

After recording return to:
Glenwood Homes LLC
P.O. Box 90427
Raleigh, North Carolina 27675

DECLARATION OF
COVENANTS, CONDITIONS, RESTRICTIONS, AND EASEMENTS
FOR
INONA PLACE
WAKE COUNTY, NORTH CAROLINA

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Submitted electronically by "Getter Law"
in compliance with North Carolina statutes governing recordable documents
and the terms of the submitter agreement with the Wake County Register of Deeds.

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DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS,
AND EASEMENTS FOR INONA PLACE

This Declaration of Covenants, Conditions, Restrictions, and Easements for Inona Place (“Declaration”) is made by Glenwood Homes LLC, a North Carolina limited liability company (“Declarant”).

WHEREAS, Declarant is the owner of the real property known as the Inona Place with legal description set forth in Exhibit A to this Declaration (“Property”);

WHEREAS, Declarant has subdivided the Property into lots, intends to construct dwelling units on those lots, and designate certain areas of the Property and improvements for the common use, enjoyment, or benefit of the owners and their lots;

WHEREAS, the Property is subject to Declaration of Maintenance Covenant and Grant of Protective Easement for Stormwater Control Facilities (“Maintenance Covenant”) recorded in Book 17623, Page 804, Wake County Registry, and Declaration of City of Raleigh Required City Code Provisions for Developments with Common Element and Common Expenses (“City Code Covenant”) recorded in Book 17623, Page 830, Wake County Registry;

WHEREAS, to provide for the preservation, maintenance, and enhancement of the Property, Declarant seeks to impose certain covenants, conditions, restrictions, and easements (collectively “Covenants”) in addition to and consistent with the Maintenance Covenant and the City Code Covenant;

WHEREAS, Inona Place Homeowners Association, Inc. (“Association”), a North Carolina nonprofit corporation, was formed on October 15, 2018 to assume responsibility for the administration, enforcement, and fulfillment of these Covenants, the Maintenance Covenant, and the City Code Covenant; and

WHEREAS, each owner, by virtue of lot ownership, will automatically be a member of the Association, bound to the terms of this Declaration, and obligated to pay assessments to the Association so it can carry out its responsibilities;

NOW, THEREFORE, pursuant to the North Carolina Planned Community Act, Declarant imposes the following Covenants on the Property.

**ARTICLE I.
DEFINITIONS**

The following capitalized terms have the meanings specified in this Article.

“Annual Assessment” has the meaning specified in Article VI and constitutes the assessments which, pursuant to the provisions of that Article, shall be levied by the Association against all Units each year for the purpose of raising the funds necessary to pay the “Annual Expenses” as that term is defined in Article VI.

“Areas of Common Responsibility” mean the areas which by the terms of this Declaration or by contract or agreement with any other Person become the responsibility of the Association.

“Articles of Incorporation” mean the Articles of Incorporation of the Association as they may be amended from time to time.

“Association” means Inona Place Homeowners Association, Inc., a North Carolina nonprofit corporation.

“Board of Directors” or “Board” means the body responsible for the administration of the Association as provided in the Bylaws. The Board of Directors constitutes the Association’s “executive board” under the North Carolina Planned Community Act.

“Bylaws” mean the Bylaws of the Association as they may be amended from time to time.

“Declarant” means Glenwood Homes LLC, a North Carolina limited liability company.

“Declaration” means this Declaration of Covenants, Restrictions and Easements for Townes at Southpoint as it may be amended in accordance with its terms. The terms “Restrictive Covenants” and “Covenants” shall have the same meaning.

“Development Period” means the period of time during which Declarant owns any property subject to this Declaration. Declarant may, but shall not be obligated to, unilaterally relinquish its rights under this Declaration and terminate the Development Period by recording a written instrument with the Registry.

“Maintenance Covenant” means Declaration of Maintenance Covenant and Grant of Protective Easement for Stormwater Control Facilities (“Maintenance Covenant”) recorded in Book 17623, Page 804, Wake County Registry.

“Member” means a person subject to membership in the Association pursuant to Article III.

“Mortgage” means a deed or other document by means of which title to any Unit is conveyed or encumbered to secure a debt. “Mortgagee” means the beneficiary or holder of a Mortgage.

“Owner” means any Person who is a record owner by purchase, transfer, assignment or foreclosure of a fee or undivided fee interest in a Unit; provided, however, that any Person who holds such interest merely as security for the performance of an obligation shall not be an Owner.

“Person” means a natural person, corporation, trust, partnership, or other legal entity.

“Plats” means all plats for any portion of the Property, and any amendments to such Plats, which are recorded in the Registry plat book records.

“Property” means the real property described in Exhibit A.

“Registry” means the Wake County Register of Deeds.

“Unit” or “Lot” means each portion of the Property that may be independently owned and conveyed and which is intended for development, use, and occupancy as a residence for a single family, as shown and indicated as a “Unit” or “Lot” on any of the Plats which are recorded. If the side boundary of a Unit abuts the side of another Unit, the side boundary shall be a line consistent with and along the center of the firewall(s) separating such Unit from the abutting Unit. Otherwise the Unit boundaries shall be as shown on the recorded Plats. If any discrepancy between the boundaries of a Unit, as described in this Declaration, and the boundaries of such Unit when shown on the recorded Plats, the description of the boundaries of the Unit set forth in this Declaration shall control. All of the area within the boundaries of each of the Unit, as described in this Declaration, and as shown and depicted on the recorded Plats, shall for all purposes constitute real property that may be owned in fee simple, subject to the terms, provisions, liens, charges, covenants, easements, and restrictions of this Declaration.

ARTICLE II. PROPERTY SUBJECT TO THIS DECLARATION

Declarant, for itself and its successors and assigns, hereby submits the Property and the Units to this Declaration. The Property shall hereafter be held, transferred, sold, conveyed, used, leased, occupied, mortgaged, or otherwise encumbered subject to all of the terms, provisions, liens, charges, easements, covenants, and restrictions set forth in this Declaration. All of the terms, provisions, liens, charges, easements, covenants, and restrictions set forth in this Declaration, as applicable to the Units, shall be a permanent charge and shall run with the Units. Every Owner, by taking title to a Unit, agrees to all of the terms and provisions of this Declaration and each Unit bears the burdens and enjoys the benefits.

ARTICLE III. ASSOCIATION

Section 3.1. Association. Before the recording of this Declaration, Declarant has caused the Association to be formed. The Association presently exists under its Articles of Incorporation and Bylaws.

Section 3.2. Membership. Every Owner shall be a Member of the Association. In no event shall such membership be severed from the ownership of a Unit.

Section 3.3. Classes of Membership; Voting Rights. The Association shall have two classes of voting membership: Class A and Class B.

(a) Class A. The Class A Members shall be all those Persons holding an interest required for membership in the Association except for the Class B Member. The Class A Members shall be entitled to full voting privileges on the earlier of the following dates to occur: (i) the date which the Declarant may designate by notice in writing delivered to the Association, or (ii) the termination of the Development Period. Until the earliest of these dates occurs, the Class A Members shall be entitled to vote only on matters specified in this Declaration or matters

for which the law requires approval of each class of Association membership. When entitled to vote, Class A Member shall be entitled to cast one vote for each Unit in which the Class A Member holds an interest required for membership.

(b) Class B. Declarant shall be the only Class B Member. Class B membership shall be a full voting membership and, during its existence, the Class B Member shall be entitled to vote on all matters and in all events. When the Class A Members are entitled to full voting privileges as provided in paragraph (a) of this Section, the Class B membership shall automatically terminate and cease to exist, and the Class B Member shall become a Class A Member to the extent it holds any interest required for membership. From the date on which the Class B membership automatically terminates and ceases to exist, such membership shall not be renewed or reinstated.

Section 3.4. Suspension of Membership Rights. The membership rights of any Member of the Association, including the right to vote, may be suspended by the Board of Directors pursuant to the authority granted in the Bylaws. Any such suspension shall not affect such Member's obligation to pay assessments coming due during the period of suspension and shall not affect the permanent charge and lien on the Member's Unit in favor of the Association.

Section 3.5. Association Acts through Board of Directors. Whenever this Declaration refers to or calls for approval or action by the Association, the Board of Directors shall give approval or take action unless a vote of the Owners is specifically required by this Declaration, the Articles of Incorporation, or Bylaws. No member of the Board of Directors of the Association or any officer of the Association shall be personally liable to any Owner for any mistake of judgment or for any other act or omission of any nature whatsoever, except for any acts or omissions found by a court of competent jurisdiction to constitute gross negligence or fraud.

ARTICLE IV. ASSOCIATION PROPERTY

Section 4.1. Common Areas and Association Property. The Declarant shall have the right to transfer and convey to the Association any portion of the Property. All portions of the Property the Declarant transfers to the Association shall thereafter constitute Common Areas. The Declarant may exercise this right at any time before twenty years from the date this Declaration is recorded.

The Common Areas shall be conveyed to the Association by special warranty deed free of debt, encumbrance, and subject to easements and encumbrances recorded with the Wake County Register of Deeds, irrespective of whether the deed of conveyance shall make a specific reference to such rights and easements. COMMON AREAS SHALL BE CONVEYED TO THE ASSOCIATION WITHOUT WARRANTY – "AS IS" AND "WHERE IS."

The Association will govern use of the Common Areas and may promulgate rules and regulations related to such use. The Declarant or the Association may authorize persons who are not Owners to use the Common Areas.

Section 4.2. Limited Common Areas. Certain portions of the Common Areas may be designated as Limited Common Area reserved for the exclusive use and primary benefit of particular Owners. By way of illustration and not limitation, Limited Common Areas may include townhome patio areas, recreational facilities, landscaped areas, and other portions of the Common Areas. All costs associated with maintenance, repair, replacement, and insurance of a Limited Common Area shall be an Association expense allocated among the Owners in any reasonable manner established by the Association.

Limited Common Areas may be designated as such in the deed conveying such area to the Association or on the Plat relating to such Common Area; provided, however, any such assignment shall not preclude Declarant from later assigning use of the same Limited Common Area to additional Units.

A portion of the Common Area may be assigned as Limited Common Area after recording the initial deed conveying such area to the Association or the Plat relating to such Common Area. A Limited Common Area may be reassigned upon approval of the Declarant during the Development Period and thereafter by the Board of Directors and the vote of the Members representing a majority of the total votes of the Association. As long as Declarant owns any property subject to this Declaration, any such assignment or reassignment shall also require Declarant's written consent.

Section 4.3. Resource Conservation Areas. The Declarant or the Association may delineate portions of the Common Areas as Resource Conservation Areas. Use of Resource Conservation Areas will be limited or prohibited as provided in the delineation. A failure of Declarant or the Association to designate a portion of the Common Areas as a Resource Conservation Areas will not relieve an Owner of the obligation to comply with all applicable laws.

Section 4.4. Member's Rights in Association Property. Every Owner of any Unit shall have a nonexclusive right and easement of enjoyment and use of the Common Areas and such right and easement shall be appurtenant to, and shall pass with, the title to the Unit owned by such Owner. Such right and easement of enjoyment and use are and shall be subject to (i) the limitations and easements in this Declaration, (ii) the right of the Association to promulgate reasonable rules and regulations regarding the use of Common Areas, and (iii) the right of the Association to suspend the enjoyment rights of the owner of any Unit during any period in which any assessment due to the Association from such Owner remains unpaid and such period as the Board of Directors may consider appropriate for any violation of the terms of this Declaration or rules promulgated by the Association. In addition, the Board of Directors may allow other persons who are not residents of any Units to use the Common Areas on such terms and conditions as the Board shall determine.

Section 4.5. Condemnation. If any part of the Common Areas are either taken by any authority having the power of eminent domain or conveyed under threat of condemnation by the Board of Directors acting on the consent of at least 80% of the Class A Members (and consent of the Declarant, if during the Development Period), then the Association shall restore or replace the improvements on the remaining Common Areas unless, within 60 days after such taking or conveyance, at least 67% of the Class A Members (and Declarant, if during the Development

Period) vote not to restore or replace. If the taking or conveyance does not involve any improvements on Common Areas, or if a decision is made not to restore or replace, or if net funds remain after restoration or replacement, then the Association may use the compensation or net funds for such purposes as the Board shall determine.

Section 4.6. Damage or Destruction. If any improvements located on any Common Areas are damaged or destroyed on account of the occurrence of any casualty, the Board of Directors shall proceed with the filing and settlement of all claims arising under any policy of insurance maintained by the Association with respect to such improvements and shall obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed improvements.

Any such damage or destruction shall be repaired or reconstructed unless within 90 days after the occurrence of casualty, at least 67% of the Class A Members vote not to repair or reconstruct such damage. In that event, the proceeds of any insurance payable to the Association as a result of the damage or destruction shall be retained by and for the benefit of the Association and placed in a capital improvements account. This is a covenant for the benefit of Mortgagees and may be enforced by the Mortgagee of any affected Unit. If the insurance proceeds are insufficient to cover the costs of repair or reconstruction, the Board of Directors may, without a vote of the Class A Members, levy special assessments to cover the shortfall.

Section 4.7. Actions Requiring Owner Approval. Any conveyance or mortgaging of the Common Areas will require the consent of at least 80% of the Class A votes held by Members other than the Declarant and, if during the Development Period, the consent of Declarant. Notwithstanding anything in this Section, the Board of Directors may, without approval of the membership, grant easements over the Common Areas for installation and maintenance of utilities, drainage facilities, roads, pathways, and for other purposes consistent with the intended use of the of the Common Areas.

Section 4.8. No Partition. The Common Areas shall remain undivided and no Owner shall bring any action for partition without the written consent of all Owners and all holders or mortgages encumbering any portion of the Property.

Section 4.9. Taxes and Governmental Assessments. The Association shall pay when due, and in any case before the accrual of penalties, all taxes, assessments, license fees, permit fees and other charges imposed by any governmental authority in connection with the Association's ownership or operation of the Common Area. However, the Association may institute an appropriate legal proceeding for the purpose of contesting or objecting to the amount or the validity of any such tax, assessment, fee, or charge by appropriate legal proceedings. If the Association fails to pay any governmental charge when due or fails to contest any governmental charge in a timely and appropriate legal proceeding, then each Owner shall become personally obligated to pay to the governmental authority imposing such charge, a portion of the charge in an amount determined by multiplying the total charge by a fraction, the denominator of which is the total Units and the numerator of which is the Units owned by the Owner for whom the calculation is being performed (the "Owner's Share"). If the Owner does not pay the Owner's Share within 30 days following actual notice to the Owner of the Owner's Share, then the Owner's Share shall become a continuing lien on the Units owned by the Owner, and the

governmental entity may bring an action against the Owner to obtain payment of the Owner's Share or may foreclose the lien against the Units of the Owner.

ARTICLE V. EASEMENTS

Section 5.1. Easements Over Units. The Units shall be subject to, and Declarant does hereby grant, the following nonexclusive perpetual and temporary easements for the enjoyment of Declarant, the Association, any builders and subcontractors authorized by Declarant, the Members, the Owners, and the successors in title of each.

(a) Easements Shown on Plats. Each Unit shall be subject to all easements, borders, buffers and the like that are shown and depicted on the Plats as affecting and burdening such Unit.

(b) Entry. Each Unit shall be subject to an easement for the entry by the authorized agents and representatives of the Association to go upon such Unit under such circumstances and for such purposes as are described elsewhere in this Declaration.

(c) Encroachment and Overhangs. Each Unit shall have a three-foot easement as measured from any point on the common boundary between such Unit and any adjoining Unit, or between such Unit and adjacent Common Areas, for encroachments and overhangs due to the placement or settling of the improvements constructed, reconstructed, or altered unless such encroachment was due to the willful act of an Owner or the Association.

(d) Maintenance. Each Unit shall be subject to a perpetual easement in favor of the Association and its contractors for such maintenance of the Units by the Association as is provided for in this Declaration. There is further reserved for the benefit of each Unit a reciprocal appurtenant easement between all adjacent Units, for the purpose of maintaining, repairing, or replacing the improvements located on each such Unit. All such maintenance shall be performed with a minimum of interference to the quiet enjoyment of the Owner of the adjacent Unit. Except in emergencies, entry into a Unit shall occur only after providing the Owner of such Unit at least 48-hours' notice and shall occur only during reasonable hours. Each Owner and the Association shall cooperate with other Owners and/or occupants for purposes of exercising these easement rights. These easements rights shall be exercised only for such period of time as is reasonably necessary in order to complete the maintenance or repair. The Owner or Association exercising these easement rights shall pursue the maintenance or repair work promptly and diligently and shall promptly repair any damage that arises out of such work.

(e) Slope Control. Each Unit shall be subject to an easement for slope control purposes, including the right to grade and plant slopes and prevent the doing of any activity that might interfere with slopes, create erosion, sliding problems, or affect drainage flow.

(f) Surface Water Drainage. Each Unit shall be subject to a perpetual easement in favor of the Association and all other Units for the drainage of surface waters over, under, or across such Unit, including any runoff or carryover from one Unit to another, provided that such cross-unit drainage condition was created by Declarant or by a builder authorized by Declarant.

(g) Utilities. Each Unit shall be subject to a perpetual easement in favor of Declarant, the Association, and authorized builders and subcontractors, as well as any public utility company, water main, water services, sewer services or cable company, for the erection, installation, construction and maintenance, repair and replacement of wires, lines, conduits, pipes, and attachments both above and below ground or attached to any building wall in connection with the transmission of electricity, gas, water, telephone, community antennae or satellite dish, television cables and other utilities. The easement rights to which the Units shall be subject include the right of contractors engaged by the Association to enter upon said Units from time to time as necessary in order to perform repair and maintenance work. When an Owner requests that an easement arising under this section be relocated, agrees to bear the expense of relocating the easement, and when the easement can be accomplished without diminishing the quality or quantity of utility service, without increasing the cost of delivering that service and without an interruption in that service of more than eight hours, then the Person benefiting from the easement must agree to the requested relocation.

(h) Roof Drainage System. There shall be a perpetual nonexclusive easement in favor of the Association, its agents and assigns, to enter upon any Unit or any other portion of the Property if and to the extent necessary for the Association, its officers, agents, employees, and independent contractors, to perform and satisfy all duties and obligations of the Association with respect to the maintenance of any system for the collection, conveyance, and management of water falling upon the roof of each Unit.

Section 5.2. Easements Over Association Property. All Common Areas shall be subject to, and Declarant and the Association do hereby grant, the following easements.

(a) Utility and Drainage. The Common Areas shall be subject to a perpetual easement across, in, under, over, and through the Common Areas for purposes of the construction, installation, repair, maintenance, and use of all utility and drainage facilities serving any portion of the Property. Any easement reserved pursuant to the provisions of this Section will be located so as not to interfere unreasonably with the use of any Common Area and, to the extent practicable, along the boundaries of the Common Area. Without limiting the generality of the foregoing, no utility easement may be installed under an existing structure or so close to a structure as to have a material adverse effect on the structure. When the Declarant or Association requests that an easement arising under this Section be relocated, agrees to bear the expense of relocating the easement, and when the easement can be accomplished without diminishing the quality or quantity of utility service, without increasing the cost of delivering that service and without an interruption in that service of more than eight hours, then the Person benefiting from the easement must agree to the requested relocation.

(b) Declarant's Development Easement. There shall be a temporary easement in favor of Declarant for the exclusive use of such portions of the Common Areas as may be reasonably desirable, convenient, or incidental to the construction and installation of improvements on, and the sale of, any Units, including, but not limited to, sales and business offices, storage areas, construction yards and signs. Such easements may be exercised by all persons whom Declarant authorizes (including, without limitation, real estate agents, brokers, builders, and their respective subcontractors) regardless of whether such persons are affiliated with the Declarant. The easements granted in this Section shall terminate 30 days after the

expiration of the Development Period. The existence of such easements shall not affect the obligation of the Owner of any Unit to pay assessments or charges that come due during the period when the easements exist.

(c) Declarant's Activity Easement. Notwithstanding any provision contained in this Declaration, the Articles of Incorporation, the Bylaws, rules or regulations of the Association, or amendments to the foregoing, during the Development Period, it shall be expressly permissible for Declarant to maintain and carry on, upon such portion of the Property as Declarant may deem necessary, such facilities and activities as may reasonably be required by the Declarant, including, without limitation, the right of access, ingress and egress for vehicular and pedestrian traffic over, under, on or in the Property; the right to tie into any portion of the Property with driveways, parking areas, and walkways; the right to tie into and/or maintain and repair any device (without a tap-on or any other fee for doing so), replace, relocate, maintain, and repair any device that provides utility or similar service including, without limitation, electrical, telephone, natural gas, water, sewer, and drainage lines and facilities constructed on, under, or over the Property; the right to carry on sales and promotional activities on the Property; and the right to construct and operate business offices, signs, construction trailers, and model residences.

ARTICLE VI. ASSESSMENTS

Section 6.1. Creation of Lien and Personal Obligation. Each Owner, by acceptance of a deed or other conveyance for a Unit, covenants and agrees to pay to the Association all assessments and charges that are levied by the Association against each Unit owned by such person in accordance with the terms and provisions of this Declaration. All sums lawfully assessed by the Association against any Unit and its Owner, together with interest, late charges, and the costs of collection, shall, from the time the sums become due and payable, be the personal obligation of the Owner of such Unit and constitute a continuing lien in favor of the Association on such Unit prior and superior to all other liens whatsoever except: (i) liens for ad valorem taxes on the Unit; (ii) the lien of any first-priority Mortgage covering the Unit and the lien of any Mortgage recorded before the recording of this Declaration; and (iii) the lien of any secondary purchase-money Mortgage covering the Unit, provided that neither the grantee nor any affiliate or successor grantee of such Mortgage is the seller of the Unit. The covenant to pay assessments shall be a covenant running with land.

Section 6.2. Purpose of Assessments. The assessments levied by the Association shall be used to pay the costs and expenses that the Association incurs in connection with the performance of its duties and responsibilities pursuant to the North Carolina Planned Community Act, this Declaration, the Articles of Incorporation, and the Bylaws ("Annual Expenses"). By way of illustration and not limitation, the Annual Expenses include: costs and expenses for the maintenance of the Areas of Common Responsibility and the Association's other operations; premiums for all insurance, fidelity, and other bonds obtained by the Association; fees of such management firms as the Board of Directors engages; and fees for professional services as the

Board of Directors deems necessary or desirable to promote the health, safety, and welfare of the Association and its Members.

Section 6.3. Determination of Annual Assessment. Before the start of each fiscal year of the Association, or at any time it deems best, the Board of Directors shall estimate the total amount Annual Expenses for the coming the fiscal year and the amount that will be deposited into reserve funds during such fiscal year. The Board of Directors shall then adopt a budget for the Association's expenditures and reserves based upon such estimate and determine the total annual assessment to be levied against the Members of the Association for the fiscal year. The adopted budget shall be ratified by the Owners in accordance with the procedures set out in N.C.G.S. § 47F-3-103(c).

The Annual Assessments shall commence as to a Unit on the date that Declarant conveys the Unit. Each Owner shall pay a portion of the Annual Assessment that shall be calculated by multiplying the total Annual Assessment by a fraction, the denominator of which shall be the number of Units and the numerator shall be the number of Units that the Owner owns. The Board of Directors may round the result to the nearest \$100 for the purpose of creating whole dollar amounts for payments, equal periodic payments, and avoiding losses due to rounding. The amount of such Annual Assessment shall be due and payable to the Association in such installments as the Board of Directors determines and shall be paid to the Association when due without further notice.

Section 6.4. Special Assessments. The Board of Directors shall have the authority to levy a special assessment against the Units and their Owners in the event (i) the budget for any fiscal year proves inadequate to defray the Annual Expenses for such fiscal year, or (ii) the Board determines that it is in the best interests of the Association to levy a special assessment to pay the costs of any capital improvements or capital repairs. Any special assessment shall be payable at such times and installments as the Board of Directors determines. Each Unit shall be liable for the payment of an equal share of every special assessment.

Section 6.5. Specific Assessments. The Board of Directors may levy specific assessments against individual Owners (i) for the purpose of paying the costs of any construction, reconstruction, repair, or replacement of anything maintained by the Association or fines imposed on the Association, which are caused by the acts of individual Owners, their family, pets, or their invitees, and not the result of ordinary wear and tear, (ii) for the payment of fines, penalties, or other charges imposed against an individual Owner for the Owner's failure to comply with the terms and provisions of this Declaration, the Bylaws, or any rules or regulations promulgated by the Association, or (iii) for any common expenses, other than expenses for the maintenance of the Areas of Common Responsibility, which benefit less than all of the Units or disproportionately benefit some Units (which expenses may be specially assessed equitably among all of the Units which are benefited according to the benefit received); provided that in no event shall Declarant be obligated to pay any specific assessment. Failure of the Board of Directors to exercise its authority under this section shall not be grounds for any action against

the Association or the Board of Directors and shall not constitute a waiver of the Board of Directors' right to exercise its authority under this Section in the future.

Upon the establishment of a specific assessment under this section, the Board of Directors shall send written notice of the amount and due date of such specific assessment to the affected Owner at least 30 days before the date such specific assessment is due.

Section 6.6. Special Assessment for Working Capital Reserve. Upon the first transfer of title of a Unit and each resale thereafter, there shall be levied against such Unit and paid to the Association a special assessment against such Unit as set from time to time by Declarant or the Board of Directors of the Association. Such amount shall be at least one-sixth of the Annual Assessment, but no greater than the total amount of the Annual Assessment that shall have been levied against the Unit for the fiscal year in which such transfer of title takes place. The Association shall use all special assessment payments to establish a working capital reserve fund for use in connection with capital repairs and improvements. Declarant or the Board of Directors shall endeavor to collect such special assessment at the closing of the purchase of the Unit. However, the failure to collect such special assessment at that time shall not excuse the obligation to make such payment.

Section 6.7. Effect of Non-Payment of Assessments; Remedies of Association.

(a) If any Member of the Association fails to pay, within 10 days after the date the same is due and payable, any annual, special, or specific assessment, or any installment of any such assessments, the entire amount of such assessment, including the portion that would otherwise be payable in installments, may be declared by the Board of Directors to be immediately due and payable in full to the Association. All such amounts so declared by the Board of Directors to be due and payable in full to the Association, shall be secured by the lien of the Association on every Unit owned by the delinquent Member, which lien shall bind such Unit or Units in the hands of the then Owner, and the Owner's heirs, devisees, successors, and assigns. In addition to the lien rights, the personal obligation of the then Owner to pay such assessments shall remain the Owner's personal obligation and pass to the Owner's successors in title. Such Owner shall nevertheless remain as fully obligated as before to pay to the Association any amounts that the Owner was obligated to pay immediately preceding the transfer; and such Owner and such successors in title shall be jointly and severally liable notwithstanding any agreement between them creating any obligation of indemnification or relationship of principal and surety.

(b) All amounts which the Board of Directors shall declare to be due and payable pursuant to this section shall bear interest from the date of delinquency at the lower of the rate of 18% per annum or the highest rate permitted by law and shall be subject to a late charge in an amount to be set by the Board of Directors from time to time, provided that such amount must not exceed the maximum amount allowed by North Carolina law. The Association may bring legal action against the Member of the Association or foreclose its lien upon the Unit or Units of such Member. Each delinquent Member shall be liable to the Association for all costs and attorneys' fees that the Association incurs in connection with the collection of delinquent amounts.

Section 6.8. Budget Deficits During Development Period. During the Development Period, Declarant may advance funds to the Association to satisfy a deficit in any fiscal year between the actual operating expenses of the Association (excluding any allocation for capital reserves) and the annual and special assessments for such fiscal year. The advances shall be evidenced by promissory notes from the Association in favor of Declarant and shall be paid back to Declarant as sufficient funds are generated by future assessments.

Section 6.9. Failure to Assess. The failure of the Board of Directors to fix the assessment amounts or to deliver to each Owner the assessment notice shall not be deemed a waiver, modification, or release of any Owner of the obligation to pay assessments. In such event, each Owner shall continue to pay assessments on the same basis as for the last year for which an assessment was made until a new assessment is made, at which time any shortfalls in collections may be assessed retroactively by the Association.

ARTICLE VII. MAINTENANCE

Section 7.1. Association's Maintenance Responsibility.

- (a) The Association shall maintain the Areas of Common Responsibility consisting of:
- (i) any landscaping and Yard Improvements as defined in paragraph (b) below;
 - (ii) Stormwater Control Facilities, responsibility for which is set forth in the Maintenance Covenant;
 - (iii) exterior portions of the Units, including siding, shutters, painting, and roofs, but excluding windows, window frames, doors, door frames, locks, knobs, and other hardware, patios, and light fixtures, all of which shall be maintained by the Owner;
 - (iv) termite and wood-infestation treatment and bond on the Units;
 - (v) open space, easements, and tree conservation areas on Lots 62, 63, 64, 65, 66, 67, 68, 69, and 70 as shown on the Inona Place Subdivision, Right of Way Dedication, Tree Conservation Area, Recombination & Easements Plat, Book of Maps 2019, Pages 1858-60, Wake County Registry;
 - (vi) collection of solid waste and recycling at dumpsters expressly designated for these purposes and located in the Common Area;
 - (vii) mail kiosks;

If the Association determines that any maintenance for which the Association is responsible is caused through the willful or negligent act of an Owner, or the occupant, family, guest, invitee, or lessee of an Owner, then the Association may perform such maintenance and all

costs may be assessed to the Owner as a specific assessment. The Association may be relieved of all or any portion of its maintenance responsibilities to the extent that such property is dedicated to any governmental or quasi-governmental entity, and the entity accepts the responsibility for maintenance. In the event of such dedication and acceptance, however, the Association may continue to perform all or any portion of its maintenance responsibilities if the Board of Directors determines that such maintenance is desirable or necessary.

The Board of Directors, in its sole discretion, may leave portions of the Property as undisturbed natural areas and may change the landscaping on the Areas of Common Responsibility at any time, including the adding or modifying of landscaping improvements.

(b) The Association shall be responsible for maintaining the grass, plants, shrubs, trees, and landscaping installed by the Declarant or the Association on the Units ("Yard Improvements"), such maintenance to consist of mowing, trimming of grass and shrubs, and raking leaves. The Association may elect to maintain any Yard Improvements that are installed by an Owner with prior approval and consent of the Association (but only to the extent that such consent specifically provides that the Association will maintain such added landscaping), provided, however, that: (i) if an Owner installs a fence on their Unit, the Association shall have no responsibility for maintaining any Yard Improvements inside of such fence; (ii) the Association's obligation to maintain shall not include the obligation to replace any plant, shrub, or tree for any reason; and (iii) the Association shall not be responsible for repair or replacement of any Yard Improvements damaged by work done by or at the request of an Owner, utility company, or governmental authority.

If a common irrigation system that provides irrigation for the Units is installed by Declarant, the Association shall maintain, repair, and operate such system in good condition, subject to the requirements of the applicable governmental authorities. If individual irrigation systems are installed to serve the Units individually, the Association may control an Owner's use of such system without incurring any cost for water or other utility charge.

Section 7.2. Owner's Maintenance Responsibility. All maintenance and repair of each Unit not expressly undertaken by the Association shall be the sole responsibility of the Owner, who shall maintain such Unit and its appurtenances in a manner consistent with this Declaration.

If the Board of Directors determines that any Owner has failed or refused to discharge properly such Owner's obligations, the Board of Directors shall have the right, exercisable by it or through its agents or employees, and after giving to the Owner of such Unit at least 14 days' notice and an opportunity to correct the unsatisfactory condition (except in the event the Board of Directors, in its sole discretion, determines that an emergency situation exists, in which case no notice and opportunity to correct shall be required), to enter upon such Unit or appurtenance and correct the unsatisfactory condition. The Owner of the Unit with respect to which such maintenance work is performed by the Association shall be personally liable to the Association for all costs incurred by the Association in connection with the performance of such maintenance work. The liability for such costs shall be secured by all liens, and shall be subject to the same means of collection, as are the other assessments and charges provided for in this Declaration. In addition, all such costs shall be paid to the Association by such Owner at the same time as the

next due Annual Assessment payment, or at such other time and in such installments as the Board of Directors determines.

Section 7.3. Damage or Destruction. In the event of damage or destruction by fire or other casualty to the improvements on a Unit, such damage or destruction shall be repaired or rebuilt. All repair, reconstruction, or rebuilding of the improvements shall be substantially in accordance with the plans and specifications for such damaged or destroyed Unit before the occurrence of such damage, or in accordance with other plans and specifications that are approved for such purpose by the Owner of such Unit and the Board of Directors. The Owner shall be responsible for ensuring that the work of repairing, reconstructing, or rebuilding a damaged or destroyed Unit is completed as is reasonably practicable, at no cost or expense to the Association.

Section 7.4. Party Walls. Each wall built as part of the original construction of the Units, which serves and separates any two adjoining Units, and each fence built as part of the original construction of the Units, which serves and separates any two adjoining patio areas, shall constitute a party wall. The general rules of law regarding party walls and liability for property damage due to negligent or willful acts or omissions shall apply to the extent not inconsistent with the provisions of this Section. The cost of reasonable repair and maintenance of a party wall shall be shared equally by the Owners who make use of the wall. If a party wall is destroyed or damaged by fire or other casualty, then any Owner who has benefited by the wall may restore it, and the other Owner who is benefited by the wall shall contribute one-half of the cost of restoration, without prejudice, however, to the right of any Owner to call for a larger contribution from any other Owner under any rule of law regarding liability for negligent or willful acts or omissions. In the event of any dispute concerning a party wall, such dispute shall be presented to the Board of Directors for resolution. After disqualification of any interested directors, the decision of a majority of the remaining directors shall be binding on all Owners concerned.

ARTICLE VIII. ARCHITECTURAL CONTROL

Section 8.1. Architectural Control.

(a) No exterior construction, alteration, or addition of any nature whatsoever shall be commenced, placed or maintained upon any portion of the Property until complete and final plans and specifications setting forth the information hereinafter described shall have been submitted to, and approved in writing by, the Architectural Review Committee ("ARC") as to the harmony of the exterior design and general quality with the existing standards, and as to location in relation to surrounding structures and topography. The improvements and activities subject to this Article include, but are not limited to: a building, outbuilding, driveway, walkway, fence, wall, patio, carport, playhouse, play set, swing set, trampoline, swimming pool, staking, clearing, excavation, ditching, grading, filling; change in color or type of any existing improvement; planting or removal of landscaping materials, exterior lighting, placement or installation of statuary, flags, fountains; improvements or modifications to the roof, material, color, paint, stain, or varnish of interior porches, patios, or portions of a structure that are visible from outside the Unit.

The ARC is authorized to adopt procedures regarding applications for design approvals and the procedure it uses for processing applications. The Owner of each Unit shall include with each application such information, plans, and documents as the ARC may reasonably request and shall include the name, address, and telephone of the contractor, and a statement as to the classification of the contractor's license. If the identity and license information for the contractor is not available when the Owner takes the application to the ARC, the information shall be submitted to the ARC at least 30 days before commencement of construction.

ARC approvals shall be valid for one year from the date of issuance except as to ARC approvals that specify a longer duration and then only as to the duration stated in such approval. ARC approvals will not be modified or terminated during such period. If construction does not commence on a project for which plans have been approved within one year after the date of approval (except as to ARC approvals that specify a longer duration) such approval shall be deemed withdrawn and the Owner must reapply for approval before commencing any activities. Once construction is commenced, it shall be diligently pursued to completion. All work shall be completed within one year of commencement unless otherwise specified in the notice of approval or unless the ARC grants an extension in writing. If approved work is not completed within the required time, it shall be considered nonconforming and subject to enforcement action by the Association. Without limiting the generality of the foregoing, the Association may, in its sole discretion, restore the Unit to the condition that existed before construction began or complete construction, either at the Owner's costs and with lien rights created under this Declaration and other applicable law.

(b) The plans and specifications, which must be submitted to the ARC before the commencement of any such work upon any Unit as provided in paragraph (a) of this Section, shall contain at least the nature, kind, shape, height, materials, color, texture and location of such structure, alteration, or landscaping.

(c) The ARC shall, within a reasonable time after request by an Owner, furnish to any Owner a certificate in writing signed by a member of the ARC, stating whether any exterior addition to, change in, or alteration of any structure or landscaping is in compliance with the provisions of this Section.

(d) If any construction or alteration or landscaping work is undertaken or performed upon any portion of the Property (i) without application having been first made and approval obtained as provided in paragraph (a) of this Section, (ii) in a manner that deviates from the plans approved by the ARC, or (iii) without prompt completion as determined by the ARC, the work shall be in violation of this covenant, and the Owner may, in the case of unapproved work, be required to restore to its original condition, at the Owner's sole expense, the property upon which said work was undertaken or performed, or in the case of approved work, complete the work promptly and in strict compliance with approved plans.

Upon the failure or refusal of any Person to perform the work required, the ARC, or its agents or employees, may, after 14 days' notice to such Person, enter upon the property and make such restoration or complete such work as the ARC may deem necessary or advisable. The Person upon whose property such work was performed shall be personally liable to the Association for all direct and indirect costs that the Association incurs in the performance of

such work, including reasonable attorneys' fees. The liability for such costs shall be secured by all liens, and shall be subject to the same means of collection, as the assessments and charges provided for in this Declaration. Such costs shall be paid to the Association by the Person liable at the same time as the next due Annual Assessment payment, or at such other time and in such installments as the Board of Directors determines.

Section 8.2. Declarant Exemption. Article VIII shall not be construed as prohibiting or limiting any construction, alteration, addition, or removal by the Declarant, or builders or contractors authorized by the Declarant, upon any portion of the Property owned by the Declarant. Such improvements and activities shall be exempt from this Article.

Section 8.3. Architectural Review Committee. Responsibility for the review of all applications under this Article VIII shall be vested in the ARC, the members of which need not be Owners or Members of the Association, and may, but need not, include architects, landscape architects, engineers or similar professionals, whose compensation, if any, shall be established from time to time by the Association. The ARC may establish and charge reasonable fees for review of applications and may require such fees to be paid in full before review of any application. The fees may include the reasonable costs incurred by the ARC in having any application reviewed by architects, engineers, or other professionals.

The ARC shall have exclusive jurisdiction over all construction, alterations, or additions on any portion of the Property. Until the expiration of the Development Period, the Declarant shall appoint the members of the ARC, who shall serve at the Declarant's discretion. After the Development Period, the Board shall appoint the members of the ARC, who shall serve and may be removed in the Board's discretion.

ARC approval of proposals, plans, specifications, or drawings shall not constitute a waiver of the right of the ARC to withhold approval as to any similar proposals, plans, specifications, or drawings that are subsequently or additionally submitted for approval.

Section 8.4. Delegation. The ARC, with the approval of the Board, may delegate its responsibilities to subcommittees created from its members and/or staff. The ARC may also employ professional assistance in carrying out its responsibilities. No delegation of the ARC's responsibilities will preclude ARC from reviewing and overturning the decision of the Person to which such authority was delegated. The ARC or the Board may revoke, at any time, any delegation of the ARC's responsibilities.

Section 8.5. Limitation of Liability. The standards and procedures established pursuant to this Article VIII are intended to provide a mechanism for maintaining and enhancing the overall aesthetics of the Property and shall not impose on Declarant, the Association, or the ARC any duty to any Person. Declarant, the Association, and the ARC shall have no responsibility for ensuring the structural integrity or soundness of approved construction or modifications, the adequacy of soils or drainage, or for ensuring compliance with building codes and other governmental regulations. **IN ALL CASES THE OWNER IS RESPONSIBLE FOR ENSURING COMPLIANCE WITH BUILDING CODES AND OTHER GOVERNMENTAL REGULATIONS AND FOR ENSURING THE STRUCTURAL INTEGRITY OR SOUNDNESS OF PROPOSED CONSTRUCTION OR MODIFICATIONS, THE ADEQUACY**

OF SOILS OR DRAINAGE. Declarant, the Association, the ARC, and any member of the foregoing shall have no liability for any injury, damages, or loss arising out of the manner or quality of approved construction or modifications. In all events, the ARC and its members shall be indemnified by the Association in the same way the Bylaws provide for indemnification of directors and officers of the Association.

ARTICLE IX. USE RESTRICTIONS

To maximize enjoyment of the Units and reserve and enhance their value, the use of the Units shall be restricted in accordance with the ordinances applicable to the Property and the following provisions.

Section 9.1. Residential Use. All of the Units, attached or detached, shall be restricted exclusively to single-family residential use. The term "single-family" shall include one or more related or unrelated adults, as well as the children of any such adults. No Unit shall at any time be used for any commercial, business, or professional purpose. Notwithstanding the foregoing, however, nothing set forth in this section shall prohibit: (i) Declarant or a builder authorized by Declarant from conducting such sales, leasing, and promotional activities on any Unit; or (ii) the Owner of any Unit from using a portion of a building located on such Unit as an office, provided that such use does not create regular customer, client, or employee traffic to and from such Unit and no sign, logo, symbol, or nameplate identifying such business is displayed anywhere on such Unit.

Section 9.2. Prohibited Activities. No noxious, offensive, unsightly, or unkempt activity shall be conducted on any Unit. Each Owner of any Unit, Owner's family, tenants, guests, and invitees shall refrain from any act that could reasonably cause embarrassment, discomfort, annoyance, or nuisance to any resident of another Unit. Storage or placement of furniture, potted plants, fixtures, appliances, machinery, bicycles, towels, clotheslines, equipment, or other goods or chattels on any portion of a Unit that are visible from outside of the Unit is prohibited except as specifically allowed in this Declaration. No nuisance shall be permitted to exist upon any Unit. Without limiting the generality of the foregoing, no exterior speakers, horns, whistles, bells, or other sound devices, except security devices used exclusively for security purposes, shall be located, used, or placed on any Unit.

Section 9.3. Animals. No Owner or occupant may keep any more than two pets on the Property. Only fully domesticated breeds of dogs and cats are permitted. No Owner or occupant may keep, breed, or maintain any pet for a commercial purpose. No Owner or occupant may keep or maintain a dog whose persistent barking causes annoyance or nuisance to any resident of another Unit. No animals shall be left unattended while outside. Animals must be kept on a leash and be under the physical control of a responsible person at all times while outdoors. Any feces left upon the Common Areas by an animal must be removed by the owner of the animal or the person responsible for the animal.

No animal determined by the Board of Directors to be dangerous may be brought onto or kept on the Property at any time. The Board of Directors may have removed by the local

authorities, without notice to the animal's owner, any animal that presents an immediate danger to the health, safety, or property of any person.

Each Owner who keeps an animal on the Property agrees to indemnify and hold the Association and its directors, officers, and agents harmless from any loss, claim, or liability of any kind whatsoever arising by reason of such animal.

Section 9.4. Antennae; Aerials; Satellite Dishes. No transmission antenna of any kind may be erected anywhere on a Unit without the prior written consent of the ARC. No direct broadcast satellite ("DBS") antenna or multi-channel multi-point distribution service ("MMDS") antenna larger than one meter in diameter may be placed, allowed or maintained upon any Unit. A DBS or MMDS antenna one meter or less in diameter or television broadcasts service antenna may only be installed in accordance with Federal Communication Commission ("FCC") rules and the rules and regulations of the Association as authorized by the FCC. HAM radios, two way radios, and other hobby or professional radio communication transmission equipment are prohibited.

Declarant or the Association shall have the right, without the obligation, to erect an aerial, satellite dish, or other apparatus of any size for a master antenna, cable, or other communications system for the benefit of all or a portion of the Property.

Section 9.5. Lighting. Exterior lighting visible from the street shall not be permitted except for: (i) approved lighting as originally installed on a Unit, (ii) one approved decorative post light, (iii) pathway lighting, (iv) street lights in conformity with an established street lighting program for the Property, (v) seasonal decorative lights, or (vi) front house illumination of model homes.

Section 9.6. Mailboxes. No change or addition, other than by the Board of Directors, shall be made to the design, materials, or location of the original mail kiosk installed by Declarant. Unless specifically approved by the ARC, no mailbox, paper box, or delivery receptacle may be placed on a Unit.

Section 9.7. Signs. No sign of any kind or character shall be erected on any portion of any Unit, or displayed to the public on any portion of any Unit, without the prior written consent of the Board of Directors, except for customary name and address signs, one customary "for sale" or "for rent" sign advertising a Unit for sale or rent, and any sign required by legal proceedings. This restriction applies to signs within Unit buildings that are visible from the outside and to signs in or on any motor vehicle.

Section 9.8. Trash Containers and Collection. No garbage shall be placed or kept on the Property except in covered containers of a type, size, and style that are approved by the Board of Directors or required by the governing jurisdiction, and subject to rules promulgated by the Association. No person shall burn garbage or any other form of waste on any Unit or on Common Areas, or within the right of way of any street within the Property. The Association may contract with a waste disposal service for disposal of household waste and may promulgate rules related to garbage.

Section 9.9. Vehicles and Parking. The term “vehicles” as used in this Section shall include without limitation automobiles, trucks, boats, trailers, motorcycles, campers, vans, and recreational vehicles. No vehicle may be left upon any portion of the Property except upon a driveway, or a designated parking space. With the exception of emergency vehicle repairs or commercial vehicles that are temporarily parked for the purpose of servicing a Unit or the Property, no person shall park within the Property any commercial vehicles (including, without limitation, any type of vehicle with equipment racks, advertising, or lettering), recreational vehicles, mobile homes, trailers, campers, boats or other watercraft, other oversized vehicles, stored vehicles, or unlicensed or inoperable vehicles.

The Association may promulgate and enforce additional rules and restrictions regarding vehicles and parking privileges on the Units and Common Areas.

Section 9.10. Window Air Conditioners. No air conditioner shall be installed in any window of any building located on any Unit, nor shall any air conditioner be installed on any building located on any Unit so that it protrudes through any exterior wall of such building.

Section 9.11. Window Treatments. Except as may be otherwise approved in accordance with the Architectural Control provisions in Article VIII, all window treatments visible from the outside of a Unit shall be white or off-white in color. No bed sheets, newspaper, foil, or similar materials may be used as window treatments.

Section 9.12. No Subdivision of Units or Timesharing. No Unit may be further subdivided into any smaller Unit. No Unit shall be made subject to any type of timesharing, fraction-sharing or similar program whereby the exclusive use of the Unit rotates among members of the program on a fixed or floating time schedule over a period of years.

Section 9.13. No Combination of Units. Contiguous Units may not be combined together without prior written consent of the Board of Directors. In the event that the Board of Directors approves such a combination, the combined Units shall thereafter be deemed to be a single Unit for all purposes of this Declaration except the amount of assessments for which such single Unit will be thereafter liable shall be equal to the total assessments for which all of the combined Units would have been liable had such combination not occurred.

Section 9.14. Decks, Patio Areas, Stoops, Driveways, and Sheds. Grills, patio furniture, potted plants, and other items may be permitted on patio areas, subject to local ordinances and any rules promulgated by the Association. Any items placed on front stoops and driveways must comply with any rules promulgated by the Association. Detached storage buildings, sheds, or animal pens are prohibited.

Section 9.15. Removal of Trees. All owners shall be responsible for observing and complying with the applicable ordinances and requirements of the City of Raleigh concerning tree removal and tree protection. Because the ordinances and requirements of the City may

change, all Owners should consult the City planning department or other controlling governmental authority before the removal or disturbance of any trees from their Lot.

The Association shall keep and maintain any portion of the Open Space designated on the recorded Plat as a "Tree Coverage Area" in its natural and undisturbed state, and no Person shall remove any trees or other vegetation within such area, or take any other action that would disturb or alter the undisturbed condition or nature of such area, except that the Association has the right to remove dead or diseased trees and to take other actions with the approval of the City.

Section 9.16. Surface Water Management. No Owner or any other person shall do anything to affect the general surface water management and drainage of the Property (including, but not limited to, the excavation or filling in of any Lot) without the prior written approval of the City and any other controlling governmental authority. However, the foregoing sentence shall not be construed to prohibit or restrict initial construction of improvements upon a Lot or other portion of the Property by Declarant in accordance with permits issued by controlling governmental authorities. After initial construction by the Declarant, no Owner shall be permitted to reshape or alter the topographical features or area within any drainage easement. Nor shall any Owner be permitted to install fences or other improvements or structures within a drainage easement, including, without limitation, the installation of landscaping, plants, trees, or other vegetation, except for low growing grass. The application of herbicide to the portions of the Property within any drainage easement is prohibited.

Section 9.17. Flags. Except for the proper and respectful display of the flag of the United States of America or the State of North Carolina in compliance with applicable law and of a size no greater than four-feet wide by six-feet long, no Owner may erect or install a flagpole or decorative banner on any portion of a Unit, including freestanding detached flagpoles or banners, and those that are attached to a Unit, without the prior written approval of the ARC.

Section 9.18. Interpretation. In all cases, the covenants and restrictions herein contained shall be construed and interpreted in a manner which will best effect the intent of the general plan of development and maintenance set forth in this Declaration. The Board of Directors may modify, cancel, limit, create exceptions to, or expand the restrictions contained in this Article and may create, modify, and enforce reasonable rules governing the use of the Property consistent with this Declaration and applicable law. The Board of Directors shall send notice to all Owners concerning any new or amended restrictions or rules before the date that such restrictions or rules go into effect. For this purpose, notice may be sent to each Owner by, personal delivery, U.S. mail, email, or in a community notice or newsletter delivered, mailed, or emailed to each Owner.

ARTICLE X. INSURANCE

Section 10.1. Association Insurance. The Association shall obtain and maintain commercial general liability insurance of at least \$1,000,000, and, if reasonably available, directors' and officers' liability insurance. Policies may contain a reasonable deductible as determined by the Board of Directors. In addition, the Board of Directors shall obtain worker's compensation insurance, if and to the extent necessary to satisfy the requirements of applicable laws, and a fidelity bond covering all persons handling or responsible for the Association's

funds, if reasonably available. If obtained, the amount of fidelity coverage shall at least equal three months' total assessments plus reserves on hand. Fidelity coverage shall contain a waiver of all defenses based upon the exclusion of persons serving without compensation.

Section 10.2. Insurance on Association Property. The Association shall maintain as an Association expense:

(a) Property insurance on all material and insurable assets of the Association, if any, insuring against all risks of direct physical loss commonly insured against including fire and extended coverage perils. The total amount of insurance after application of any deductibles shall be not less than 80% of the replacement cost of the insured property at the time the insurance is purchased and at each renewal date, exclusive of land, excavations, foundations, and other items normally excluded from property policies; and

(b) Liability insurance in reasonable amounts, covering all occurrences commonly insured against for death, bodily injury, and property damage arising out of or in connection with the use, ownership, or maintenance of the common elements.

(c) Insurance policies carried pursuant to this Section shall provide that:

- (i) Each Owner is an insured person under the policy to the extent of the Owner's insurable interest;
- (ii) The insurer waives its right to subrogation under the policy against any Owner or member of Owner's household;
- (iii) No act or omission by any Owner, unless acting within the scope of Owner's authority on behalf of the Association, will preclude recovery under the policy; and
- (iv) If, at the time of a loss under the policy, there is other insurance in the name of a lot owner covering the same risk covered by the policy, the Association's policy provides primary insurance.

Section 10.3. Individual Insurance. Each Owner, by virtue of taking title to a Unit subject to this Declaration, acknowledges that the Association has no obligation to provide any insurance for any portion of individual Units. Each Owner covenants and agrees with all other Owners and with the Association that each Owner will at all times maintain all-risk property insurance on such Owner's Unit, as well as a liability policy covering damage or injury occurring on a Unit. The property insurance shall cover loss or damage by fire and other hazards commonly insured under an all-risk policy, if reasonably available, and shall be in an amount sufficient to cover the full replacement cost of any repair or reconstruction of a covered item in the event of damage or destruction from any such hazard.

The Board of Directors may require the Owner to furnish a copy of such insurance policy or policies to the Association. In the event that any such Owner fails to obtain insurance as required by this section, the Association has the right, but not the obligation, to purchase such

insurance on behalf of the Owner and assess the cost to the Owner pursuant to the terms of this Declaration.

Section 10.4. Additional Insurance Requirements.

(a) The Board of Directors shall use reasonable efforts to include the following provisions in the policies that the Association obtains:

- i. waiver of the insurer's rights of subrogation of any claims against directors, officers, the managing agent, the individual Owners, occupants, and their respective household members;
- ii. an agreed value endorsement and an inflation guard endorsement;
- iii. any "other insurance" clause contained in the master townhome policy shall expressly exclude individual Owners' policies from its operation;
- iv. until the expiration of 30 days after the insurer gives notice in writing to the Mortgagee of any Unit, the Mortgagee's insurance coverage will not be affected or jeopardized by any act or conduct of the Owner of such Unit, other Owners, the Board of Directors, or any of their agents, employees, or household members, nor be canceled for nonpayment of premiums; and
- v. the master townhome policy may not be canceled, substantially modified, or subjected to nonrenewal without at least 30 days' prior notice in writing to the Board of Directors and all Mortgagees of Units.

(b) All policies of insurance shall be written with a company licensed to do business in the State of North Carolina. Exclusive authority to adjust losses under policies obtained by the Association shall be vested in the Board of Directors; provided, however, no Mortgagee having an interest in such losses may be prohibited from participating in any related settlement negotiations.

(c) Nothing in this section gives any Owner or other party a priority over the rights of first Mortgagees as to distribution of insurance proceeds. Any insurance proceeds payable to the Owner of a Unit on which there is a Mortgagee endorsement shall be disbursed jointly to such Unit Owner and the Mortgagee. This is a covenant for the benefit of any such Mortgagee and may be enforced by any such Mortgagee. In the event of an insured loss, any required deductible shall be considered a maintenance expense to be paid by the person or persons who would be responsible for such loss in the absence of insurance. If the loss affects more than one Unit, the cost of the deductible may be apportioned equitably by the Board among the parties suffering loss in proportion to each affected Owner's portion of the total cost of repair. However, if the insurance policy provides that the deductible will apply to each Unit separately or to each occurrence, each Unit Owner shall be responsible for paying the deductible pertaining to his or her Unit, if any. If any Owner fails to pay the deductible when required to do so, then the Association may pay the deductible and assess the cost to the Owner pursuant to the terms of this Declaration.

(d) To the extent applicable to the Property and Units, the Association shall obtain such insurance coverage as is necessary to satisfy the requirements of the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the U.S. Department of Veterans Affairs, and the U.S. Department of Housing and Urban Development.

(e) Nothing in this section requires the Association to make a claim under the insurance policies upon the occurrence of an insured event. The Association has the right to exercise reasonable business judgment in all insurance decisions.

ARTICLE XI. MORTGAGEE PROVISIONS

Section 11.1. Notice of Action. An institutional holder, insurer, or guarantor of a first Mortgage, who provides a written request to the Association (such request to state the name and address of such holder, insurer, or guarantor and the Unit number, therefore becoming an "Eligible Holder"), will be entitled to timely written notice of: (i) any condemnation or casualty loss that affects a material portion of the Property or which affects any Unit on which there is a first Mortgage held, insured, or guaranteed by such eligible holder; (ii) any delinquency in the payment of assessments or charges owed by an Owner of a Unit subject to the Mortgage of such eligible holder when such delinquency has continued for a period of 60 days; (iii) any default in the performance by the Owner of such encumbered Unit of any obligation under the Declaration or Bylaws that is not cured within 60 days; and (iv) any lapse, cancellation, or material modification of any insurance policy maintained by the Association.

Section 11.2. Audit. Upon written request of an Eligible Holder and upon payment of all necessary costs, such Eligible Holder shall be entitled to receive a copy of audited financial statements of the Association within 90 days of the date of the request.

Section 11.3. No Priority. No provision of this Declaration or the Bylaws gives any Owner or other party priority over any rights of a Mortgagee of any Unit in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or taking of the Common Areas.

Section 11.4. Failure of Mortgagee to Respond. Any Mortgagee who receives a written request from the Board of Directors to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within 30 days of the date of the Association's request, provided such request is delivered to the Mortgagee by certified or registered mail, return receipt requested.

ARTICLE XII. AMENDMENT

Until the expiration of the Development Period, only Declarant may amend this Declaration and may do so unilaterally for any purpose. Thereafter, Declarant or the Board of Directors may unilaterally amend this Declaration if such amendment is necessary to:

- (i) bring any provision into compliance with any applicable governmental statute, rules or regulations, or judicial determinations;

- (ii) enable any reputable title insurance company to issue title insurance coverage with respect to the Units;
- (iii) enable an institutional or governmental lender, purchaser, insurer, or guarantor of mortgage loans to make, purchase, insure or guarantee mortgage loans on the Units; or
- (iv) enable any governmental agency or private insurance company to insure or guarantee mortgage loans on the Units.

After the termination of the Development Period, except for items (i) through (iv) above, this Declaration may be amended only upon the affirmative vote of two-thirds of the Unit Owners.

Any amendment shall become effective upon the recording with the Registry of the instrument evidencing such change unless a later effective date is specified in the amendment. If an Owner consents to an amendment to this Declaration or the Bylaws, it will be conclusively presumed that such Owner has the authority to consent, and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment. Any procedural challenge to an amendment must be made within six months of the recording of the amendment or such amendment shall be presumed to have been validly adopted.

Every Owner, by taking record title to a Unit, and each holder of a Mortgage upon any portion of any Unit, by acceptance of such Mortgage, agrees that this Declaration may be amended as provided in this Article.

ARTICLE XIII. GENERAL PROVISIONS

Section 13.1. Failure of Enforcement. If the Association fails to enforce the compliance with any of the provisions of this Declaration by the Owner of any Unit, then the Owner of any other Unit shall have the right to file an action in the Superior Court of the county where the Property is located for an order from such court requiring that the Association enforce compliance; provided, however, in no event shall the Board of Directors, or any officer of the Association, or any of their agents, be personally liable to anyone on account of their failure to enforce any of the terms, provisions, or restrictions set forth in this Declaration.

Section 13.2. No Waivers. In no event shall the failure by the Association to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, provisions, or agreements set forth in this Declaration be construed as a waiver or relinquishment of the future enforcement of any such term, covenant, condition, provision, or agreement. The acceptance of performance of anything required to be performed with knowledge of the breach of a term, covenant, condition, provision, or agreement shall not be deemed a waiver of such breach. No waiver by the Association of any term, covenant, condition, provision, or agreement shall be effective unless expressed in writing and signed by a duly authorized officer of the Association.

Section 13.3. Notices. Any notice required or permitted to be sent to any Member of the Association pursuant to any provision of this Declaration shall be served by mail or email at the

mailing address or email address that such Member provided the Secretary of the Association in accordance with the Bylaws, in the absence of any such address having been so provided, at the mailing address of the Unit owned by such Member. The date of service shall be the date of mailing or, in the case of email, the date of transmission. Any notice required or permitted to be sent to the Declarant or the Association shall be served by certified or registered mail, return receipt requested, at the mailing address of its respective registered agent on file with the North Carolina Secretary of State. The date of service shall be the date shown on the return receipt.

Section 13.4. Severability. If any term of this Declaration is held illegal, invalid, or unenforceable, such term shall be excluded to the extent of such illegality, invalidity, or unenforceability. All other terms shall remain in full force and effect and, to the extent possible, the illegal, invalid, or unenforceable term shall be deemed replaced by a provision that is valid and enforceable and comes closest to expressing the intention of the excluded term.

Section 13.5. Judicial Proceedings. Enforcement of these covenants, conditions, restrictions, and easements shall be by any proceeding at law or in equity against any Person or Persons violating or attempting to violate any covenant or restriction, either to restrain violation or to recover damages, and against the Units, to enforce any liens created by this Declaration. No judicial or administrative proceeding shall be commenced or prosecuted by the Association unless approved by at least 75% of the Unit Owners, which approval must be accompanied by the approval of a reasonable litigation budget and the approval of a special assessment in an amount equal to the litigation budget to be levied equally among the Units and collected before commencement of any action. This section shall not apply, however, to (i) actions brought by the Association to enforce the provisions of this Declaration (including the foreclosure of liens); (ii) the collections of assessments; (iii) proceeding involving challenges to ad valorem taxation; or (iv) counterclaims brought by the Association in proceedings instituted against it. This Section shall not be amended unless such amendment is approved by the percentage of votes, and pursuant to the same procedures, necessary to institute proceedings as provided above.

Section 13.6. Successors to Declarant. In no event shall any Person succeeding to the interest of Declarant by operation of law or through purchase of Declarant's interest in all or any portion of the Property at foreclosure, sale under power or by deed in lieu of foreclosure, be liable for any act, omission or matter occurring, or arising from any act, omission or matter occurring, before the date such Person succeeded to the interest of Declarant.

Section 13.7. Right to Approve Additional Covenants. No Person shall record any amendment to this Declaration or any declaration of covenants, conditions and restrictions, declaration of condominium, or similar instrument affecting any portion of the Property, during the Development Period, without Declarant's review and written consent, and thereafter without consent of the Association. Any attempted recordation without such consent shall result in such instrument being void and of no force and effect unless subsequently approved by written consent signed and recorded by Declarant or the Association.

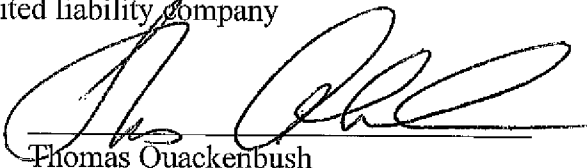
Section 13.8. Subordination of the Lien to Mortgages. The liens provided for in this Declaration shall be subordinate to the lien of any first Mortgage or first deed of trust on a Unit. Sale or transfer of any Unit shall not affect any assessment lien; however, the sale or transfer of a Unit pursuant to foreclosure of a first Mortgage or deed of trust, or any proceeding in lieu of

foreclosure, shall extinguish the lien of any assessments which became due before the date of conveyance pursuant to such foreclosure. No such sale or transfer shall relieve such Unit from liability for any later assessments or liens, but the liens provided for in this Declaration shall continue to be subordinate to the lien of any first Mortgage or deed of trust.

Declarant has executed this Declaration through its duly authorized agent on the day and year set forth in the acknowledgement of such execution.

GLENWOOD HOMES LLC, a North Carolina
limited liability company

By: _____

A handwritten signature in black ink, appearing to read 'Thomas Quackenbush', is written over a horizontal line. The signature is fluid and cursive.

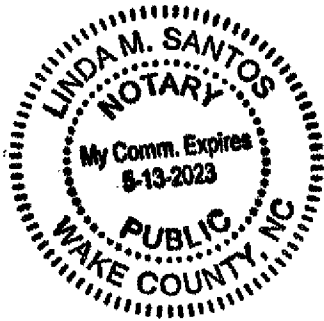
Thomas Quackenbush
Managing Member

Wake County, North Carolina

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she signed the foregoing document: Thomas Wackerbush

Date: 10-24-19

(Official Seal)



Linda M. Santos
Official Signature

Linda M. Santos
Printed Name

My commission expires: 5-13-2023

EXHIBIT A

Legal Description

All lots shown on Inona Place Subdivision, Right of Way Dedication, Tree Conservation Area, Recombination & Easements Plat recorded in Book of Maps 2019, Pages 1858-60, Wake County Registry.