

CAROLINA COLOURS CHRONICLE

CELEBRATING THE NATURAL WAY OF LIFE IN CAROLINA COLOURS · VOLUME 1, NO. 3 · FALL 2006

WELCOME CENTRE OPENS



The much anticipated opening of the Carolina Colours Welcome Centre took place on October 2, 2006. Reaction has been quite positive from property owners, sales prospects and staff, many of whom have commented that “there is no facility comparable in the entire southeast”. The facility is fully functional, although some of

the finishing touches are still being added. Before the year’s end, all the displays should be complete. Visitor traffic has already increased significantly.

Of particular interest to property owners is our Chronicle Corner. Located just to the right of the Welcome Centre entrance, this café style area is perfect for use during the

building process, or after moving in to check up on the happenings at Carolina Colours. Coffee, tea, soft drinks and bottled water are available, as is the day’s news, as reported by *The Wall Street Journal*, *USA Today* and local newspapers. On display are photos of new construction from around the community as well as a

bulletin board available to you for exchanging information with neighbors. A customer care desk, complete with desktop computer, is available for checking your email messages. Stop by and visit the Welcome Centre and bring a photo or note about your project in progress and we’ll be happy to display it.



Reaction to the Welcome Centre has been quite positive from property owners, sales prospects and staff, many of whom have observed that they know of no comparable facility in the southeast.

COLOURFUL PROFILES

In each issue of the Carolina Colours Chronicle, one property owner and one member of our development team will be profiled.



Mike, originally from Wisconsin, and Maryann, originally from Oklahoma, met while attending Oklahoma State University and moved to New Bern in 2000 while Mike was in the Marine Corps. Loving the area and the people in it, Mike retired from the service after 25 years to make New Bern the permanent home for him and Maryann.

Mike is now an Electronics Technician with Systems Integration and Management at Camp LeJeune in Jacksonville, while Maryann is a Financial Analyst & Lead Defense Travel Administrator at MCAS Cherry Point. With a son at Appalachian State University, the Downs reside with Latch, a male mixed Lab and Sasha, a female mixed Hound, their in-home companions.

While Maryann loves shopping, traveling and swimming, Mike loves computers and has very much enjoyed planning for their dream Carolina Colours home, which they have just moved into on Cranberry Lane in Sienna Woods. Built by Zaytoun Raines, one of their home's most unique features is a tile backsplash in the kitchen, painted by Janet Francoeur of Carolina Creations of a scenic Trent River view of Front Street in New Bern.

Merlon Midyette is a member of the development team that you will see most often around the community property. Merlon has many responsibilities coordinating various contractor activities, but his most important



Merlon Midyette
Development Team Member

role relating to the property owners within Carolina Colours is to maintain the beauty and integrity of the common areas after they are landscaped. Merlon also sees to the mowing by the Association of sold home sites and addresses site issues, such as drainage, for homeowners during or after construction. When you call our office to alert us to a site problem, it will often be Merlon that you will see coordinating the efforts to address your issue.

Merlon, a native of Washington, North Carolina, where he still lives, is one of 11 children. He is married to Julia and they have four grown children. Merlon's primary interest away from Carolina Colours is his active involvement with the youth in his church.

Merlon was initially trained as a heavy equipment mechanic. Early in his career, he utilized those mechanical skills for Gregory Poole and for Weyerhaeuser Real Estate Company. After creating a reputation with Weyerhaeuser for hard work and great integrity, he formed his own company in 1986, with Weyerhaeuser as his initial primary customer providing extensive home site clearing and mowing in many of its developments. In 2005 Merlon agreed to personally contract with

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Carolina Colours to perform a wide array of in-field services, and to coordinate the activity of many of its contractors. During that time, Merlon has proven to be an invaluable member of our team.

Property Spotlight

COBBLESTONE

The first three homes in Cobblestone, our carriage home community, have entered the construction phase, with a fourth about to begin. This community features a choice of 2 and 3 bedroom homes, with all living spaces on a single floor (save for an optional bonus room). With an open floor plan for the main living areas, abundant storage, high quality workmanship and association lawn maintenance, these homes are perfect for the modern retirement or pre-retirement family. A furnished model should be available for viewing by Christmas.

CAROLINA COMMONS

Planning is underway for our newest neighborhood, Carolina Commons, a 91-home neo-traditional community centered near the lake and shopping district. Look for information on Carolina Commons in our Winter Issue of the Chronicle.

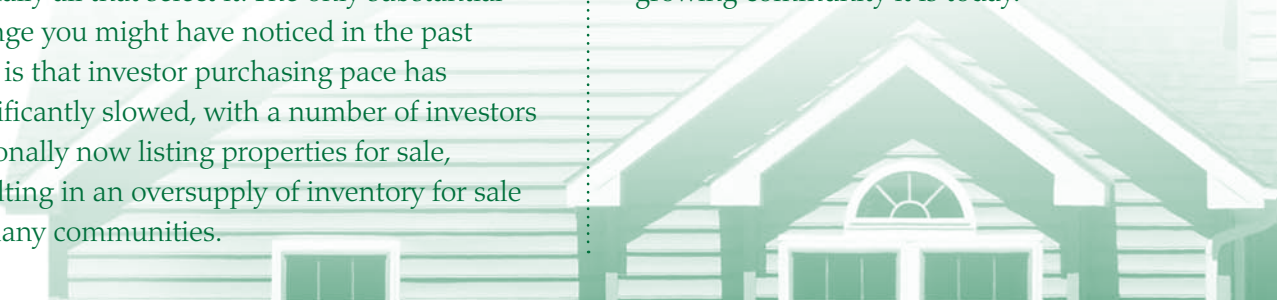
REAL ESTATE Overview

By now, everyone has heard that the unprecedented hot real estate market of 2003 through 2005 has virtually ended, and that there is a major slowdown in property sales throughout much of the United States. While it is certainly true that the market was extremely good through early 2006—we at Carolina Colours could not be happier with our pace of sales. We were fortunate to launch our new community with more than 200 sales of newly released home sites to date. Fortunately, based on our many years of experience in real estate, we knew from the inception of Carolina Colours that the market would inevitably cool and we planned accordingly.

Sales fundamentals are still strong. Interest rates remain low. Baby boomer retirees are increasing each year, with the coast of North Carolina remaining one of their most popular destinations. New Bern has always been a town that welcomes new residents, making the experience of moving here a positive one for virtually all that select it. The only substantial change you might have noticed in the past year is that investor purchasing pace has significantly slowed, with a number of investors nationally now listing properties for sale, resulting in an oversupply of inventory for sale in many communities.

Knowing that this would inevitably happen, Carolina Colours did not target investor buyers in our marketing and sales efforts, but rather focused on buyers that wanted to live in what we believe will be a special community. As a result, we have a very low number of resale properties on the market in Carolina Colours. Unlike many fairly new communities that have 50% or more of their sold inventory back on the market, only about 5% of the sold inventory in Carolina Colours is now being offered for resale. Therefore, while our pace of sales has predictably slowed, our number of sales is still positive, and we are not awash in investor turnarounds. We are pleased at our foresight because it means ultimately that our values are holding up well and our ongoing confidence in our market grows stronger with each new home under construction.

Thank you to you—our property owners. You are the member of our team that has made Carolina Colours the stable, vibrant and growing community it is today.



UPCOMING REGIONAL EVENTS

November 3 – 5; 9 – 11

South Pacific
New Bern Civic Theatre
414 Pollock Street
FMI (252) 633-0567

November 4

Tryon Palace Garden Workshop
"Creating Arrangements
for the Holidays"
Reservations required-
call (252) 514-4900
Class size limited to 12 people.
FMI (800) 767-1560

November 10

Art Walk in Downtown New Bern
FMI (252) 633-4369

November 17

Candlelight Art Tour
Tour Galleries in Morehead City
and Beaufort
FMI (252) 726-9156

November 24

Swansboro Holiday Flotilla
FMI (252) 326-7370

November 24 – 25

New Bern Occupied
Tryon Palace
610 Pollock Street
FMI (800) 767-1560

December 1 – 24

The Santa House
FMI (252) 637-9400

December 2

Breakfast and Dinner with Santa
FMI (252) 633-8247

December 1 – 3; 8 – 10

Amahl and the Night Visitors
New Bern Civic Theatre
(252) 633-0567

December 1 – 31

Centuries of Celebrations
Tryon Palace
FMI (800) 767-1560

December 2

New Bern Christmas Parade
(252) 636-0303

December 2

22nd Annual Coastal
Christmas Flotilla

December 3

Inns of New Bern Bed and
Breakfasts Open House
(252) 637-9400

December 4

Handel's Messiah at Centenary
United Methodist Church
(866) 292-4192

December 9

Tryon Palace Holiday Garden
Walking Tour
(800) 767-1560

December 9

Holly and Ivy Homes Tour
(252) 672-9334

December 9 & 16

Tryon Palace Christmas
Candlelight Tours
(800) 767-1560

December 14

North Carolina Symphony
Holiday Pops Concert
(877) 627-6724

COMMUNITY INFORMATION AS OF OCTOBER 30, 2006

Total Home Sites Closed	216
Homes Under Construction	19
Homes Occupied	15
States Represented by Purchasers	28
Golf Memberships Reserved	82

HOME SITE INVENTORY INFORMATION AS OF OCTOBER 30, 2006

Sienna Woods (all phases)	SOLD OUT
Sage Close	SOLD OUT
Celadon	SOLD OUT
Indigo Lakes Phase 1	SOLD OUT
Indigo Lakes Phase 2	6
Viridian	SOLD OUT
Forest Reach	11
Periwinkle	7



CAROLINA COLOURS
A COMMUNITY DESIGNED FOR THE ART OF LIVING

You can always find out more about Carolina Colours by visiting our website. We also encourage you to e-mail Suzanne (below) with any ideas you may have regarding the Carolina Colours Chronicle.

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For a listing of more activities in the New Bern area, log on to: www.visitnewbern.com

Covenant Reminder

In order to maintain the appearance of Carolina Colours, your Association will mow each home site that has no home or home construction underway as many as four times annually, as needed. This program begins in each neighborhood as homes are nearing occupancy. Mowing is done by tractor, and debris such as large downed tree limbs will be removed.

This is generally not a job that can be done by a property owner with a lawn mower, so it cannot be left to each owner. Your Association will notify you when mowing will be done and the cost. Please remit your payment promptly so as to minimize the cash flow impact on the Association. See paragraph 5.5 of your Protective Covenants for more information.