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NEW HANOVER COUNTY,

MORGHAN GETTY COLLINS

REGISTER OF DEEDS

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STATE OF NORTH CAROLINA

COUNTY OF NEW HANOVER

DEED RESTRICTIONS OF VILLAS DEL MAR DUETS

THESE DEED RESTRICTIONS OF VILLAS DEL MAR DUETS (the "Restrictions") are made and entered into as of the last date of execution hereof by Hallmark Building Corporation, Inc., a North Carolina corporation ("Declarant").

Declarant is the owner of that Property (as defined below) which shall contain four residential townhomes (collectively the "Townhomes"; each a "Townhome") constructed on the Property. Declarant desires that the Townhomes and the Property will be maintained with a uniform appearance and that these Restrictions will set forth the requirements for exterior maintenance and upkeep and to impose certain restrictions on the use of the Townhomes and the Property.

Declarant desires to provide for the preservation of the values and amenities in the Townhomes and for the maintenance of the shared portions of the Property and, to this end, desires to subject the Property to the covenants, conditions, restrictions, easements, charges, and liens, hereinafter set forth, each and all of which is, and are, for the benefit of the Property and each owner of a portion thereof.

THIS DOCUMENT REGULATES OR PROHIBITS THE DISPLAY OF THE FLAG OF THE UNITED STATES OF AMERICA OR THE STATE OF NORTH CAROLINA, AS WELL AS POLITICAL SIGNS

Prepared by and return to:
Zachary M. Moretz, Esq.
Moretz Law Group, PA
P.O. Box 446
Concord, NC 28026

DECLARATION

NOW THEREFORE, the Declarant declares that the Property and any additions thereto, is and shall be held, used, transferred, sold, conveyed, and occupied subject to the terms, conditions and provisions of the covenants, conditions, restrictions, charges, and liens as hereinafter set forth. The covenants and restrictions imposed herein shall run with the land and shall be a benefit and burden to Declarant, its successors and assigns, and any person or entity acquiring the Property or any Townhome.

ARTICLE ONE PROPERTY SUBJECT TO THESE RESTRICTIONS

1.1 Property. That certain parcel of real property which is, and shall be, held, transferred, sold, conveyed, and occupied subject to these Restrictions (the "Property") is located in New Hanover County, North Carolina, and is more particularly described as being all that property acquired by Declarant by deed recorded at Book 6667, Page 355 in the New Hanover County Register of Deeds and is known as the Villas Del Mar Duets.

ARTICLE TWO DEFINITIONS

2.1 "Adjoining Owner" shall mean, with respect to any Townhome located within a two-unit Building, the Owner of the other Townhome within the same Building.

2.2 "Building" shall mean each of the two or more structures each containing two Townhomes constructed on the Property.

2.3 "Lot" shall mean and refer to "1A," "1B," "2A," and "2B" as shown on the Plat and in general to any part or portion of the Property, fee simple title to which is, from time to time, owned by an Owner, the size and dimensions of which shall be established by the legal description in the deed conveying such Lot and which may, but need not, correspond to a numbered lot of record established to a recorded plat.

2.4 "Owner" shall mean and refer to the record owner, whether one (1) or more persons or entities, of the fee simple title to any Lot situated upon the Property. Notwithstanding any applicable theory of any lien or mortgage law, "Owner" shall not mean or refer to any mortgagee or trust beneficiary unless and until such mortgagee or trust beneficiary has acquired title pursuant to foreclosure or any proceeding in lieu of foreclosure, or by means of an acquisition of a Lot.

2.5 "Party Structure" shall have the meaning assigned to it in Article VI.

2.6 "Party Wall" shall mean and refer to the dividing wall between any two Townhomes, which Party Wall runs from the outermost exterior of the Townhomes, and which Party Wall includes the material which overlays the wall on the exterior of the Building and appurtenances thereto. Any matters concerning the Party Wall which are not covered by the terms of these Restrictions shall be governed by the general rules of law regarding party walls.

2.7 "Plat" shall mean a recorded plat map or plat maps of the Property, recorded or to be recorded in the New Hanover County Public Registry, and any amendments or supplements thereto.

2.8 “Property” shall have the meaning assigned to it in Article I.

2.9 “Townhome” and “Townhomes” shall have the meaning assigned to them in the paragraph two.

ARTICLE THREE DURATION; NOTICES; ENFORCEMENT; SEVERABILITY

3.1 Duration. The covenants and restrictions of these deed Restrictions shall run with the land in perpetuity and shall inure to the benefit of and be enforceable by any Owner, its respective legal representatives, heirs, successors, and assigns.

3.2 Amendment and Termination. These Restrictions may be amended or terminated only by a written and recorded instrument executed by all of the record Owners and referring to these Restrictions.

3.3 Notices. Any notice required to be sent to any Owner, under the provisions of these Restrictions, shall be deemed to have been properly sent when delivered by hand delivery with the delivery person providing an affidavit of delivery, or when mailed, postage prepaid, registered or certified mail, return receipt requested, or deposited with an overnight courier (such as, but not limited to Federal Express) and addressed to the person at the last known address of the person whose address is listed on the New Hanover County tax records at the time of the mailing. The sender shall not be required to cause title to any Lot to be examined. Notice to any one of the Owners of a Townhome, if title is held by more than one, shall constitute notice to all Owners of that Townhome.

3.4 Enforcement. Any Owner may enforce these covenants and restrictions. Enforcement of these covenants and restrictions shall be by binding arbitration as set forth below, either to restrain violation or to recover damages, or both, and against the land to enforce any lien created by these covenants and restrictions. Failure by any Owner to enforce any covenant or restriction herein contained shall not be deemed a waiver of the right to do so thereafter. No breach of any of the provisions of these Restrictions shall allow the non-breaching Owner to terminate these Restrictions or breach that or any other provision hereof.

3.5 Arbitration. In the event of any dispute arising between the Owners which cannot be resolved after an in-person meeting between the Owners, which each Owner hereby agrees to attend upon at least ten (10) days' advance written notice from the other, the Owners hereby waive their rights to use the courts to determine any such dispute and hereby agree to submit any and all disputes which cannot be resolved informally to binding arbitration pursuant to the North Carolina Revised Uniform Arbitration Act (the “Act”); provided, however, that any lien provided for in these Restrictions may be filed and enforced as provided by law. The parties shall select an arbitrator in accordance with the provisions of the Act within twenty (20) days of such written demand by either party to select an arbitrator. The decision of the arbitrator shall be binding upon the Owners, who expressly agree to submit to and be bound by such arbitration procedure and decision. The arbitrator shall assess the costs of the arbitration against the losing party unless the arbitrator determines that the losing party's position was well-grounded in fact and law, in which case the arbitrator may assess the costs in the arbitrator's absolute discretion.

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

ARTICLE FOUR RESTRICTIONS ON USE

4.1 Permissible Uses. Each Townhome and Lot shall be used for residential purposes only; provided, however, that an Owner may use a Townhome for traditional home office purposes as long as the primary use of that Townhome is residential, no business customers of the Owner visit the Townhome, the Owner does not advertise the address of the Townhome as such Owner's business address, and no business signage is posted on the Property or the Townhome.

4.2 Division of Lots; Leasing; Single-family Use.

- a) No Lot or Townhome shall be further subdivided into multiple dwellings.
- b) Leasing of the Townhomes shall be permitted. The tenant(s) under any lease, rental agreement or other arrangement shall be bound by all the provisions of these Restrictions in the same manner as an owner, and Owners are responsible for compliance by their tenants. Any lease or rental agreement does not relieve the Owner of its responsibilities and obligations under these Restrictions. Short-term rentals such as those commonly found on Airbnb and VRBO are expressly permitted.
- c) No more than three (3) unrelated persons may dwell in any Townhome. An "unrelated" person is someone who is not a child, stepchild, parent, stepparent, grandparent, grandchild, sibling or stepsibling of another occupant.

4.3 Nuisance; Use Restrictions; Parking. No obnoxious, offensive or unlawful activity shall be conducted on any Lot. No barking dogs are allowed on any Lot. Noise shall be kept to a minimum and there shall be no noisy or outside activities after 10:00 p.m. unless with the express permission of the Adjoining Owner. Vehicles are to be parked in garages or on driveways, provided that if parked in the driveway, they do not obstruct sidewalks. Disabled, inoperable or unlicensed vehicles or vehicles which are not in regular use are prohibited from being parked overnight within the Property except inside a closed garage. Boats, boat trailers, recreational vehicles (RVs, travel trailers, motor homes, tractors and the like), and Commercial Vehicles (as defined below) are prohibited from being parked overnight within the Property except inside a closed garage. For purposes of this section, "Commercial Vehicle" means any vehicle which a) requires a special class of North Carolina license other than a Class C license to be legally operated on public streets; or b) has more than two (2) axles; or c) is a regular two (2) axle passenger vehicle but bears commercial lettering or signage upon it, has commercial accessories, and/or contains or carries business personal property or equipment such as ladders, construction equipment, pumps, tanks, hoses or the like which can be seen from the exterior of the vehicle. Commercial Vehicles are allowed temporarily within the Property during normal business hours for the purpose of serving any Lot, provided that any damage to any Lot or Property shall be the responsibility of the Owner whose Lot the Commercial Vehicle is serving. No playsets, toys, plastic pools, lawn chairs or other items of personal property may remain overnight in the front or side yard of any Lot, nor may any Lot be used for storage except during temporary construction or maintenance activities, provided that the Owner is diligently proceeding to complete the contemplated construction or maintenance. The foregoing restrictions shall not apply to any Lot owned by Declarant or any successor Declarant.

4.4 Exterior Appearance and Maintenance of Lots and Townhomes. It is the responsibility of every Owner to properly maintain its Townhome and the structure and appearance thereof, and to prevent

any unclean, unsightly, or unkempt condition to exist on the Owner's Lot or Townhome. All exterior items which are part of a Townhome, and all fences and other appurtenances to any Lot, shall be regularly maintained, and painted where applicable, and all items must be properly functional and serving their intended use. For example, and not by limitation, flaking paint, loose gutters, and shutters, moldy or dirty siding, and broken or boarded-up windows are prohibited and shall be promptly repaired in a good and workmanlike manner. All replacement items and materials shall be substantially the same or superior to those installed by Declarant. No personal property, garbage, trash, sticks, leaves, construction debris or other unsightly or offensive materials shall be placed or stored upon the Property, except as is temporary and incidental to the bona fide improvement of any portion of the Property. An Owner shall not hang towels, laundry, clothes, or other like objects outside its Townhome or from balconies or railings. All trashcans, recycling containers and the like shall be stored out of sight and only brought out on the day of or the night before pickup and must be replaced out of sight no later than the morning following pickup. Declarant anticipates that each Owner's trash receptacles will be placed at the end of the driveway for pickup. No Owner will do or permit to be done any act or thing that would tend to depreciate the value of a Building or the Property or create any condition which increases the costs of casualty insurance. Yards shall be mown regularly, mulch or ground coverings shall be routinely refreshed, and shrubs and trees shall be regularly trimmed and pruned, and weeds shall not be permitted to grow up in planting beds or other outside areas.

4.5 Intentionally Omitted.

4.6 **Substantial Changes to the Exterior.** For any "substantial change" to the exterior of a Lot or Townhome (for example, installing a new style of shutter), an Owner must seek prior written approval of the substantial change from the Adjoining Owner, who must respond in writing within thirty (30) days after receipt of the request. An Adjoining Owner's failure to respond within thirty (30) days shall be deemed an acceptance of the proposed substantial change; in the event the Owners are unable to agree to the substantial change, the aggrieved Owner may seek dispute resolution pursuant to these Restrictions, under the Section entitled Arbitration.

A "substantial change" is (i) any change that is reasonably anticipated to cost \$5,000.00 or more, or (ii) any change, modification, or improvement irrespective of cost which will cause the exterior of the particular Townhome to deviate from the original construction of the adjoining Townhome. Notwithstanding, Owners shall be entitled to improve their rear yards without the necessity of the Adjoining Owner's approval.

Without the agreement of both Owners of a Building, all exterior paint colors shall be substantially the same as those currently in place as of the date of these Restrictions.

This Section shall not be applicable to Declarant, which may approve substantial changes without any other party's approval, it being agreed that Declarant may alter its plan of development, including its development plans, if in Declarant's business judgment such a change will facilitate the development, construction, or sale of Lots, or for such other reasons as Declarant may determine in its sole discretion.

4.7 **Certain Plants, Animals and Pets.** Except as otherwise permitted herein, or in any amended restrictions, no plants, animals, device, or thing of any sort whose normal activities or existence is in any way noxious, dangerous, unsightly, unpleasant, or of a nature as may tend to diminish or destroy the enjoyment of other Owners, or tenants and guests thereof, as reasonably determined by the Owners, may be maintained within the Property.

No livestock or poultry of any kind shall be raised, bred, or kept on any Lot. A reasonable number, but no more than two (2) unless otherwise approved by the Adjoining Owner, dogs, cats, or other common household pets may be maintained in any Townhome. No animals may be kept, bred, or maintained for any commercial purpose including but not limited to breeding. At no time shall any dog be allowed to run free. All pets must be leashed when outside the Townhome. Owners shall immediately clean up all droppings generated by their pets. No pet runs, dog houses, or pet fencing (other than invisible-type fencing located underground outside of all utility easements) shall be permitted and no pets may be chained in a yard. The Owners may, but are not required to, enact regulations or prohibitions regarding pets exhibiting prior instances of aggressiveness toward humans or other pets. However, the primary resource for aggressive or stray animals is to local animal control officials and/or law enforcement and the Declarant nor the Owners have any duty to police aggressive or stray animals within the Property.

4.8 Discharge of Firearms. Hunting and the discharge of firearms and bows and arrows within the Property is prohibited.

4.9 Motorized Vehicles. All motorized vehicles operating within the Property must be muffled to eliminate noise which might be offensive to others. All motorized vehicles and motorized bicycles are prohibited from being used or operated anywhere other than on the driveways within the Property.

4.10 Signage. No signs, except standard, typical "For Sale" or "For Rent" signs, of a size typically used in to indicate the availability of a single Lot for sale or lease, shall be displayed in public view on any Lot, appurtenance, vehicle, accessory building or structure Notwithstanding the foregoing, the Declarant shall have the right to erect signs, sales and rental centers, identify model homes and their Builders, such other informational signs of any type as may be necessary or desirable, in their sole opinion, to facilitate the plans for development of the Property. Political signs opposing or supporting any candidate, party or issue on the ballot in an upcoming election may be posted no earlier than thirty (30) days prior to such election, provided the same are removed within seven (7) days of said election and provided no more than two (2) such signs may be posted simultaneously on any Lot.

4.11 Solar/Passive Energy Systems. All exterior and/or exposed solar energy, passive energy collection, heating and/or water heater system components, windmills, generators, and similar alternative energy systems ("Solar/Passive Energy Systems"), shall be subject to these Restrictions. Such systems, including but not limited to solar panels, are expressly prohibited on the front of any Townhome, accessory building, or Lot (including front-facing roofs), as well as on the side of any Townhome, or Lot (including side-facing roofs) which faces a street or area viewable by the public. Areas on the Townhome where such systems are not expressly prohibited shall take into account the impact of the visual appearance of such system components from other Lots, Townhomes, and/or public areas and/or from private properties within the Property. Such systems and components shall be designed and installed in a manner which is visually unobtrusive to a public view and from neighboring Lots or Townhomes.

All permitted Solar/Passive Energy Systems must comply with the following criteria:

- a) For roof-mounted Solar/Passive Energy Systems, rear roof mounting shall be used and preferred unless doing so would substantially prevent the Owner from realizing any benefit from the system. The system:
 - i. Must not be mounted on a building façade that faces a space viewable by the public;
 - ii. Must not be mounted on a roof surface that slopes downward toward an area

- viewable by the public;
 - iii. Must be mounted flush with the roofline where feasible; and
 - iv. Must not cast a glare upon neighboring properties.
 - v. If rear roof mounting is not possible, refer to subsection (b) below.
- b) Where rear-roof-mounted Solar/Passive Energy Systems are not feasible, the following guidelines must be met. The system:
- i. May be placed on a side roof if the side roof does not directly face or slope down toward an area viewable by the public;
 - ii. Shall not be placed on a front-facing roof;
 - iii. Shall not be placed in the front yard;
 - iv. Shall not be placed in a back yard or side yard that adjoins an area viewable by the public, if the system and its components would be substantially visible by the public from that area;
 - v. Ground mounting is prohibited.
 - vi. Must not cast a glare upon neighboring properties; and
 - vii. Must not cast or reflect heat on neighboring properties.
- c) Solar shingles are prohibited.
- d) The casing, wiring, support members, and other parts of the Solar/Passive Energy System shall be painted to match the surface(s) upon which they are mounted.
- e) The Solar/Passive Energy System shall at all times be maintained in an aesthetically pleasing condition and properly painted.
- f) The Solar/Passive Energy System shall be professionally installed and maintained along with all required governmental permits and approvals.

ARTICLE FIVE EXTERIOR MAINTENANCE; INSURANCE; AND EASEMENTS

5.1 **Owner's Duty to Rebuild Townhomes.** If one or more Townhomes in a Building suffers casualty damage by fire or other means, each Adjoining Owner shall be responsible to contract to rebuild or repair such damage in accordance with the Townhome's original plans and specifications. Such rebuilding shall commence immediately, but in any event no later than within six (6) months of the casualty event and shall be completed within fifteen (15) months of the casualty event. Each Owner is an intended beneficiary of the other Owners' duties under this Article and may make an insurance claim and commence reconstruction on behalf of the other Owners if the other Owners fail to do so within a reasonable amount of time of receipt of notice from the other Owner. The failing Owner or Owners shall be liable to the non-failing Owners for all costs, including legal fees, incurred by the non-failing Owners in enforcing these provisions.

5.2 **Each Owner to Maintain Insurance.** Each Owner shall maintain property insurance covering its Townhome. The insurance shall name the other Owners as additional insureds. Each Owner is entitled to a copy of the each other Owners insurance policy upon demand and each Owner hereby authorizes his or her agents and insurers to share his or her personal insurance information applicable to his or her Townhome with the other Owners. The insurance shall cover not less than 100% of the replacement cost of that Owner's Townhome, but not including the cost of the land, driveway, foundation, excavations, and other such commonly excluded items. The insurance shall afford coverage against all

risks of direct physical loss, including fire and other hazards covered by the standard extended coverage endorsement, as well as such other risks as may be advisable. The insurance shall include the following provisions:

- a) That all of the Owners are insured persons under the policy to the extent of their insurable interest;
- b) That the insurer waives its right of subrogation against the other Owners and members of his/her household; and
- c) That no act or omission by the Owner will preclude recovery under the policy;
- d) That the policy may not be canceled or significantly modified without at least thirty (30) days prior written notice to all insured parties, including the other Owners and any mortgagees; and
- e) That the policy shall be considered the primary policy should there be other insurance in the name of the Owner covering the same loss.

5.3 Personal Property and Liability Insurance. Each Owner shall maintain Property insurance covering all of his/her personal property on his/her Lot and inside his/her Townhome. The insurer under such policy shall waive any right of subrogation against the other Owners.

Each Owner shall also 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 such Owner's Lot, including a waiver of subrogation provision as to any rights the insurer may have against the other Owner for any loss.

5.4 Grant of Ingress Egress Emergency Access Easement. Without limiting any rights or obligations of any party under these Restrictions, and in addition to all existing easements herein, and only to the extent required by the "Emergency Escape and Rescuing Opening" provisions of the North Carolina Residential Code and Chapter 2 of the North Carolina Residential Code (the "NCRC"), Declarant hereby reserves for all Owners and occupants of Lots on the recorded Plat(s), an easement, as needed, for emergency access to all Lots and Townhomes, prohibiting construction of permanent barriers blocking egress paths to, from and through such areas that will be needed for access to render emergency services, being a permanent and perpetual right of way and easement over such areas for ingress and egress to access public rights of way, and such easement areas shall also include all common areas and private drives for such purposes, save and except any portion of the same upon which a Townhome or structural element is now or later constructed. Owners should take note that such easement areas are not common areas, and that the dedication of this easement is solely for emergency ingress-egress purposes, for example to be used in the case of fire and does not give any Owner or other person the right to cross or use any portion of another Owner's Lot for any other purpose.

5.5 Grant of Walkway Easement. Declarant hereby reserves and establishes two permanent, appurtenant, non-exclusive easements for the purpose of pedestrian beach access a) to and from Lots 1A and 1B and b) to and from Lots 2A and 2B, as shown in further detail on the Plat (the "Walkway Easements") but in any case, the Walkway Easement shall be across the structure as built to facilitate such beach access, each structure referred to herein as a "Walkway." Such Walkway Easements are limited to pedestrian ingress and egress and shall not be construed to grant any easement for construction of vertical improvements or for any other purpose inconsistent with access to and from the beach. Such Walkway Easements are granted solely to the Owners of the respective Townhomes to which each Walkway Easement is appurtenant and shall run with the land benefitted and burdened thereby and shall be binding

upon all present and future Owners, their successors in title or interest and their heirs, successors, and assigns. Such Walkways shall be a Party Structure, each to be maintained by the Adjoining Owners of each Building. However, any damage to the Walkway caused by an Owner shall be the responsibility of the applicable Lot Owner(s). The Owners may improve the Walkway for purposes not inconsistent with the terms and conditions of the easement as contemplated herein.

ARTICLE SIX PARTY WALLS AND SHARED ROOFS

6.1 General Rules of Law Apply. In the event of damage or destruction to any Party Wall, party fence, Walkway, or shared roof ("Party Structure") from any cause, the Owners must repair or rebuild the Party Structure. Each Owner shall be responsible for the repair and replacement of his or her own roof. To the extent not inconsistent with the provisions of this Article, the general rules of law regarding Party Walls and shared roofs and liability for property damage resulting from negligence or willful acts or omissions shall apply to each Party Structure which is built as part of the original construction upon each Lot and any replacement thereof. If any portion of any Party Structure as originally constructed, including any Party Wall, any extension of a Party Wall, any common fence or shared roof protrudes over an adjoining Lot, such Party Structure shall be deemed to be a permitted encroachment, and no Owner shall bring or maintain any action for the removal of the Party Structure, nor any action for damages. If there is a protrusion as described in the immediately preceding sentence, it shall be deemed that the affected Owner has granted perpetual easements to the Adjoining Owner for continuing maintenance and use of the encroaching Party Structure. The foregoing provision also shall also apply to any replacements in conformance with the original Party Structures as constructed. The provisions of this Article shall be perpetual in duration and shall not be affected by an amendment of these Restrictions.

6.2 Sharing of Repair and Maintenance. The costs of reasonable repair and maintenance of a Party Structure, especially including but not limited to the roofs of the Townhomes, shall be shared by the Adjoining Owners, to the extent such maintenance is not the responsibility of an individual Owner hereunder. Should a need for repair and maintenance be caused by the negligent or intentional acts of an Owner, his family members, guests, tenants, invitees, contractors, employees or agents, the costs of the same shall be payable by that Owner and enforceable as set forth below.

6.3 Lien Right. The Owners shall meet in person to discuss and resolve any issues regarding maintenance needed to any Party Structure, or any failure of an Owner to maintain his/her Lot or Townhome to the standards set forth herein. If the parties cannot agree regarding any maintenance matter, then an Owner may either follow the dispute resolution process set forth in Article Three hereof, or if the Owner believes that the item of maintenance must be addressed immediately, that Owner may send written notice to the other Owner or Owners demanding that the other Owner(s) address the same, or if shared, contribute his/her share of the cost of such maintenance, within thirty (30) days. If the other Owner or Owners do not commence the maintenance or agree to pay his/her share within such time period, the first Owner may perform such maintenance and shall no later than sixty (60) days of substantial completion of the work send written demand for reimbursement to the other Owner(s) along with details of the work performed and the costs thereof. If the other Owner(s) neglect or refuse to pay his/her share within thirty (30) days after such demand, the other Owner may have the maintenance performed and will be entitled to a lien on the Lot and Townhome of other Owner(s), for the amount of such defaulting party's share of the repair or replacement costs together with interest at the rate of 18% per year. The defaulting Owner shall be considered to have contracted with the other Owner(s) for improvements to the defaulting Owner's real property by the other Owner(s), and the lien of the Owner performing the work shall be filed and enforced in accordance with Article Two of N.C.G.S. Section 44A. The Owner performing the

maintenance will, in addition to the lien, be entitled to recover its attorney's fees and costs and will be entitled to all other remedies provided by law and/or equity.

6.4 **Destruction by Fire or Other Casualty.** If a Party Structure is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if any Adjoining Owner thereafter makes use of the wall, he shall contribute to the cost of restoration thereof in his proportionate share, without prejudice, however, to the right of any such Owner to call for a larger contribution from the other under any rule of law regarding liability for negligent or willful acts or omissions.

6.5 **Weatherproofing.** Notwithstanding any other provision of this article, an Owner who by his negligent or willful act causes the Party Wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

6.6 **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.

6.7 **Easement and Right of Entry for Repair, Maintenance, and Reconstruction.** Every Owner shall have an easement and right of entry upon the Lot of any other Owner to the extent reasonably necessary to perform repairs, maintenance, or reconstruction of a Party Structure. Such repairs, maintenance, or reconstruction shall be done expeditiously and in a professional manner, and, upon completion of the work, the Owner shall restore the adjoining Lot to as near the same condition as that which prevailed prior to commencement of the work as is reasonably practicable.

6.8 **Certification With Respect to Contribution.** If any Owner desires to sell his Lot, he may, in order to assure a prospective purchaser that no other Owner has a right of contribution as provided in this Article, request of the Owner or Owners a certification that no right of contribution exists, whereupon it shall be the duty of each other Owner to make such certification within fifteen (15) days of such request and without charge. If the other Owner(s) claim the right of contribution, the certification shall contain a recital of the amount claimed and the basis therefor, which shall be binding on the Owner claiming the right.

6.9 **Yearly Meeting.** The Owners shall meet in person in May of each year to discuss the maintenance of the Lots and Townhomes and to determine if any maintenance is required to keep any Party Structures in good repair. The meeting shall occur on site. Written notes of the subject and results of each meeting shall be maintained by one or both Owners.

ARTICLE SEVEN ENCROACHMENT EASEMENT

7.1 **Construction, Settling and Overhangs.** Each Lot and Townhome shall be and is subject to an easement for encroachments created by construction, settling and overhangs, as originally designed or constructed, so long as such encroachments exist. Every portion of a Lot and each Townhome contributing to the support of another Townhome shall be burdened with an easement of support for the benefit of such abutting Townhome. If a Townhome is partially or totally destroyed, and then rebuilt, the Adjoining Owner agrees that minor encroachments from the adjacent Lot or Townhome resulting from construction shall be permitted and that a valid easement for such encroachments shall exist. Substantial improvements, repairs or remodels must be done by professional contractors, who shall be properly licensed and shall in all circumstances provide an insurance certificate showing adequate liability coverage and naming all Owners as additional insureds.

ARTICLE EIGHT
MISCELLANEOUS

8.1 Occupants Bound. Each Owner shall be strictly responsible, on behalf of itself, its heirs, successors licensees and invitees, for the obligations hereunder. No Owner may escape liability hereunder by that Owner's nonuse of its Lot or Townhome.

8.2 Waiver. Failure by any Owner to enforce any covenant or restriction herein contained shall not be deemed a waiver of the right to do so thereafter. No breach of any of the provisions of these Restrictions shall allow the non-breaching Owner to terminate these Restrictions or breach that or any other provision hereof.

8.3 Emergency Access. In case of any emergency originating in or threatening any Townhome or Lot, regardless of whether the Owner is present at the time of such emergency, the other Owners, or any other person authorized by that Owner, shall have the right to enter the other Townhomes or Lots for the purpose of remedying or abating the cause of such emergency and making any other necessary repairs. Such right of entry shall be immediate and shall not be deemed a trespass.

8.4 Failure of Enforcement. In no event shall the failure by any Owner to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, provisions or agreements set forth in these Restrictions be construed as a waiver or relinquishment of the future enforcement of any such term, covenant, condition, provision, or agreement. The acceptance of performance of anything required to be performed with knowledge of the breach of a term, covenant, condition, provision or agreement shall not be deemed a waiver of such breach.

8.5 Severability. Whenever possible, each provision of these Restrictions shall be interpreted in such manner as to be effective and valid, but if any provision of these Restrictions or the application thereof to any person or to any property shall be prohibited or held invalid, such prohibition or invalidity shall not affect any other provision or the application of any provision which can be given effect without the invalid provision or application, and to this end the provisions of these Restrictions are declared to be severable.

SIGNATURES ON THE FOLLOWING PAGE

IN WITNESS WHEREOF, the Declarant has caused these Restrictions to be duly executed by authority duly granted as of the date first below written.

DECLARANT:

Hallmark Building Corporation, Inc., a North Carolina corporation

By: [Signature]
John Galarde, President

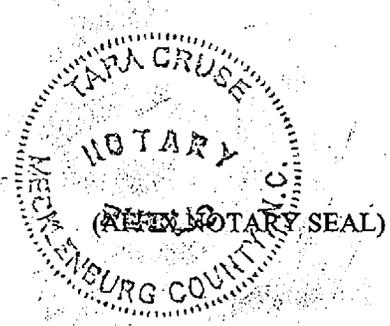
Date: 6/26/2025

STATE OF NORTH CAROLINA

COUNTY OF Mecklenburg

I certify that the following person(s) personally appeared before me this day, each duly acknowledging to me that he or she executed the foregoing document in the capacities noted therein: John Galarde.

Date: June 26, 2025



[Signature]
Notary Public

My Commission Expires January 10, 2028