

FOR REGISTRATION
Sharon A. Davis
REGISTER OF DEEDS
Durham County, NC
2018 Sep 26 11:47:29 AM
BK:8514 PG:943-970
DECLARATION
FEE: \$78.00
INSTRUMENT # 2018033759



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**DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR ELEVEN**

DURHAM COUNTY
NORTH CAROLNA

DECLARATION OF COVENANTS,
CONDITIONS, AND RESTRICTIONS FOR ELEVEN

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS (hereinafter "DECLARATION") made on the date hereinafter set forth by 524 Partners LLC, a North Carolina limited liability company with is principal office located in Raleigh, Wake County, North Carolina, hereinafter referred to as "Declarant."

WITNESSETH:

WHEREAS, Declarant is the owner of certain property in or near the City of Durham, County of Durham, State of North Carolina more particularly described in the maps of survey recorded at Plat Book 199, Pages 306-307, Durham County Registry; and

WHEREAS, ELEVEN is a development consisting of eleven (11) townhome lots; and

WHEREAS, Declarant will convey said property subject to certain protective covenants, conditions and restrictions as hereinafter set forth; and

WHEREAS, the members of the Eleven Townhomes Owners Association Inc. shall be responsible for paying the Common Expenses as provided below; and

NOW, THEREFORE, Declarant hereby declares that all of the property described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with, the real

property and be binding on all parties having any right, title or interest in the described property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I DEFINITIONS

Section 1. "Amenities" shall mean any facilities constructed, erected or installed on the Property for the use, benefit and enjoyment of Members.

Section 2. "Association" shall mean and refer to Eleven Townhomes Owners Association Inc., a North Carolina Non-Profit Corporation, its successors and assigns.

Section 3. "Board" or "Board of Directors" shall mean those persons elected or appointed and acting collectively as the Directors of the Association.

Section 4. "Building" shall mean and refer to any structure containing townhomes constructed or erected on the Property.

Section 5. "Common Area" shall mean all real property together with all amenities, equipment, fixtures and personal property located thereon owned by the Association for the common use and enjoyment of the Owners or members or designated classes of members of the Association, including but not limited to Limited Common Areas and private streets, drives, walkways, parking areas, stormwater management facility, sewer lines and water lines located outside any public street, as may be designated on any subdivision map of the Property or by the Association. The Common Area to be owned by the Association at the time of the conveyance of the first Lot is all of that Property other than the Lots.

Section 6. "Common Expenses" shall mean and include:

- a) All sums lawfully assessed by the Association against its members;
- b) Expenses for maintenance of the townhomes as provided in this Declaration;
- c) Expenses of administration, maintenance, repair, or replacement of the Common Area and all improvements and amenities located thereon, including but not limited to the stormwater management facility further described in Article XIII herein below;
- d) Expenses declared to be Common Expenses by the provisions of this Declaration or the Bylaws;
- e) Hazard, liability, or such other insurance premium as the Declaration or the bylaws may require the Association to purchase, or as the Association may deem appropriate to purchase;
- f) Ad valorem taxes and governmental assessments levied against

Common Area owned by the Association; and

- g) Any other expenses determined by the Board or approved by the members to be Common Expenses of the Association.

Section 7. "Declarant" shall mean and refer to 524 Partners LLC, its successors and assigns, to whom the rights of Declarant hereunder may be expressly transferred, in whole or in part, and subject to such terms and conditions as Declarant may impose.

Section 8. "Living Unit" or "Townhome" shall mean and refer to any Lot on which a dwelling unit has been fully constructed and made ready for occupancy as a residence for which a Certificate of Occupancy has been issued, and owned by anyone other than the original builder thereof unless occupied as a residence.

Section 9. "Lot" shall mean and refer to any townhome lot subdivided from a tract of land shown upon any recorded subdivision map of the Property; as such maps may be from time to time amended. The entire Property of ELEVEN shall be comprised of Lots which shall be owned in fee simple by Lot Owners plus Common Areas which are not Lots and which shall be owned by the Association.

Section 10. "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 11. "Owner" or "Lot Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 12. "Person" shall mean and refer to any individual, corporation, partnership, association, trustee or other legal entity.

Section 13. "Property" shall mean and refer to that certain real property hereinbefore described at Plat Book 199, Pages 306-307, Durham County Registry, and such additions thereto as may hereafter be brought within the jurisdiction of the Association as this Declaration may provide.

Section 14. "Primary Dwelling Unit" shall mean the larger dwelling unit within a Living Unit or Townhome. Within Townhomes 1 and 11, the Primary Dwelling unit consists of everything outside of the space labeled "Accessory Apartment" on the plans. Within Townhomes 2-10, the Primary Dwelling Unit consists of everything except the ground floor interior spaces which may or may not be explicitly arranged with separate rooms and access.

Section 15. "Accessory Dwelling Unit" shall mean the smaller dwelling unit within a Living Unit or Townhome. Within Townhomes 1 and 11, the Accessory Dwelling Unit is labeled "Accessory Apartment" on the plans. Within Townhomes 2-10, the Accessory Dwelling Unit consists of the ground floor

interior spaces which may or may not be explicitly arranged with separate rooms and access.

ARTICLE II PROPERTY RIGHTS

Section 1. Owners' Rights. Every Owner shall have a right and easement of use and enjoyment in and to the Common Area, together with and including the right of access, ingress and egress, both pedestrian and vehicular, on and over the private streets, drives, walkways and parking areas all as depicted on plats and plans entitled ELEVEN Townhomes and recorded in Plat Book 199, Pages ~~306-307~~ Durham County Registry, which shall be appurtenant to and shall pass with the title to every Lot, subject to the rights of the Association specified in this Declaration or the Bylaws of Eleven Townhomes Owners Association Inc., or as permitted by federal, state and local laws, statutes or ordinances.

Section 2. Parking Rights. The Association shall regulate the parking of automobiles and may prohibit the parking of bicycles, boats, trailers, campers, motorhomes, trucks, tractors or commercial vehicles on the Property or on the right of way of any streets adjoining the Property by any Lot Owner, its family members, tenants, guests or contract purchasers, except as may be permitted by the Association or when such is parked in a closed garage. The repair or extraordinary maintenance for automobiles or other vehicles on Common Area is prohibited.

Section 3. TV Antennas. The Association may regulate the erection of television, radio or other antennas, dishes or disks on individual townhomes or on the Property.

ARTICLE III MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Every record Owner of a Lot, which is subject to assessment, shall be a member of the Association. Membership shall be appurtenant to, and may not be separated from, ownership of any Lot, which is subject to assessment.

Section 2. Classes of Members. There shall be only one class of members in the Association.

Section 3. Voting Rights. The right of any member to vote may be suspended by the Board of Directors for just cause pursuant to its rules and regulations in the Articles and Bylaws of the Association and according to the provisions of this Declaration.

ARTICLE IV COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Property, hereby covenants, and each

Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges which are Common Expenses, and (2) special assessments for extraordinary maintenance and capital improvements, and (3) special assessments for purchase and reconstruction of townhomes as hereinafter defined. The annual and special assessments, together with interest and costs, and reasonable attorney's fees for collection, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is 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 the delinquent assessments shall not pass to their successors in title unless expressly assumed by them.

The Association shall also have the authority, through the Board of Directors to establish, fix and levy a special assessment on any Lot to secure the liability of the Owner thereof to the Association arising from breach by such Owner of any of the provisions of this Declaration which breach shall require the expenditure of time and money or both, by the Association for repair or remedy.

Each Owner covenants for their self, their heirs, successors and assigns, to pay each assessment levied by the Association on the Lot described in such conveyance to them within ten (10) days of the due date as established by the Board and further covenants that if said assessment shall not be paid within thirty (30) days of the due date, the amount of such assessment shall be in default and become a lien upon said Owners' Lot as provided herein and shall continue to be such lien until fully paid.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the paying of Common Expenses to promote the recreation, health, safety, and welfare of the residents of the Property and in particular, but not limited to, for the exterior maintenance of the Buildings and Lots, the procurement and maintenance of insurance in accordance with the Declaration and Bylaws or as deemed appropriate by the Board, the employment of counsel, accountants and other professionals for the Association when necessary, maintenance of the stormwater management facility as more particularly described in Article XIII, and such other needs as may arise. The assessments shall not cover any charges due to be paid to associations to which the Association is subordinate. Nothing contained herein shall restrict the Association from joining together with adjacent associations to share common costs.

Section 3. Amount of Assessment.

- a) Initial Maximum Assessment. Prior to December 31, 2019, the maximum monthly assessment shall not exceed \$200 for Townhome 1, \$160 for Townhomes 2-10, and \$240 for Townhome 11.
- b) Increase by Association. From and after December 31, 2019, the

assessment effective for any month may be increased from and after January 1 of the succeeding year by the Board of Directors, without a vote of the membership, by a percentage which may not exceed the greater of ten percent (10%) or the percentage increase reflected in the U.S. City Average, Consumer Price Index - United States and selected areas for urban wage earners and clerical workers, all items most recent index and percentage changes from selected dates. (published by the U.S. Bureau of Labor Statistics, United States Department of Labor Washington, D.C.), or such other Index as may succeed the consumer Price Index, for that twelve-month period ending the immediately preceding October 1.

- c) Increase by Members. From and after December 31, 2019, the monthly assessment may be increased by a percentage greater than permitted by this Article by an affirmative vote of two-thirds (2/3) of each class of members who are voting in person or by proxy, at a meeting duly called for such purpose. The limitations herein set forth shall not apply to any increase in assessments undertaken as an incident to a merger or consolidation in which the Association is authorized to participate under its Articles of Incorporation.
- d) Criteria for Establishing Monthly Assessment. In establishing the monthly assessment for any assessment year, the Board of Directors shall consider all current costs and expenses of the Association, any accrued debts, and reserves for future needs, but it may not fix the annual assessment in an amount in excess of ten percent (10%) or the sums derived by application of the Consumer Price Index formula provided in Subsection (b) without the consent of members required by Subsection (c) of this Section 3.
- e) The Board of Directors may fix the monthly assessment at an amount not in excess of the maximum.
- f) Differential Assessments. Since every unit is not the same size, nor has the same size lot or area of exterior wall surface, the Association may allocate the assessments of the larger units at an increased rate.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any extraordinary maintenance in connection with exterior maintenance, including fixtures and personal property related thereto and any property for which the Association is responsible, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose, except that the Board without a vote by the Members may approve one special assessment every year not to exceed \$400.00 per Member.

Section 5. Replacement Reserve. Out of the Common Expenses assessment, the Board shall create and maintain a reserve fund for the periodic maintenance, repair, and replacement of improvements to the Buildings.

Section 6. Notice and Quorum for Any Action Authorized Under Section 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under this Article shall be sent to all members not less than 10 days nor more than 60 days in advance of the meeting. At the first such meeting called, the presence of members or proxies entitled to cast ten percent (10%) of all votes shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

Section 7. Uniform Rate of Special Assessment. Special assessments must be fixed at a uniform rate for all Lots.

Section 8. Date of Commencement of Monthly Assessments; Due Dates. The monthly assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance of the first Lot from the Declarant to the Owner. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge if it deems appropriate, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of the issuance.

With the exception of Lots that it owns on which the Inspections Department of the City/County of Durham has previously issued a Certificate of Occupancy, the Declarant shall pay no monthly assessment for any Lots it owns. For any such Lots owned by the Declarant on which a Certificate of Occupancy has been previously issued, the monthly assessment payable on each such Lot shall commence on the first day of the month following receipt of the Certificate of Occupancy on such Lot.

Section 9. Two Months Working Capital. In addition to the regular assessments to be charged and paid hereunder, each new Lot Owner shall, at the time of conveyance of each Lot pay to the Association a sum equal to two (2) months assessment on that Lot as additional working capital of the Association. These amounts need not be segregated but may be commingled with regular assessment funds.

Section 10. Effect of Nonpayment of Assessments; Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall be delinquent, in default and may bear interest at a rate not to exceed 18% per annum. The Association may bring an action at law against the Owner personally obligated to pay the same plus interest, costs, late payment charges and reasonable attorneys' fees, or foreclose the lien against the Lot. No owner

may waive or otherwise escape liability for the assessments provided for herein by abandonment of the Lot.

The lien herein granted unto the Association shall be enforceable pursuant to Article 2A of Chapter 45 of the General Statutes from and after the time of recording a Claim of Lien in the Office of the Clerk of Superior Court in the County in which the Property is located in the manner provided therefore by Article 8 of Chapter 44 of the North Carolina General Statutes, which claim shall state the description of the Lot encumbered thereby, the name of the record owner, the amount due and date when due. The claim of lien shall be recordable any time after thirty (30) days after the due date of the assessment or any installment thereof and the lien shall continue in effect until all sums secured by said lien as herein provided shall have been fully paid. Such claims of lien shall include all assessments which are due and payable when the claim of lien is recorded, plus interest, costs, reasonable attorneys' fees, advances to pay taxes and prior encumbrances and interest thereon, all as above provided. Such claims of lien shall be signed by an officer or agent of the Association. Upon full payment of all sums secured by such claim of lien, the same shall be satisfied of record.

Section 11. Subordination of the Lien to Mortgages and Ad Valorem Taxes. The lien of the assessments provided for herein shall be subordinate to the lien of any institutional first mortgage and ad valorem taxes on said Lot. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to such mortgage or tax foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 12. Exempt Property. Any portion of the Property dedicated to, and accepted by, a local public authority and any portion of the Property owned by a charitable or non-profit organization exempt from taxation by the laws of the State of North Carolina shall be exempt from the assessment created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

Section 13. Foreclosure of liens for unpaid Common Expenses. In any action brought by the Board to foreclose on a Lot because of unpaid Common Expenses, the Lot Owner shall be required to pay a reasonable rental for the use of the Lot, and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same. The Board, acting on behalf of all Lot Owners, or on behalf of any one or more individual Lot Owners, if so instructed, shall have the power to purchase such Lot at the foreclosure sale and to acquire, hold, lease, mortgage, convey, or otherwise deal with the same, subject, however, to applicable restrictions of record. A suit to recover money judgment for unpaid Common Expenses may be maintainable without foreclosing or waiving the lien securing the same.

ARTICLE V PARTY WALLS

Section 1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the townhomes upon the Property and placed on the dividing line between the Lots and all reconstruction or extensions of such walls shall constitute party walls, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls, lateral support in below-ground construction and of liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 2. Sharing of Repairs and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

Section 3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section 4. Easement to Adjoining Lot. The Owner of any Lot may construct, maintain, reconstruct, repair, or extend a party wall in any direction (subject to and within the limitations of architectural control and other limitation of these Covenants) with the right to go upon the adjoining Lot to the extent reasonably necessary to perform such construction or maintenance. Such construction shall be done expeditiously. Upon completion of such construction, such Owner shall restore the adjoining Lot to as near the same condition which prevailed on it before the commencement of such construction as is reasonably practicable.

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

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

Section 7. Certification by Adjoining Property Owner That No Contribution is Due. If any Owner desires to sell their property, they may, in order to assure a prospective purchaser that no adjoining Owner has a right of contribution as provided in this Article V, request of the adjoining Owner a certificate that no contribution exists, whereupon it shall be the duty of each adjoining Owner to make such certification immediately upon request without charge; provided, however, that where the adjoining Lot Owner claims a right of contribution, the certification shall contain a recital of the amount claimed.

Section 8. Arbitration. In the event of any dispute arising concerning a party wall or under the provisions of this Article, such dispute shall be settled

by arbitration as provided by the laws of North Carolina, relating to arbitration as then existing.

ARTICLE VI ARCHITECTURAL CONTROL

Section 1. Architectural Review Board. The Board shall appoint the Architectural Review Board of Eleven ("ARB") to be comprised of exactly 3 Association Members, notwithstanding its name.

Section 2. Approval of Improvements. No site preparation (including, but not limited to, grading, elevation work, sloping or tree work) or initial construction, erection or installation of any improvements, including but not limited to, building, fences, signs, walls, screens, plantings or other structure shall be commenced, erected, placed, altered or maintained upon the Property or any Lot, nor shall any exterior addition to, or change, or alteration therein be made to any improvement by any Owner, other than Declarant, until the plans and specifications showing the nature, kind, shape, height, materials, exterior design, colors, siding, location and elevations of the proposed improvements shall have been submitted to, and approved in writing, as to harmony of external design and location in relation to surrounding structures and topography by the ARB. In this connection, the construction or planting of fences, walls, screens, and other structures will not be permitted if in the opinion of the ARB, such construction or planting constitutes an unreasonable obstruction of the view of another Owner. In the event the ARB fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required; and this Article will be deemed to have been fully complied with; provided that plans and specifications that contain inaccurate or missing data or information when submitted shall not be deemed to be approved notwithstanding the foregoing.

Section 3. Plan Refusal. Refusal of approval of such plans, location or specifications may be based upon any grounds, including purely aesthetic and environmental, that in the sole discretion of the ARB, it shall deem sufficient. The Association shall not be responsible for any defects in the plans and specifications submitted to it or in any structure erected according to such plans and specifications.

Section 4. Inspections. The Association or its agents shall have the right, at its election, but shall not be required, to enter upon any of the Property during site preparation or construction, erection, or installation of improvements to inspect the work being undertaken and to determine that such work is being performed in conformity with the approved plans and specifications and in a good and workmanlike manner, utilizing approved methods and good quality materials.

Section 5. Independent Review. The Declarant also reserves to itself the right of independent review and approval of all matters noted above which should come before the ARB for consideration.

ARTICLE VII EXTERIOR MAINTENANCE

Section 1. Exterior Maintenance by Association. The Association shall provide exterior maintenance upon each Building and Living Unit which is subject to assessment hereunder, as follows: paint, repair, replace and care for roofs, gutters, downspouts, awnings, exterior building surfaces, forecourts, planters, trees, shrubs (excluding those installed by an Owner), grass, walks, mailboxes, fences installed by Declarant or the Association, exterior post lights (excluding electricity therefor) installed by Declarant or the Association, and other exterior improvements. Such exterior maintenance shall not include gas grill repair or replacement glass surfaces, or screens for windows and doors, or any improvements contained within courtyards or areas secured by the owner or the repair or reconstruction of any improvements on any lot, the cost of which repair or reconstruction would be covered by casualty insurance, whether or not a policy of casualty insurance is in effect. Further, the Owner of any lot may at their election plant trees, shrubs, flowers and grass in their courtyard and shall also maintain their courtyard provided that such maintenance by the Owner does not hinder the Association in performing its maintenance of the exterior of the dwelling and the remaining yard spaces. No such maintenance by a Lot Owner shall reduce the assessment payable by them to the Association. If, in the opinion of the Association any such Owner fails to maintain their courtyard in a neat and orderly manner, the Association may revoke the Owner's maintenance rights for a period not to exceed one year and the Association shall perform maintenance during the revocation period at the expense of the Owner. The Owner shall not plant any vegetation outside their courtyard except with the prior written approval of the Association. The Association shall have responsibility for the landscape design, planting, and maintenance of the forecourt planters along N. Mangum Street, as these facilities contribute to the most visible face of the Association and Property to the public.

Section 2. Mailbox Maintenance. The Association shall have the responsibility for maintaining the US Postal Service mail pedestal.

Section 3. Damage by Owner. In the event that the need for exterior maintenance or repair is caused through the willful or negligent act of the Owner, their family, tenants, guests, contractors, invitees, or contract purchasers, the cost of such maintenance or repairs shall be added to, and become a part of, the assessment to which such Lot is subject.

Section 4. Inspection Rights Reserved. In order to enable the Association to accomplish the foregoing, there is hereby reserved to the Association, its agents, employees or contractors, the right to unobstructed access over and upon each Lot or Living Unit at all reasonable times for inspection and to perform maintenance as provided in this Article.

Section 5. Casualty Loss Not Included. Maintenance and repairs under this Article arise from normal usage and weathering and do not include maintenance and repairs made necessary by fire or other casualty or damage.

ARTICLE VIII USE RESTRICTIONS

Section 1. Rules and Regulations. The Board of Directors of the Association shall have the power to formulate, amend, publish and enforce reasonable rules and regulations concerning the use and enjoyment of the courtyard of each Lot. Such rules and regulations may provide for imposition of fines or penalties for the violation thereof, or for the violation of any of the covenants and conditions contained in this Declaration.

Section 2. Use of Property. Except as provided in Section 8 below, no portion of the Property (except for any temporary office of the Declarant and/or any model townhomes used by Declarant) shall be used except for residential purposes and for purposes incidental or accessory thereto. Except as restricted elsewhere in this Article VIII, Common Area is private open space that allows for light, air, wildlife habitat, scenic and recreational use, and enhancement of the privacy and general appearance of the Property.

Section 3. Quiet Enjoyment. No obnoxious or offensive activity shall be carried on upon the Property, nor shall anything be done which may be, or may become, a nuisance or annoyance to the neighborhood.

Section 4. Animals. No animals, livestock or poultry of any kind shall be kept or maintained on any Lot or in any dwelling except that dogs, cats or other household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes and are controlled in accordance with applicable governmental ordinances and are not a nuisance to other Owners.

Section 5. Insurance. Nothing shall be kept, and no activity shall be conducted on the Property, which will increase the rate of insurance, applicable to residential use, for the Property or the contents thereof. No Owner shall do or keep anything, nor cause or allow anything to be done or kept, in a townhome which will result in the cancellation of insurance on any portion of the Property, or the contents thereof, or which will be in violation of any law, ordinance, or regulation.

Section 6. Offensive Behavior. No immoral, improper, offensive, or unlawful use shall be made of the Property, or any part thereof, and all valid laws, ordinances and regulations of all governmental agencies having jurisdiction thereof shall be observed. All laws, orders, rules, regulations, or requirements of any governmental agency having jurisdiction thereof, relating to any portion of the Property, shall be complied with, by and at the sole expense of the Owner or the Association, whichever shall have the obligation to maintain or repair such portion of the Property.

Section 7. Structural Integrity. Nothing shall be done in or to any Building which will impair the structural integrity of any building which would impair or alter the exterior of any Building or portion thereof, except in the manner provided in this Declaration.

Section 8. Business. Except for "Home Occupations" as defined and regulated by the Durham Uniform Development Ordinance, no industry, business, trade, occupation, or profession of any kind, whether commercial or otherwise, shall be conducted, maintained, or permitted on any part of the Property, except that the Declarant or its agents may use any unsold townhome for sales or display purposes. Where the provisions of "Home Occupations" conflict with the provisions of this Declaration, the provisions of this Declaration shall apply.

Section 9. Signs. No owner shall display, or cause or allow to be displayed, to public view any sign, placard, poster, billboard, or identifying name or number upon any Building or Lot, except as allowed by the Association pursuant to its Bylaws or regulations or as required by local governmental authority; provided, however, that the Declarant and any mortgagee who may become the Owner of any Lot, or their respective agents, may place "For Sale" or "For Rent" signs on any unsold or unoccupied townhomes or Lot provided, however, that during the development of the Property and the marketing of townhomes, the Declarant may maintain a sales office and may erect and display such signs as the Declarant deems appropriate as aids to such development and marketing, provided that such signs do not violate any applicable laws.

Section 10. Waste. No Lot shall be used or maintained as a dumping ground for rubbish, trash or garbage. Waste of any nature shall not be kept on any part of the Property except on a temporary basis in sanitary containers.

Section 11. Boats and Campers. Neither a motorboat, houseboat or other similar water-borne vehicle nor any "camper" vehicle may be maintained, stored or kept on any portion of the Property, except on a temporary basis as may be approved by the Board or inside a closed garage.

Section 12. Garbage Disposal. All garbage shall be stored within designated rollaway carts, which shall be kept within the niches immediately adjacent to each garage door. All rollaway carts are owned and maintained by the Association, and are not assigned to a particular Owner, but rather shared by all Owners. No Owner may change or supplement the garbage disposal facilities provided for such owner's residence, unless the ARB or the Board of Directors shall first approve in writing the change or addition to the method of storage. It is provided, however, that if the public health authorities, or other public agencies, shall require a specific method of garbage disposal, nothing herein contained shall prevent the compliance by Owners with obligatory public rules and regulations.

Section 13. Clothes Drying. No drying or airing of any clothing or bedding shall be permitted outdoors on any Lot or in any other enclosed area (including courtyards and decks) within the Property.

Section 14. Yard Sales. No yard sale shall be conducted upon the Property at any time whatsoever.

Section 15. Attachments. No permanent attachments of any kind or character whatsoever (including, but not limited to, television and radio antennas) shall be made to the roof or exterior walls of any residence on a Lot, unless such attachments shall have been first submitted to and approved by the ARB.

Section 16. Disabled Vehicles. Any disabled, unlicensed or inoperable motorized vehicle must be stored in a closed garage.

Section 17. Long-Term Leases. Long-term leases shall be permitted for periods of (6) months or more. Either or both the primary dwelling unit and accessory dwelling unit may be leased long-term, separately or together. Subleases are not allowed. Every lease must be directly between the Owner and its tenant. Such lease shall be in writing on either pre-printed forms prepared by the NC Board of Realtors or on other such forms approved by the Association. Any owner who leases their townhome shall, promptly following the execution of any such lease, forward a conformed copy thereof to the Association. Each such lease shall contain a provision to the effect that the rights of the tenant to use and occupy the townhome shall be subject and subordinate in all respects to the provisions of this Declaration, to the Association's Bylaws, and to such rules and regulations relating to use of the townhomes as the Board of Directors may from time to time promulgate. Every lease shall contain a provision that failure of the tenant to comply with the terms of this Declaration and the Association's Bylaws and rules and regulations shall constitute an act of default under the lease. The provisions of this subsection shall not apply to any institutional mortgagee of any townhome who comes into possession of the townhome as a result of a foreclosure sale or as a result of any proceeding in lieu of foreclosure.

Section 18. Short-Term Leases: Short term leases shall be permitted provided that the Owner is occupying the Living Unit as their legal primary residence for a majority of the year. Either the primary dwelling unit or the accessory dwelling unit may be leased short-term, but not both at the same time. Subleases are not allowed. Every lease must be directly between the Owner and its tenant. The Owner is responsible to the Association for insuring that the provisions of this Declaration, the Association's Bylaws, and to such rules and regulations relating to use of the townhomes as the Board of Directors may from time to time promulgate, are followed by all tenants.

Section 19. No Smoking or Vaping: Smoking and vaping is permitted only within the interior of an Owner's Townhome. Smoking is not permitted anywhere else on the Property, including courtyards, decks, balconies, roofs, driveway, sidewalks, and landscape areas. Smoking is not permitted in the streetscape sidewalk frontage of Townhome #1. The smoking regulation applies to vaping and to smoking any form of tobacco or cannabis.

Section 20. No Parking in Driveway: There is no parking at any time in the private driveway. Any vehicle parked in the driveway will impede the ability of a resident from gaining access to or from their garage, and impede access by fire and emergency vehicles. Owners agree that the Association may procure the services of a towing company, which may be contacted at any time, by any Owner, without notice, and at entirely at the expense of the towed vehicle's owner.

Section 21. Courtyards: While all exterior improvements are governed by Article VI - Architectural Control, Owners further agree to not make any improvement in their courtyards which extends beyond 2 feet above the top of the courtyard fence, or 8 feet above the ground. This includes plants, which must be maintained to the same maximum height, and maintained in a manner that prevents plants and weeds from extending into their neighbor's courtyard.

Section 22. Grilling and Fire Pits: Grilling and fire pits are allowed on the ground level of the courtyards, including the concrete patios. Grilling and fire pits are also allowed in the shared driveway and on the forecourt stoops of Townhome #1. On the third-story decks, however, grilling and fire pits are only allowed if the fuel is electric or piped natural gas. No use of solid fuels (charcoal or wood), bottled fuels (propane), or accelerants (lighter fluid) is permitted on the third-story decks.

Section 23. Forecourt Planters: The forecourt planters along N. Mangum Street, in front of Townhome #1, are the most public face of the Eleven Community, and are to be designed, planted, and maintained by the Association, rather than the Owner of Townhome #1.

Section 24. Exterior Lighting: Every unit has an exterior lighting circuit which provides light to the perimeter of the property, to make the community safe and attractive at night. This circuit is part of every unit's electrical service, and each unit pays for the electricity used by that circuit. This circuit is controlled by an astronomical clock which determines when the exterior perimeter lights come on and off, the time of which is determined by the Association. Every Owner agrees to maintain their circuit and its fixtures so that the entire Eleven community is safe and attractive at night.

Section 25. Quiet Time: Between the hours of 11pm and 7am, all residents, their guests, and tenants shall maintain quiet, especially in the exterior of the Property.

ARTICLE IX EASEMENTS

Section 1. Utility Easements. All of the Property shall be subject to such easements for driveways, walkways, parking areas, water lines, sanitary sewers, stormwater management facilities, gas lines, telephone and electric power line and other public utilities as shall be established by the Declarant or by its predecessors in title, prior to the subjecting of the Property to this Declaration; and the Association shall have the power and authority to grant and establish upon, over, under and across the Property conveyed to it, such further

easements as are requisite for the convenient use and enjoyment of the Property without approval of the membership as provided in the Articles of Incorporation and this Declaration.

Section 2. Adjoining Areas. Each Owner is hereby declared to have an easement, and the same is hereby granted by the Declarant, over all adjoining Lots for the purpose of accommodating any encroachment due to engineering errors, errors in original construction, additional settlement or shifting of the building, surface water runoff, underground piping of storm water and water runoff, or any other cause. There shall be valid easements for the maintenance of said encroachment; provided however, that in no event shall a valid easement for encroachment be created in favor of an Owner or Owners if said encroachment occurred due to the willful misconduct of said Owner or Owners. In the event a structure on any Lot is partially or totally destroyed, and then repaired or rebuilt, the Owners of each Lot agree that minor encroachments over adjoining Lots shall be permitted and that there shall be valid easements for the maintenance of said encroachments so long as they shall exist.

Section 3. Unintentional Encroachments. In the event that any building on a Lot shall encroach upon any other Lot for any reason not caused by the purposeful or negligent act of the Owner or agents or such Owner, then an easement appurtenant to such Lot shall exist for the continuance and maintenance of such encroachment upon the other Lot for so long as such encroachment shall naturally exist.

Section 4. Overhanging Roofs and Eaves. Each Lot and its Owner within the Properties is hereby declared to have an easement, and the same is hereby granted by the Declarant, over each adjoining Lot for over-hanging roofs and eaves and the maintenance thereof.

Section 5. Easement for the Benefit of Governmental Authorities. An easement is hereby established for the benefit of the City/County of Durham, or other governmental agency, over all Lots for the setting, removing and reading of water meters (which shall be separate for each Living Unit), maintaining and replacing water, sewer and stormwater management facilities, for police protection, firefighting and garbage collection, postal services, and the rendering of such other services as are appropriate and necessary for the use and enjoyment of the Property. In no case shall the City/County of Durham or other responsible agency, be responsible for failing to provide any emergency or regular fire, police, or other public service to the Property or to any of its occupants when such failure is due to the lack of access to such area due to inadequate design or construction, blocking of access routes, or any other factor within the control of the Declarant, the Association, the Owners or occupants. All conveyances of any portion of the Property shall be subject to these limitations on the City/County's or other agency's responsibilities.

Section 6. Easement for Benefit of Utility Company. The Declarant reserves the right to subject the Property to a contract with various utility companies, including but not limited to electrical power, natural gas, telephone, water/sewer and cable TV, for the installation of underground lines, cables and

connector posts which may require an initial payment or a continuing monthly payment to the utility by the owner of each Lot.

Section 7. Priority of Easements. Each of the easements hereinabove referred to shall be deemed to be established upon the recordation of this Declaration and shall henceforth be deemed to be covenants running with the land for the use and benefit of the Lots superior to all other encumbrances which may hereafter be applied against or in favor of the Property or any portion thereof.

Section 8. Declarant Easement. If any encroachment shall occur subsequent to subjecting the Property to this Declaration as a result of settling or shifting of any building or as a result of any permissible repair, construction, reconstruction, or alteration, there is hereby created and shall be a valid easement for such encroachment and for the maintenance of the same. Every Lot shall be subject to an easement for entry and encroachment by the Declarant for a period not to exceed twenty four (24) months following conveyance of a Lot to an Owner for the purpose of correcting any problems that may arise regarding grading and drainage. The Declarant, upon making entry for such purpose, shall restore the affected lot or lots to as near the original condition as practicable.

Section 9. Structural Support. Every portion of a townhome which contributes to the structural support of the Building shall be burdened with an easement of structural support for the benefit of all other townhomes within the Building.

Section 10. Emergencies. Every Lot and townhome shall be subject to an easement for entry by the Association for the purpose of correcting, repairing, or alleviating any emergency condition which arises upon any Lot or within any townhome and that endangers any building or portion of the Common Area.

Section 11. Maintenance Easement. The Association reserves an easement over and across every Lot for the purpose of performing the maintenance requirements of the Association as prescribed herein.

Section 12. Easements for Repairs. Each lot owner shall have a perpetual access easement over any adjoining lot to the extent reasonably necessary to perform repair, maintenance, or reconstruction of their Townhome . Such repair, maintenance, or reconstruction shall be done expeditiously, 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 the commencement of the work as is reasonably practicable.

ARTICLE X INSURANCE

Section 1. Insurance to be Maintained by the Association. The following insurance coverage shall be maintained in full force and effect by the Association:

- a) Public liability and property damage insurance in such amounts and in such forms as shall be required by the Association, but public liability shall be an amount of at least \$1,000,000 for each occurrence. Similar liability coverage shall also be purchased by the Association on behalf of its directors and officers.
- b) All liability insurance shall contain cross-liability endorsements to cover liability of the Owners as a group to an individual Owner.
- c) Fidelity bond coverage covering those that shall be responsible or shall handle funds of the Association.
- d) Such other insurance coverage as it may determine to be desirable and necessary, including fire and hazard insurance covering all buildings located on the Property as specified in Section 4, if determined to be better served by the Association procuring such insurance.

Section 2. Premiums. Premiums for insurance policies purchased by the Association shall be paid by the Association and charged ratably to Owners as an assessment according to the applicable provisions of this Declaration.

Section 3. Insurance Beneficiaries. All such insurance policies shall be purchased by the Association for the benefit of the Association and the Owners.

Section 4. Insurance to be Maintained by Owners. Each Owner shall pay for and maintain in full force and effect at all times casualty insurance in an amount equal to the full replacement value on its building, improvements and Living Unit, including the value of excavation and foundation.

Casualty coverage shall afford protection against:

- a) Loss or damage to property by fire or other hazards covered by a standard extended coverage endorsement;
- b) Liability insurance in an amount of at least \$1,000,000 for each occurrence
- c) Such other risks as from time to time shall be customarily covered with respect to buildings and improvements similar in construction, location and use as the buildings and improvements of ELEVEN, including, but not limited to, vandalism and malicious mischief.

Such insurance shall be issued with an insurer licensed to do business in North Carolina and holding a rating of "A" or better by Best's Insurance Reports, and such policy must provide that the insurer will not cancel, reduce or substitute coverage without first giving the Association and any mortgagee named in the policy thirty (30) days prior written notice thereof.

ARTICLE XI REPAIR, RESTORATION OR RECONSTRUCTION OF CASUALTY DAMAGE

Section 1. Repair and Restoration. Except as otherwise herein provided, damage to or destruction of a Townhome shall be promptly repaired, restored or reconstructed by the affected Owners, such repair and restoration or reconstruction, insofar as possible, to be in accordance with the original plans and specifications of the original building. In the event that the Owners of damaged Townhomes default in the obligation to promptly repair and restore or reconstruct as herein provided, the Association may (but shall be under no obligation to) repair and restore or reconstruct the damaged townhome. In order to enable the Association to accomplish the foregoing, there is hereby reserved to the Association and its agents the right to unobstructed access over and upon each Lot at all reasonable times to perform repair and restoration or reconstruction as provided in this Article. In the event of action by the Association as herein permitted, the Owners of a damaged townhome shall be liable for assessment for the entire cost of such repair and restoration or reconstruction and subject to exercise of the enforcement remedies herein provided in the event of failure of timely payment of the assessment.

ARTICLE XII RIGHTS OF INSTITUTIONAL LENDERS

Section 1. Rights Reserved to Institutional Lenders. "Institutional Lender" or "Institutional Lenders", as the terms are used herein, shall mean and refer to banks, savings and loan associations, savings banks, insurance companies, U.S. Department of Veterans Affairs, Federal Housing Administration, Federal National Mortgage Association and other reputable mortgage lenders, guarantors and insurers of first mortgages. So long as any Institutional Lender or Institutional Lenders shall hold any mortgage upon any Lot, or shall be the Owner of any Lot, such Institutional Lender or Institutional Lenders shall have the following rights:

- a) To be furnished with at least one copy of the Annual Financial Statement and Report of the Association, including a detailed statement of annual carrying charges or income collected and operating expenses, such Financial Statement and Report to be furnished within 120 days of the end of each calendar year.
- b) To be given notice by the Association of the call of any meeting of the membership to be held for the purpose of considering any proposed Amendment to the Declaration, or the Articles of Incorporation and Bylaws of the Association, which notice shall state the nature of the amendment being proposed, and to be given permission to designate a representative to attend all such meetings.
- c) To be given notice of default in the payment of assessments by any Owner of a Lot of sixty (60) days or more encumbered by a mortgage held by the Institutional Lender or Institutional Lenders, such notice to be given in writing and to be sent to the principal office of such Institutional

Lender or Institutional Lenders, or to the place which it or they may designate in writing to the Association.

- d) To inspect the books and records of the Association and the Declaration, Bylaws and any Rules and Regulations during normal business hours and to obtain copies thereof.
- e) To be given notice of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.
- f) Any proposal requiring consent of the mortgage holders.

Whenever any Institutional Lender desires the benefits of the provisions of this section, such Lender shall serve written notice of such fact upon the Association by Registered Mail or Certified Mail addressed to the Association and sent to its address stated herein, or to the address of the Property, identifying the Lot upon which any such Institutional Lender or Institutional Lenders hold any mortgage or mortgages, or identifying any Lot owned by them, or any of them, together with sufficient pertinent facts to identify any mortgage or mortgages which may be held by it or to them, and which notice shall designate the place to which notices are to be given by the Association to such Institutional Lender.

ARTICLE XIII STORMWATER MANAGEMENT

Section 1. Obligations regarding stormwater facilities. The Property includes one or more stormwater management facilities (hereafter "Facility") that is the perpetual responsibility of the Association. Such Facility is the subject of a Stormwater Facility Agreement and Covenants ("Stormwater Agreement") between Declarant, the Association, and the City of Durham ("the City") that is binding on the Association. The Stormwater Agreement is recorded at Deed Book 8514 Pages 926, Durham County Register of Deeds. The Property subject to that Stormwater Agreement is the "Property" referred to in this Article. The Stormwater Facility must be maintained in accordance with City Requirements, which include all ordinances, policies, standards, and maintenance protocols and in accordance with the recorded Stormwater Agreement. In particular the City's current "Owner's Maintenance Guide for Stormwater BMPs Constructed in the City of Durham" (available at the time of recording this document at <http://durhamnc.gov/DocumentCenter/View/2239> and the operation and maintenance manual prepared specifically for the Facility contain requirements that apply to the Association's Facilities.

Section 2. No Reduction of Obligations. Nothing in the remaining Article of these Restrictive Covenants filed by Declarant as part of this Declaration or any subsequent modifications of this Declaration may reduce the Association's or Lot Owners' obligations with regard to the Facility. Such additional covenants may increase the obligations or provide for additional enforcement options.

Section 3. Description of Facility. The Stormwater Facility is one underground detention system with upper and lower segments that receive drainage from Basin A (.42 acres) and Basin B (.57 acres)

Section 4. Further Obligations. In addition to the above obligations, the Association's obligations with regard to the Facilities are:

- a) **Inspections/Routine Maintenance.** In accordance with City Requirements, the Association shall cause the Facility to be inspected i) annually; and, ii) after major storm events that cause visual damage to the Facility; and iii) upon notification from the City to inspect. The inspection shall be performed by a registered North Carolina Professional Engineer or a North Carolina Registered Landscape Architect certified by the City who shall document those things mandated under City Requirements. The inspection shall occur annually during the month in which the Facility as-built certification was accepted by the City, which month may be determined through contact with the City of Durham Department of Public Works, Stormwater Division. The inspection shall be reported to the City as further described below.
- b) **Repair and Reconstruction.** The Association shall repair and/or reconstruct the Facility as it determines is necessary, and, at a minimum, as set forth in City Requirements or as directed by the City to allow the Facility to function for its intended purpose, and to its design capacity. The Association shall provide written reports regarding major repair or reconstruction to the City in accordance with City Requirements.
- c) **Stormwater Budget Line Items & Funding.** The dues of the Association shall include amounts for upkeep and reconstruction of the Facilities which shall be included in dues charged to Lots or members from the point that Lots or members are charged dues for other common purposes. The Association shall maintain two (2) separate funds in its budget for the Facility. The first, the "Inspection and Maintenance Fund," shall be for routine inspection and maintenance expenditures and shall be used for annual inspections, maintenance, and minor repairs. The funds for this purpose may be maintained as part of the Association's general account. The second fund, the "Major Reconstruction Fund," shall be a separate, increasing reserve fund that will build over time and provide money for major repairs to and eventual reconstruction of the Facility. The Major Reconstruction Fund shall be maintained in an account that is separate account from the Association's general account as described below. At a minimum, the Association shall, annually, earmark \$2,190.00 from its collected dues for the Inspection and Maintenance Fund and \$463.00 annually for the Major Reconstruction Fund. These minimum amounts shall be increased annually by 3% per year over the prior year's amount. The Association may set a higher amount in its discretion, or if directed by Durham Director of Public Works after an examination of the Facility. The Association shall set dues at a sufficient amount to fund each of the two line items in addition to the Association's other obligations. The Association may compel payment of dues through all remedies provided in these Covenants or otherwise available under law.

- d) Assessments/Liens. In addition to payment of dues, each Lot shall be subject to assessments by the Association for the purpose of fulfilling the Association's obligations under this Article and under the Stormwater Agreement. Such assessments shall be collected in the manner set forth in these Covenants. As allowed under NCGS §47F, or successor statutes, all assessment remaining unpaid for 30 days or longer shall constitute a lien on the Lot. Such lien and costs of collection may be filed and foreclosed on by the Association. In addition, the Association's rights may, in the discretion of the City, be exercised by the City, as a third party beneficiary of the recorded Stormwater Agreement and/or as Attorney in Fact for the Association, as provided in Section 7 of the recorded Stormwater Agreement.
- e) Stormwater Expenditures Receive Highest Priority. Notwithstanding any contrary provisions of the covenants of which this Article is a part, to the extent not prohibited by law, the inspection, maintenance, repair, and replacement/reconstruction of the Facility shall receive the highest priority (excluding taxes and assessments and other statutorily required expenditures) of all Association expenditures.
- f) Separate Account for Major Reconstruction Fund. Engineer's Report. The Association shall maintain the Major Reconstruction Fund for the Facility in an account separate from the Association's general account. The Association shall use the Fund only for major repairs and reconstruction of the Facility. No withdrawal shall be made from this fund unless the withdrawal is approved by two Association officials who shall execute any documents allowing such withdrawal. Prior to withdrawing funds from this account, the Association shall (i) obtain a written report from an engineer approved in accordance with City Requirements regarding repairs or reconstruction needed and approximate cost of such repair or reconstruction; and (ii) submit such report to the Director of the City's Department of Public Works, and notify the Director of the repairs or reconstruction to be undertaken on the Facility, the proposed date, and the amount to be withdrawn from the Major Reconstruction Fund. In the event of an emergency, withdrawal and expenditure of funds may be made after telephone notification to the Stormwater Services Division of the Department.
- g) Annual Reports to City. The Association shall provide to the City annual reports in substance and form as set forth in City Requirements. This annual report shall be signed by an officer of the Association, who shall attest as to the accuracy of the information in such report. If prepared by a professional management company hired to manage the Association's affairs, the report shall so indicate. The Officer's signature and attestation shall be notarized. At a minimum each report shall include:
- 1) the annual Facilities inspections report described in section (g) above;
 - 2) a bank or account statement showing the existence of the separate Major Reconstruction Fund described in Section (f) above and the

- balance in such fund as of the time of submission of the report;
- 3) a description of repairs exceeding normal maintenance that have been performed on the Facility in the past year, and the cost of such repairs;
 - 4) the amount of Association dues being set aside for the current year for each of the two stormwater funds - the Inspection and Maintenance Fund and the Major Reconstruction Fund.
- h) Facility to Remain with Association; Lot Owners' Liability. To the extent not prohibited by law, the Facility shall remain the property of the Association and may not be conveyed by the Association. In the event the Association ceases to exist or is unable to perform its obligations under this Agreement, all Lot Owners as defined in the Stormwater Agreement referenced above, excluding the Lots owned by the Association, shall be jointly and severally liable to fulfill the Association's obligations under this Agreement. Such Lot Owners shall have the right of contribution from other owners with each Lot's pro rata share being calculated as Lot Owner's proportional obligations are otherwise defined in these Covenants. The City may also exercise the rights described in Section 7 of the recorded Stormwater Agreement and other remedies provided by law.
- i) City Rights; Liens Against Owners. In addition to rights granted to the City by ordinance or otherwise, the City shall have the following rights, generally summarized below, and more explicitly set forth in the Stormwater Agreement referenced above:
- 1) Direct the Association in matters regarding the inspection, maintenance, repair, and /or reconstruction of the Facility;
 - 2) If the Association does not perform the work required by ordinance, by these covenants, and by the Stormwater Agreement referenced above, do such work itself, upon 30 days' written notice to the Association.
 - 3) Access the Facility for inspection, maintenance, and repair, crossing as necessary the lot(s) on which the Facility are located and all other private and public easements that exist within the Property subject to these covenants.
 - 4) Require reimbursement by the Association of the City's costs in inspecting, maintaining, repairing, or reconstructing the Facility, as provided in the Stormwater Agreement referenced above.
 - 5) Enforce any debts owed by the Association as described in the Stormwater Agreement referenced above against Lot Owners if such debts are not fully paid by the Association. The debt may be allocated to Lot Owners as provided in the other sections of these Covenants, and may be made a lien on each owner's property, may be added to each owner's utility bills, and may result in foreclosure, as provided in Section 7 of the Stormwater Agreement referenced above.
- j) No Dissolution. To the extent not prohibited by law, the Association shall not enter into voluntary dissolution unless the Facility is transferred to a

person who has been approved by the City and has executed a Stormwater Agreement with the City assuming the obligations of the Association. Under the Stormwater Agreement referenced above, individual Lots and Lot Owners continue to be liable for the Facility in the event the Association is dissolved without a new Stormwater Agreement between the City and a responsible party that is assuming the Association's obligations.

- k) No Amendment. Without the prior written consent of the City, which may be given by the Durham City Manager, and notwithstanding any other provisions of these Restrictive Covenants, the Association may not amend or delete this Article with the exception of supplementing its provisions in a more detailed manner to better describe members' or Lot Owners' obligations regarding each other.

Section 5. Stormwater Agreement Supersedes. The Stormwater Agreement referenced above supersedes any limiting provisions contained elsewhere in other Articles of these Covenants. However, such Articles may supplement the obligations of the Association as set forth in that Agreement, and/or the obligations of and remedies against individual Lot Owners or members bound by these Covenants.

ARTICLE XIV GENERAL PROVISIONS.

Section 1. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidity 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 3. General Amendments. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty (20) year period by an instrument signed by not less than sixty seven percent (67%) of the Lot Owners, and thereafter by an instrument signed by not less than sixty seven percent (67%) of the Lot Owners.

Section 4. Amendments Permitted Without Membership Approval. The following amendments may be effected by the Declarant, or the Board, as the case may be, without consent of the members:

- a) Prior to the sale of the first Lot, this Declaration may be amended by the Declarant.

- b) The Declarant, so long as it shall own one or more lots of ELEVEN, shall have the right to amend this Declaration to conform to the requirements of any law or governmental agency having legal jurisdiction over the Property or to qualify the Property or any Lots and improvements thereon for mortgage or improvement loans made, insured or guaranteed by a governmental agency or to comply with the requirements of law or regulations of any corporation or agency belonging to, sponsored by, or under the substantial control of, the United States Government or the State of North Carolina, regarding purchase or sale in such lots and improvements, or mortgage interests therein, as well as any other law or regulation relating to the control of Property, including, without limitation, ecological controls, 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 U.S. 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.
- c) The Declarant, for so long as it shall own one or more lots in ELEVEN and, thereafter, the Board of Directors, may amend this Declaration as shall be necessary, in its opinion, and without the consent of any owner, to qualify the Association or the Property, or any portion thereof, for tax-exempt status.
- d) The Declarant, for so long as it shall own one or more lots in ELEVEN and, thereafter, the Board of Directors, may amend this Declaration as shall be necessary, in its opinion, and without the consent of any owner, to correct clerical errors in this Declaration.
- e) The Declarant, for so long as it shall own one or more lots in ELEVEN and, thereafter, the Board of Directors, may amend this Declaration as shall be necessary, in its opinion, and without the consent of any owner, to correct or change plat references contained herein.

Section 7. Recordation. No amendment shall be effective until recorded in the Durham County Registry.

Section 8. Consent of Mortgagee. The property is currently encumbered by liens of Deeds of Trust to HomeTrust Bank recorded in Deed Book 8477, Page 571, Durham County Registry. HomeTrust Bank joins in the execution of this Declaration solely for the purpose of subordinating the lien of its deed of trust to this Declaration.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set its hand and seal this 25 day of September, 2018.

DECLARANT

524 PARTNERS LLC

By: [Signature] (SEAL)
G. Roland Gammon, III, Member/Manager

STATE OF NORTH CAROLINA

COUNTY OF Durham

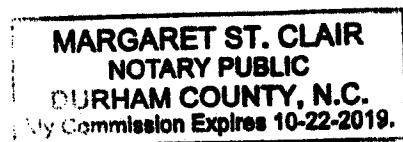
I, MARGARET ST. CLAIR, Notary Public for the County of DURHAM, State of North Carolina, certify that the following person personally appeared before me this day, acknowledging to me that he voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: G. Roland Gammon, III, Member/Manager of 524 Partners LLC, a North Carolina limited liability company.

Witness my hand and official stamp or seal, this the 25 day of September, 2018.

Margaret St. Clair

Notary Public

My Commission Expires: 10.22.19



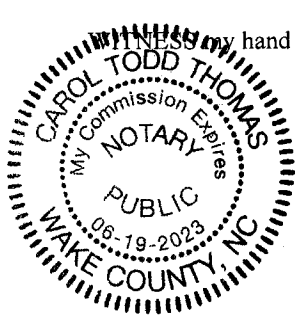
CONSENT OF MORTGAGEE

TRUSTEE:

WESTERN NORTH CAROLINA SERVICE CORPORATION, a North Carolina Corporation

By: Thomas W. QuinnName: THOMAS W. QUINNTitle: SENIOR VICE PRESIDENTSTATE OF NORTH CAROLINA
COUNTY OF Wake

I, CAROL TODD THOMAS, Notary Public of the aforesaid County and State, hereby certify that THOMAS W. QUINN, personally came before me this day and acknowledged that he/she is the SENIOR President of Western North Carolina Service Corporation, Trustee, a North Carolina Corporation, and that by authority duly given and as the act of the corporation, he/she executed the foregoing instrument.



Witness my hand and official stamp, this 27th day of AUGUST, 2018.

Signature of Notary Public:

Carol Todd Thomas

Printed/Typed Name of Notary:

CAROL TODD THOMAS

My Commission Expires:

6/19/2023

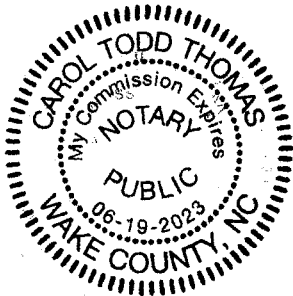
BENEFICIARY:

HOMETRUST BANK

By: *Thomas W. Quinn*Name: THOMAS W. QUINNTitle: SENIOR VICE PRESIDENTSTATE OF NORTH CAROLINA
COUNTY OF WAKE

I, CAROL TODD THOMAS, Notary Public of the aforesaid County and State, hereby certify that THOMAS W. QUINN, personally came before me this day and acknowledged that he/she is the SR V- President of HOMETRUST BANK, Beneficiary, and that by authority duly given and as the act of the corporation, he/she executed the foregoing instrument.

WITNESS my hand and official stamp, this 27th day of AUGUST, 2018.

Signature of Notary Public: *Carol Todd Thomas*Printed/Typed Name of Notary: CAROL TODD THOMASMy Commission Expires: 6/19/2023