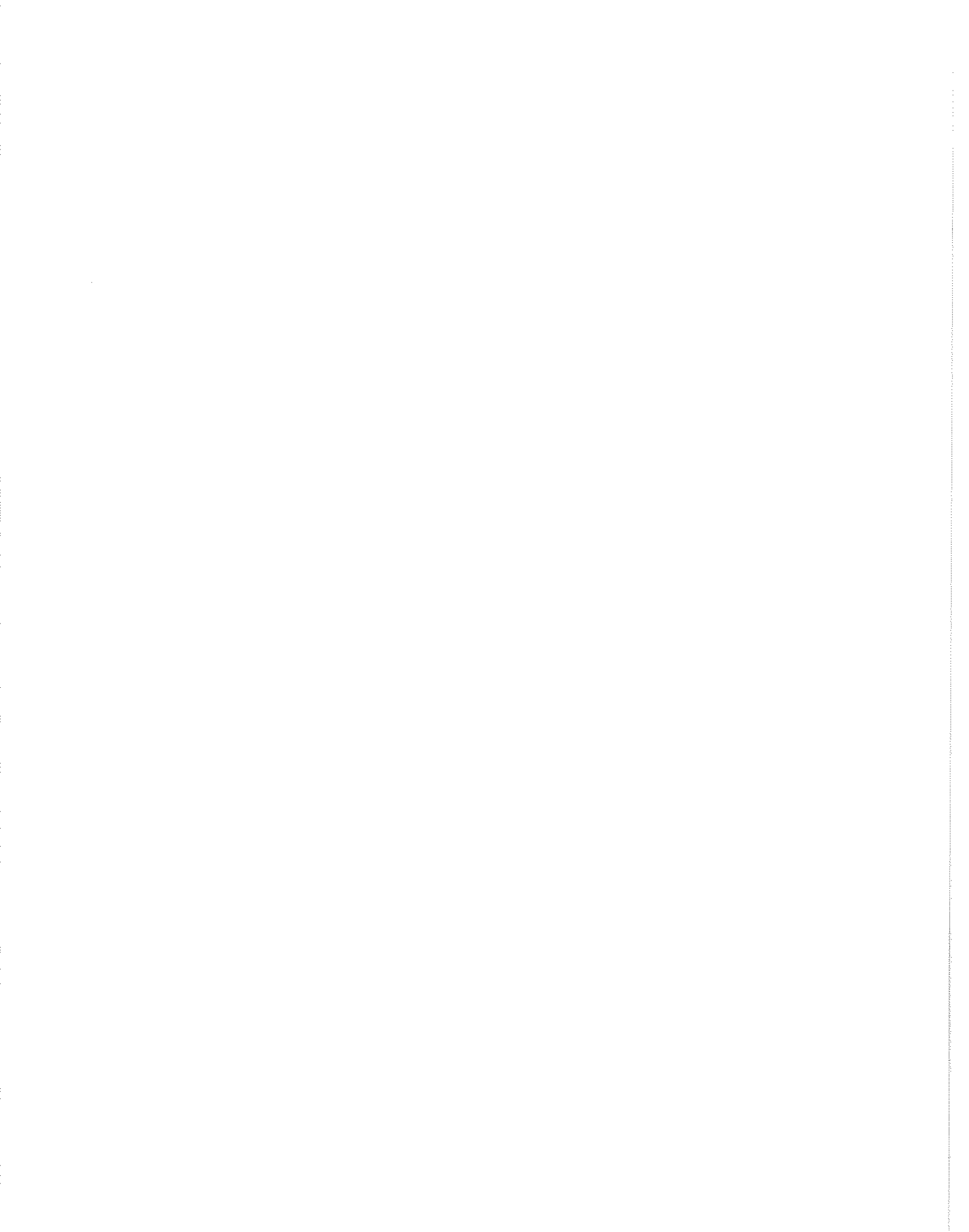
Section 3. Regular and Special Assessments.

(a) The maximum regular monthly assessment for remainder of the calendar year in which assessments begin shall not exceed Thirty (\$30.00) Dollars per month for each lot.

(b) The maximum regular monthly assessment for next calendar year following the year in which assessments begin and for each calendar year thereafter shall be established by the Board of Directors.

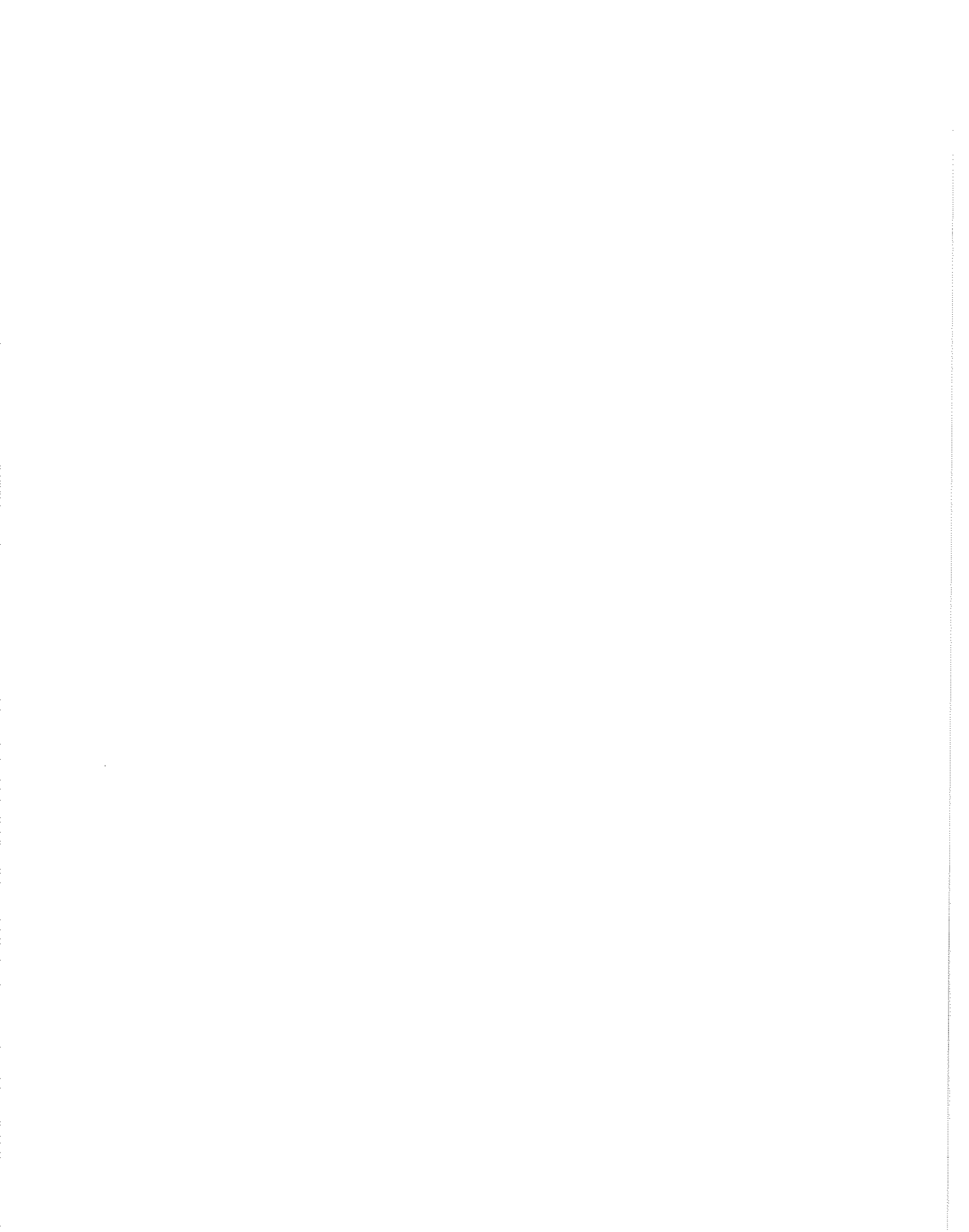
(c) In addition the annual assessments authorized above, the Association may levy, at any time during any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the costs of construction, reconstruction, unexpected repair or replacement involving the lawns, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes cast by the Members who are voting in person or by proxy at a meeting duly called for this purpose, in accordance with the procedure set forth in Section 4 below.

Section 4. Notice and Quorum for any Action authorized under Section 3. Written notice of any meeting called for the purpose of taking any action authorized under this Article shall be sent to all Members not less than seven (7) days nor more than thirty (30) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast fifty (50%) percent of the votes of the membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject



to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than thirty (30) days following the preceding meeting.

Section 5. Effect of Nonpayment of Assessments; Remedies of the Association. Any annual or special assessment not paid within thirty (30) days after the due date shall bear interest from the due date at an annual rate of eight (8%) percent or the Wall Street Journal Prime Interest Rate plus two (2%) percent, whichever is greater. In no case, however, shall the interest rate charged be more than is allowed by North Carolina's Usury Law. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien created herein against the property in the same manner as prescribed by the laws of the State of North Carolina for the foreclosures of Deeds of Trust, and interest, costs and reasonable attorney's fees for representation of the Association in such action or foreclosure shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessment provided for herein by abandonment of the Lot, nor shall damage to or destruction of any Improvements on any Lot by fire or other casualty result



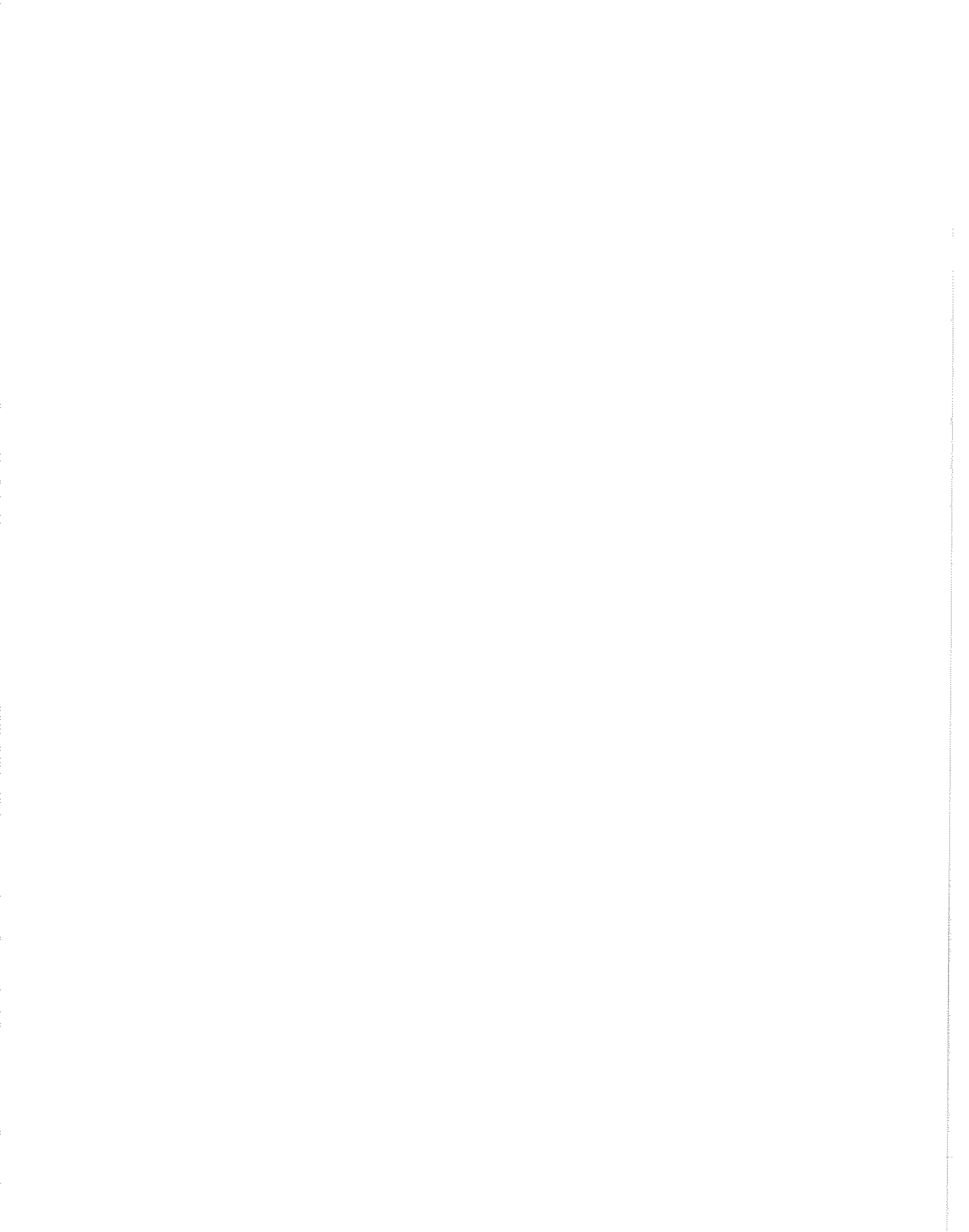
in any abatement or diminution of the assessments provided for herein.

Section 6. Subordination of the Lien to Mortgages. The liens provided for herein on any Lot shall be subordinate to the lien of any first mortgage or deed of trust on such Lot, but only as to assessments due and payable prior to a Foreclosure sale. Sale or transfer of any Lot shall not affect the assessment lien or liens provided herein.

ARTICLE IV

GENERAL PROVISIONS

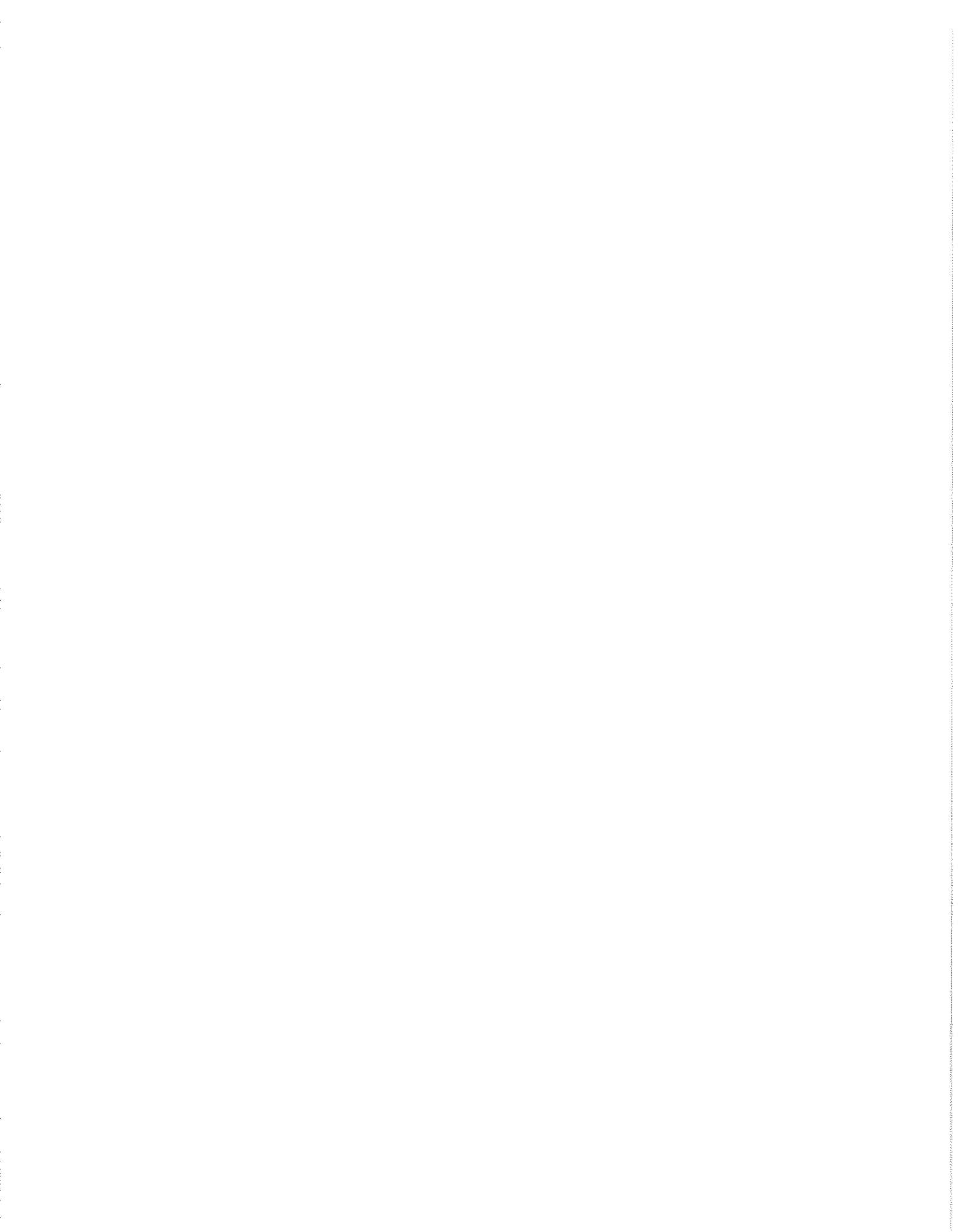
Section 1. Enforcement. The Association, and any Owner or Occupant, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of the Declaration. If the Association or an Owner or Occupant is successful in any such proceeding brought to enforce the provisions of this Declaration or any lien provided for herein, such successful party shall be entitled to recover from the defendant or defendants all costs and attorneys' fees reasonably incurred in such proceeding. Failure by the Association or by an Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so



thereafter The Association shall have the right to request law enforcement, public safety and animal control officers come on the property to facilitate the enforcement of the laws, codes and ordinances of any governmental authority.

Section 2. Severability. Invalidation of any one of the 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. Term, Amendments. The covenants and restrictions of this Declaration shall run with and bind the land for a term of fifty (50) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. During the period in which the Declarant is, or under the Planned Unit Development Section of the Harnett County Zoning Ordinance has the right to be, in control of and managing the Association, this Declaration may be amended by an instrument signed by the Declarant and filed in the Harnett County Registry. Thereafter, amendments shall be by an instrument signed by Members holding not less than seventy-five (75%) percent of the then outstanding votes in the Association. No amendment shall alter any obligation to pay ad valorem taxes or assessments for public improvements, as



herein provided, or affect any lien for the payment thereof established herein. Any amendment must be properly recorded.

Section 4. Extension of Covenants to include Additional Property. Declarant may at any time make subject to this Declaration other properties now or hereafter owned by Declarant or the Association by executing an instrument in writing applying this Declaration to such other properties and by recording the same in the Register of Deeds Office for Harnett County. Upon such recordation (1) This Declaration shall run with the Property already subject thereto and with such additional property as if such Declaration had always applied to all of said land from the date of its inception; and (2) whenever thereafter in construing this Declaration, reference is made to the "Property," said term shall mean and include not only the property described in Exhibit A hereto but also such additional properties as may be made subject to this Declaration. When extending this Declaration to cover additional properties, Declarant may specifically alter or amend any provision of this Declaration with respect to such additional properties if, in Declarant's sole judgment, such alteration or amendment is necessary for the proper use and development of the additional properties and consistent with the overall intent and purpose of this Declaration.

IN WITNESS WHEREOF, the Declarant has caused this instrument to be executed in its corporate name by its duly authorized officer, the day and year first above written.

F&L DEVELOPERS, INC.

By: Karem Fakhoury
President

STATE OF NORTH CAROLINA, COUNTY OF MOORE

I, Natalie L. Russ, a Notary Public for said County and State, certify that Karem Fakhoury personally appeared before me, this day and acknowledged that he is President of F&L Developers, Inc., and acknowledged on behalf of F&L Developers, Inc., the due execution of the foregoing document.

Witness my hand and official stamp or seal, this the 12th day of July, 2005.

Natalie L. Russ

Notary Public

My Commission expires: November 14, 2006

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