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NEW HANOVER COUNTY, NC
TAMMY THEUSCH PIVER
REGISTER OF DEEDS

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STATE OF NORTH CAROLINA
COUNTY OF NEW HANOVER

DECLARATION OF COVENANTS, CONDITIONS and RESTRICTIONS for
617 Sumter Avenue Townhomes

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS, made the
24 day of March, 2022, by South 4th Kure Partners, LLC, a NC limited liability
company, hereinafter referred to as "Declarant".

WITNESSETH:

Whereas, Declarant is the owner of certain real property in New Hanover County, North
Carolina, known as "617 Sumter Avenue Townhomes" which is described in that deed recorded
in the Office of the Register of Deeds of New Hanover County, North Carolina in Book 6529 at
Page 1921 and described on that plat recorded in Map Book 70 at Page 17 and Map Book 70 at
Page 19, having the Tax Parcel ID Number R0 9009-009-016-000 (Unit 1),
R0 9009-009-017-000 (Unit 2) and R0 9009-009-014-000 (Common
Elements) to which reference is made for a more particular description and further described as
follows:

ALL of Lot 13A, Block 113 as shown on a map entitled, "Sumter
Avenue Recombination Lots 13A, 14A, 14B - Block 113"
recorded in Map Book 70 at Page 17, New Hanover County
Registry, NC reference to said map being hereby made for a more
particular description.

And

Whereas, Declarant has recorded a preliminary map of the proposed 617 Sumter Avenue
Townhomes in Map Book 70 at Page 19, New Hanover County; and

Whereas, Declarant has recorded a final map showing the townhomes as-built in Map
Book 71 at Page 133, New Hanover County; and

Whereas, Declarant desires to place certain Covenants and Restrictions upon the lands
described above as shown in Map Book 71 at Page 133, New Hanover County Registry

NOW, THEREFORE, Declarant declares that the Property described above shall be held, sold and conveyed subject to the North Carolina Planned Community Act set forth in Chapter 47F of the North Carolina General Statutes (the "Act"), as well as the following easements, restrictions, covenants, and conditions, which are for the purpose of protecting the value of the desirability of, and which shall run with the land and be binding on and shall inure to the benefit of all parties having any right, title or interest in the Property or any part thereof, their heirs, successors and assigns.

ARTICLE I DEFINITIONS

Section 1. Association shall mean and refer to 617 Sumter Avenue Townhome Owners Association, Inc., a North Carolina non-profit corporation, its successors and assigns, the owners association organized for the purposes set forth herein.

Section 2. Declarant shall be used interchangeably with Developer (which designations shall include singular, plural, masculine and neuter as required by context).

Section 3. Declaration shall mean this instrument as it may be from time to time amended or supplemented.

Section 4. Lot(s) shall mean and refer to any subdivided lot within the confines of the land described above together with any dwelling situated thereon.

Section 5. Owner shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 6. Property shall mean the Property as defined in the preamble to this Declaration.

Section 7. Member(s) shall mean and refer to every person or entity who has a Membership in the Association.

Section 8. Membership shall mean and refer to the rights, privileges, benefits, duties, and obligations, which shall inure to the benefit of and burden each Member of the Association.

Section 9. Home or Townhome shall mean the dwelling located on a Lot.

Section 10. Common Elements shall mean and refer to all lands and easements within or appurtenant to the Planned Community owned or enjoyed by the Association, other than a Lot, and intended for the common use and enjoyment of the Owners.

Section 11. Common Expenses means expenditures made by or financial liabilities of the Association, together with any allocations to reserves.

Section 12. Common Expense Liability means the liability for Common Expenses allocated to each Lot as permitted by the Act, this Declaration or otherwise by law.

Section 13. Limited Common Elements shall mean areas and facilities which are for the exclusive use of the Lot Owner but which the Association is obligated to maintain pursuant to the terms of this Declaration. LCE as shown on the map recorded in Map Book 71, Page 132, means Limited Common Element(s).

ARTICLE II PROPERTY RIGHTS AND EASEMENTS

Section 1. Owner's Property Rights and Easement of Enjoyment in the Common Area. Every Owner shall have and is hereby granted a right and easement of enjoyment in existing and any future Common Areas, if any, which shall be appurtenant to and shall pass with the title to every Lot, subject to the following:

- (a) The Association may make and amend reasonable rules and regulations governing the use of any future Common Areas by the Owners, and limiting the number of guests of Members;
- (b) The Association may levy fines in accordance with applicable statutes.

Section 2. Easements in Favor of Declarant and the Association. The following easements are reserved to Declarant and the Association, their successors and assigns:

- (a) Any as shown upon that map of the property recorded in Map Book 71 at Page 132, of the New Hanover County Registry.
- (b) An easement of unobstructed access over, on, upon, through and across each Lot and the Limited Common Elements located thereon, if any, at all reasonable times to perform any maintenance and repair to the structures located upon each Lot or to the Limited Common Elements required by this Declaration. This easement shall also run in favor of the Association and the Association's agents, employees, successors and assigns.

Section 3. Other Easements. The following easements are granted by Declarant to others:

- (a) an easement is hereby granted to all police, fire protection, ambulance and all similar persons, companies or agencies performing emergency services, to enter upon all Lots in the performance of their duties;
- (b) in case of any emergency originating in or threatening any Lot or Common Areas, regardless of whether any Lot Owner is present at the time of such emergency, the Association or any other person authorized by it, shall have the right to enter any Lot for the purpose of remedying or abating the causes of such emergency and making any other necessary repairs not performed by the Lot Owners, and such right of entry shall be immediate;
- (c) the Association is granted an easement over each Lot for the purposes of providing Lot maintenance when an Owner fails to provide maintenance and upkeep in accordance with this Declaration.

Section 4. Nature of Easements. All easements and rights described herein are perpetual easements appurtenant, running with the land, and shall inure to the benefit of and be binding on

the Declarant and the Association, their successors and assigns, and any Owner, purchaser, mortgagee and other person having an interest in the Property or any Additional property, or any part or portion thereof, regardless of whether or not reference is made in the respective deeds of conveyance, or in any mortgage or trust deed or other evidence of obligation, to the easements and rights described in this Declaration.

ARTICLE III AMENDMENTS

Section 1. Amendment of Declaration by the Declarant. This Declaration may be amended without member approval by the Declarant, or the Board of the Association, as the case may be, as follows:

- (a) in any respect, prior to the sale of the first Lot from the Declarant;
- (b) to the extent this Declaration applies to Additional Property;
- (c) to correct any obvious error or inconsistency in drafting, typing or reproduction;
- (d) to qualify the Association or the property and Additional Property, or any portion thereof, for tax-exempt status;
- (e) to include any platting change as permitted herein;
- (f) to conform this Declaration to the requirements of any law or governmental agency

having legal jurisdiction over the Property or any Additional property or to qualify the Property or any Additional property or any Lots and improvements thereon for mortgage or improvement loans made, insured or guaranteed by a governmental agency or to comply with the requirements of law or regulations of any corporation or agency belonging to, sponsored by, or under the substantial control of the United States Government or of the State of North Carolina, regarding purchase or sale of such lots and improvements, or mortgage interests therein, as well as any other law or regulation relating to the control of property, including, without limitation, ecological control, construction standards, aesthetics, and matters affecting the public health, safety and general welfare. A letter from an official of any such corporation or agency, including, without limitation, the Veterans Administration, U.S. Department of Housing and Urban Project, the Federal Home Loan Mortgage Corporation, Government National Mortgage Corporation, or the Federal National Mortgage Association, requesting or suggesting an amendment necessary to comply with the requirements of such corporation or agency shall be sufficient evidence of the approval of such corporation or agency, provided that the changes made substantially conform to such request or suggestion. Notwithstanding anything else herein to the contrary, only the Declarant, during the Developer Control Period, shall be entitled to amend this Declaration pursuant to this Section.

ARTICLE IV
HOMEOWNER'S ASSOCIATION

Section 1. Formation of Association. The Association is a nonprofit corporation organized pursuant to the Nonprofit Corporation Act of the State of North Carolina for the purpose of establishing an association for the Owners of Lots to (i) own, operate and maintain the Common Areas, (ii) to maintain the Designated Common Areas, (iii) to maintain the Limited Common Areas, and (iv) serve as a member of 617 Sumter Avenue Townhome Owners Association, Inc., all in accordance with this declaration, the Association's Charter and Bylaws.

Section 2. Membership. Every Lot Owner shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from Lot ownership.

Section 3. Voting Rights. The Association shall have one class of voting Membership. Members shall be all Owners, with the exception of the Declarant, and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot. Fractional voting with respect to any Lot is hereby prohibited.

Section 4. Government Permits. All duties, obligations, rights and privileges of the Declarant under any water, sewer, storm water, and utility agreements, easements, and permits for the Project with municipal or governmental agencies or public or private utility companies are at all times the responsibility of the Association.

SECTION 5: Maintenance and Repair

A. Individual Lots. All maintenance of and repairs to each individual lot, structural or non-structural, ordinary or extraordinary, (other than maintenance of and repairs to any common elements contained therein not necessitated by the negligence, misuse, or neglect of the owner of such lot) shall be made by the owner of such lot with the exception that the Association shall maintain all front and side yard landscaping (to include irrigation) and all exterior maintenance to include the roof, but excluding doors and windows. Each lot owner shall be responsible for all damages to any other lot and to the common elements resulting from his failure to effect such maintenance and repairs. The Association shall only be responsible for repairs and maintenance not covered by the insurance required to be maintained by the unit owners, and prior to making repairs, which are or may be covered by insurance, the owner is required to submit a claim with their insurance carrier. Any structural damage is to be replaced with the same or similar products in order to maintain the continuity of appearance of 617 Sumter Avenue Townhomes.

B. Common Elements. All maintenance, repairs and replacements to the common elements, whether located inside or outside of the lots (unless necessitated by the negligence, misuse, or neglect of a lot owner, in which case such expense shall be charged to such lot owner), shall be made by the Board of Managers/Directors and be charged to all the lot owners as a common expense, to include the stormwater management system.

SECTION 6: Damage or Destruction Except as hereinafter provided, damage to or destruction of a lot shall be promptly repaired and restored by the lot owner using the proceeds of any insurance for that purpose.

SECTION 7: Use of Lots In order to provide for continual occupancy of the lots and for the protection of their values, the lots shall be used for residential purposes only.

SECTION 8: Additions, Alterations, or Improvements by Board of Managers/Directors

Whenever in the judgment of the Board of Managers/Directors, the common elements shall require additions, alterations, or improvements costing in excess of \$1,000.00, and the making of such additions, alterations, or improvements shall have been approved by the lot owners, the Board of Managers shall proceed with such additions, alterations, or improvements and shall assess all lot owners for the cost thereof as a common charge. Any additions, alterations or improvements costing \$1,000.00 or less may be made by the Board of Managers/Directors without special approval of the lot owners.

SECTION 9: Additions, Alteration, or Improvements by Lot Owners No Lot owner shall make any structural addition, alteration or improvement, to include color, roofing and/or landscaping in or to his unit without prior written consent thereto of the Board of Managers/Directors. The Board of Managers/Directors shall have the obligation to answer any written request by a lot owner for approval of a proposed structural addition, alteration, or improvement in such lot owner's lot within thirty (30) days after such request, and failure to do so within the stipulated time shall constitute a consent by the Board of Managers/Directors to the proposed addition, alteration or improvement. The Board of Managers/Directors shall not be liable to any contractor, subcontractor, or materialman or to any person sustaining personal injury or property damage, for any claim arising in connection with such addition, alteration, or improvement.

SECTION 10: Description of Common Elements The Common Elements consist of the entire property so designated and shown on a map recorded in Map Book 71, Page 133, of the New Hanover County Registry. They include, without limitation, the following:

- A. All land, lawns, gardens, roads, parking, stormwater drainage system and other improved or unimproved areas not within any lot,
- B. All installations or power, lights and water existing for common use and all other parts of the property necessary or convenient to its existence, maintenance and safety or normally in common use,
- C. All common sewer and drainage pipes,
- D. All other apparatus, equipment and installations existing without the lots for common use or necessary or convenient to the existence, maintenance or safety of the building and/or common elements.

SECTION 11: Right of Access A lot owner shall grant a right of access to his lot to any person authorized by the Board of Directors/Managers, to make inspections; to correct any condition originating in his lot and threatening another lot or a common element, to install, alter or repair mechanical or electrical services or other common elements in his lot or elsewhere in the building, and to correct any condition which violates the provisions of any mortgage covering another lot. Requests for such entry shall be made in advance and such entry shall be scheduled for a time reasonably convenient to the Lot Owner. However, in case of an emergency, such right of entry shall be immediate whether the lot owner is present at the time or not.

ARTICLE V INSURANCE AND BONDS

Section 1. Insurance.

(a) Insurance Obtained by the Association. The Association may obtain liability insurance to cover losses not insured by the policies of the Unit Owners, particularly those potentially arising from occurrences on the Common Area, to the extent deemed necessary or desirable by the Association. The determination of whether or not to obtain liability insurance shall be made by the Association after the last lot has been conveyed from the Developer.

(b) Premiums. Any and all premiums on such insurance policies obtained by the Association and any deductibles payable by the Association upon loss shall be a common expense.

(c) Proceeds. All insurance policies purchased pursuant to these provisions shall provide that all proceeds thereof shall be payable to the Board as insurance trustee or to such attorney-at-law or institution with trust powers as may be approved by the Board of Directors.

(d) Policies. All insurance policies purchased by the Board of Directors shall be with a company or companies permitted to do business in the State of North Carolina. All insurance policies shall be written for the benefit of the Board of Directors and the Lot Owners and any mortgagees as their respective interests may appear, and shall provide that all proceeds thereof shall be payable to the Board of Directors and duplicates of said policies and endorsements and all renewals thereof, or certificates thereof, together with proof of payment of premium, shall be delivered to the Owners at least ten (10) days prior to the expiration date with respect to the then current policies. Duplicates shall also be obtained and issued by the Association to each mortgagee, if any, upon request of such mortgagee.

(e) Individual Policies. The insurance coverage for the individual lots and the structure(s) thereon, including, but not limited to, the exterior of the structure and roof, shall be purchased as individual policies under such terms and conditions as the Association may prescribe by the individual Lot Owners. Each Lot shall be insured for its full replacement value; and each Lot Owner must provide proof of insurance upon request by the Association. If a Lot Owner fails to comply with the insurance requirements set forth above the Association shall have the right to purchase insurance on the Lot at the non-complying Lot Owner's expense.

(f) Master Policy. The Association, if it deems necessary, reserves the right to purchase a Master Policy to cover all improvements upon the land including the individual Lots to be prorated, apportioned and paid by the Lot Owners.

(g) Distribution of Insurance Proceeds. Proceeds of insurance policy for the Common Areas shall be distributed to or for the benefit of the beneficial owners in the following manner:

(1) all reasonable expenses of the insurance trustee shall be paid or provision made thereof;

(2) the remaining proceeds shall be used to defray the cost of repairs for the damage or reconstruction for which the proceeds are paid. Any proceeds remaining after defraying such cost shall be distributed to the beneficial owners, including lien holders of record, or retained by the Association for such common expenses or purposes as the Board shall determine.

Section 2. Fidelity Bond. The Association may maintain blanket fidelity bonds for all officers, directors, employees, and all other persons handling or responsible for funds of the Association, as follows (provided, however, that if the Association shall delegate some or all of the responsibility for the handling of its funds to a management agent, such fidelity bonds shall be maintained by such management agent for its officers, employees and agents handling or responsible for funds or administered on behalf of the Association).

ARTICLE VI COVENANTS FOR ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. Each owner of any Lot, by acceptance of a deed for the Owner's Lot, whether or not is shall be so expressed in such deed, covenants and agrees to pay to the Association the following assessments (collectively the "Assessments"):

The Assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the respective Lot against which the Assessments are made. Each such Assessment, together with interest costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the Assessment fell due. The personal obligation for delinquent Assessments shall not pass to the Owner's successors in title unless expressly assumed by them.

Section 2. Annual Assessments. The Board of Directors shall adopt a proposed annual budget at least 90 days before the beginning of each fiscal year. Within 30 days after adoption of the proposed budget for the Project, the Board of Directors shall provide all of the Lot Owners a summary of the budget and notice of a meeting to consider its ratification including a statement that the budget may be ratified without a quorum. The budget is ratified unless, at the meeting, a majority of all the Lot Owners in the Association rejects the budget. In the event the proposed budget is rejected, the periodic budget last ratified by the Lot Owners shall be continued until such time as the Lot Owners ratify a subsequent budget proposed by the Board of Directors. The annual assessment for each Lot shall be established based on the annual budget thus adopted. The due date for payment shall be established by the Board of Directors. The Board of Directors shall have the authority to require the assessments to be paid in periodic installments. The

Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid.

Section 3. Special Assessments for Capital Improvements. In addition to the Annual Assessments authorized above, the Association may levy, in any assessment year, a Special Assessment applicable to the year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair, or replacement of a capital improvement upon any future Common Areas, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of a majority of the members of the Association.

Section 4. Insurance Assessments. All premiums on insurance policies purchased by the Board of Directors or its designee and any deductibles payable by the Association upon loss shall be a common expense, and the Association may in any assessment year levy against the Owners equally an "Insurance Assessment", in addition to the Annual Assessments, which shall be in an amount sufficient to pay the annual cost of all such deductibles and insurance premiums not included as a component of the Annual Assessment.

Section 5. Rate of Assessment. The Association may differentiate in the amount of Assessments charged when a reasonable basis for distinction exists, such as between vacant Lots of record with completed dwelling for which certificates of occupancy have been issued by the appropriate governmental authority, or when any other substantial difference as a ground of distinction exists between Lots. However, Assessments must be fixed at a uniform rate for all Lots similarly situated.

Section 6. Commencement of Assessments. Assessments for each Lot shall commence upon the date of acceptance by an Owner of a deed from Declarant.

Section 7. Effect of Nonpayment of Assessments and Remedies of the Association. Any assessment or installment thereof not paid within (30) days after the due date shall bear interest from the due date at the highest rate allowable by law. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the Owner's Lot. No Owner may waive or otherwise escape liability of the Assessments provided for herein by non-use of the Common Area or abandonment of his Lot. All unpaid installment payments of Assessments shall become immediately due and payable if an Owner fails to pay any installment within the time permitted. The Association may also establish and collect late fees for delinquent installments.

Section 8. Lien for Assessments. The Association may file a lien against a Lot when any Assessment levied against said Lot remains unpaid for a period of 30 days or longer.

(a) The lien shall constitute a lien against the Lot when and after the claim of lien is filed of record in the office of the Clerk of Superior Court of the County in which the Lot is located. The Association may foreclose the claim of lien in like manner as a mortgage on real estate under power of sale under Article 2A of Chapter 45 of the General Statutes. Fees, charges, late charges, fines, interest and other charges imposed pursuant to Sections 47F-3-102, 47F-3-107, 47F-3-107A and 47F-3-115 of the Act are enforceable as Assessments.

(b) The lien under this section shall be prior to all liens and encumbrances on a Lot except (i) liens and encumbrances (specifically including, but not limited to, a mortgage or deed of trust on the Lot) recorded before the docking of the claim of lien in the office of the Clerk of Superior Court, and (ii) liens for real estate taxes and other governmental assessments and charges against the Lot.

(c) The lien for unpaid assessments is extinguished unless proceedings to enforce the tax lien are instituted within three years after the docketing of the claim of lien by the office of the Clerk of Superior Court.

(d) Any judgment, decree, or order in any action brought under this section shall include costs and reasonable attorney's fees for the prevailing party.

(e) Where the holder of a first mortgage or deed of trust of record, or other purchaser of a Lot obtains title to the Lot as a result of foreclosure of a first mortgage or first deed of trust, such purchaser and its heirs, successors and assigns shall not be liable for the Assessments against the Lot which became due prior to the acquisition for title to the Lot by such purchaser. The unpaid Assessments shall be deemed to be Common Expenses collectible from all the Lot Owners including such purchaser, its heirs, successors and assigns.

(f) A claim of lien shall set forth the name and address of the Association, the name of the record Owner of the Lot at the time the claim of lien is filed, a description of the Lot, and the amount of the lien claimed.

ARTICLE VII

USE RESTRICTIONS, ARCHITECTURAL CONTROL AND MAINTENANCE

Section 1. Approval of Plans for Building and Site Improvements. No dwelling, wall, fence or other structure shall be commenced, erected, or maintained upon any Lot, nor shall any exterior addition to or change in or alteration therein (including painting or repainting of exterior surfaces) be made until the plans and specifications (including site plan) showing the nature, kind, shape, height, materials, colors and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Declarant, or its designee, or, after the sale of all Lots by Declarant, by the Board of Directors of the Association, or by an Architectural Control Committee composed of three (3) or more representatives appointed by the Board.

Section 2. Minimum Standards for Site Improvements.

(a) Each dwelling shall have a minimum of 1500 square feet of enclosed, heated dwelling area. The term "enclosed, heated dwelling area" as used in the minimum requirements shall be the total enclosed area within a dwelling, which is heated by a common heating system.

(b) All service utilities, fuel tanks, and wood piles are to be enclosed within a wall or plant screen of a type and size approved by the Declarant, the Board or the Architectural Control Committee, so as to preclude the same from causing an unsightly view from any highway, street or way within the subdivision, or from any other residence within the subdivision. All mailboxes must be uniform in design. Design for and location of mail boxes shall be furnished by Declarant. The design, placement and materials of any fence must be approved by the Declarant, the Board, or the Architectural Control Committee, as the case may be.

(c) All light bulbs or other lights installed in any fixture location on the exterior of any building for the purpose of illumination shall be clear, white or non-frost lights or bulbs. Exterior spot/flood lights must be approved by the Association. Any approved spot/flood lights shall be aimed to the greatest extent possible to direct light away from adjoining property.

Section 3. Use Restrictions.

(a) Land Use and Building Type. No Lot shall be used for any purpose except for residential purpose. All numbered Lots are restricted for construction of one single-family Townhome dwelling.

(b) Nuisances. No noxious or offensive activity shall be carried on upon any Lot nor shall anything be done thereon which may or may become an annoyance or nuisance to the neighborhood. There shall not be maintained any plants or animals, nor device or thing of any sort whose normal activities or existence are in any way noxious, dangerous, unsightly, unpleasant or other nature as may diminish or destroy the enjoyment of other Lots by the Owner thereof. It shall be the responsibility of each Owner to prevent any unclean, unsightly or unkempt condition of buildings or grounds on the Owner's Lot which would tend to decrease the beauty of the neighborhood as whole or the specific area.

(c) Temporary Structures. No structure of a temporary character, trailer, basement, tent, garage, barn, or other outbuilding shall be used on any Lot at any time as a residence either temporarily or permanently without the written consent of the Association or its designee; provided, however, that this shall not prevent the Declarant, its designees or assigns from maintaining a construction trailer or office on any part of the Project until the construction of dwelling son all Lots and improvements are completed.

(d) Vehicles/Boats. No camper, trailer, motor or mobile homes, tractor/trailer, or similar type vehicle, shall be permitted to remain on any Lot at any time. No inoperable vehicle or vehicle without current registration and insurance will be permitted on any Lot. The Association shall have the right to have all such vehicles towed away at the Owner's expense. No repairs to any vehicle may be made in driveways.

(e) Animals. No animals, livestock, poultry of any kind shall be kept or maintained on any Lot or in any dwelling except that dogs, cats, or other household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes and provided further that they are not allowed to run free, are at all times kept properly leashed or under the control of their owner and do not become a nuisance to the neighborhood.

(f) Statuary, TV Satellite Dishes and Outside Antennas. No yard statuary, yard art, or TV satellite signal receiving dishes are permitted on any lot and no outside radio or television antennas shall be erected on any Lot or dwelling unit unless and until permission for the same has been granted by the Board of Directors of the Association or its Architectural Control Committee; provided, however, satellite dishes not over eighteen (18) inches in diameter which cannot be seen from the street are permitted.

(g) Construction in Any Future Common Area. No person shall undertake, cause or allow alteration or construction in or upon any portion of future Common Areas except at the direction or with the express written consent of the Association or as permitted by this Declaration.

(h) Subdividing. Subject to any right reserved to the Declarant herein, no Lot shall be subdivided, or its boundary lines changed except with the prior written consent of the Declarant

during the period of Declarant control of the Association and thereafter by the Board of Directors of the Association.

(i) Trash Cans. Trash cans must be removed from the street within 24 hours of trash pickup.

Section 4. Maintenance. To the extent the association is not obligated to provide maintenance pursuant to this Declaration, each Lot Owner shall keep his Lot free from weeds, underbrush or refuse piles, or unsightly growth or objects, and any improvements upon said Lot shall be maintained in a proper manner. The exterior appearance of the improvements shall be maintained, repaired and cleaned as needed. In the event the Owner fails to do so, then after thirty days' notice, the Association or its designee may enter upon the Lot and remove the same or make any needed exterior repairs or cleaning at the expense of the Owner, and such entry shall not be deemed a trespass, and in such event a lien shall arise and be created in favor of the full amount of the cost thereof chargeable to the Owner's Lot, including collection costs and such amounts shall be due and payable within thirty (30) days after the Owner is billed therefore. Such lien shall be enforceable by Court proceedings as provided by law for enforcement of liens. In the event that any maintenance activities are necessitated to any future Common areas or to the exterior of the Building by the willful act or active or passive negligence of any Owner, his family, guests, invitees or tenants and the cost of such maintenance, repair, cleaning, or other activity is not fully the cost of the same shall be the personal obligation of the owner and, if not paid to the association upon demand, may be added to the annual assessment levied against said Owner's Lot and shall become a lien against the Lot.

ARTICLE VIII PARTY WALLS

Section 1. Definition. For purposes of this section, "party wall" is defined as follows: The party wall consists of 2 separate walls separated by a one (1) inch air gap between the walls. This double wall construction which separates the units shall be considered the party wall.

Section 2. General Rules of Law to Apply. Each wall is built as a part of the original construction of the townhomes upon the Properties and placed on the dividing line between the Lots shall constitute a party wall, and to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and of liability for property damage due to negligence or willful acts of omissions shall apply thereto.

Section 3. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

Section 4. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, an Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section 5. Weatherproofing. Notwithstanding any other provision of this Article, an Owner who by his negligent or willful act caused the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such element.

Section 6. Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 7. Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decisions shall be made by a majority of all the arbitrators.

ARTICLE IX GENERAL PROVISIONS

Section 1. Enforcement of Storm Water Runoff Regulations. No Lot nor that portion of the street right of way between the edge of the pavement and the front Lot line, shall be covered by impervious structures, including asphalt, gravel, concrete, brick, stone, slate or similar material (but excluding wood decking and the water surface of swimming pools), in excess of the square footages permitted by applicable governmental rules and regulations. Roadside or lot line swales may not be filled, piped or altered except as necessary to provide a minimum driveway crossing. These covenants are intended to insure continued compliance with the storm water permit for the property issued by the State of North Carolina and therefore may not be changed or deleted without the consent of the state. For curb and gutter projects, no one may pipe, fill in, or alter any Lot line swale used to meet North Carolina Storm Water Management Permit requirements.

Section 2. Enforcement of Storm Water Runoff Regulations. No Lot nor that portion of the front Lot line, shall be covered by impervious structures, including asphalt, gravel, concrete, brick stone, slate or similar material (but excluding wood decking and the water surface of swimming pools), in excess or the square footages permitted by applicable governmental rules and regulations. Roadside or lot line swales may not be filled, piped or altered except as necessary to provide a minimum driveway crossing. These covenants are intended to insure continued compliance with the storm water permit for the Property issued by the State of North Carolina and, therefore, may not be changed or deleted without the consent of the State. For curb and gutter project, no one may pipe, fill in, or alter any Lot line swale used to meet North Carolina Storm Water Management Permit requirements.

Section 3. Rights of Institutional Note Holders. Any institutional holder of a first lien on a Lot will, upon request, be entitled to (a) inspect the books and records of the Association during normal business hours, (b) receive an annual audited financial statement of the Association within ninety (90) days following the end of its fiscal year, (c) receive written notice of all meetings of the Association and right to designate a representative to attend all such meetings,

(d) receive written notice of any condemnation or casualty loss that affects either a material portion of the Project or the Property securing its loan, (e) receive written notice of any sixty-day (60) delinquency in the payment of assessments or changes owed by any Owner of any property which is security for the loan, (f) receive written notice of a lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association, (g) receive written notice of any proposed action that requires the consent of a specified percentage of mortgage holders, and (h) be furnished with a copy of any master insurance policy.

Section 4. Utility Service. Declarant reserves the right to subject the Property for contracts for the installation of utilities, cable TV and street lighting, which may require an initial payment and/or a continuing monthly payment by the Owner of each Lot. Each Lot Owner will be required to pay for any water connections, sewer connections, impact fees or other utility service to the Lots. In the alternative, the Developer may collect such connection, impact and other fees, charges directly from the Lot Owners. All Lot Owners shall be required, for the household purposed, to use water and sewer supplied by the companies/governmental units servicing the Project. Separate water systems for outside irrigation and other outdoor uses shall not be permitted without the consent of the Declarant or the Association.

Section 5. Severability. Invalidation of any one of these covenant or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 6. Lots Subject to Declaration/Enforcement. All present and future Owners, tenants and occupants of Lots and their guests or invitees, shall be subject to, and shall comply with the provisions of the Declaration, and as the Declaration may be amended from time to time. The acceptance of a deed of conveyance or the entering into of a lease or the entering into occupancy of any Lot shall constitute an agreement that the provisions of the Declaration are accepted and ratified by such Owner, tenant or occupant. The covenants and restrictions of this declaration shall inure to the benefit of and be enforceable (by proceedings at law or in equity) by the Association, or the Owner of any Lot, their respective legal representatives, heirs, successors and assigns, and shall run with and bind the land and shall bind any person having any Lot, as though such provision were made a part of each and every deed of conveyance or lease, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless terminated by the Lot Owners. Failure by the Association or by an Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 7. Liability of Declarant. The unanimous vote of all votes entitled to be cast by the Association Members shall be required in order for the Association to (1) file a complaint, on account of an act or omission of the Declarant, with any governmental agency which has regulatory or judicial authority over the Project or any part thereof; or (2) assert a claim or sue the Declarant.

Section 8. Amendment of Declaration. Except as provided elsewhere herein, the covenants and restrictions of this Declaration may be amended only by an instrument duly recorded in the Office of the Register of Deeds of New Hanover County, executed by the duly authorized

officers of the Association upon the unanimous vote of the Lot Owners; provided that no amendment shall alter any obligation to pay ad valorem taxes or assessments for public improvements, as herein provided, or affect any lien for the payment thereof established herein.

Section 9. North Carolina Planned Community Act. It is the intent of the Declarant to comply with the requirement imposed on the Planned Community by the Act and to the extent any of the terms of this Declaration violate the Act, the terms of the Act shall control.

Section 10. Joinder and Consent. BUILDER FINANCE GROUP, LLC, the holder of a Deed of Trust dated July 7, 2021, and recorded in Book 6467, Page 2668 of the New Hanover County Registry and a Deed of Trust dated July 7, 2021, and recorded in Book 6467, Page 2668 of the New Hanover County Registry, signs this Declaration to evidence their consent to be bound by the terms hereof.

IN WITNESS WHEREOF, the undersigned has caused this Declaration to be executed the day and year first above written.

SOUTH 4TH KURE PARTNERS, LLC, a NC limited liability company

[Signature] (seal)
HART MARLOW, Manager

State of NC
County of New Hanover

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: HART MARLOW, Manager of South 4th Kure Partners, LLC, a NC limited liability company.

Date: March 24, 2022

(seal)

Chiaki Ito
Notary Public:
My Commission Expires: 6-8-2023

Chiaki Ito
Notary Public
New Hanover Co., NC
My Commission Expires 6-8-2023

BUILDER FINANCE GROUP, LLC, a NC limited liability company

Matthew Killingsworth

(seal)

Matthew Killingsworth, Manager

State of North Carolina
County of Wake

I certify that the following person personally appeared before me this day, acknowledging to me that she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: Matthew Killingsworth, Manager of Builder Finance Group, LLC, a NC limited liability company.

Date: 3/3/22

Emma Lampe

Notary Public

My Commission Expires: 5/9/26

(seal)

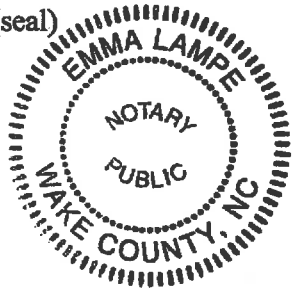


EXHIBIT "A"

BY-LAWS OF
617 Sumter Avenue TOWNHOME OWNERS ASSOCIATION, INC.
(A NON-PROFIT CORPORATION)

ARTICLE I
GENERAL

SECTION 1: Title to Lots Title to Lots may be taken in the name of an individual or in the names of two or more persons, as tenants in common or as joint tenants, or as tenants by the entirety, or in the name of a corporation or partnership, or in the name of a fiduciary.

SECTION 2: Applicability of By-Laws The provisions of these By-Laws are applicable to 617 Sumter Avenue TOWNHOMES, and its common elements and to the use and occupancy thereof. The term "617 Sumter Avenue TOWNHOMES" and its common elements as used herein shall include the land, the buildings and all other improvements thereon, all easements, rights and appurtenances belonging thereto, and all other property, personal or mixed, intended for use in connection therewith.

SECTION 3: Application All present and future owners, mortgagees, lessees and occupants of Lots and their employees and any other persons who may use the facilities in any manner are subject to these By-Laws, the Declaration and Rules and Regulations pertaining to the use and operation of the Lots. The act of occupancy of a Lot shall constitute an acceptance of the provisions of these instruments and an agreement to comply therewith.

SECTION 4: Office The Office of the Owner's Association and the Board of Directors shall be located at 617 Sumter Avenue, Carolina Beach, NC 28428.

ARTICLE II
OWNERS' EASEMENTS OF ENJOYMENT

SECTION 1: Every Owner shall have a right and easement of enjoyment in and to the Common Area, which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

- A. The right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the common area,
- B. The right of the Association to limit the number of guests of members,

- C. The right of the Association to suspend the voting rights and right to use of the facilities by an owner for any period during which any assessment against his Lot remains unpaid, and for a period not to exceed sixty (60) days for an infraction of its published rules and regulations,
- D. The right of the Association to impose regulations for the use and enjoyment of the Common Area and improvements thereon, which regulations may further restrict the use of the Common Area.

ARTICLE III BOARD OF DIRECTORS/MANAGERS

SECTION 1: Management and Control Management of the affairs of the Association shall be the right and responsibility of its Board of Directors in accordance with the Declaration and By-Laws, PROVIDED, HOWEVER, that all of the powers and duties of the Board of Directors may be exceeded by the Declarant until such time as 100% of the lots owned by Declarant have been sold and conveyed by the Declarant until such time as purchasers or until **DECEMBER 31, 2023**; whichever occurs first. Management and control may be transferred to the lot owners at any time, by the Declarant, at Declarant's discretion, but in all events, no later than 120 days after the happening of the earlier of the above events. There shall be no requirement on Association meetings until such time as control is transferred to the Association.

SECTION 2: Powers and Duties The Board of Managers/Directors shall have the powers and duties necessary for the administration of the affairs of the Lots and Common Elements except such powers and duties as by law or by these By-Laws may not be delegated to the Board of Managers/Directors by the unit owners. The powers and duties to be exercised by the Board of Managers/Directors shall include, but not be limited to, the following:

- A. Operation, care, upkeep and maintenance of the common elements and drainage system, to include roads,
- B. Determination of the amounts required for operation, maintenance and other affairs of the Lots and Common Elements,
- C. Collection of the common charges from the unit owners,
- D. Employment and dismissal of personnel as necessary for efficient maintenance and operation, including a property manager,
- E. Adoption and amendment of rules and regulations covering the details of the operation and use of the Lots and Common Elements,
- F. Opening of bank accounts on behalf of the Owners Association and designating the signatures required therefore,

- G. Obtaining insurance for the Lots and Common Elements pursuant to the provisions of Article VI, Section 9 hereof, and
- H. Making repairs, additions and improvements to, or alterations of, the property and repairs to and restoration of the property in accordance with the provisions of these By-Laws, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings.

SECTION 3: Election and Term of Office Subject to the provisions of Section 1 herein, the Board of Managers/Directors shall be elected at the first annual meeting of the lot owners. At the first election, one board member shall be elected for a one-year term; one board member will be elected for a two-year term with the result subsequent elections will replace one board member annually. At the expiration of the initial term of office of each respective member of the Board of Managers/Directors, his successor shall be elected to serve for a term of three (3) years. The members of the Board of Managers/Directors shall hold office until their respective successors shall have been elected by the unit owners. Upon Declarant transferring management and control to owners, the Board of Managers/Directors shall consist of up to two individuals, all of whom must be lot owners of record in 617 Sumter Avenue Townhomes.

SECTION 4: Vacancies Vacancies in the Board of Managers/Directors caused by any reason shall be filled by appointment by the remaining members of the Board of Directors/Managers. Each person so appointed shall be a member of the Board of Managers/Directors for the remainder of the term of the member so removed.

SECTION 5: Regular Meetings Regular meetings of the Board of Managers/Directors may be held at such time and place as shall be determined from time to time by a majority of the members of the Board of Managers/Directors, but at least one such meeting shall be held during each fiscal year. Notice of regular meetings of the Board of Managers/Directors shall be given to each member of the Board of Managers/Directors, by mail or telegraph, at least three (3) business days prior to the day named for such meeting.

SECTION 6: Special Meetings Special meetings of the Board of Managers/Directors may be called by any Board member on three (3) business days' notice to each member of the Board of Managers/Directors given by mail or telegraph, which notice shall state the time, place and purpose of the meetings.

SECTION 7: Waiver of Notice Any member of the Board of Managers/Directors may, at any time, waive notice of any meeting of the Board of Managers/Directors in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board of Managers/Directors at any meeting of the Board shall constitute a waiver of notice by him of the time and place thereof. If all the members of the Board of Managers/Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

SECTION 8: Quorum of Board of Managers/Directors At all meetings of the Board of Managers/Directors, at least a majority of the members thereof must attend to constitute a

quorum for the transaction of business and the votes of all of the members of the Board of Managers/Directors shall constitute the decision of the Board of Managers/Directors. If at any meeting of the Board of Managers/Directors there shall be less than a quorum present, the Board members present may conduct any business which might have been transacted at the meeting originally called and any action consented to by the absent manager in writing within ten (10) days of said meeting, shall be deemed valid.

SECTION 9: Compensation No member of the Board of Managers/Directors shall receive any compensation from the Association for acting as such.

SECTION 10: Deadlock Any deadlock in voting shall be resolved by submitting the matter to arbitration in accordance with the Uniform Arbitration Act as set forth in the North Carolina General Statutes, Section 1-567.1 et seq.

ARTICLE IV MEETING OF UNIT OWNERS

SECTION 1: Place All meetings of the unit owners shall be held at the office of the Association or such other place as may be stated in the notice.

SECTION 2: Annual Meetings

- a. The annual meeting of the unit owners shall be held at a site designated in New Hanover County, North Carolina, in each year commencing within the year that the Association has assumed control of the Association as hereinabove provided.
- b. All annual meetings shall be held at such hour as determined by the Board of Managers/Directors.
- c. At the annual meeting, the members shall elect the new members of the Board of Managers/Directors and transact such other business as may be properly come before the meeting.

SECTION 3: Special Meetings It shall be the duty of the President to call a special meeting of the unit owners if so directed by resolution of the Board of Managers/Directors or upon a petition signed and presented to the Secretary by unit owners owning a total of at least fifty percent (50%) of the common interest. The notice of any special meeting shall state the time, place and purpose of the meeting. The business transacted at all special meetings shall be confined to the objects stated in the notice unless the Board of Managers/Directors unanimously consents to the transaction of business not stated in the notice.

SECTION 4: Notice of Meetings The Secretary shall mail to each unit owner of record a notice of each annual or special meeting of the unit owners at least ten (10) days but not more than twenty (20) days prior to such meeting, stating the purpose thereof as well as the time and place where it is to be held, at the building or at such other address as such unit owner shall have

designated by notice in writing to the Secretary. The mailing of a notice of meeting in the manner provided in this section shall be considered service of notice.

SECTION 5: Adjournment of Meetings If any meeting of unit owners cannot be held because a quorum has not attended, a majority in common interest of the Unit Owners who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not more than forty eight (48) hours from the time the original meeting was called.

SECTION 6: Order of Business The order of business at all meetings of the Unit Owners shall be as follows:

- a. Roll call,
- b. Proof of notice of meeting,
- c. Reading of minutes of preceding meeting,
- d. Reports of Officers,
- e. Report of Board of Managers/Directors.
- f. Reports of Committees,
- g. Election of members of the Board of Managers/Directors (when so required),
- h. Unfinished business,
- i. New business, and
- j. Adjournment.

Robert's Rule of Order shall be applicable to the conduct of all meetings of unit owners.

SECTION 7: Voting The owner or owners of each Unit, or some person designated by such owner or owners to act as proxy on his or their behalf and who need not be an owner, shall be entitled to cast the votes appurtenant to such Unit at all meetings of unit owners. The designation of any such proxy shall be made in writing to the Secretary and shall be recoverable at any time by written notice to the Secretary by the Owner or Owners so designating. Each unit shall be entitled to cast one (1) vote at all meetings of the unit owners. A fiduciary shall be the voting member with respect to any Lot owned in a fiduciary capacity.

SECTION 8: Majority of Lot Owners As used in these By-Laws, the term "majority of lot owners" shall mean those lot owners having one hundred percent (100%) of the total authorized votes of all lot owners in person or by proxy and voting at any meeting of the lot owners, determined in accordance with the provisions of Section 7 of this Article.

SECTION 9: Quorum Except as otherwise provided in these By-Laws, the presence in person or by proxy of Lot Owners having one hundred percent (100%) of the total authorized votes of all lot owners shall constitute a quorum at all meetings of the lot owners.

SECTION 10: Majority Vote The vote of a majority of lot owners at a meeting at which a quorum shall be present shall be binding upon all lot owners for all purposes.

SECTION 11: Deadlock Any deadlock in voting shall be resolved by submitting the matter to arbitration in accordance with the Uniform Arbitration Act as set forth in the North Carolina General Statutes, Section 1-567.1 et seq.

ARTICLE V OFFICERS

SECTION 1: Designation The principal officers of the Owners Association shall be the President, Secretary and Treasurer, all of whom shall be elected by the Board of Managers/Directors. The Board of Managers/Directors may appoint an Assistant Treasurer, an Assistant Secretary and such other officers as in its judgment may be necessary. The President, Secretary and Treasurer must be members of the Board of Managers/Directors.

SECTION 2: Election of Officers Officers shall be elected annually by the Board of Managers/Directors.

SECTION 3: Removal of Officers Upon the affirmative vote of a majority of the members of the Board of Managers/Directors, any officer may be removed, either with or without cause, and his successor may be elected at any regular meeting of the Board of Managers/Directors called for such purpose.

SECTION 4: President The President shall be the chief executive officer of the Owners Association. He shall preside at all meetings of the lot owners and Board of Managers/Directors. He shall have all of the general powers and duties which are incident to the office of President of a corporation organized under the Business Corporation Law of the State of North Carolina, including, but not limited to, the power to appoint from among the lot owners any committee which he decides is appropriate to assist in the conduct of the affairs of the Owners Association.

SECTION 5: Secretary The Secretary shall keep the minutes of all meetings of the lot owners and of the Board of Managers/Directors. He shall have charge of such books and papers as the Board of Managers/Directors may direct, and he shall, in general, perform all the duties incident to the office of Secretary of a corporation organized under the Business Corporation Law of the State of North Carolina.

SECTION 6: Treasurer The Treasurer shall have the responsibility for Association funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial statements. He shall be responsible for the deposit of all monies and other valuable effects in the name of the Board of Managers/Directors, and he shall, in general, perform all the duties incident to the office of Treasurer of a corporation organized under the Business Corporation Law of the State of North Carolina.

SECTION 7: Agreements, Contracts, Deeds, Checks, Etc. All agreements, contracts, deeds, leases and other instruments of the Association shall be executed by the President and Secretary of the Association and checks are to be executed by such person or persons as may be designated by the Board of Managers/Directors.

SECTION 8: Compensation of Officers No officer shall receive any compensation from the Association for acting as such.

ARTICLE VI OPERATION OF THE PROPERTY

SECTION 1: Determination of Common Expenses and Common Charges The Board of Managers/Directors shall have from time to time and at least annually, prepare a budget for the Association, determine the amount of the common charges required to meet the common expenses of the Association and allocate and assess such common charges against the unit owners according to their respective common interests. The common expense shall include, among other things, all insurance premiums and expenses related thereto required to be maintained by the Board of Managers/Directors pursuant to the provisions of Section 9 of this Article VI. The common expenses may also include such amounts as the Board of Managers/Directors may deem proper for the operation, maintenance, repair or replacement of the Common Elements and drainage system including, without limitation, an amount for working capital of the Association, for a general operating reserve, for a reserve fund for replacements, and to make up any deficit in the common expenses for any prior year, and any other expenses designated by the Board of Managers/Directors as common expenses. In addition thereto, each lot owner shall be liable for and pay the annual assessment to the 617 Sumter Avenue Townhome Owners Association, Inc. for maintenance and upkeep of the common area and drainage system of 617 Sumter Avenue Townhomes.

SECTION 2: Liability for Common Charges All lot owners shall be obligated to pay the common charges assessed by the Board of Managers/Directors pursuant to the provisions of Section 1 above at such times and in such manner as may be directed by the Board.

A. Seller's Liability No lot owner shall be liable for the payment of any part of the common charges assessed against his lot from and after the date of closing of the sale, transfer or other conveyance by him of such lot.

B. Purchaser's Liability A purchaser of a lot shall be liable for payment of common charges assessed against such unit prior to its acquisition by him, except that a mortgagee or a purchaser of a lot at a foreclosure sale shall not be liable for and shall not be subject to a lien for the payment of common charges assessed prior to the foreclosure sale.

SECTION 3: Collection of Assessments The Board of Managers/Directors shall at least annually take prompt action to collect from a lot owner any assessment for common charges which remains unpaid by him for more than thirty (30) days from the due date for its payment.

SECTION 4: Default in Payment of Common Charges In the event of default by any lot owner in paying to the Board of Managers/Directors the assessed common charges, such lot owner shall be obligated to pay interest at the legal rate on such common charges from the due date thereof, together with all expenses, including, attorney's fees, incurred by the Board of Managers/Directors in any proceeding brought to collect such unpaid common charges. The

Board of Managers/Directors shall have the right and duty to attempt to recover such common charges, together with interest thereon, and the expenses of the proceeding, including attorney's fees, in any action brought against such lot owner, or by foreclosure of the lien on such lot which is hereby granted by all lot owners in favor of the Association for the enforcement of payment of delinquent common charges.

SECTION 5: Foreclosure of Liens for Unpaid Common Charges In any action brought by the Board of Managers/Directors to foreclosure a lien on a Lot because of unpaid common charges, the lot owner shall be required to pay a reasonable rental for the use of his Lot and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect such rental. A suit to recover a money judgment for unpaid common charges shall be maintainable without foreclosing or waiving the lien securing the same.

SECTION 6: Statement of Common Charges The Board of Managers/Directors shall promptly provide any lot owner who makes a request in writing with a written statement of his unpaid common charges.

SECTION 7: Abatement and Enjoining of Violations The violation of any rule or regulation adopted by the Board of Managers/Directors or the breach of any By-Law contained herein shall give the Board of Managers/Directors the right, in addition to any other rights, to enter the lot owners lot to remedy the violation and they shall not thereby be deemed guilty in any manner of trespass; or (b) to enjoin, abate, or remedy such things or condition by appropriate legal proceedings.

SECTION 8: Maintenance and Repair

A. Individual Lots All maintenance of and repairs to each individual lot, structural or non-structural, ordinary or extraordinary, (other than maintenance of and repairs to any common elements contained therein not necessitated by the negligence, misuse, or neglect of the owner of such lot) shall be made by the owner of such lot with the exception that the Association shall maintain all front and side yard landscaping (to include irrigation) and all exterior maintenance to include the roof, but excluding doors and windows. Each lot owner shall be responsible for all damages to any other lot and to the common elements resulting from his failure to effect such maintenance and repairs. The Association shall only be responsible for repairs and maintenance not covered by the insurance required to be maintained by the unit owners, and prior to making repairs, which are or may be covered by insurance, the owner is required to submit a claim with their insurance carrier. Any structural damage is to be replaced with the same or similar products in order to maintain the continuity of appearance of 617 Sumter Avenue Townhomes.

B. Common Elements All maintenance, repairs and replacements to the common elements, whether located inside or outside of the lots (unless necessitated by the negligence, misuse, or neglect of a lot owner, in which case such expense shall be charged to such lot owner), shall be made by the Board of Managers/Directors and be charged to all the lot owners as a common expense, to include the stormwater management system.

SECTION 9: Insurance If the Board of Managers/Directors on behalf of the Association, by unanimous vote deems hazard, flood, or public liability insurance necessary, it shall, at its common expense, keep the COMMON AREAS and LIMITED COMMON AREAS of 617 Sumter Avenue TOWNHOMES insured against loss or damage by fire, flood, or other hazards normally insured against at one hundred percent (100%) of replacement cost, and such other risks, including public liability insurance, upon such terms and for such amounts as may be reasonably necessary from time to time to protect the property, any insurance shall be payable in case of loss to the Board or it's Designee as Trustee for all lot owners. The Trustee so named shall have the authority on behalf of the association and lot owners to deal with the insurer in the settlement of claims.

SECTION 10: Damage or Destruction Except as hereinafter provided, damage to or destruction of a lot shall be promptly repaired and restored by the lot owner using the proceeds of any insurance for that purpose.

SECTION 11: Use of Lots In order to provide for continual occupancy of the lots and for the protection of their values, the lots shall be used for residential purposes only.

SECTION 12: Additions, Alterations, or Improvements by Board of Managers/Directors

Whenever in the judgment of the Board of Managers/Directors, the common elements shall require additions, alterations, or improvements costing in excess of \$1,000.00, and the making of such additions, alterations, or improvements shall have been approved by the lot owners, the Board of Managers shall proceed with such additions, alterations, or improvements and shall assess all lot owners for the cost thereof as a common charge. Any additions, alterations or improvements costing \$1,000.00 or less may be made by the Board of Managers/Directors without special approval of the lot owners.

SECTION 13: Additions, Alteration, or Improvements by Lot Owners No Lot owner shall make any structural addition, alteration or improvement, to include color, roofing and/or landscaping in or to his unit without prior written consent thereto of the Board of Managers/Directors. The Board of Managers/Directors shall have the obligation to answer any written request by a lot owner for approval of a proposed structural addition, alteration, or improvement in such lot owner's lot within thirty (30) days after such request, and failure to do so within the stipulated time shall constitute a consent by the Board of Managers/Directors to the proposed addition, alteration or improvement. The Board of Managers/Directors shall not be liable to any contractor, subcontractor, or materialman or to any person sustaining personal injury or property damage, for any claim arising in connection with such addition, alteration, or improvement.

SECTION 14: Description of Common Elements The Common Elements consist of the entire property so designated and shown on a map recorded in Map Book 71, Page 133 of the New Hanover County Registry. They include, without limitation, the following:

- A. All land, lawns, gardens, roads, parking, stormwater drainage system and other improved or unimproved areas not within any lot,

- B. All installations or power, lights and water existing for common use and all other parts of the property necessary or convenient to its existence, maintenance and safety or normally in common use,
- C. All common sewer and drainage pipes,
- D. All other apparatus, equipment and installations existing without the lots for common use or necessary or convenient to the existence, maintenance or safety of the building and/or common elements.

SECTION 15: Right of Access A lot owner shall grant a right of access to his lot to any person authorized by the Board of Directors/Managers, to make inspections; to correct any condition originating in his lot and threatening another lot or a common element, to install, alter or repair mechanical or electrical services or other common elements in his lot or elsewhere in the building, and to correct any condition which violates the provisions of any mortgage covering another lot. Requests for such entry shall be made in advance and such entry shall be scheduled for a time reasonably convenient to the Lot Owner. However, in case of an emergency, such right of entry shall be immediate whether the lot owner is present at the time or not.

ARTICLE VII SALES AND LEASES OF LOTS

SECTION 1: Payment of Assessments No lot owner shall be permitted to convey, mortgage, pledge, hypothecate, sell or lease his lot unless and until he shall have paid in full to the Board of Managers/Directors all unpaid common charges theretofore assessed by the Board of Managers/Directors against his lot and until he shall have satisfied all unpaid liens against such lot, except permitted mortgages.

ARTICLE VIII CONDEMNATION

SECTION 1: Condemnation In the event of a taking in condemnation or by eminent domain of part or all of the common elements, the award made for such taking shall be payable to the Board of Managers/Directors who shall disburse the net proceeds of such award in the same manner as they are required to distribute insurance proceeds where there is no repair or restoration of damage, as provided in Section 10 of Article V of these By-Laws.

ARTICLE IX MISCELLANEOUS

SECTION 1: Notices All notices to the Board of Managers/Directors shall be sent by registered or certified mail to the office of the Board of Managers/Directors, c/o 617 Sumter Avenue Townhome Owners Association, Inc., 617 Sumter Avenue Unit 1, Carolina Beach, NC 28428, or to such other address as may have been designated by it from time to time, in writing, to the Board of Managers/Directors. All notices to mortgagees of lots shall be sent by registered or certified mail to their respective addresses, as designated by them from time to time, in writing, to the Board of Managers/Directors. All notices shall be deemed to have been given

when mailed, except notices of change of address which shall be deemed to have been given when received.

SECTION 2: Invalidity The invalidity of any part of these By-Laws shall not impair or affect in any manner the validity, enforceability, or effect the balance of these By-Laws.

SECTION 3: Captions The captions herein are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of these By-Laws, or the intent of any provision thereof.

SECTION 4: Gender The use of the masculine gender in these By-Laws shall be deemed to include the feminine gender and the use of the singular shall be deemed to include the plural whenever the context so requires.

SECTION 5: Waiver No restrictions, conditions, obligation or provision contained in these By-Laws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

ARTICLE X RECORDS

SECTION 1: Records and Audits The Board of Managers/Directors shall keep detailed records of the actions of the Board of Managers/Directors, minutes of the meetings of the Board of Managers/Directors, minutes of the meetings of the lot owners, and financial records and books of account of the Association, including a chronological listing of receipts and expenditures, as well as a separate account for each lot which, among other things, shall contain the amount of each assessment of common charges against such lot, the date when due, the amounts paid thereon and the balance remaining unpaid. A written report summarizing all receipts and expenditures of the Association shall be rendered by the Board of Managers/Directors to all lot owners at least annually. All of the above records and information shall be made available to either owner at any time upon reasonable notice.

ARTICLE XI AMENDMENT TO BY-LAWS

SECTION 1: Amendment to By-Laws At any time prior to the conveyance of the last lot from the Developer, these By-Laws may be amended by the developer/declarant at its discretion, but not to impair the property value of the lot owners. Thereafter, these By-Laws may be amended by unanimous vote of the owners of the members of the Homeowners Association, provided, that no amendment shall alter any obligation to pay ad valorem taxes or assessments for public improvements as herein provided, or affect any lien for the payment thereof established herein. In no event may the Declaration be amended so as to deprive the Declarant of any rights herein granted or reserved unto Declarant.

The foregoing is adopted as the By-Laws of 617 Sumter Avenue Townhome Owners Association, Inc. at the meeting of its Board of Directors held on the 24 day of MARCH, 2022.

Certified to be correct, this the 24 day of MARCH, 2022.



by: Hart Marlow
Secretary of First Meeting of
Board of Directors of
617 Sumter Avenue Townhome Owners
Association, Inc.

SCHEDULE A
RULES AND REGULATIONS
OF
617 Sumter Avenue TOWNHOMES

1. No boats, trailers, bicycles, scooters, baby carriages, tractor trailers, inoperative cars, or similar vehicles or toys or other personal articles shall be allowed to stand in any of the lots or common areas without consent of the Board of Managers/Directors.
2. No owner shall make or permit any noises that will disturb or annoy the occupants of any of the lots in the development or do or permit anything to be done which will interfere with the rights, comfort or convenience of other owners.
3. Each owner shall keep such owner's lot in a good state of preservation and cleanliness and shall not sweep or throw or permit anything to be swept or thrown therefrom, or from the doors or windows thereof, any dirt or other substance.
4. All garbage and refuse from the lots shall be deposited with care in garbage containers intended for such purpose only at such times and in such manner as the Board of Managers/Directors may direct.
5. Nothing shall be altered or constructed in or removed from the General Common Area or Elements, or from the Limited Common Elements, except upon the written consent of the Board of Managers/Directors.
6. All radio, television or other electrical equipment of any kind or nature installed or used in each lot shall fully comply with all rules, regulations, requirements, or recommendations of the Board of Fire Underwriters and the public authorities having jurisdiction, and the lot owner alone shall be liable for any damage or injury caused by any radio, television, or other electrical equipment in such lot.
7. No vehicle belonging to an owner or to a member of the family or guest, tenant, or employee of an owner shall be parked in such a manner as to impede or prevent ready access to another owner's lot. The owners, their employees, servants, agents, visitors, licensees and the owner's family will obey the parking regulation posted on the private streets and drives and any other traffic regulations promulgated in the future for the safety, comfort and convenience of the owners.
8. All damage to the lots caused by the moving or carrying of any article therein shall be paid by the owner responsible for the presence of such article.
9. The owners shall not be allowed to put their names on any entry of the lots except in the proper places provided for such purpose.

10. Drapes, blinds, or curtains must be installed by each Lot Owner on all windows of his unit and must be maintained in such windows at all times.
11. Any damage to the buildings, recreational facilities, or other common areas or equipment caused by children or their guests shall be repaired at the expense of the Lot owner/parent.
12. Any consent or approval given under these Community rules by the Board of Managers/Directors shall be revocable at any time.
13. These Community Rules may be added to or replaced at any time by the Board of Managers/Directors.
14. No commercial business may be conducted from any lot.
15. Animals must be kept on a leash at all times when not in the townhome unit and owners must clean up any waste associated with their pets.

TAMMY THEUSCH
PIVER
Register of Deeds

New Hanover County

Register of Deeds

320 CHESTNUT ST SUITE 102 • WILMINGTON, NORTH CAROLINA 28401
Telephone 910-798-4530 • Fax 910-798-7716



State of North Carolina, County of NEW HANOVER
Filed For Registration: 03/28/2022 03:29:12 PM
Book: RB 6551 Page: 957-987
31 PGS \$86.00
Real Property \$86.00
Recorder: KELLIE GILES
Document No: 2022012008

DO NOT REMOVE!

This certification sheet is a vital part of your recorded document. Please retain with original document and submit when re-recording.