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WAYNE COUNTY, NC
CONSTANCE B. CORAM REGISTER OF DEEDS

BK 3920 PG 443 - 474

Prepared by & return to: W. Mack Rice, P.A.

STATE OF NORTH CAROLINA
COUNTY OF WAYNE

**DECLARATION OF RESTRICTIVE COVENANTS
FOR TALTON ESTATES SECTION TWO**

THIS DECLARATION OF COVENANTS, as may be amended or supplemented as set forth herein, (the "Declaration") is made this 14th day of August, 2024 by Nolan Commercial Contractors, Inc., a North Carolina corporation (the "Declarant").

WITNESSETH:

- A. Declarant is the owner and developer of certain real estate in Wayne County, North Carolina, and more particularly described on Exhibit A attached hereto and made a part hereof (the "Property" or "Subdivision"); and
- B. Declarant is developing the Property into a Subdivision known as "TALTON ESTATES SECTION TWO" by subdividing it into "Lots" that are to be used for residential purposes as well as common real estate and improvements that are to be owned by a homeowners association to which the Owner of a Lot must belong and pay lien-supported maintenance assessments; and
- C. At the time of the conveyance of a Lot to an Owner, the Declarant intends to make available the common amenities on the Property, if any, as they are built, and, at the time of completed development, the entire Property, excluding the Lots and dedicated streets, if any, shall be conveyed without cost or charge to the Association.

THEREFORE, the Declarant hereby declares that all of the Lots and Common Areas (defined below) located within the Subdivision are held and shall be held, conveyed, hypothecated or encumbered, leased, rented, used, occupied and improved, subject to the following covenants, conditions and restrictions, all of which are established and agreed upon for the purpose of enhancing and protecting the value, desirability and attractiveness of the subdivision as a whole and of each of said Lots. All of these restrictions shall run with the land and shall be binding upon the Declarant and upon the parties having or acquiring any right, title or interest, legal or equitable in and to the Property or any part or parts thereof subject to such restrictions, and shall inure to the benefit of the Declarant and every one of the Declarant's successors in title to any of the Property.

When applicable for the sense of this instrument, the singular should be read as including the plural and male, female, and neuter pronouns and adjectives should be read as interchangeable.

ARTICLE I

DEFINITIONS

Section 1.1 “Annual Organizational Board Meeting” means the annual organizational board meeting of the Board, which shall take place immediately after each Annual Meeting of the Members.

Section 1.2 “Annual Meeting” means the annual meeting of the Members held in Wayne County, North Carolina, within the last quarter of each calendar year, upon proper notice, at a date, time and at a place from time to time designated by the Board. The first Annual Meeting of the Members shall be held within one (1) year from the date of incorporation on such date as the initial Board shall determine.

Section 1.3 “Articles” or “Articles of Incorporation” shall mean those articles, filed with the Secretary of State of North Carolina, incorporating Talton Homeowners Association, Inc., as a nonprofit corporation under the provisions of North Carolina law, as the same may be amended from time to time.

Section 1.4 “Assessments” means Regular Assessments, Special Assessments, Working Capital Assessments, Individual Assessments and Fine Assessments.

Section 1.5 “Association” shall mean and refer to Talton Homeowners Association, Inc., to be formed as a non-profit corporation, its successors and assigns.

Section 1.6 “Builder” shall mean an entity which purchases a Lot or Lots in the normal course of business for the purpose of constructing a residence thereon for sale.

Section 1.7 “Board” or “Board of Directors” shall mean and refer to the Board of Directors of the Association also known as the “Executive Board”.

Section 1.8 “Bylaws” shall mean the Bylaws of the Association, as the same may be amended from time to time.

Section 1.9 “Class A Members” shall mean as defined in Section 4.5.1 below.

Section 1.10 “Class B Members” shall mean as defined in Section 4.5.2 below.

Section 1.11 “Constituent Documents” shall mean the Declaration, the Bylaws, the Articles of Incorporation, and the Rules and Regulations, if any, and any other basic documents used to create and govern the Subdivision.

Section 1.12 “Common Areas” shall mean all the real estate (including retention ponds, storm drainage improvements, entrance signage, streets (including any dedicated streets prior to their acceptance for public maintenance) and all landscaping and other improvements thereon) owned by the Association for the common use and enjoyment of the Owners. Common Areas shall also include, but not be limited to, future Recreational Facilities, if any, and parcels designated on the Subdivision plat as “Common Area” or “Open Area”.

Section 1.13 “Common Expenses” shall mean, refer to , and include all charges, costs and expenses incurred by the Association for and in connection with the administration of the Subdivision, including, without limitation thereof, operation of the Subdivision, maintenance, repair, replacement and restoration (to the extent not covered by insurance) of the Common Areas; the costs of any additions and alterations thereto; all labor, services, common utilities, water reclamation fee, materials, supplies, and equipment therefor; all liability for loss or damage arising out of or in connection with the Common Areas and their use; all premiums for hazard, liability and other insurance with respect to the Subdivision; all costs incurred in

acquiring a Lot pursuant to judicial sale; and all administrative, accounting, legal, and managerial expenses. "Common Expenses" shall also include the cost of operation, maintenance, improvement, and replacement of any Recreational Facilities, including establishing reserves therefore. "Common Expenses" shall also include amounts incurred in replacing, or substantially repairing, capital improvements within the Common Areas of the Subdivision, including, but not limited to private road and parking lot resurfacing. "Common Expenses" shall also include all reserve funds or other funds established by the Association. "Common Expenses" shall be construed broadly.

Section 1.14 "Declarant" shall mean and refer to Nolan Commercial Contractors, Inc., a North Carolina corporation, its successors and/or assigns.

Section 1.15 "Default" shall mean violation or breach of, or any failure to comply with, the Restrictions, this Declaration or any other Constituent Documents.

Section 1.16 "Development Period" (a/k/a "Declarant Control Period") means the period commencing on the date on which this Declaration is recorded in the Wayne County Register of Deeds and terminating on the earlier to occur of (i) when Declarant no longer owns a Lot in the Subdivision; (ii) the date that Declarant relinquishes in writing Declarant's right to appoint Directors; or (iii) the occurrence of the date ten (10) years from the date of recording this Declaration.

Section 1.17 "Dwelling Unit" shall mean and refer to the individual family living unit on an individual lot.

Section 1.18 "Fine Assessment" means the charge established by Section 5.4.2 of this Declaration.

Section 1.19 "Individual Assessment" means the charge established by Section 5.3 of this Declaration.

Section 1.20 "Lot" shall mean and refer to any parcel of land designated on the Plat upon which a Dwelling Unit has been or is to be constructed.

Section 1.21 "Member" shall mean and refer to all those Owners who are Members of the Association as provided in Article IV below.

Section 1.22 “Owner” shall mean and refer to the record owner, including Declarant, whether one or more persons or entities, of a fee simple title to any Lot located within the Subdivision.

Section 1.23 “Plat” shall mean and refer to the record plat of the Subdivision recorded by Declarant, as the same may be amended or supplemented by Declarant from time to time.

Section 1.24 “Planned Community Act” shall mean and refer to the North Carolina Planned Community act, currently codified as Chapter 47F of the North Carolina General Statutes, as the same may be amended from time to time.

Section 1.25 “Property” or “Subdivision” shall mean and refer to that certain real estate described in Exhibit A and all other real estate that may be annexed into this Declaration and the Association by the Declarant.

Section 1.26 “Recreational Facilities” shall mean and refer to the common community and recreational facilities located upon the property or to be located thereon, if any.

Section 1.27 “Regular Assessment” means the charge established by Article V of this Declaration.

Section 1.28 “Resident” shall mean and refer to any person, not an Owner, living in the Owner’s Dwelling Unit, including, but not limited to, temporary Guests and Tenants.

Section 1.29 “Restrictions” shall mean all covenants, conditions, restrictions, easements, charges, liens and other obligations provided for in this Declaration, including, without limitation, all notices, rules and regulations issued in accordance with this Declaration.

Section 1.30 “Roadway Declaration” or “Street Maintenance Agreement” shall mean that certain instrument recorded or to be recorded in the Wayne County Public Registry, as the same may from time to time be amended, setting forth the responsibility for road or street maintenance in the Subdivision.

Section 1.31 “Rules and Regulations” shall mean and include the rules and regulations made from time to time by the Board of Directors as provided in Section 4.3 below.

Section 1.32 “Special Assessment” means the charge established by Section 5.2 of this Declaration.

Section 1.33 “Special Declarant Rights” means rights reserved for the benefit of the Declarant including, without limitations, the right (i) to complete improvements intended or planned for the property; (ii) to exercise any development or other right reserved to the Declarant by this Declaration or otherwise; (iii) to maintain within the Planned Community Sales Offices, Management Offices, Construction Offices, Trailers, signs advertising the Planned Community, and Models; (iv) to appoint or remove any Officer or Executive Board Member of the Association or any Member of the Architectural Review Committee during the Declarant Control Period; (v) to annex property in accordance with the Declaration; and (vi) to make changes to street names and address of Lots owned by Declarant.

Section 1.34 “Tenant” means any person occupying any Lot pursuant to a written or oral lease agreement with the Owner thereof or with any other person or entity claiming under Owner.

ARTICLE II

PROPERTY SUBJECT TO THIS DECLARATION

The Property, each portion thereof, and all Dwelling Units thereon shall be held, transferred, sold, conveyed, leased, mortgage and occupied subject to the terms, provisions, covenants and conditions of this Declaration.

ARTICLE III

PROPERTY RIGHTS IN COMMON AREAS

Section 3.1 Owner’s Easements of Enjoyment. Except as provided otherwise herein, each Owner shall have a right and easement of enjoyment in and to the Common Areas, which shall be appurtenant to and shall pass with the title to his Lot. Each Tenant shall have a non-transferable right to use and enjoy the Common Areas, if any, which right shall terminate when such person ceases to have the status of the Tenant. Such rights and privileges shall be subject, however, to the following:

3.1.1 The right of the Board to suspend the right of any Owner or the privilege of any Resident to use such of the Common Areas that are recreational in nature as determined by the Board for any infraction of the Rules and Regulations relating to the Common Areas for a

period not to exceed sixty (60) days for each such infraction, or for any non-payment or delinquency of the Assessments against such Owner's Lot for a period of such non-payment or delinquency;

3.1.2 The right of the Board to adopt and enforce and from time to time amend reasonable limitations upon use and Rules and Regulations pertaining to the use of the Common Areas, including regulations limiting guests of Owners and Tenants who may use the Common Areas at any one time;

3.1.3 All applicable provisions of valid easements and/or agreements of the Association relating to the Common Areas;

3.1.4 The right of the Association to grant permits, licenses and public or private easements over Common Areas for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance or operation of the Property; or

3.1.5 The right of Declarant or the Association to dedicate or convey portions of the Common Areas to applicable governmental authorities for park and roadway purposes.

Section 3.2 Extension of Use. Any Owner may extend his right of enjoyment to the Common Areas to the immediate and/or extended members of his family, his Tenants, guests or contract purchasers of the Owner's Lot.

Section 3.3 Title to Common Areas. The Declarant shall convey by deed all Common Areas to the Association in fee simple absolute prior to the expiration of the Development Period. Any such conveyance shall be subject to taxes for the year of conveyance, and to restrictions, conditions, limitations and easements of record.

Section 3.4 Intentionally Omitted.

Section 3.5 Use of Common Areas by Declarant. In addition to the specific rights and easements reserved herein, Declarant and its affiliates and associates shall have the same rights of use and enjoyment of the Common Areas as the Class A Members during the Development Period, and shall have the same right to use Common Areas for promotional, sales and similar purposes until all of the Lots have been sold.

Section 3.6 Declarant's Rights in Common Areas. Notwithstanding anything contained in Article III to the contrary, Declarant, during the Declarant Control Period, shall have the right to expand or add to the Common Areas and to improve, maintain and operate the same.

Declarant shall also have the right to alter the boundaries of the Common Areas, whether or not it has been previously decided to the Association, provided that such alteration does not substantially, materially and adversely affect the function and use of the Common Areas. The Association and each Owner hereby irrevocably appoints the Declarant as attorney-in-fact to execute and/or deliver any documents, plats, deeds, or other written matters necessary or convenient to accomplish the addition of Common Areas or Properties or both, to create easements as deemed by Declarant, and to adjust the boundary or boundaries of the Common Areas.

ARTICLE IV

HOMEOWNERS ASSOCIATION

Section 4.1 Homeowners Association. There has been or will be created a North Carolina non-profit corporation, known as Talton Homeowners Association, Inc., which shall be responsible for the maintenance, management and control of the Common Areas and the management upon each Lot and Dwelling Unit as more specifically set forth in this Declaration.

Section 4.2 Board of Directors and Officers. The Board of Directors, and such officers as may be elected or appointed in accordance with the Articles or the Bylaws, shall conduct the affairs of the Association. The Board of Directors may also appoint committees and managers or other employees and agents who shall, subject to the general direction of the Board of Directors, be responsible for the day-to-day operation of the Association.

Section 4.3 Rules and Regulations. By a majority vote of the Board of Directors, the Association may, from time to time adopt, amend and repeal Rules and Regulations with respect to all aspects of the Association's rights, activities and duties under this Declaration. The Rules and Regulations may, without limitation, govern use of the Subdivision, including prohibiting, restricting or imposing charges for the use of any portion of the Subdivision by Owners, Residents or others, interpret this Declaration or establish procedures for operation of the Association or the administration of this Declaration; provided, however, that the Rules and Regulations shall not be inconsistent with this Declaration, the Articles, Bylaws or the terms of any Roadway Declaration. A copy of the Rules and Regulations, as they may from time to time be adopted, amended or repealed, shall be maintained in the office of the Association and shall be available to each Owner upon request.

Section 4.4 Membership of Association. Every Owner of a Lot shall be a Member of the Association. Such Owner and Member shall abide by the Association's Rules and

Regulations, shall pay the Assessments provided for in this Declaration, when due, and shall comply with decisions of the Association's governing body. Conveyance of fee simple title to a Lot automatically transfers membership in the Association without necessity of further documents. Membership shall be appurtenant to and may not be separated from ownership of any Lot that is subject to Assessment.

Section 4.5 Classes of Membership. The Association shall have two (2) classes of Membership:

4.5.1 Class A Members. Every person, group of persons, or entity which is a record Owner of a fee interest in any Lot upon which a Dwelling Unit has been erected within the Property, shall automatically be a Class A Member of the Association except the Declarant during the Development Period; provided, however, that any such person, group of persons or entity who holds such interest solely as security for the performance of an obligation shall not be a Member. A Class A Membership shall be appurtenant to and may not be separated from ownership of any Lot upon which a Dwelling Unit has been constructed that is subject to Assessment. Class A Members shall be entitled to one (1) vote for each Lot in which they hold the interest required for membership. In the event that more than one person, group of persons or entity is the record Owner of a fee interest in any Lot, then the vote for the membership appurtenant to such Lot portion shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot. In the event agreement is not reached, the vote attributable to such Lot shall not be cast.

4.5.2 Class B Members. The Class B Member during the Development period shall be the Declarant. The Class B Membership shall cease and be converted to Class A membership upon the expiration of the Development Period.

4.5.3 Voting. Each Member shall have one vote with respect to each Lot owned by such Member, but a Class A Member shall not be entitled to exercise any vote until the expiration of the Development Period.

Section 4.6 Maintenance Obligations of the Association. The Association, at its expense, shall maintain, operate and keep in good repair, unless such obligations are assumed by any municipal or governmental agency having jurisdiction thereof, the Common or Open Areas and all improvements located thereon for the common benefit of the Subdivision. This shall include, without limitation, the maintenance, repair, replacement and painting of the following landscaping and improvements (to the extent that such improvements or landscaping are located upon or constitute Common Areas): (a) all private roadways, driveways, pavement, sidewalks, walkways, and uncovered parking spaces; (b) all lawns, trees, grass and landscape areas, shrubs

and fences, except as otherwise set forth hereinbelow; (c) the Recreational Facilities; (d) all drainage easements and ditches and any storm-water detention areas; (e) all conduits, ducts, utility pipes, plumbing, wiring and other facilities which are part of or located in, or for the furnishing of utility services to, the Common Areas and which are not for the exclusive use of a single Dwelling Unit.

The Association shall make the determination as to when maintenance, repair, replacement and care shall be done, and its determination shall be binding. Declarant shall have the right to employ a manager to oversee and implement the Association's maintenance obligations, and any such management fees incurred thereby shall be paid by the Association. The Association shall also perform the other duties prescribed by this instrument or the Association's Rules and Regulations.

Section 4.7 Maintenance Obligation of the Lot Owners. The responsibilities of each Lot Owner shall include:

4.7.1 To clean, maintain, keep in good order, repair and replace at his or her expense all portions of his or her Lot and Dwelling Unit. Any repair, replacement and maintenance work to be done by an Owner must comply with any Rules and Regulations of the Association including architectural control and visual harmony. Each Lot Owner shall also keep and maintain his or her yard in a neat and uncluttered condition. Lawns and shrubs shall be cut and trimmed regularly. No lawn (grass) shall be allowed to grow in excess of 6 inches in height.

4.7.2 To perform his responsibilities in such manner so as not unreasonably to disturb other persons residing within the Subdivision.

4.7.3 Not to paint or otherwise alter, decorate or change the appearance of any exterior portion of his Dwelling Unit, without the written consent of the Association.

4.7.4 Not to impair the use of any easement without first obtaining the written consents of the Association and of the Owner or Owners for whose benefit such easements exist.

4.7.5 Each Lot Owner shall be deemed to agree by acceptance of delivery of a deed to a Lot, to repair and/or replace at his or her expense all portions of the Common Areas which may be damaged or destroyed by reason of his or her own intentional or negligent act or omission, or by the intentional or negligent act or omission of any invitee, tenant, licensee family member, including, but not limited to any repairs necessary which result from damage incurred by pets or vehicles owned by the Lot Owner, or owned by any guest, invitee, Tenant or licensee

of such Lot Owner. To the extent that any Common Area is damaged as an insurable loss and the proceeds from the Association's insurance policy are utilized to pay for the loss, the Owner shall be responsible for payment of the deductible as an Individual Assessment in accordance with Section 5.3 and Section 7.8 below.

ARTICLE V

COVENANT FOR ASSESSMENTS

Section 5.1 Regular Assessments. Regular Assessments for the payment of the Common Expenses shall be made in the manner provided herein, or in the manner provided in the Bylaws. The Regular Assessment is established for the benefit and use of the Association and shall be used in covering all of the Common Expenses. The beginning annual assessment is \$200.00. The Board of Directors may increase the annual assessment up to five percent (5%) of the prior established assessment without a vote of the membership. Any annual increase exceeding five percent (5%) shall require a vote of two-thirds (2/3) of each class of members who are voting in person or by proxy, at a meeting duly called for this purpose.

Section 5.2 Special Assessment. In addition to levying Regular Assessments, and to the extent that the reserve fund is insufficient, the Board of Directors may levy Special Assessments to construct, structurally alter, or replace improvements which are a part of the Common Areas, provided that funds shall not be assessed for any capital improvement in excess of Two Thousand Five Hundred and 00/100 Dollars (\$2,500.00) for any one item or in excess of Five Thousand and 00/100 Dollars (\$5,000.00) in the aggregate (for the above Cost to be prorated among the various Members of the Subdivision) in any one calendar year ("Capital Expenditure Limit") without the prior written consent of two-thirds (2/3) of the votes of each Class of Members who are voting either in person or by proxy at a meeting duly called for such purpose or unless expressly stated in the annual budget. The Board of Directors shall have the authority to adjust the Capital Expenditure Limit annually to account for inflation, which adjustment shall be effective each January (hereinafter referred to as the "Adjustment Date") commencing January 1 of the next year following the year of sale of the first Lot by Declarant. Until the expiration of the Development period, Declarant shall be one of the consenting Members, or the capital improvement shall not be made. The Board of Directors shall calculate each Lot's proportionate share of the Special Assessment for the capital improvements, and shall give the Lot Owner(s) written notice of the proportionate share and of the date(s) that the Special Assessment is due and payable. Notwithstanding the foregoing, Declarant or Builder shall have no obligation to pay any Special Assessment with respect to any Lot owned by it unless there is a Dwelling Unit located upon the Lot that is occupied as a residence.

Section 5.3 Individual Assessment. In the event that the need for maintenance, repair or replacement of any improvement on the Property, for which the Association has the maintenance, repair and/or replacement obligation, is caused through the willful or negligent act of an Owner, his family, his pet(s), or Resident, the cost of such maintenance, repairs or replacements shall be paid by such Owner. The Board shall have the maintenance, repair or replacement done and the cost thereof shall be provided by the Board to said Owner and shall be paid by said Owner within thirty (30) days thereafter, unless an earlier date is otherwise set forth herein.

Section 5.4 Date of Commencement of Assessments; Due Dates; Determination of Regular Assessments; Fine Assessments.

5.4.1 The Regular assessment provided for herein shall commence as to each Owner of a Lot, except Declarant and Builder, on the first day of the initial conveyance of the Lot from Declarant to the Owner, unless Declarant in its sole discretion elects a different commencement date. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors.

5.4.2 The Board of Directors, or an adjudicatory panel established by the Board of Directors, may levy a reasonable Fine Assessment, as a fine or penalty for violation of this Declaration, all in accordance with the Planned Community Act. A lien filed for this Fine Assessment may be enforced by foreclosure and otherwise treated as a Regular Assessment.

5.4.3 Both Regular and Special Assessments for a Lot Owner shall be determined by the Association based upon the proportion that each Lot bears to the aggregate number of Lots located on the Property, except those owned by Declarant or Builder, which are not assessed in accordance with Section 5.4.1 above. The Association's governing body may, at its discretion, waive the Regular Assessment for any year or part of a year for any Lot not occupied as a residence.

Section 5.5 Billing. The Association shall inform each Lot Owner of the amount of the total Regular Assessment due from the Owner of that particular Lot. The Owner of each Lot must pay his Lot's required Regular Assessment within thirty (30) days after the bill for the Regular Assessment has been mailed or otherwise sent out by the Association, unless the Association otherwise directs. Payment is to be made to such person at such address as the

Association determines. Special Assessments are due thirty (30) days after the bill for the Special Assessment has been mailed or otherwise sent out by the Association, unless the Association otherwise directs. If the Subdivision is expanded and additional Lots are brought into the Subdivision during a given Assessment year, those additional Lots shall begin paying the Regular Assessment the first day of the initial conveyance of the Lot from Declarant to the Owner, unless Declarant establishes a different due date.

Section 5.6 Common Surplus. If the Regular Assessment collected in any given year is in excess of the actual Common Expenses for that year, the Board may, at its sole discretion (a) return each Owner's share of the Common Surplus; (b) credit each owner's share of the Common Surplus to each Owner's payment as for the Regular Assessment for the following year; or (c) apply the Common Surplus to the reserve.

Section 5.7 Assessment Certificate. The Association shall, upon demand, at any reasonable time, furnish to any Owner liable for Assessments a certificate in writing signed by an Officer or other authorized agent of the Association, setting forth the status of said Assessments; i.e., "current", and if not current, "delinquent" and the amount due. Such certificate shall be conclusive evidence of the payment of any Assessment therein stated to have been paid. A reasonable charge to cover labor and materials may be made in advance by the Association for each certificate.

Section 5.8 Books and Records of the Association. The Association shall keep full and correct books of account. The Association shall make available to all Lot Owners copies of the statements from the Association upon reasonable request during normal business hours. All funds collected by the Association shall be held and expended solely for the purposes designated by this Declaration and the Bylaws. Good accounting procedures must be maintained, and the books must be reviewed at least once a year by an independent accounting firm.

Section 5.9 Non-Payment of Assessment. Any Assessment levied pursuant to these covenants which is not paid on the date when due shall be delinquent and shall, together with such interest and other costs as set out elsewhere in this Declaration, thereupon become a continuing lien upon the Lot which shall bind the Lot in the hands of the then Owner and the Owner's successors and assigns.

If the Assessment is not paid within thirty (30) days after the due date, the Assessment shall bear interest at a rate of ten percent (10%) per year or at such other reasonable rate set by Association in its minutes, not to exceed the maximum amount allowed by law, and the Association may bring an action at law against the Owner personally obligated to pay the same

and/or foreclose the lien against the Lot, in either of which events interest, costs and reasonable attorneys' fees shall be added to the amount of each Assessment. No Owner may waive or otherwise escape liability for the Assessments by non-use or waiver of use of the Common Areas or by abandonment of his or her Lot.

Section 5.10 Priority of Association Lien. The lien provided for in this Article V shall take priority over any lien or encumbrance subsequently arising or created, except liens for real estate taxes and assessments and liens of bona fide first mortgages which have been filed of record before a claim of this lien hereunder has been docketed in the office of the clerk of superior court in Wayne County, and may be foreclosed in the same manner as a mortgage on real property under power of sale in an action brought by the Association in accordance with the Planned Community Act. The Association is entitled to recover its reasonable attorneys' fees and court costs and collection costs, as part of the lien. In any such foreclosure action, the Association shall be entitled to become a purchaser at the foreclosure sale.

Section 5.11 Disputes as to Common Expenses; Adjustments. Any Owner who believes that the portion of Common Expenses chargeable to his Lot, for which an assessment lien has been filed by the Association, has been improperly charged against his or her Lot, may bring action in an appropriate court of law.

Section 5.12 Purchaser at Foreclosure Sale Subject to Declaration, Bylaws, Rules and Regulations of the Association. Any purchaser of a Lot at a foreclosure sale shall automatically become a Member of the Association and shall be subject to all the provisions of this Declaration, the Bylaws and the Rules and Regulations.

Section 5.13 Non-Liability of Foreclosure Sale Purchaser for Past Due Common Expenses. When the holder of a first mortgage or first deed of trust of record or other purchaser of a Lot acquires title to the Lot as a result of foreclosure of the first mortgage or first deed of trust, or by deed in lieu of foreclosure, such acquirer of title, his, her or its successors and assigns, shall not be solely liable for the share of the Common Expenses or other Assessments by the Association chargeable to such Lot which became due prior to the acquisition of title to the Lot by such acquirer, other than Assessments for which a claim of lien has been docketed with the Wayne County Clerk of Superior Court prior to the recordation of the lien being foreclosed. Such unpaid share of Common Expenses or Assessments shall be deemed to be Common Expenses collectible from all of the Lots, including that of such acquirer, his, her or its successors or assigns. This provision shall not relieve the party acquiring title or any subsequent Owner of the subject Lot from paying future Assessments.

Section 5.14 Liability for Assessments Upon Voluntary Conveyance. In a voluntary conveyance of a Lot, any grantee or his or her first mortgagee shall inform the Board of Directors in writing of such contemplated conveyance and such grantee or first mortgagee shall be entitled to a statement from the Board of Directors of the Association setting forth the amount of all unpaid Assessments (including current Assessments) against the grantor due the Association. Neither the grantee nor the mortgagee shall be personally obligated for any delinquent Assessments, but such delinquent Assessments, along with interest, late charges, costs and reasonable attorneys fees shall be a lien against the Lot in accordance with Section 5.9 and Section 5.10 herein.

Section 5.15 Late Charge. The Association may impose a charge against any Lot Owner who fails to pay any amount assessed by the Association against his Lot within ten (10) days after such Assessments are due and payable and who fails to exercise his rights under this Declaration or under the laws of the State of North Carolina to successfully contest such Assessment. The amount of the late charge shall be the greater of (a) twenty and 00/100 Dollars (\$20.00), or (b) twenty percent (20%) of the delinquent amount, or such other amount as may be allowed by law.

Section 5.16 Miscellaneous.

5.16.1 The Association may change the interest rate due on delinquent Assessments (including any late charges), except that the rate cannot be changed more often than once every six (6) months. As of its effective date, the new interest rate will apply to all Assessments then delinquent.

5.16.2 The Owner has the sole responsibility of keeping the Association informed of the Owner's current address if different from the Lot owned. Otherwise notice sent by the Association to the Lot is sufficient for any notice requirement under this Declaration.

5.16.3 The Assessment lien includes all collection costs, including demand letters, preparation of documents, reasonable attorneys' fees, court costs, filing fees, collection fees, and any other expenses incurred by the Association in enforcing or collecting the Assessment.

5.16.4 This Section 5.16 applies to every type of Assessment.

ARTICLE VI

EASEMENTS AND ENCUMBRANCES

Section 6.1 Easement for Encroachments. The Dwelling Units, all utility lines, and all other improvements as originally constructed by or on behalf of Declarant or its assigns shall have an easement to encroach upon any setback, Lot or Common Area as a result of the location of the building, utility lines and other improvements across boundary lines between and along Lots and/or the Common Areas, or as a result of building or improvement movement or alterations or additions from time to time, provided that such alterations or additions have complied with the requirements of this Declaration.

Section 6.2 Lot's Utility Easements. Easements are granted in favor of each Lot Owner to and throughout the Common Areas and, if necessary, the setback areas of any other Lots, as may be necessary for the installation, maintenance, repair and use of underground water, gas, sewer, power and other utilities and services including power and communication, now or hereafter existing, including maintaining, repairing and replacing any pipes, wires, ducts, conduits, equipment, fixtures, utility, power or communication lines or equipment, or other components. The foregoing notwithstanding, no Lot Owner (other than Declarant) may exercise the easement rights reserved in this Section 6.2 without the prior written approval of the Board as described in Section 6.6 below and the Declarant, so long as it owns a Lot in the Subdivision.

Section 6.3 Utility Easements. Easements are reserved and/or granted hereby in favor of the Declarant and/or the Association through each Lot (provided that such easements shall not materially and unreasonably interfere with the use of any Dwelling located upon any Lot) and Common Areas for the purpose of installing, laying, maintaining, repairing and replacing any pipes, wires, ducts, conduits, equipment, fixtures, utility, power or communication lines or equipment, or other components throughout the Common Areas. Without limiting any other provision in this Article 6, it is understood that Declarant's easement rights reserved herein may be utilized for the benefit of property within or outside of the Subdivision. Each Lot Owner and/or his respective mortgagee by acceptance of a deed conveying such ownership interest and each mortgagee encumbering such ownership interest, as the case may be, hereby irrevocably appoint Declarant, or the Association, as the case may be, as his attorney in fact, coupled with an interest, and authorize, direct and empower such attorney, at the option of the attorney, to execute, acknowledge and record for and in the name of such Lot Owner and his mortgagee,

such easements or other instruments as may be necessary to effect the purpose of this Section 6.3. The easements may be assigned and/or granted by the Declarant and/or the Association to any utility or service company.

Section 6.4 General Easements. An Easement is hereby reserved and/or granted in favor of the Declarant and/or the Association in, on, over and through the Common Areas, the Lots and/or Dwelling Units for the purposes of maintaining, cleaning, repairing, improving, regulating, operating, policing, replacing and otherwise dealing with the Common Areas, Lots and/or Dwelling Units, including all improvements thereon as required or permitted by the Constituent Documents or applicable law. An easement is hereby reserved in favor of Declarant over the Common Areas for the purpose of advertising or promoting sales of Lots or Dwelling Units in the Subdivision.

Section 6.5 Access Easement. Appurtenant to each Lot is an easement over any Common Area for necessary pedestrian and vehicular ingress and egress to and from any such Lot over the Common Areas, to and from a public thoroughfare. The easement shall be over such walkways, driveways, or other ways as are designated by the Declarant and/or the Association and shall be subject to the terms of the Constituent Documents.

Section 6.6 Use of Easement. Any use of the rights and easements granted and reserved in this Article VI shall be reasonable. If any damage, destruction, or disturbance occurs to a Lot or Common Area as a result of the use of any easement or right, the Lot or Common Area shall be restored promptly by, or at the direction of, the Association in a reasonable manner at the expense of the person or persons making the use of the easement or right that resulted in the damage, destruction or disturbance. Before beginning work, the Association may require all or any part of the expected expense to be prepaid by that person or those persons liable for the expense. Additionally, should any Lot Owner other than Declarant elect to exercise its easement rights hereunder, it shall be required to obtain the Board's prior written approval (not to be unreasonably withheld), after providing the Board with detailed plans of its proposed work, as well as evidence of appropriate insurance and other such reasonable information or assurances as the Board may require. No easement may be granted across, through, over, or under any Lot or Common Area, which materially restricts ingress and egress to the Lot or Common Area, unless reasonable alternate ingress and egress is provided or unless the restriction is only temporary. All easements reserved hereunder shall be perpetual and non-exclusive.

Section 6.7 Reservation of Access Easement by Declarant. Declarant reserves an easement for itself, its grantees, successor and assigns, to enter upon the Subdivision for access, including ingress and egress for both vehicles and pedestrians, to and from any public street, road, land, walkway or right-of-way. The easement shall be over the streets, sidewalks, bridges and other access ways of the Subdivision. Declarant further reserves the right to connect, at Declarant's expense, to any street, roadway, walkway, or other means of access that are located on the Common Areas of the Subdivision. This reservation of access easement and the right of connection should be construed liberally in favor of the Declarant, in order to facilitate the development of all or any portion of Talton Estates Section Two and any additions thereto.

Section 6.8 Reservation of Construction Easement by Declarant. The Declarant reserves the non-exclusive right and easement to temporarily go upon the Subdivision in order to complete the development of the Subdivision and the construction of the improvements to be located therein, and to develop other neighboring land. The easement should be construed broadly in favor of the Declarant, including giving Declarant the right to temporarily store construction materials, equipment or dirt. After the construction is finished, Declarant must, at Declarant's cost, repair any damage done to the Subdivision including to any landscaping. As soon as reasonably possible after Declarant has completed construction on the neighboring land, Declarant must remove all debris, equipment, materials and dirt from the Subdivision.

Section 6.9 Roadway Easement. Declarant has reserved for the benefit of and hereby grants to all Lot Owners the non-exclusive right of ingress and egress on, over and across all public and private roadways (the "Roadways") located on or to be located on a portion of the Subdivision which private roadways extend between one or more publicly dedicated streets. Roadways, other than those that have been accepted by applicable governmental authorities for maintenance, if any, constitute Common Areas and shall be maintained, insured, and repaired by the Association in accordance with this Declaration and the Roadway Declaration. Declarant hereby reserves the right (but not the obligation), in its sole discretion, to annex additional roadways into the Subdivision. Notwithstanding the foregoing to the contrary, no part of the Roadway shall be dedicated or transferred to a unit of local government without acceptance of the unit of local government involved. In the event that the roads and streets are not accepted by the North Carolina Department of Transportation into the secondary street system for maintenance, and the Declarant fails to transfer ownership of the roadways to the Association by deed in fee simple absolute, the Association, nonetheless, shall have the affirmative duty and responsibility to maintain and repair all of the streets and roads in the subdivision.

Section 6.10 Declarant's Easements: General. The easements and grants reserved for and granted to the Declarant also benefit and bind any heirs, successors and assigns of Declarant and their respective guests, invitees or lessees, including, without limitation, assignees of Declarant who do not own property within Talton Estates Section Two.

Section 6.11 Easements to Run with Land. All easements and rights described in this Article VI are easements appurtenant, running with the land, perpetually in full force and effect, and at all times shall inure to the benefit of and be binding on the Declarant, its successors and/or assigns, and any Owner, purchaser, mortgagee, and other person or entity now or hereafter having an interest in the Subdivision, or any part or portion of it.

Section 6.12 Reference to Easements and Deeds. Reference in the respective deeds of conveyance or any mortgage or trust deed or other evidence of obligation, to the easements and rights described in this Declaration, shall be sufficient to create and reserve such easements and rights to the respective grantees, mortgagees and trustees in said instruments as fully and completely as those such easements and rights were recited fully and set forth in their entirety in such instruments.

ARTICLE VII

INSURANCE

Section 7.1 General Insurance. The Association may carry a master policy of fire and extended coverage, vandalism, malicious mischief and liability insurance, and if required by law, workmen's compensation insurance with respect to the Subdivision and the Association's administration thereof.

Section 7.2 Liability Insurance. The Association may maintain 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 Areas.

Section 7.3 Fidelity Insurance. The Association may have fidelity coverage against dishonest acts on the part of Officers and employees, Members of the Association, members of the Board, trustees, employees or volunteers responsible for the handling of funds collected and held for the benefit of the Lot Owners. The fidelity bond or insurance must name the Association as the named insured and shall be written in an amount sufficient to provide protection which is in no event less than the insured's total Regular Assessment, plus all

accumulated reserves and all other funds held by the Association either in its own name or for the benefit of the Lot Owners.

Section 7.4 Directors' and Officers' Errors and Omissions Insurance. The Association may purchase insurance to protect itself and to indemnify any Director or Officer, past or present against expenses actually and reasonably incurred by him/her in connection with the defense of any action, suit or proceeding, civil or criminal, in relation to matters as to which he shall be adjudged in such action, suit or proceeding to be liable for negligence or misconduct in the performance of duty to the Association; or to obtain such fuller protection and indemnification for Directors and Officers as the law of North Carolina permits. The policy or policies shall be in an amount to be reasonably determined by the Association.

Section 7.5 Annual Review. The Board of Directors shall review the insurance coverage required under this Article VII at least annually, and if any of such insurance coverage becomes impossible or impractical to obtain, the Association shall obtain coverage that most closely approximates the required coverage with the deductible provisions as determined by the Board of Directors. In any event, all such insurance must comply, at a minimum, with the applicable requirements set forth in the North Carolina Planned Community Act.

Section 7.6 Premiums. All premiums on insurance purchased by the Association shall be Common Expenses.

Section 7.7 Power of Attorney. Each Lot Owner shall be deemed to appoint the Association as his true and lawful attorney-in-fact to act in connection with all matters concerning the maintenance of the master policy or any other insurance policy obtained by the Association. Without limitation on the generality of the foregoing, the Association as said attorney shall have full power and authority to purchase and maintain such insurance, to collect and remit the premiums therefor, to collect proceeds and to distribute the same to the Association, the Lot Owners and their respective mortgagees as their interest may appear, to execute releases of liability and to execute all documents and to do all things on behalf of such Lot Owners and the Subdivision as shall be necessary or convenient to the accomplishment of the foregoing; and any insurer may deal exclusively with the Association in regard to such matter.

Section 7.8 Responsibility of Lot Owner. The Association shall not be responsible for procurement or maintenance of any insurance covering any Lot or Dwelling Unit, or the contents of any Lot or Dwelling Unit nor the liability of any Lot Owner for injuries not caused by or connected with the Association's operation, maintenance or use of the Common Areas or other

property located in the Subdivision. Each Lot Owner shall, at his or her own expense, obtain public liability insurance for personal injuries or damage arising out of the use and occupancy of or occurring within his Lot or Dwelling Unit. In addition, each Lot Owner shall maintain fire and extended coverage insurance on his Dwelling Unit, and the contents of his Dwelling Unit. The Association may request the Lot Owner to provide a copy of the policy(s) to the Association evidencing this insurance coverage at any time.

Each Lot Owner agrees that if any Owner(s) damages a building or other improvements now or at any time hereafter constituting a part of the Common Areas of the Subdivision which is covered under the Association's policy, the Owner or Owners causing such damage shall be responsible for paying the lesser of: (a) the insurance deductible due under the Association's insurance policy; or (b) the cost to repair and/or replace any damage to a building, or other improvements, which amount shall be due within ten (10) days after the delivery of written notice of such deductible due or replacement/repair costs by the responsible Lot Owner(s) or twenty (20) days after mailing such notice by certified mail, whichever occurs first. In the event a Lot Owner refuses or fails to pay the insurance deductible or replacement/repair costs in the time period provided in the preceding sentence, the amount thereof may be advanced by the Association and the amount so advanced by the Association shall be assessed to such Owner as an Individual Assessment, which shall be due and payable following seven (7) days written notice.

ARTICLE VIII

ADMINISTRATION

Section 8.1 Association. The administration of the Subdivision shall be vested in the Association. The Owner of any Lot, upon acquiring title, shall automatically become a Member of the Association and shall remain a Member until such time as his ownership of such Lot ceases for any reason, at which time his membership in the Association shall automatically cease. The Association shall have full power and responsibility to administer, operate, sustain, maintain, and govern the Subdivision including but not limited to, the powers and responsibilities to make prudent investments of funds held by it; to make reasonable Rules and Regulations; to borrow money; to make Assessments; to bring lawsuits and defend lawsuits; to enter into contracts; to enforce all of the provisions of this Declaration, the Bylaws and any other documents or instruments relating to the establishment, existence, operation, alteration of the Subdivision. The powers of the Association shall be construed liberally and shall include, without limitation, all of the powers set forth in Section 47F-3-102 of the Planned Community Act.

Section 8.2 Board of Directors a/k/a Executive Board. Unless otherwise specifically stated in this Declaration, the Association shall act exclusively through its Board of Directors also known as the Executive Board (the "Board"). The Association in accordance with the Bylaws shall choose the Board. The Board shall be authorized to delegate the administration of its duties and powers by written contract to a managing agent or administrator employed for the purpose by the Board.

Section 8.3 Limitations on Association's Duties.

8.3.1 The Association did not construct the improvements, including the Dwelling Units. The Association does not warrant in any way or for any purpose, the improvements in the Subdivision.

8.3.2 The Association shall have a reasonable time in which to make any repair or do any other work, which it is required to do under the Constituent Documents. The Association must first have actual knowledge of a problem. Any determination of the reasonableness of the Association's response, must allow for the fact that the Association is volunteer and that the funds available to the Association are limited.

8.3.3 In case of ambiguity or omission, the Board may interpret the Declaration and the other Constituent Documents, and the Board's interpretation shall be final if made without malice or fraud. Notwithstanding the foregoing, the Declarant may overrule any interpretation affecting it, for so long as the Declarant owns any portion of the Property and such interpretation cannot be enforced against the Declarant, its successors or assigns.

ARTICLE IX

HARMONY, ENVIRONMENTAL CONTROLS

Section 9.1 Architectural Control Committee. Except for original construction performed by or on behalf of Declarant or as otherwise provided in these covenants, no building, fence, electric pet fence, sidewalk, drive, mailbox, or other structure, or improvement or anything attached thereto visible from the outside of the structure or improvement (including, without limitation, storm doors, windows, drapes or window coverings) shall be erected, placed, altered, or maintained within the Subdivision nor shall any exterior addition to or change (including any change in color) or alteration therein be made until the proposed building plans, specifications, exterior color and finish, plot plans (showing the proposed location of such

improvement), and construction schedule shall have been submitted to and approved in writing by the Board of Directors of the Association, or by any architectural control committee appointed by said Board of Directors. Non-approval of plans, location or specification by said Board of Directors or architectural control committee may be based upon any reasonable ground, including, without limitation, lack of harmony of external design, color, location, or relation to surrounding structures and topography and purely aesthetic considerations which, in the sole discretion of said Board of Directors or architectural control committee, shall deem sufficient. If approval by the Board of Directors or architectural control committee is given, no alterations may be made in such plan except by and with prior written consent. One copy of all plans, specifications and related data shall be furnished to the Board of Directors or architectural control committee for its records.

Section 9.2 Declarant's Control. Declarant shall be the architectural control committee during the development period unless said duties are transferred to the Homeowners Association by Declarant during the development period.

ARTICLE X

USE RESTRICTIONS

Section 10.1 Use. No Lot shall be used except for single family residential purposes. No building shall be located on any Lot except one (1) Dwelling, a private garage for not more than three cars, and such other outbuildings as may be normal and customary accessories for a single family residential dwelling. All structures constructed or placed on any Lot shall be of substantially new materials. No business, trade, industry, occupation or profession of any kind, whether for profit or not for profit, may be conducted, maintained, or permitted on any Lot. To the extent permitted by law, an Owner may use a portion of his or her Dwelling Unit for an office or studio (other than a music and/or dance studio) provided that the activities conducted therein shall not interfere with the quiet enjoyment or comfort of any other Owner or occupant; and provided further that such activities do not increase the normal flow of traffic or individuals in and out of the Subdivision or in and out of said Owner's Lot.

Section 10.2 Lot Division. The division of Lots is permissible provided that the number of Lots in the Subdivision is not increased (i.e., portions of Lots are combined with other Lots or other portions of Lots to form a new Lot). Any such Lot which has been formed with portions of one or more Lots shall be considered a Lot as defined herein notwithstanding the fact that said Lot actually consists of portions of more than one original Lot. Drainage and utility easements not actually in use shall be moved to the perimeter Lot lines of the reconfigured Lot.

Section 10.3 Dwelling Size and Location. No Dwelling shall exceed two and one-half stories in height. No Dwelling or structure shall be built or located to the front, side and rear Lot lines other than as shown or noted on the recorded Subdivision plat. Declarant, or the Board of Directors of the Association may, in its sole discretion, grant a variance for violations of not more than ten percent (10%). One story Dwellings shall not be less than 1300 heated square feet in size. A one and one-half or two story Dwelling shall not be less than 1700 heated square feet in size. No mobile home, modular home, doublewide or prefabricated dwelling shall be allowed on any Lot.

Section 10.4 Appurtenant Structures. Any appurtenant structure is preferred to be of like materials, construction methods, and techniques, as the principal residential Dwelling. Installation and/or construction of appurtenant structures are permissible to the extent the intention and use are consistent with enjoyment of the property for single family residential use. All appurtenant structures must be approved by the Board of Directors of the Association or architectural control committee.

Section 10.5 Fences. Any fence erected on a Lot must have the prior approval of the Declarant or architectural control committee. No solid panel fences may be erected closer to any street line than the corner of the Dwelling closest to the street line. No wire fences of any description shall be permitted closer to any street line than the corner of the Dwelling closest to the street line. No fences made of concrete block or what is commonly known as "chicken wire" shall be permitted anywhere on a Lot. No fence shall exceed six feet (6') in height. Only ornamental fences (e.g. split rail fences or fences through which there is at least 75% visibility) not to exceed three feet (3') in height may be erected between the Dwelling and the street lines. Fences on the rear of the Dwelling situated on interior Lots must be attached to the rear corner of the Dwelling and must extend toward the side lines. Rear fences may be solid wood or vinyl, not to exceed six feet (6'), or wood or vinyl picket, split rail with welded wire mesh or chain link not to exceed four feet (4') in height. On corner Lots, the fence must extend from the rear corner of the Dwelling closest to the side street and extend to the rear Lot line. On the opposite corner the fence can extend to the interior side property line before turning to the rear Lot line.

Section 10.6 Motor Vehicles and Parking. All motor vehicles of any type kept within the Subdivision shall have current registration and inspection certificates. No wrecked or junked motor vehicle shall be permitted to remain on a Lot or street. Automobiles, pick-up trucks, vans of a size of three-quarter ton or smaller, or motorcycles shall be allowed to exist and remain in the front or along the side of an Owner's Dwelling and shall be parked upon the designated

driveway of the Owner or in the garage. The number of operative motor vehicles upon an Owner's Lot must be reasonable. No tractor-trailer may be kept within the Subdivision. Notwithstanding the foregoing, Declarant or its designees may keep construction trucks, tractors and equipment within the Subdivision during the construction and development period. Boats and trailers, jet skis and trailers, small utility trailers, and recreational vehicles ("secondary modes of transportation") must be kept in the garage or in the rear yard within the setback lines as indicated on the recorded plat of the Subdivision and screened by approved fencing six feet (6') tall. Declarant, the Board of Directors of the Association or the architectural control committee may impose reasonable Rules and Regulations regarding the parking of secondary modes of transportation which may be more restrictive than provided herein, if it is determined that the overall appearance of the Subdivision will be improved.

No auto maintenance and/or repairs may be performed in the Subdivision except if performed inside the garage of a Lot Owner. Vehicles, whether owned by a Lot Owner or not, parked in violation of any part of this Declaration or in violation of any Rules or Regulations, shall be towed away and stored at the Owner's risk and expense. By parking in the Subdivision, the Owner of the vehicle or other vehicle user hereby waives any claim against the Association resulting directly or indirectly out of the towing, unless the towing can be shown beyond a reasonable doubt to have been done maliciously by the Association. The Association is not obliged to try to determine the owner of a vehicle and first give notice, before towing the vehicle. The Association's right to tow a vehicle includes the right to immobilize it.

Section 10.7 Signs. A Lot Owner is permitted to place and maintain a standard "For Sale" or "For Rent" sign only in the front yard of his property; provided, however it is of a typical size within the industry. No other sign that is visible from the outside of Dwelling may be placed on any part of the Subdivision except as expressly permitted by the Board of Directors. Declarant and/or the Board shall have the right to immediately remove and dispose of those items in violation of this Declaration. A Lot Owner must obtain the prior written consent of the Board of Directors in the event a Lot Owner desires to maintain a "For Sale" or "For Rent" sign which is not of a typical size within the industry, or desires to maintain other displays or advertising, unless otherwise provided for under the Rules and Regulations.

Section 10.8 Trash Disposal. Each Lot Owner shall dispose of all trash, garbage, or other rubbish as directed and instructed by the Board. Lot Owners shall store trash containers at all times in each Lot Owner's garage (if applicable), or in such other locations so as to hide them from public view, except on the days in which trash, garbage, or other rubbish is collected by the local waste removal authorities. Any trash containers placed outside by the Lot Owners in the

location designated for collection by the local waste removal authorities shall only remain in such location for a period not to exceed twenty-four (24) hours.

Section 10.9 Nuisances. No noxious or offensive activity shall be carried on in any Dwelling or in the Common Areas or on the Lot of an Owner, nor shall anything be done therein, either willfully or negligently, which may be or become an annoyance or nuisance to the other Lot Owners or occupants. The shooting of guns is prohibited in the Subdivision.

Section 10.10 Animals and Pets. No animals, livestock, farm animals, or poultry of any kind shall be kept or maintained on any Lot or in any dwelling except that dogs, cats, or caged household pets may be kept or maintained provided they are not kept or maintained for commercial purposes. Such pets shall be reasonable in size and number. A Lot Owner shall be responsible for cleaning up after his household pet. Notwithstanding the above, the Association shall have the right to promulgate Rules and Regulations pertaining to the size, number and type of such household pets and the right to levy fines and enforcement charges against persons who do not clean up after their pets. Additionally, the right of an occupant to maintain an animal in a Dwelling shall be subject to termination if the Board in its full and complete discretion, determines that maintenance of the animal constitutes a nuisance or creates a detrimental effect on the Subdivision or occupants.

Section 10.11 Antennae or Dish. Television or satellite dish antennae having a diameter in excess of twenty-two inches (22") are prohibited. All dishes are to be placed on the rear of the Dwelling or to the side of the Dwelling within five feet (5') of the rear corner of the Dwelling.

Section 10.12 Sewage Disposal Systems. All sewage disposal systems shall be connected to a sewage system approved by the appropriate governmental authority. No outside or portable toilet shall be permitted on any Lot, except during the construction period.

Section 10.13 Construction Period. Once construction of improvements is started on any Lot, improvements must be substantially completed in accordance with the plans and specifications as approved by the Declarant or Board within nine (9) months after commencement. No residence shall be occupied until a Certificate of Occupancy has been issued by the appropriate governmental authority.

Section 10.14 Tanks. Gas or other tanks servicing a Lot shall be buried below the surface of the ground or screened by shrubbery or other satisfactory means so that they will always be hidden from the streets and Common Areas.

Section 10.15 Obstruction of Common Areas. There shall be no storage or parking of any items, including baby carriages, playpens, bicycles, wagons, toys, vehicles, benches or chairs in any part of the Common Areas, except as permitted by the Rules and Regulations. Owners and their guests must keep the public streets and rights-of-way unobstructed at all times. Basketball goals may not be installed or erected along a public street or right-of-way.

Section 10.16 Laundry and Open Fires. No clothes, sheets, blankets, laundry of any kind or other articles shall be hung out or exposed on any part of the Common Areas, or on any Lot in a manner visible from any Common Area, neighboring Lot or street. No open fires shall be permitted on any part of the Subdivision other than fires in charcoal grills or other similar cooking devices located upon the Lots.

Section 10.17 Mailboxes. No mailbox shall be installed by a Lot Owner. Declarant shall provide a mailbox kiosk or cluster mailbox for the Subdivision.

ARTICLE XI

GENERAL PROVISIONS

Section 11.1 Enforcement.

11.1.1 The Association or any Lot Owner may enforce these covenants, conditions and restrictions. Enforcement of these covenants, conditions and restrictions shall be by any proceeding at law or in equity against any person or persons violating or attempting to violate (“Violating Party”) any covenant, condition or restriction, either to restrain or enjoin violation. The Violating Party shall be liable to the parties enforcing the covenants and/or restrictions of this Declaration (the “Enforcing Parties”) for all reasonable attorney’s fees and court costs incurred by the Enforcing Parties. Failure or forbearance by the Association or any Owner to enforce any covenant, condition or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. In any lawsuit filed to enforce this Declaration by injunction or restraint, there shall be and there is hereby created and declared to be a conclusive presumption that any violation or breach or any attempted violation or breach of any of the within covenants, conditions or restrictions cannot be adequately remedied by action at law or by recovery of damages.

11.1.2 Any action brought by the Association hereunder may be brought in its own name, in the name of its Board or in the name of its managing agent.

Section 11.2 Severability. Invalidation of any one of these covenants, conditions or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

Section 11.3 Restrictions Run With Land. The easements or other permanent rights or interests herein created, the covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Declarant, the Association, or the Owner of any Dwelling subject to this Declaration, their respective legal representatives, heirs, successors, and/or assigns, for a term of twenty (20) years from the date this Declaration is recorded, after which time the Declaration shall be automatically extended for successive periods of ten (10) years.

Section 11.4 Amendment. The Declarant may amend this Declaration at any time until the expiration of the Development Period. Thereafter, the Association may amend this Declaration at any time, as long as consistent with the design, scheme and purposes of this Declaration, by the affirmative vote or written agreement of the Owners to whom not less than seventy-five percent (75%) of all of the votes in the Association are allocated in accordance with Section 4.4 and Section 4.5 above. Any amendment must be recorded in the Wayne County Registry.

Section 11.5 Reservation of Special Declarant Rights. Declarant reserves the right to maintain sales and management offices, model units, construction trailers, storage or staging areas, and advertising signs upon Lots or the Common Areas and upon Lots owned by it until the expiration of the Development Period and to exercise all other "Special Declarant Rights" as defined herein and in the Planned Community Act. Without limiting the foregoing, and notwithstanding anything herein to the contrary, during the Development Period, Declarant shall have the right to annex additional Lots or Common Areas into the Subdivision by filing a supplement to this Declaration in the Wayne County Registry together with an amendment to the Plat (if applicable). Such additional Lots or Common Areas need not be contiguous to the Property. Declarant shall have the right to assign all or a portion of any rights or easements reserved herein by a written assignment thereof, recorded in the Wayne County Registry.

Section 11.6 Management and Service Contracts. Any agreement for the professional management of the Subdivision of the Common Areas may not exceed three (3) years and shall provide for termination by either party without cause and without payment of a termination fee upon reasonable notice.

Section 11.7 Binding Determination. In the event of any dispute or disagreement with or between any Owner(s) relating to, or of any other disputes, disagreements or questions regarding, the interpretation or application of the provisions of this Declaration or the Articles or Bylaws of the Association, the determination thereof (i) by Declarant for so long as Declarant retains control of the Association; and (ii) thereafter by the Board of Directors of the Association shall be final and binding on each and all such Owners; providing that any determination which directly or indirectly affects Declarant shall require Declarant's prior consent to become binding upon Declarant.

Section 11.8 Captions and Titles. All captions, titles or headings in this Declaration are for the purpose of reference and convenience only and are not deemed to limit, modify or otherwise affect any of the provisions hereof, or to be used in determining the intent or context thereof.

Section 11.9 Notices. Except as otherwise provided in this Declaration, any notice to any Owner under this Declaration shall be in writing, shall be effective on the earlier of (i) the date when received by such Owner, or (ii) the date which is three days after mailing (postage prepaid) to the last address of such Owner set forth in the books of the Association. The address of an Owner shall be at his Lot (or any of them if more than one) unless otherwise specified in writing to the Association. The Articles and Bylaws shall specify the permissible manner of giving notice for voting and all other Association matters for which the manner of giving notice is not prescribed in this Declaration. Notices or requests that need to be sent to Declarant shall be mailed to 754 Ramsey Road, Suite F, Jacksonville, NC 28546.

Section 11.10 Governing Law. This Declaration shall be deemed to be made under, and shall be construed in accordance with and shall be governed by, the laws of the State of North Carolina, and suit to enforce any provision hereof or to obtain any remedy with respect hereto shall be brought in state court in Wayne County, and for this purpose each Owner by becoming such hereby expressly and irrevocably consents to the jurisdiction of said court.

ARTICLE XII

NON-DEDICATED STREETS

All non-dedicated streets constructed within the Subdivision are reserved as easements of public access for the common use of Owners and (pursuant to the Roadway declaration) their families, guests and invitees, by commercial vehicles authorized to make pick-ups and deliveries,

by public and private utilities' personnel; trucks and equipment, by postal authorities and mail carriers, by emergency personnel and vehicles such as police, fire and ambulance, and by such other persons or classes of persons authorized by the Board of Directors of the Association, as a means of ingress or egress, and for such other uses as may be authorized from time to time by said Board. Such non-dedicated streets may also include underground utility lines, mains, sewers or other facilities to transmit and carry sanitary sewerage and storm water drainage. Except as provided by this Declaration, no acts shall be taken or things done by an Owner or the Association which are inconsistent with the reservation and grant of use and enjoyment hereinabove provided.

ARTICLE XIII

SIGHT DISTANCE AT INTERSECTIONS

No fences, wall, hedge or shrub planting which obstructs sight lines at elevations between 2 and 6 feet above the roadways shall be placed or permitted to remain on any corner Lot within the triangular area formed by the street property lines and a line connecting them at points 25 feet from the intersection of the street property lines extended. The same sight line limitations shall apply upon any Lot within 10 feet from the intersection of a street property line with the edge of a driveway or alley pavement. No tree shall be permitted to remain within such distance of such intersection unless the foliage line is maintained at sufficient height to prevent obstruction of such sight lines.

ARTICLE XIV

DRIVEWAYS

Concrete driveways must connect to the roadway asphalt by the time of occupancy of any dwelling. Driveways, driveway culverts, tiles and headwalls must be approved by the Declarant, Board of Directors or architectural control committee.

ARTICLE XV

STREET LIGHTING AGREEMENT

The Declarant reserves the right to subject the real property in this Subdivision to a contract with an electric company. Installations necessary for street lighting and/or entrance sign lighting may require an initial payment and/or a continuing monthly payment to an electric company by the Owner of each Lot.

IN WITNESS WHEREOF, the Declarant herein, has caused this Declaration to be signed in its name the day and year first above written.

Nolan Commercial Contractors, Inc.

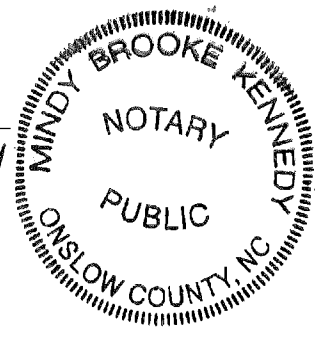
By: *Nolan W. Sydes*
Nolan W. Sydes, President

NORTH CAROLINA
Onslow COUNTY

I, the undersigned, a Notary Public of the County and State aforesaid, certify that Nolan W. Sydes personally came before me this day and acknowledged that he is President of Nolan Commercial Contractors, Inc., a North Carolina corporation, and that by authority duly given and as the act of such entity, he signed the foregoing instrument in its name on its behalf as its act and deed.

Witness my hand and official stamp or seal, this the 14th day of August, 2024.

Mindy Brooke Kennedy
Notary Public *Mindy Brooke Kennedy*



My Commission Expires: July 26, 2027

EXHIBIT "A"
Legal Description

BEING all of Lots 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 13A, 14, 14A, 15, 15A, 16, 16A, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, and 29 as shown on that certain plat entitled "Talton Estates, Section Two", recorded in Plat Cabinet P, Slide 111-E, of the Wayne County Registry, and those subdivision streets labeled Talton Estates Drive and Nova Place as shown on the aforesaid plat.

Together with a nonexclusive easement, 30 feet in width as shown on the above-referenced plat, for ingress, egress, and regress for the installation and maintenance of sewer lines for those lots depicted as Lots 13A, 14A, 15A, and 16A.