

(2) 90-

BK: RB 6099
PG: 2879-2910RECORDED:
11-02-2017

2017035626

NEW HANOVER COUNTY, NC

NC FEE \$90.00

09:34:27 AM

TAMMY THEUSCH BEASLEY

BY: STEPHANIE PEREZ
DEPUTY

REGISTER OF DEEDS

STATE OF NORTH CAROLINA
COUNTY OF NEW HANOVERDECLARATION OF COVENANTS
CONDITIONS, EASEMENTS, AND
RESTRICTIONS FOR TOWNES
AT SUMMERWALK

This Declaration, made the 19th day of October, 2017, by
SUMMERWALK DEVELOPMENT, LLC, a North Carolina limited liability company,
hereinafter referred to as "Declarant" or "Developer";

WITNESSETH:

WHEREAS, Declarant is the owner of certain real property located in the City of
Wilmington, New Hanover County, State of North Carolina, known as **TOWNES AT
SUMMERWALK** (which consist or will consist of 104 attached single family dwellings),
some of which are shown on plats recorded in the Office of the Register of Deeds of
New Hanover County, North Carolina, in Map Book 63 at Page 100 and Map Book 63 at
Page 258, to which reference is made for a more particular description (the "Property");
and

WHEREAS, the Property is a "Neighborhood" within a larger planned community
known as SUMMERWALK, and is subject to and bound by that Master Declaration of
Covenants, Conditions and Restrictions for Summerwalk (the "Master Declaration"),
recorded in Book 6059, Page 1683 of the New Hanover County Registry, as the same
may be amended from time to time; and

WHEREAS, Declarant desires to subject the Property to these protective
covenants and form an association of Owners within Townes at Summerwalk to provide
for, among other things, the operation and maintenance of the Limited Common Area
and any other property for which it has maintenance responsibility in a manner
consistent with the governing documents and the Community-Wide Standard; and

NOW, THEREFORE, Declarant declares that the Property described above shall be held, sold and conveyed subject to the North Carolina Planned Community Act set forth in Chapter 47F of the North Carolina General Statutes (the "Act"), as well as the following easements, restrictions, covenants, and conditions.

ARTICLE I. DEFINITIONS

In addition to other terms defined herein, the following capitalized terms shall have the following meanings as used herein:

SECTION 1. Additional Property shall mean and refer to any lands, in addition to the above described Property, annexed to and made a part of Townes At Summerwalk.

SECTION 2. Allocated Interest shall mean the Common Expense Liability and votes in the Association allocated to each Lot.

SECTION 3. Association shall mean and refer to Townes At Summerwalk Homeowners Association, Inc., a North Carolina non-profit corporation, its successors and assigns, the owners association organized pursuant to the Act for the purposes set forth herein.

SECTION 4. Association Maintenance Area shall mean any land areas or facilities which the Association is obligated to operate or maintain which are not Areas of Common Responsibility maintained by the Master Association.

SECTION 5. Areas of Common Responsibility shall mean and refer to all lands and easements within or appurtenant to the Planned Community which are owned or enjoyed by either the Association or the Master Association, other than a Lot, and intended for the common use and enjoyment of the Owners, and their tenants including, without limitation, any private roads (including any roads intended to be public but which are not accepted for dedication and maintenance by the appropriate governmental authority), and any perimeter fencing for the Property (any storm water retention ponds and related drainage facilities within the Planned Community owned, operated and maintained by the Master Association). Areas of Common Responsibility may also include any areas designated on any plats for the Planned Community as "Open Space", "Common Area", "Common Element", "Recreation Area", "Amenity Area", "Conservation Area" or other similar designation. Areas of Common Responsibility need not be contiguous to or abutting the Property or any Additional Property.

SECTION 6. Common Expenses means expenditures made by or financial liabilities of the Association, together with any allocations to reserves.

SECTION 7. Common Expense Liability means the liability for Common Expenses allocated to each Lot as permitted by the Act, this Declaration or otherwise.

SECTION 8. Declarant shall be used interchangeably with Developer (which designations shall include singular, plural, masculine and neuter as required by the context) and shall mean and refer to Summerwalk Development, LLC, its successors and assigns, if such successors or assigns should acquire undeveloped property from the Declarant or a Lot not previously disposed of for the purpose of development and reserves or succeeds to any Special Declarant Right(s).

SECTION 9. Declarant Control Period is sometimes referred to as the "Class "B" Control Period" and shall have the meaning set forth in Article III Section 4(b) hereof.

SECTION 10. Declaration shall mean this instrument as it may be from time to time amended or supplemented.

SECTION 11. Executive Board or Board shall be used interchangeably with the Board of Directors and means the body, regardless of name, designated in this Declaration or otherwise to act on behalf of the Association.

SECTION 12. Townhomes shall mean the attached single family dwellings located on a Lot.

SECTION 13. Townhome Development means any development containing Townhomes.

SECTION 14. Townhome Maintenance Elements shall mean (i) the exterior of all Townhomes, including by way of illustration, but not limited to, roofs, exterior building surfaces, decks, porches, gutters and downspouts, and (ii) yards and other improvements, including by way of illustration, but not limited to, travelways, walkways, privacy fences for the sole use of a Lot, leaves, shrubs and grass but excluding that portion of the yard located within any privacy fencing. Declarant may with regard to Additional Property, by amendment to this Declaration, add Townhome Maintenance Elements to the Planned Community without the consent of any Lot Owners (so long as the Owners of the Townhome Maintenance Elements pay the cost of their operation and maintenance through Annual Townhome Assessments as hereinafter defined).

SECTION 15. Lot(s) and/or Units shall mean and refer to any portion of the Planned Community designated for separate ownership by a Lot Owner and shown on a recorded subdivision plat.

SECTION 16. Lot Owner or Owner shall mean the Declarant or other Person who owns a fee simple title to any Lot, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

SECTION 17. Master Association means Summerwalk Master Association, Inc., a North Carolina nonprofit corporation, as defined in the Act.

SECTION 18. Master Declaration means the Master Declaration of Covenants, Conditions and Restrictions for the Summerwalk recorded in Book 6059, Page 1683 of the New Hanover County Registry, as amended from time to time.

SECTION 19. MASTER DECLARANT OR MASTER DEVELOPER shall mean Summerwalk Development, LLC, a North Carolina limited liability company, or any successor or assign who 1) takes title to any portion of Summerwalk for the purpose of development and/or sale and 2) who or which is specifically granted some or all of the Master Declarant's rights pursuant to a recorded instrument executed by the immediately preceding Master Declarant. The Master Declarant is the "Declarant" as such term is used in the Master Governing Documents.

SECTION 20. Master Governing Documents shall mean the Master Declaration and any applicable Supplemental Declaration, the By-Laws and the Articles of Incorporation of the Master Association, the Architectural Design Standards, the Restrictions and Rules, resolutions by the Master Association Board of Directors, and recorded plats of Summerwalk, as any one or more of same may be amended from time to time.

SECTION 21. Member(s) shall mean the Lot Owners.

SECTION 22. Person means a natural person, corporation, business trust, estate, trust, partnership, association, joint venture, government, governmental subdivision, or agency or other legal or commercial entity.

SECTION 23. Planned Community shall mean and refer to the Property plus any Additional Property made a part of the Planned Community by the exercise of any Special Declarant Right.

SECTION 24. Purchaser means any Person, other than the Declarant or a Person in the business of selling real estate for the purchaser's own account, who by means of a voluntary transfer acquires a legal or equitable interest in a Lot, other than (i) a leasehold interest (including renewal options) of less than 20 years, or (ii) as security for an obligation.

SECTION 25. Reasonable Attorneys' Fees means attorneys' fees reasonably incurred without regard to any limitations on attorneys' fees which otherwise may be allowed by law.

SECTION 26. Residential Design Standards for Summerwalk shall mean the guidelines and standards for architecture, design, construction, landscaping and exterior items on Lots adopted pursuant to Article IV of the Master Declaration, as they may be amended from time to time.

SECTION 27. Restrictions and Rules shall mean the initial Restrictions and Rules for Townes at Summerwalk attached hereto as Exhibit B and incorporated herein by reference.

ARTICLE II.
PROPERTY RIGHTS AND EASEMENTS

SECTION 1. Owners' Property Rights and Easement of Enjoyment. Every Owner shall have and is hereby granted a right and easement of enjoyment in and to the Common Areas as well as the Limited Common Areas which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) The Association may make and amend reasonable rules governing use of the Common Areas as well as the Limited Common Areas by the Owners, but such rules may not (i) exclude an Owner or an Owner's tenants from simultaneous use of the Common Areas except for non-payment of Assessments or rules violations or (ii) deprive any Owner of access;

(b) The Association may grant a security interest in or convey the Common Areas, or dedicate or transfer all or part of the Common Areas, to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by at least eighty percent (80%) of the Members, excluding the Developer; provided, however, that the Association may without the consent of the Owners grant easements, leases, licenses and concessions through or over the Common Areas. No conveyance or encumbrance of Common Areas shall deprive any Lot of its rights of access or support.

(c) The Declarant may grant conservation easements over any of the Common Areas which are to serve as open space, natural areas, conservation areas, or over any other Common Areas where the granting of such conservation easements will not interfere with the Lot Owners' intended enjoyment thereof. Such conservation easements may be granted at any time before the Declarant actually transfers title to the affected Common Areas to the Association.

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

(a) easements as necessary in the lands constituting the Common Areas and Areas of Common Responsibility and the portion of each Lot not occupied by a residence for the installation and maintenance of utilities and drainage facilities (including the right to go upon the ground with men and equipment to erect, maintain, inspect, repair and use electric and telephone lines, wires, cables, conduits, sewers, water mains and other suitable equipment for the conveyance and use of electricity,

telephone equipment, gas, sewer, water or other public conveniences or utilities on, in or over each Lot and such other areas as are shown on a plat of the Property or any Additional Property recorded or to be recorded in the office of the Register of Deeds of New Hanover County; the right to cut drain ways, swales and ditches for surface water whenever such action may appear to the Developer or the Association to be necessary in order to maintain reasonable standards of health, safety and appearance; the right to cut any trees, bushes or shrubbery; the right to make any grading of the soil, or to take any other similar action reasonably necessary to provide economical and safe utility installation and to maintain reasonable standards of health, safety and appearance; and the right to locate wells, pumping stations, and tanks within residential areas, or upon any Lot with the permission of the Owner of such Lot). No structures or plantings or other material shall be placed or permitted to remain upon such easement areas or other activities undertaken thereon which may damage or interfere with the installation or maintenance of utilities or other services, or which may retard, obstruct or reverse the flow of water or which may damage or interfere with established slope ratios or create erosion. These easement areas (whether or not shown on the recorded plats for the Planned Community) but not the improvements within such areas shall be maintained by the Association except those for which a public authority or utility company is responsible.

(b) easements over all private streets, access easements, and Areas of Common Responsibility within the Planned Community as necessary to provide access, ingress and egress, to and the installation of utilities for any Additional Property.

(c) an easement of unobstructed access over, on, upon, through and across each Lot for Townhome Maintenance at all reasonable times to perform any maintenance and/or repair required by this Declaration.

SECTION 3. Other Easements. The following additional easements are granted by Declarant:

(a) an easement to all police, fire protection, ambulance and all similar persons, companies or agencies performing emergency services, to enter upon all Lots and Common Areas in the performance of their duties.

(b) in case of any emergency originating in or threatening any Lot or Common Areas, regardless of whether any Lot Owner is present at the time of such emergency, the Association or any other person authorized by it, shall have the immediate right to enter any Lot for the purpose of remedying or abating the causes of such emergency and making any other necessary repairs not performed by the Lot Owners.

(c) the Association is granted an easement over each Lot for the purposes of providing Lot maintenance.

SECTION 4. Nature of Easements. All easements and rights described herein are perpetual easements appurtenant, running with the land, and shall inure to the benefit of and be binding on the Declarant and the Association, their successors and assigns, and any Owner, purchaser, mortgagee and other person having an interest in the Planned Community, or any part or portion thereof, regardless of whether or not reference is made in the respective deeds of conveyance, or in any mortgage or trust deed or other evidence of obligation, to the easements and rights described in this Declaration.

ARTICLE III.
HOMEOWNERS' ASSOCIATION AND MASTER ASSOCIATION

SECTION 1. Formation of Association. The Association shall be incorporated no later than the date the first Lot in Townes At Summerwalk is conveyed. The Association is a nonprofit corporation organized pursuant to the Nonprofit Corporation Act of the State of North Carolina for the purpose of establishing an association for the Owners of Lots to operate and maintain the Areas of Common Responsibility and all required Townhome Maintenance in accordance with this Declaration, its Charter and Bylaws. The Association shall be empowered to perform and/or exercise those powers set forth in the Act as it may be amended from time to time, in addition to any powers and authority otherwise granted to it.

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

SECTION 3. Membership Classes. The Association shall have two classes of voting membership (but the Declarant by amendment to this Declaration without the consent of any Lot Owners may add other membership classes for any future development annexed to Townes at Summerwalk.

Class A. Class A Members shall be Owners of Lots in Townes at Summerwalk, other than the Declarant, its successors and or assigns.

Class B. The Declarant its successor or assigns, shall be the sole Class B Member.

SECTION 4. Voting Rights. The voting rights of each class of membership shall be as follows:

(a) The Class A Members shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they determine, but in no event

shall more than one vote be cast with respect to any Lot. Fractional voting with respect to any Lot is hereby prohibited. Only certain classes of members may vote on certain issues as hereinafter provided.

(b) The Class B Member shall be entitled to three (3) votes for each Lot platted or planned for the Townhome Community (currently 104 Lots). The Class B Membership shall cease and be converted to a Class A Membership when Declarant sells 90% or more of such Lots or upon Declarant's voluntary surrender of all Class B Membership.

The period during which there is Class B Membership is sometimes referred to herein as the "Class "B" Control Period". During the "Class "B" Control Period", the Declarant shall have the right to designate and select the Executive Board of the Association and the right to remove any person or persons designated and selected by the Declarant to serve on the Executive Board, and to replace them for the remainder of the term of any person designated and selected by the Declarant to serve on the Executive Board who may resign, die, or be removed by the Declarant.

SECTION 5. Government Permits. After completion of construction of any facilities required to be constructed by Declarant pursuant to permits, agreements and easements for the Townhome Community, all duties, obligations, rights and privileges of the Declarant under any water, sewer, stormwater and utility agreements, easements and permits for the Townhome Community with municipal or governmental agencies or public or private utility companies, shall be the duties, rights, obligations, privileges and the responsibility of the Association, notwithstanding that such agreements, easements or permits have not been assigned or the responsibilities thereunder specifically assumed by the Association.

SECTION 6. Areas of Common Responsibility. The Association shall at its sole cost and expense be responsible for the operation and maintenance of any Area of Common Responsibility within the Townhome Community from the date of completion of its construction or improvement by the Declarant (unless specifically assumed by the Master Association), whether or not (i) such Area of Common Responsibility has actually been deeded to the Association, or (ii) any permit issued by a governmental agency to Declarant for the construction and operation of the Area of Common Responsibility has been transferred from the Declarant to the Association or assumed by the Association. If the Declarant provides any operation or maintenance activities to an Area of Common Responsibility for which the Association is liable to perform such operation and maintenance pursuant to this section, then the Association agrees to reimburse the Declarant the cost of such operation and maintenance within 30 days after Declarant renders a bill to the Association therefor. The Association agrees to levy a Special Assessment to cover the amount of such bill if it does not have other sufficient funds available. Declarant shall be entitled to specific performance to require the Association

to levy and collect such Special Assessment. The Association shall be entitled to determine the amount of time and dates that each irrigation system on each Lot must be operated.

SECTION 7. Townhome Maintenance and Association Maintenance Area. The Association shall maintain the Townhome Maintenance (Roofs and Exterior) and the Association Maintenance Areas in good order and repair.

SECTION 8. Community-Wide Standard. All conduct, operation and maintenance required by this Declaration to be performed by the Association shall be performed in accordance with the "Community-Wide Standard" as defined in the Master Declaration.

SECTION 9. Summerwalk. The Property and all Lots located in Townes at Summerwalk are part of the Summerwalk planned community and are subject to and bound by that Declaration of Covenants, Conditions, and Restrictions for Summerwalk Residential Property (the "Master Declaration"), recorded in Book 6059, Page 1683, of the New Hanover County Registry, and all amendments thereto, **INCLUDING THE OBLIGATIONS TO (1) PAY ALL MASTER ASSOCIATION ASSESSMENTS WHICH ARE IN ADDITION TO THE ASSESSMENTS PROVIDED FOR IN THIS DECLARATION; (2) ABIDE BY THE ARCHITECTURAL REVIEW AND LAND RESTRICTIONS THEREUNDER, INCLUDING BUT NOT LIMITED TO THE PROVISIONS OF THE RESIDENTIAL DESIGN STANDARDS FOR SUMMERWALK; AND (3) COMPLY WITH THE TERMS OF ALL ADDITIONAL MASTER GOVERNING DOCUMENTS.** All Members of the Association are also members of the Master Association. Townes At Summerwalk is a "Neighborhood" within Summerwalk as that term is defined in the Master Declaration. Under the terms of the Master Declaration, the Summerwalk Master Association, Inc. has the right to veto any action taken by the Association hereunder and to require specific actions to be taken by the Association.

SECTION 10. Voting Member. The Master Declaration provides that the Lot Owners shall elect a Voting and Alternate Voting Member to cast all votes attributable or allocated to the Lots within the Planned Community by the Master Declaration. The President of the Association shall ex officio serve as the Voting Member and the Vice-President as the Alternate.

ARTICLE IV. INSURANCE AND BONDS

SECTION 1. Townhome Insurance. Commencing not later than the time of the first conveyance of a Lot within any Townhome Development to a Person that is not a Declarant, it shall be the duty of the Association to maintain in effect casualty and liability insurance covering the Townhomes and Townhome Development as follows, to the extent it is reasonably available:

(a) Amount and Scope of Insurance. All insurance policies necessary or desirable upon any Townhomes and Townhome Development (except personal property within a Townhome) shall be secured by the Board of Directors, or its designee, on behalf of the Association. Such insurance shall at a minimum cover against (1) loss or damage by fire, Wind and Hail and such other hazards normally insured against in an amount after application of any deductibles of not less than 80 percent of the replacement cost of the insured property at the time the insurance is purchased and at each renewal date exclusive of land excavation, foundations and other items normally excluded from property policies, and (2) general liability insurance for each Lot, with limits of at least \$1,000,000.00 for bodily injury, including deaths of persons and property damage arising out of a single occurrence, and (3) general liability insurance covering all Areas of Common Responsibility located within the Neighborhood with limits of at least \$1,000,000.00 for bodily injury including deaths of persons and property damage arising out of a single occurrence unless already covered by the Master Association Policy.

(b) Insurance Provisions. The Board of Directors shall make diligent efforts to insure that the insurance policies required by this section provide for the following:

(1) a waiver of subrogation by the insurer as to any claims against the Association, any officer, director, agent or employee of the Association, the Lot Owners and their employees, agents, tenants and invitees;

(2) a waiver by the insurer of its right to repair and reconstruct instead of paying cash;

(3) coverage may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least thirty days prior written notice to the named insured and all mortgagees;

(4) coverage will not be prejudiced by act or neglect of the Lot Owners when said act or neglect is not within the control of the Association or by any failure of the Association to comply with any warranty or condition regarding any portion of the Planned Community over which the Association has no control.

(5) the master policy on the Planned Community cannot be cancelled, invalidated or suspended on account of the conduct of any one or more individual Lot Owners;

(6) the master policy on the Planned Community cannot be cancelled, invalidated or suspended on account of the conduct of any officer or employee of the Board of Directors without prior demand in writing that the Board of Directors cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured;

(7) each Lot Owner is an insured person under the policy to the extent of the Lot Owner's insurable interest;

(8) if at the time of a loss under the policy, there is other insurance in the name of a Lot Owner covering the same risk covered by the policy, the Association's policy provides primary insurance.

(c) Premiums. All premiums on the insurance policies required by this section and any deductibles payable by the Association upon loss shall be a Common Expense paid by the class of Members to which it applies;

(d) Proceeds. All insurance policies purchased pursuant to these provisions shall provide that all proceeds thereof shall be payable to the Board as insurance trustee or to such attorney-at-law or institution with trust powers as may be approved by the Board of Directors who shall hold any such insurance proceeds in trust for Lot Owners within the Townhome Development and lien holders as their interest may appear;

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

(f) Individual Policies. If the Association shall determine that it would be more economically feasible in lieu of the Association maintaining a master policy for the

Members within the Townhome Development to purchase insurance policies covering each Lot and Lot Owner individually, then upon the assent of 67 percent of the Members voting as a class (which votes may be cast in person or by proxy) who are eligible to vote at a meeting duly called for such purpose, the insurance coverage for the Townhomes may be turned over to the Lot Owners to purchase individual policies under such terms and conditions as the Association may prescribe. If the responsibility for maintaining the insurance coverage on the Townhomes is turned over to the individual Lot Owners under the provisions of this paragraph, then the Association shall be named as additional insured on each policy, each Lot shall be insured for its full replacement value, and the provisions of this Section shall be modified accordingly;

(g) Distribution of Insurance Proceeds. Subject to the provisions of Section 47F-3-113(g) of the Act, the proceeds of insurance policies maintained by the Association pursuant to this section shall be distributed to or for the benefit of the beneficial owners in the following manner:

(1) all reasonable expenses of the insurance trustee shall be first paid or provision may therefor;

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

SECTION 2. Common Area Insurance. The Board of Directors on behalf of the Association, as a Common Expense of all Lot Owners, must at all times keep the Common Areas and other assets of the Association insured against loss or damage by fire or other hazards and such other risks, including public liability insurance, upon such terms and for such amounts as may be reasonably necessary from time to time to protect such property, which insurance shall be payable in case of loss to the Association for all Members. The Association shall have the sole authority to deal with the insurer in the settlement of claims. In no event shall the insurance coverage obtained by the Association be brought into contribution with insurance purchased by Members or their mortgagees. The Association at minimum shall maintain with regard to the Common Areas the insurance coverage(s) required by the Act.

SECTION 3. Fidelity Bond. The Association may maintain, as a Common Expense paid by all Owners, blanket fidelity bonds for all officers, directors, employees and all other persons handling or responsible for funds of the Association; provided, however, that if the Association shall delegate some or all of the responsibility for the handling of its funds to a management agent, such fidelity bonds shall be maintained by

such management agent for its officers, employees and agents handling or responsible for funds of or administered on behalf of the Association. The premiums on all bonds required herein for the Association (except for premiums on fidelity bonds maintained by a management agent for its officers, employees and agents) shall be paid by the Association as a common expense.

ARTICLE V COVENANTS FOR ASSESSMENTS

SECTION 1. Creation of the Lien and Personal Obligation of Assessments. Each Lot Owner covenants and agrees to pay to the Association the following assessments, as applicable (collectively the "Assessments"):

- A. Annual Common Area Assessments;
- B. Annual Townhome Assessments;
- B. Special Assessments;
- C. Insurance Assessments;
- D. Ad Valorem Tax Assessments;
- E. Working Capital Assessments; and
- F. Transfer Fees.

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

Assessments levied by the Association shall be used, as applicable, exclusively to promote the recreation, health, safety and welfare of the Owners and residents of Townes at Summerwalk.

SECTION 2. Purpose of Annual Assessments. The funds arising from Annual Common Area and Townhome Assessments may also be used for any or all of the following purposes: yard maintenance, and the operation, maintenance, repair and replacement of the Common Areas and for Townhome Maintenance (including all street lights within the Summerwalk Townhome Community); payment of utilities; enforcing

this Declaration; paying taxes, insurance premiums, legal and accounting fees and governmental charges; establishing working capital; paying dues and assessments to any organization of which the Association is a member and to the Master Association; and in addition, doing any other things necessary or desirable in the opinion of the Association to keep the Common Areas and Townhomes in good operating order and repair.

SECTION 3. Annual Assessments. At least 90 days before the beginning of each fiscal year, the Executive Board shall adopt proposed annual budgets, as follows:

(i) a budget for the Annual Common Element Assessments consisting of the annual cost of operating and maintaining the Areas of Common Responsibility.

(ii) a separate budget for the Annual Townhome Assessments for the Townhomes within the Planned Community consisting of the annual cost of operating and maintaining the Townhome Maintenance Elements.

(iii) such other budgets as the Executive Board deems appropriate.

Within 30 days after adoption of the proposed budgets for the Planned Community, the Executive Board shall provide to all of the Lot Owners a summary of the budgets and notice of a meeting to consider ratification of the budgets, including a statement that the budgets may be ratified without a quorum. Each budget is ratified unless at the meeting a majority of all of the Lot Owners in the Association entitled to vote on the particular budget rejects the budget. All Members shall be entitled to vote on the budget for the Annual Common Area Assessments. Only Class A members shall be entitled to vote with regard to the budget applicable to them. In the event a proposed budget is rejected, the periodic budget last ratified by the Lot Owners shall be continued until such time as the Lot Owners ratify a subsequent budget proposed by the Executive Board. The Annual Assessments for each Lot shall be established based on the annual budgets thus adopted, with all Lots funding the budget for the Annual Common Area Assessments and the Townhomes funding the budget for the Annual Townhome Assessments; provided, however, that the first Annual Assessments shall be set by the Declarant prior to the conveyance of the first Lot to an Owner. The due date for payment shall be established by the Executive Board. The Executive Board shall have the authority to require the Assessments to be paid in periodic installments. The Association shall, upon demand, and for a reasonable charge furnish a certificate signed by an officer of the Association setting forth whether the Assessments on a specified Lot have been paid.

The budgets for the Annual Common Area and Townhome Assessments shall include in each calendar year the amount budgeted by the Master Association for Base Assessments and Neighborhood Assessments, if any (as said assessments are defined

and authorized in the Master Declaration) to be paid by all Lot Owners in the Townhome Community. The Association shall collect as part of its Annual Assessments the amounts budgeted for such Base Assessments and Neighborhood Assessments, if any and pay the Base Assessments and Neighborhood Assessments to the Master Association on behalf of the Lot Owners.

SECTION 4. Special Assessments. In addition to the Annual Assessments authorized above, the Association may levy, in any assessment year, a Special Assessment applicable to the year only for the following purposes:

A. To defray, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Areas and any Townhome Maintenance Elements, including fixtures and personal property related thereto, provided that any such Special Assessment shall have the assent of two-thirds (2/3) of the affected Members voting as a class who are voting in person or by proxy at a meeting duly called for this purpose. Written notice of any meeting of Owners called for the purpose of approving such Special Assessment shall be sent to all Members not less than ten (10) days nor more than sixty (60) days in advance of the meeting. Special Assessments regarding Townhomes shall be voted on and assessed against only the Class A members.

B. Without a vote of the Members, to provide funds to reimburse the Declarant as provided for in Article III, Section 6, hereof.

SECTION 5. Insurance Assessments. All premiums on insurance policies purchased by the Board of Directors or its designee and any deductibles payable by the Association upon loss shall be a Common Expense, and the Association may at any time levy against the Owners equally an "Insurance Assessment", in addition to the Annual Assessments, which shall be in an amount sufficient to pay the cost of all such deductibles and insurance premiums not included as a component of the Annual Assessment.

SECTION 6. Ad Valorem Tax Assessments. All ad valorem taxes levied against the Common Areas, if any, shall be a common expense, and the Association may at any time during the year levy against the Owners equally an "Ad Valorem Tax Assessment", in addition to the Annual Assessments, which shall be in an amount sufficient to pay ad valorem taxes not included as a component of the Annual Assessment.

SECTION 7. Working Capital Assessments. At the time title to a Lot is conveyed to an Owner by Declarant, the Owner shall pay the sum of \$350.00 to the Association as working capital to be used for operating and capital expenses of the Association (this Working Capital Assessment is in addition to any similar assessment imposed by the Master Declaration and due to the Master Association). Such amounts

paid for working capital are not to be considered as advance payment of the Annual or any other Assessments. The Declarant may waive the Working Capital Assessment for any vendee who is an Approved Builder intending to build a residence on a Lot to be conveyed by an Approved Builder to others so long as the general contractor agrees with the Declarant and the Association to charge the Working Capital Assessment to the general contractor's vendee and to pay the same to the Association at the time the general contractor conveys said Lot and residence.

SECTION 8. Rate of Assessment. The Association may differentiate in the amount of Assessments charged when a reasonable basis for distinction exists, such as between vacant Lots of record and Lots of record with completed dwellings for which certificates of occupancy have been issued by the appropriate governmental authority, or when any other substantial difference as a ground of distinction exists between Lots. However, Assessments must be fixed at a uniform rate for all Lots similarly situated.

SECTION 9. Commencement of Assessments. Assessments for each Lot shall commence upon the date of acceptance of a deed by a retail purchaser. Declarant shall not be obligated to pay Assessments (but Declarant at its option shall subsidize the Association, if required, until the Association has sufficient revenues).

SECTION 10. Effect of Nonpayment of Assessments And Remedies Of The Association. Any Assessment or installment thereof not paid within thirty (30) days after the due date shall bear interest from the due date at the highest rate allowable by law. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the Owner's Lot. No Owner may waive or otherwise escape liability for the Assessments provided for herein by non-use of the Common Areas or abandonment of his Lot. All unpaid installment payments of Assessments shall become immediately due and payable if an Owner fails to pay any installment within the time permitted. The Association may also establish and collect late fees for delinquent installments.

SECTION 11. Lien for Assessments. The Association may file a lien against a Lot when any Assessment levied against said Lot remains unpaid for a period of 30 days or longer.

A. The lien shall constitute a lien against the Lot when and after the claim of lien is filed of record in the office of the Clerk of Superior Court of New Hanover County. The Association may foreclose the claim of lien in like manner as a mortgage on real estate under power of sale under Article 2A of Chapter 45 of the General Statutes. Fees, charges, late charges, fines, interest, and other charges imposed pursuant to Sections 47F-3-102, 47F-3-107, 47F-3-107.1 and 47F-3-115 of the Act are enforceable as Assessments.

B. The lien under this section shall be prior to all liens and encumbrances on a Lot except (i) liens and encumbrances (specifically including, but not limited to, a

mortgage or deed of trust on the Lot) recorded before the docketing of the claim of lien in the office of the Clerk of Superior Court, and (ii) liens for real estate taxes and other governmental assessments and charges against the Lot.

C. The lien for unpaid assessments is extinguished unless proceedings to enforce the lien are instituted within three years after the docketing of the claim of lien in the office of the Clerk of Superior Court.

D. Any judgment, decree, or order in any action brought under this section shall include costs and reasonable attorneys' fees for the prevailing party.

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

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

SECTION 12. Class A Yard Maintenance. Yard maintenance will be provided by the Association for all Townhomes. The cost of yard maintenance for Townhomes will be included in the Annual Townhome Assessments. For Class A Members, the cost of yard maintenance will be included as a separate component (the "Yard Maintenance Component") of the Annual Assessment and billed only to the Class A Members as an addition to their Annual Assessment. Only Class A Members other than the Owners of excluded Lots shall be entitled to vote on the Yard Maintenance Component.

ARTICLE VI. RIGHTS OF DEVELOPER

The Declarant shall have, and there is hereby reserved to the Declarant, the following rights, powers and privileges which shall be in addition to any other rights, powers and privileges reserved to the Declarant herein (but exercise of the rights reserved by or granted to the Declarant in this Article shall be subject to any approvals required to be given by the Master Declarant, the Master Association's Board of Directors, or others, pursuant to the terms of the Master Declaration or any other document requiring such approval):

SECTION 1. Plan of Townhome Community. The right to change, add to, delete, alter or re-designate the allocated planned, platted, or recorded use or designation of any of the lands constituting the Townhome Community including, but not

limited to, the right to change, alter or re-designate road, utility and drainage facilities and easements and to change, alter, add to, delete, or re-designate such other present and proposed amenities, Common Areas or facilities as may in the sole judgment and discretion of Declarant be necessary or desirable. The Declarant hereby expressly reserves unto itself, its successors and assigns, the right to re-plat any one (1) or more Lots shown on the plat of any subdivision of the Property or Additional Property in order to create one or more modified Lots; to further subdivide tracts or Lots shown on any such subdivision plat into two or more Lots; to recombine one or more tracts or Lots or a tract and Lots to create a larger tract or Lot (any Lot resulting from such recombination shall be treated as one Lot for purposes of Assessments); to eliminate from this Declaration or any plats of the Townhome Community Lots that are not otherwise buildable or are needed or desired by Declarant for access or are needed or desired by Declarant for use as public or private roads or access areas, whether serving the Townhome Community or other property owned by the Declarant or others, or which are needed for the installation of utilities, Common Areas or amenities, and to take such steps as are reasonably necessary to make such re-platted Lots or tracts suitable and fit as a building site, access area, roadway or Common Areas.

SECTION 2. Amendment of Declaration by the Declarant. This Declaration may be amended without Lot Owner approval by the Declarant (or the Executive Board in the case of sub-paragraphs C., D., E., F., and G. hereof), as follows:

- A. In any respect during the Class B Control Period.
- B. To the extent this Declaration applies to Additional Property, including, but not limited to, amendments to add additional classes of Membership to the Association, to add, delete or alter Areas of Common Responsibility and to establish minimum square footages for built-upon areas and other standards for structures and lots.
- C. To correct any obvious error or inconsistency in drafting, typing or reproduction.
- D. To qualify the Association or the Property and Additional Property, or any portion thereof, for tax-exempt status.
- E. To incorporate or reflect any platting change as permitted by this Article or otherwise permitted herein.
- F. To conform this Declaration to the requirements of any law or governmental agency having legal jurisdiction over the Townhome Community or to qualify the Townhome Community or any Lots and improvements thereon for mortgage or improvement loans made, insured or guaranteed by a governmental agency or to comply with the requirements of law or regulations of any corporation or agency belonging to, sponsored by, or under the substantial control of the United States Government or the State of North Carolina, regarding purchase or sale of such Lots and

Townhomes, or mortgage interests therein, as well as any other law or regulation relating to the control of property, including, without limitation, ecological controls, stormwater regulations, construction standards, aesthetics, and matters affecting the public health, safety and general welfare. A letter from an official of any such corporation or agency, including, without limitation, the City of Wilmington, N.C., the North Carolina Department of Environment and Natural Resources, the Department of Veterans Affairs, U. S. Department of Housing and Urban Development, the Federal Home Loan Mortgage Corporation, Government National Mortgage Corporation, or the Federal National Mortgage Association, requesting or suggesting an amendment necessary to comply with the requirements of such corporation or agency shall be sufficient evidence of the approval of such corporation or agency, provided that the changes made substantially conform to such request or suggestion. Notwithstanding anything else herein to the contrary, only the Declarant, during the Class "B" Control Period, shall be entitled to amend this Declaration pursuant to this Section. Declarant may at anytime alter the maximum allowable built-upon area for any Lot at anytime before the Lot is conveyed by the Declarant.

G. To comply with the terms of the Master Declaration.

H. To add residential product lines to the Planned Community, other than the types owned by the Class A Members, such as condominiums, patio homes and apartments. Declarant may in its sole discretion (i) designate the Owners of such additional product lines as Class A Members or may create a new class of membership for such Owners and (ii) create additional types of Assessments applicable to such Owners.

SECTION 3. Annexation of Additional Property. Declarant may annex to and make a part of the Townhome Community any other real property, whether now owned or hereafter acquired by Declarant or others, and whether developed by the Declarant or others (the "Additional Property") without the assent of the Lot Owners so long as the Additional Property is used for residential purposes (including but not limited to multifamily, condominiums, townhomes (including Townhomes), patio homes, apartments, Common Areas, roads and other amenities related thereto). Declarant is not required to annex any land to the Planned Community.

SECTION 4. Sales Model/Parking. So long as the Declarant or its designee shall retain ownership of any Lot, it may utilize any such Lot for offices, models or other purposes relating to the development, construction, sale or rental of Lots and dwellings located solely within Townes At Summerwalk and/or Summerwalk. In addition, in connection with any of the above activities the Declarant and its agents shall have the right to park vehicles and materials on any street or within the right of way thereof. The Declarant may assign this limited commercial usage right to any other person or entities as it may choose. Developer may, at any time Developer owns any Lot, park vehicles and materials on any streets within the Planned Community.

SECTION 5. Transfer of Declarant Rights. Without limiting Declarants general authority to transfer its rights hereunder, the Declarant specifically reserves the right to transfer, without the approval of any Lot Owners, any Declarant rights contained herein to Townes at Summerwalk, LLC, or to any other Person who develops or builds homes in the Townhome Community. Upon such transfer, the transferee shall have all of the rights of the Declarant hereunder except to the extent any such rights are limited in the document of transfer or by the "Master Declaration".

ARTICLE VII.
LOTS SUBJECT TO DECLARATION/ENFORCEMENT

SECTION 1. Lots Subject to Declaration. The covenants and restrictions contained in this Declaration are for the purpose of protecting the value and desirability of the Townes at Summerwalk Community. All present and future Owners, tenants and occupants of Lots and their guests or invitees, shall be subject to, and shall comply with the provisions of the Declaration, and as the Declaration may be amended from time to time. The acceptance of a deed of conveyance or the entering into of a lease or the entering into occupancy of any Lot shall constitute an agreement that the provisions of the Declaration are accepted and ratified by such Owner, tenant or occupant. The covenants and restrictions of this Declaration shall run with and bind the land and shall bind any person having at any time any interest or estate in any Lot, their heirs, successors and assigns, as though such provisions were made a part of each and every deed of conveyance or lease, for a term of forty (40) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless an instrument signed by eighty (80%) of the then Lot Owners has been recorded within the year preceding any extension, agreeing to terminate this Declaration, in which case it shall terminate as of the date specified in such instrument. Nothing in this Section shall be construed to permit termination of any easement created in this Declaration without the consent of the holder of such easement.

SECTION 2. Enforcement and Remedies. The covenants and restrictions of this Declaration shall inure to the benefit of and be enforceable (by proceedings at law or in equity) by the Association, or the Owner of any Lot, their respective legal representatives, heirs, successors and assigns. In addition, the covenants and restrictions of this Declaration shall inure to the benefit of and be enforceable (by proceedings at law or in equity) by the Master Association, its respective legal representatives, successors, and assigns, as further provided in the Master Declaration. The Executive Board shall be entitled to enforce its Articles of Incorporation, Bylaws and Rules and Regulations. In addition to the remedies otherwise provided for herein concerning the collection of Assessments, the following remedies shall be available:

A. Association to Remedy Violation. In the event an Owner (or other occupant of a Lot) is in violation of or fails to perform any maintenance or other activities required by this Declaration, the Association's Bylaws, Charter or Rules and Regulations, the Executive Board, after 30-days notice, may enter upon the Lot and remedy the violation or perform the required maintenance or other activities, all at the expense of the Owner. The full amount of the cost of remedying the violation or performing such maintenance or other activities shall be chargeable to the Lot, including collection costs and reasonable attorneys' fees. Such amounts shall be due and payable within 30 days after Owner is billed. If not paid within said 30 day period, the amount thereof may immediately be added to and become a part of the Annual Assessment levied against said Owner's Lot. In the event that any maintenance activities are necessitated to any Common or Limited Common Areas by the willful act or active or passive negligence of any Owner, his family, guests, invitees or tenants, and the cost of such maintenance, repair or other activity is not fully covered by insurance, then, at the sole discretion of the Board of Directors, the cost of the same shall be the personal obligation of the Owner and if not paid to the Association upon demand, may immediately be added to and become a part of the Annual Assessment levied against said Owner's Lot.

B. Fines. The Association may in accordance with the procedures set forth in the Act establish a schedule of and collect fines for the violation of this Declaration or of the Association's Articles of Incorporation, Bylaws or Rules and Regulations. If an Owner does not pay the fine when due, the fine shall immediately become a part of and be added to the Annual Assessment against the Owner's Lot and may be enforced by the Association in accordance with the terms and requirements of the North Carolina Planned Community Act.

C. Suspension of Services and Privileges. The Association may in accordance with the procedures set forth in the Act suspend all services and privileges provided by the Association to an Owner (other than rights of access to Lots) for any period during which any Assessments against the Owner's lot remain unpaid for at least 30 days or for any period that the Owner or the Owner's Lot is otherwise in violation of this Declaration or the Association's Charter, Bylaws, or Rules and Regulations.

SECTION 3. Miscellaneous. Failure by the Association or by an Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. The remedies provided herein are cumulative and are in addition to any other remedies provided by law.

ARTICLE VIII. GENERAL PROVISIONS

SECTION 1. Stormwater Permit. The Master Association has agreed with Declarant to (i) own, operate, and maintain any stormwater retention ponds and related drainage facilities within the Townhome Community, and (ii) to cover the cost thereof

through Base and Special Assessments as defined in the Master Declaration. The Storm Water Permit for such facilities is issued by the City of Wilmington, N.C., to Summerwalk Development, LLC, the developer of Summerwalk referred to herein as the Master Declarant. The Master Declarant, pursuant to the Master Declaration or any amendment(s) thereto, has imposed and/or will impose certain restrictions and covenants on the Lots dealing with storm water, including but not limited to, the maximum amount of impervious structures that can be placed on each Lot. The Master Declarant has reserved, via the Master Declaration, the right to impose additional restrictions upon the Planned Community as and to the extent required by the terms of any stormwater permit applicable to the Townhome Community or any portion thereof issued by the City of Wilmington, N.C. The Master Declarant has further reserved the right, in its sole discretion, as municipal stormwater permits are modified, to recalculate and redesignate maximum built upon areas as set forth in the Master Declaration, as it may be amended or supplemented, provided such recalculations and redesignations are in accordance with state stormwater permits applicable to Summerwalk. In addition, if any property as finally constructed does not use its allocated built upon area, the Master Declarant shall have the sole right to reclaim such excess allotment and reallocate it to remaining properties in its sole discretion.

SECTION 2. Enforcement of City of Wilmington Stormwater Regulations.

The following covenants are intended to ensure ongoing compliance with the City of Wilmington Comprehensive Stormwater Management Permit Number 2016025 as issued by the City of Wilmington Department of Engineering.

1. The City of Wilmington is made a beneficiary of these covenants to the extent necessary to maintain compliance with the stormwater management permit.
2. These covenants are to run with the land and be binding on all persons and parties claiming under them.
3. The covenants pertaining to stormwater may not be altered or rescinded without the express written consent of the City of Wilmington, Engineering Division.
4. Alteration of the drainage as shown on the approved plan may not take place without the concurrence of the City of Wilmington, Engineering Division.
5. The maximum allowable built upon area per lot is as shown on Exhibit "A". This allotted amount includes any built-upon area constructed within the lot property boundaries, and that portion of the right of way between the front lot line and the edge of the pavement. Built upon area includes, but is not limited to, structures, asphalt, concrete, gravel, brick, stone, slate, coquina and pervious parking areas, but does not include raised, open wood decking, washed stone or the water surface of swimming pools. All use and maintenance of pervious parking areas shall be in accordance with the City of Wilmington Engineering standards.

6. All runoff from the built-upon areas on the lot must drain into the permitted system. This may be accomplished through a variety of means including roof drain gutters which drain to the street, grading the lot to drain toward the street, or grading perimeter swales to collect the lot runoff and directing them into a component of the stormwater collection system. Lots that will naturally drain into the system are not required to provide these additional measures.

SECTION 3. Identification. The areas shown on the record plats of Townes at Summerwalk and recorded in the New Hanover County Registry and identified as "Conservation Areas" shall be maintained in perpetuity in their natural condition.

SECTION 4. Prohibited Activities. No person or entity shall perform any of the following activities in the "Conservation Areas":

- (a) fill, grade, excavate or perform any other land disturbing activities.
- (b) cut, mow, burn, remove or harm any vegetation.
- (c) construct or place any roads, trails, walkways, buildings, mobile homes, signs, utility poles or towers, or any other structure permanent or temporary.
- (d) drain or otherwise disrupt or alter the hydrology or drainage ways of the conservation area.
- (e) dump or store soil, trash, or other waste.
- (f) graze or water animals, or use for any agricultural or horticultural purpose.

SECTION 5. Party Walls. Each wall which is built as a part of the original construction of any Townhome and placed on the dividing line between Lots shall constitute a party wall and the general rules of law in North Carolina and the applicable provisions of the Master Declaration regarding party walls and of liability for property damage due to negligence or willful acts or omissions shall apply thereto.

SECTION 6. Security. The Association may, but shall not be obligated to, maintain or support certain activities within the properties designed to make the properties safer than they otherwise might be. Neither the Association nor the Declarant (or any successor to Declarant) shall in any way be considered insurers or guarantors of security within the properties. Nor shall any of them be held liable for any loss or damage by reason of failure to provide adequate security or of ineffectiveness of security measures undertaken. Each person using the properties assumes all risks for loss or damage to persons, to units and to the contents of units resulting from acts of third parties.

SECTION 7. Maintenance. Each Lot Owner shall keep his Lot free from weeds, underbrush or refuse piles, or unsightly growth or objects. All structures shall be kept neat and in good condition and repair. All shrubs, trees, grass and plantings shall be kept neatly trimmed and properly cultivated. In the event that any maintenance activities are necessitated to any Common or Limited Common Areas including pervious parking surfaces by the willful act or active or passive negligence of any Owner, his family, guests, invitees or tenants, and the cost of such maintenance, repair or other activity is not fully covered by insurance, then, at the sole discretion of the Board of Directors of the Association, the cost of the same shall be the personal obligation of the Owner and if not paid to the Association upon demand, may be added to and become a part of the Annual Assessment levied against said Owner's Lot.

SECTION 8. Rights of Institutional Note Holders. Any institutional holder of a first lien on a Lot will, upon request, be entitled to (a) inspect the books and records of the Association during normal business hours, (b) receive an annual financial statement of the Association within ninety (90) days following the end of its fiscal year, (c) receive written notice of all meetings of the Association and right to designate a representative to attend all such meetings, (d) receive written notice of any condemnation or casualty loss that affects either a material portion of the Planned Community or the property securing its loan, (e) receive written notice of any sixty-day (60) delinquency in the payment of Assessments or charges owed by any Owner of any property which is security for the loan, (f) receive written notice of a lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association, (g) receive written notice of any proposed action that requires the consent of a specified percentage of mortgage holders, and (h) be furnished with a copy of any master insurance policy.

SECTION 9. Utility Service. Declarant reserves the right to subject the Property to contracts for the installation of utilities, cable TV and street lighting, which may require an initial payment and/or a continuing monthly payment by the Owner of each Lot. Each Lot Owner will be required to pay for any water connections, sewer connections, impact fees or any other charges imposed by any entity furnishing water, sewer or other utility service to the Lots. In the alternative, the Declarant may collect such connection, impact and other fees, and charges directly from the Lot Owners. All Lot Owners shall be required, for household purposes, to use water and sewer supplied by the companies/governmental units servicing the Planned Community. Separate water systems for outside irrigation and other outdoor uses shall not be permitted without the consent of the Architectural Control Committee in accordance with the Residential Design Standards for TOWNES AT SUMMERWALK.

SECTION 10. Severability. Invalidation of any one of these covenants 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. Amendment of Declaration. Except in cases of amendments that may be executed by the Declarant under this Declaration or by certain Lot Owners under Section 47F-2-118(b) of the Act, this Declaration may be amended by affirmative vote or written agreement signed by Owners of Lots to which at least sixty-seven percent (67%) of the votes in the Association are allocated, or by the Declarant if necessary for the exercise of any Special Declarant Right or development or other right reserved to the Declarant herein. Notwithstanding anything to the contrary herein, any and all amendments to the Declaration shall be subject to the prior written consent by the Master Declarant in accordance with the terms of the Master Declaration, including but not limited to Section 10.4 and Section 18.2 thereof.

SECTION 12. North Carolina Planned Community Act. It is the intent of the Declarant to comply with the requirements imposed on the Planned Community by the Act and to the extent any of the terms of this Declaration violate the Act, the terms of the Act shall control.

IN TESTIMONY WHEREOF, Declarant has caused this Declaration to be signed in its corporate name by its president pursuant to authority of Declarant's Board of Directors as of the day and year first above written.

SUMMERWALK DEVELOPMENT, LLC
By: [Signature]
Howard A. Penton, III, Manager

STATE OF NORTH CAROLINA
COUNTY OF NEW HANOVER

I, Elizabeth Downing, a Notary Public of said county do hereby certify that Howard A. Penton, III personally appeared before me this day and acknowledged that he is Manager of SUMMERWALK DEVELOPMENT, LLC, a North Carolina limited liability company, and that he as Manager, being authorized to do so, executed this instrument on behalf of the corporation in its capacity as a Manager of Summerwalk Development, LLC.

Witness my hand and official stamp or seal, this 19th day of October, 2017.

[Signature]
Notary Public

My Commission expires: 2-28-2021
(SEAL)

ELIZABETH DOWNING
Notary Public
New Hanover County, NC

Exhibit "A"

| SUMMERWALK LOT BUA ALLOCATIONS EXHIBIT A | | | | | | | | | |
|---|---------|-------|---------|-------|---------|-------|---------|-------|---------|
| LOT # | BUA/LOT | LOT # | BUA/LOT | LOT # | BUA/LOT | LOT # | BUA/LOT | LOT # | BUA/LOT |
| | | 26 | 823 | 51 | 828 | 76 | 820 | 101 | 823 |
| | | 27 | 821 | 52 | 800 | 77 | 793 | 102 | 794 |
| | | 28 | 794 | 53 | 826 | 78 | 821 | 103 | 820 |
| | | 29 | 820 | 54 | 800 | 79 | 794 | 104 | 794 |
| | | 30 | 796 | 55 | 830 | 80 | 820 | 105 | 822 |
| | | 31 | 821 | 56 | 1,048 | 81 | 794 | 106 | 788 |
| | | 32 | 794 | 57 | 959 | 82 | 820 | 107 | 820 |
| | | 33 | 820 | 58 | 918 | 83 | 792 | 108 | 794 |
| | | 34 | 794 | 59 | 834 | 84 | 828 | 109 | 821 |
| | | 35 | 823 | 60 | 850 | 85 | 800 | 110 | 796 |
| | | 36 | 836 | 61 | 817 | 86 | 826 | 111 | 820 |
| | | 37 | 808 | 62 | 844 | 87 | 800 | 112 | 794 |
| | | 38 | 834 | 63 | 820 | 88 | 827 | 113 | 819 |
| | | 39 | 810 | 64 | 845 | 89 | 800 | 114 | 823 |
| | | 40 | 836 | 65 | 817 | 90 | 828 | 115 | 794 |
| | | 41 | 808 | 66 | 844 | 91 | 800 | 116 | 820 |
| | | 42 | 834 | 67 | 818 | 92 | 826 | 117 | 794 |
| | | 43 | 808 | 68 | 853 | 93 | 800 | 118 | 821 |
| | | 44 | 838 | 69 | 789 | 94 | 827 | 119 | 823 |
| 20 | 821 | 45 | 836 | 70 | 817 | 95 | 799 | 120 | 794 |
| 21 | 794 | 46 | 808 | 71 | 795 | 96 | 823 | 121 | 820 |
| 22 | 820 | 47 | 834 | 72 | 821 | 97 | 794 | 122 | 794 |
| 23 | 789 | 48 | 808 | 73 | 794 | 98 | 820 | 123 | 821 |
| 24 | 815 | 49 | 834 | 74 | 820 | 99 | 794 | | |
| 25 | 794 | 50 | 805 | 75 | 794 | 100 | 821 | | |
| *BUA's for Townhome Units (20-123) includes a 75% Permeable Pavement Reduction for the driveways based on Class A & B Soils | | | | | | | | | |

The secondary allocation of impervious area is zero

TOWNES AT SUMMERWALK
INITIAL RESTRICTIONS AND REGULATIONS

The following restrictions and regulations shall apply to Townes at Summerwalk until such time as they are amended, modified, repealed or limited pursuant to Article III of the Declaration.

1. Townhomes restricted to residential use. All townhomes shall be restricted to non-commercial residential purposes only. Leasing of a townhome shall not be considered a commercial use within the meaning of this paragraph.
2. Leasing of Townhomes. All Leases shall be in writing and shall have a minimum term of one year, and must be for the entire townhome. No room rental is allowed. The lease must state that it is subject to the terms of the Declaration and the Restrictions and Regulations contained therein, and a copy of the same shall be provided to each tenant. The lease must limit the occupancy of the Townhome to three (3) residents, all of whom must be named as tenants unless the townhome is leased to a family consisting of a parent(s) and children, in which event the limitation of three occupants is waived. An executed copy of the Lease, with a copy of the Declaration attached, signed and dated by both the owner and tenant must be provided by the Townhome owner to the Board of Directors of the Owners' Association within ten (10) days of execution. No assignment or subleasing of a Townhome is allowed. No transfer and assumption of the Lease by a new tenant is allowed without the written approval of the Board. Timeshare, fraction share, overnight internet-based rental or similar programs are not permissible.
3. Nuisances. No noxious or offensive activity shall be carried on upon any lot or within any townhome, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood. Parties and other gatherings creating a disturbance on the Lot or the playing of loud music within the townhome shall be considered a nuisance. All garage doors are to remain closed except when entering or leaving the property. The garage is not to remain open and be used as a gathering place. No musical instruments, audible to occupants of other townhomes, are to be used in any unit.
4. Vehicles. No resident may repair any vehicle, motorcycle, boat motor or any other type of motor on or in any road or common area. No dirt bike, ATV, or other unregistered or off-road vehicle may be driven or parked on any lot, street, or common area. Townes at Summerwalk Owners' Association shall have the right to have all such vehicles towed at the owner's expense without notice.

5. Parking on Streets Prohibited. Residents shall park in their driveway or in the garage. No parking within the street is allowed for temporary short term parking by guests of a resident. No parking is permitted on any street in the Townes at Summerwalk neighborhood at any time and violators will be towed at their expense without notice. However, construction, service and delivery vehicles shall be exempt from this provision during daylight hours for such period of time as is reasonably necessary to provide service or to make a delivery to a Townhome.

6. Townhome Parking. A townhome lot will allow at a minimum for the parking of three (3) vehicles as follows: (i) one full size space in the attached garage; (ii) one full size space in the driveway, and (iii) one space for a compact size vehicle in the Limited Common Area. In townhomes which are constructed to accommodate 2 vehicles in the garage then four (4) vehicles shall be the maximum allowed. No portion of any parked vehicle may extend over the curb of the adjoining street and in no event shall any vehicle be parked over or in a landscaped flower bed. The Master Association may allocate additional parking spaces for offsite parking for guests of owners or Tenants; (iv) No boat, camper, trailer, motorhome, or similar type vehicle shall be permitted to remain in a townhome outdoor parking space at any time, but must at all times be parked in the attached garage.

7. Trash Containers. Trash cans are only allowed to be visible on pick-up days, all other times they must be kept out of sight. Trash cans must be stored so they do not cause an unsightly view from any of the streets within Townes at Summerwalk. All trash is to be placed in the containers and not in the Common Areas of the community.

8. Animals. Only dogs, cats, or other household pets, not considered to be a dangerous breed at the sole discretion of the board, may be kept and maintained within a townhome provided they are not kept or maintained for commercial purposes. Pets must be properly leashed and under direct control of the owner and shall not be allowed to become a nuisance or a menace to the neighborhood. Any pet allowed to run free through the neighborhood will be reported to and picked up by New Hanover Animal Control. Owners of pets must immediately pick up any pet waste when walking the pet through the neighborhood, and visibly display a means of pet waste removal at all times.

(a) In the event any dog kept or maintained within a townhome barks excessively, continuously, or in a manner that constitutes a nuisance, the Board may require the owner to employ a collar or other device to reduce or control such excessive barking (provided that such action shall in no event limit any other rights or remedies for such situation that may be available to the Board or to any other party at law or in equity).

(b) All pets must be registered, licensed and inoculated as required by the City of Wilmington and State of North Carolina.

9. Outside Furniture. No lawn or beach furniture, charcoal or gas grills, bicycles, folding chairs, children's play equipment or toys, strollers, coolers, cleaning or gardening equipment or tools may be stored or displayed in the open common areas, porches, patios, or driveway. Grills may be kept on rear patios or rear yards only. Outdoor furniture will only be allowed on the elevated wooden decks. All water hoses and watering devices will need to be placed up and out of the common area when not in use.
10. Signs Prohibited. No "For Sale", "For Rent" or "For Lease" advertising or marketing signs or brochure distribution devices shall be permitted on any lot, residence, fence, or common area. However, lock boxes are permitted.
11. Temporary Structures. No structure of a temporary character, trailer, tent, shack, barn or any other outbuilding shall be maintained on any lot at any time.
12. Sports Equipment. Trampolines are prohibited in Townes at Summerwalk. All sports equipment, soccer goals, temporary basketball goals, baseball practice equipment, hockey equipment, etc., should be put away when not in use. When not in use equipment should be stored so it is not visible from the street or any roadway in the community.
13. Exterior Lights. All light bulbs or other lights installed in any fixture located on the exterior of the townhome shall be clear, white or non-frost lights or bulbs. All holiday lighting must be in good taste and may only be displayed between November 20th and January 7th of the following year.
14. Exterior Changes. The Board of Directors must first approve any change to the exterior of or modification to your townhome, including but not limited to awnings, flags, sunshades, exterior surface and fence. Requests should be submitted to the Management Company for submission to the Board.
15. Wetlands Preservation Area. No person or entity shall perform any of the following activities in the Wetlands Preservation areas;
 - Fill, grade, excavate or perform any other land disturbing activities;
 - Cut, mow, burn, remove or harm any vegetation;
 - Construct or place any roads, trails, building, mobile homes, utility poles or towers, or any other permanent or temporary structure other than elevated walkways by prior approval from Unites States Army Corp of Engineers;
 - Drain or otherwise disrupt or alter the hydrology or drainage ways of the Wetlands Preservation Areas;

- Dump or store soil, trash or other waste;
- Graze or water animals or use for any agricultural or horticultural purpose.

16. Yard / Garage Sales. Yard/Garage sales are strictly prohibited in the Townes at Summerwalk neighborhood.
17. Smoking in Common Areas. Due to the potential fire hazard and the negative effect on property values, Townes at Summerwalk Owners Association will impose an automatic \$100.00 fine for cigarette butts thrown in and around the Common and Limited Common Areas.
18. Outdoor Cooking. Open-flame cooking devices on the elevated wooden decks that extend out from the rear of the Townhome shall not be permitted unless they qualify as permitted exceptions under Section 308.1.4 of the North Carolina Fire Code, and:
- A. LP-gas cooking devices having LP-gas container with a water capacity not greater than 2 ½ pounds [nominal 1 pound (0.454kg) LP-gas capacity].
- B. When the cooking device is surrounded on all sides adjacent to the building, railing, privacy screening and decking underneath with a ½” thick Durarock or equivalent cement board.
19. House Guest. A house guest shall be deemed to be any occupant of a Townhome that is not an owner or a signatory to a Lease. House guests shall be permitted for up to seven (7) consecutive days in any one month period. House guests may use the Community Pool but they must either be in the company of an Owner or Tenant or have an approved tag or house key at all times when using the pool.
20. Garage Conversion. Conversion of any garage to finished space for use as an apartment or other integral part of the living area of a Townhome is not permitted unless (i) the Townhome is a convertible Unit with a full depth garage, (ii) a portion may be modified with a proper building permit that leaves a remaining area of the garage sufficient to accommodate a single vehicle, and (iii) the Owners’ Association gives prior written approval.
21. Storage of Fuels. On site storage of fuels is prohibited except that a reasonable amount of fuel may be stored within each garage for emergency purposes and operation of lawn mowers and similar tools.
22. Satellite Dishes. Satellite Dishes must be approved by the Board prior to installation and are subject to the following conditions:

A. Said approval will specify location, installation methods and proper securing, and instructions must be strictly adhered to;

B. Any Dish installed prior to the explicit written approval of the Board, or in a manner which is noncompliant to Board's prior written approval, shall be immediately removed by the Board at the expense of the Unit Owner;

C. Satellite Dishes are limited in size to 24' or less in diameter, and may not be attached in any way to the roof or exterior of a Townhome and/or deck.

23. Flags. Garden flags or yard flags will only be permitted if within the size limits set by the Board.

24. Hot Tubs. Hot tubs and outdoor Saunas are prohibited.

TAMMY THEUSCH
BEASLEY
Register of Deeds

New Hanover County Register of Deeds

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



State of North Carolina, County of NEW HANOVER
Filed For Registration: 11/02/2017 09:34:27 AM
Book: RB 6099 Page: 2879-2910
32 PGS \$90.00
Real Property \$90.00
Recorder: STEPHANIE PEREZ
Document No: 2017035626

DO NOT REMOVE!

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