

**Declaration of Covenants, Conditions and Restrictions
for Pearl Street Townhomes**

Prepared by and return to: Maynard Nexsen PC
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Suite 500,
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NORTH CAROLINA — WAKE COUNTY

THIS DECLARATION is made effective as of the 24th day of February, 2025, by
Grand Tradition, LLC, a Georgia limited liability company (“Declarant”).

WITNESSETH:

Declarant is the owner of certain property located in Wake County, North Carolina and more particularly described on Exhibit A attached hereto and made a part hereof (the “Property”).

Declarant desires to impose upon the Property certain covenants, conditions, restrictions and easements under a general plan of development for the benefit of the Property and the future owners thereof.

Declarant hereby declares that the Property shall be held, sold and conveyed subject to the covenants, conditions, restrictions and easements herein, which are imposed for the purpose of protecting the value and desirability of, and which shall run with title to, the Property and be binding on all parties having any right, title or interest in the Property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

**THIS DOCUMENT REGULATES OR PROHIBITS THE DISPLAY OF THE
FLAGS OF THE UNITED STATES OF AMERICA OR STATE OF NORTH
CAROLINA, AND THIS DOCUMENT REGULATES OR PROHIBITS THE
DISPLAY OF POLITICAL SIGNS.**

Article I - Definitions

The following terms, as used in this Declaration, shall have the following meanings:

- (a) "Articles of Incorporation" shall mean the Articles of Incorporation of the Association as filed with the North Carolina Secretary of State, as the same may be amended.
- (b) "Association" shall mean The Pearl Street Owners Association, Inc. a North Carolina nonprofit corporation.
- (c) "Common Area" or "Common Areas" shall mean all real property and interests in real property owned by the Association for the common use and enjoyment of the Owners. The Common Area shall include all parcels designated as "Common Area," "Open Space," "Commercial Lot," and "Shared Guest, Mail Kiosk & Commercial Use Parking" on the Plat. For the avoidance of doubt, the area labeled "Commercial Lot" on the Plat not be deemed to mean that parcel may be used for commercial purposes.
- (d) "Common Expenses" shall mean expenditures made by and financial liabilities of the Association, together with any allocations to reserves.
- (e) "Community" shall mean the Property, together with any additional property annexed and subjected to the provisions of this Declaration in accordance with Article IX hereof.
- (f) "Declarant" shall mean Grand Tradition, LLC and any successor or assignee designated as a Declarant in an instrument executed by the existing Declarant and recorded in the Wake County Registry.
- (g) "Dwelling" shall mean any residential structure constructed on a Lot in the Community.
- (h) "Lot" shall mean any numbered parcel of land shown on any plat of any portion of the Community recorded in the Wake County Registry.
- (i) "Member" shall mean an Owner who is a member of the Association.
- (j) "Owner" shall mean the record owner, whether one or more persons or entities, of fee simple title to any Lot which is a part of the Community, but excluding those having such interest merely as security for the performance of an obligation.

(k) “Plat” shall mean that certain Map of Correction for Pearl Street Townhomes” prepared by True Line Surveying, P.C., dated January 31, 2024 and recorded on February 6, 2024 in Book of Maps 2024, Pages 331-332, Wake County Registry.

(l) “Period of Declarant Control” shall mean the period of time beginning on the date of this Declaration and expiring on December 31, 2034, or such earlier date that Declarant, in its sole discretion, terminates such Period of Declarant Control by giving written notice thereof to the Association.

Article II — Construction and Use Restrictions

Section 1. Land Use and Building Type. The Lots may be used for single family residential purposes only. No structures shall be erected or allowed to remain on any Lot except one single-family Dwelling and attached porches, decks, and fencing. A Dwelling on a Lot may be attached to another Dwelling on an adjoining Lot. No mobile home, manufactured home or geodesic dome shall be erected or allowed to remain on any Lot. No Lot shall be used or occupied for the manufacture or sale of any articles or for any commercial purposes of any kind or character whatsoever, or for the conducting of any business, trade or profession that involves the coming and going of customers and/or suppliers to and from the property; except that Declarant or its designee may make temporary use of a Lot or Lots for purposes related to sales of the Lots.

Section 2. Resubdivision. No Lot shall be subdivided without the prior written consent of Declarant; provided, a Lot may be subdivided into two or more Lots for the purpose of constructing a building with a dwelling unit on each of the subdivided Lots and a party wall between such units on the common boundary line between such subdivided Lots. In the event of such a subdivision the Owner shall record a plat of the resulting Lots in the Wake County Registry and each such resulting Lot shall be deemed a separate Lot for purposes of this Declaration, including for assessment purposes.

Section 3. Nuisance. No noxious, offensive or illegal activity shall be conducted upon any Lot nor shall anything be done thereon which may be or may become an annoyance or nuisance to the Community. For example and not limitation, repeated noise, odors, and/or vibration caused by any Owner, their guests, or their tenants which can be detected from one-hundred and fifty (150) feet away, or that can be heard repeatedly inside another Dwelling that has its doors and windows closed is presumed to be a violation of this provision. The Owner of a Lot with a garage shall keep the interior of such garage in a neat and orderly condition and shall keep garage doors closed except when entering or exiting the garage.

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

further provided that they are kept and maintained in compliance with all applicable laws and ordinances. No pet is permitted to run at large in the Community or on any Lot. Occupants shall pick up and dispose of dog waste on the Common Area and on the Lots.

No potentially dangerous animal shall be permitted to remain in the Community. An animal shall be deemed "potentially dangerous" for purposes of this Section if, when unprovoked: 1) on two separate occasions within the prior three (3) years, it engages in any behavior that requires a defensive action by any person to prevent bodily injury when the person and the animal are off the property of the owner or keeper of the animal; 2) it bites or otherwise causes injury to a person, or 3) within the prior three years, it has killed, seriously bitten, inflicted injury, or otherwise caused injury attacking a domestic animal off the property of the owner or keeper of the animal. The Board of Directors shall, after notice and an opportunity to be heard, have the authority to determine an animal to be potentially dangerous. Upon such determination the Owner shall be required to permanently removed the animal from the Community within thirty (30) days of Owner's receipt of written notice of the determination from the Board.

Section 5. Boats, Trailers and Certain Motor Vehicles. No motor vehicle shall be parked on any Lot or Common Area unless there is displayed thereon a valid and current license tag. No boat, bus, trailer, camper, motor home or recreational vehicle shall be parked on any Lot for more than 24 hours in any 72 hour period, and in no event shall the same be parked on any Lot for more than 4 days in any 30 day period. Notwithstanding, the same may be parked in a garage. NOTE – The Association may adopt, amend, and modify rules and regulations regarding parking on the Common Area at any time.

Section 6. Prohibited Structures. No structure of a temporary character shall be erected or allowed to remain on any Lot. No outside clothesline or similar structures are permitted. No hot tub, Jacuzzi, whirlpool bath or similar improvement shall be placed or allowed to remain on any Lot. **NOTE – The Board of Directors and/or Architectural Control Committee has broad authority to approve or deny alterations and improvements as set forth in Article III below. This may result in additional structures being prohibited.**

Section 7. Fences, Walls, Signs, Flags, For Rent. No chain link or other chain type fence shall be allowed. No fence or wall shall be erected or allowed to remain on any Lot without the prior written approval as to type, materials, appearance, height, style, and color by Declarant during the Period of Declarant Control, and thereafter pursuant to Article III hereof. No billboard or sign of any kind shall be erected or allowed to remain on a Lot, except for a "For Sale," "Builder" or "For Lease" sign with dimensions no greater than three feet by two feet, and each Lot shall have not more than one such sign at any time (the one sign may have two sides). In addition, no more than two political signs are permitted on each lot and are permitted no sooner than 30 days prior to the election/vote/event and shall be removed within 7 days of the

election/vote/event. Permitted flags for display are the State Flag of North Carolina, and the United States flag, no greater than four feet by six feet. No other flags are permitted for display.

Notwithstanding the foregoing, no “For Lease/For Rent” signs shall be permitted on the Property until the earlier of (i) the date on which Declarant has sold the last Lot which Declarant owns, or (ii) the termination of the Period of Declarant Control.

Section 8. Repair or Removal of Improvements. Any improvement damaged in whole or in part by fire, storm or any other cause, must be promptly restored or all debris removed and the Lot fully restored within three (3) months after the date of such damage.

Section 9. Application of Restrictions. The foregoing restrictions shall apply only to the Community and not to any other property owned by Declarant. Nothing contained herein shall preclude Declarant from altering the size or direction of frontage of any Lot, or the location of any streets or roads other than such portions of such streets or roads as abut the Lots.

Section 10. Waiver or Consent to Violations. Declarant may waive or consent to any violation of the foregoing restrictions by appropriate instrument in writing recorded with the Wake County Register of Deeds.

Article III — Architectural Control

Section 1. Purpose. The purpose of the restrictions contained in this Article III is to regulate the external design, appearance, use, location and maintenance of the improvements on the Lots in such a manner so as to preserve and enhance value thereof and to maintain harmony among the structures in the Community.

Section 2. Conditions. No construction, improvements, modifications, alterations, change of paint colors, plantings, excavations, changes in grade or other work which in any way alters the exterior of any Dwelling or the appearance of any Lot shall be made or done without the prior written approval of the Declarant during the period of Declarant Control, and thereafter by the Board of Directors or any Architectural Control Committee, appointed thereby.

Article IV — Membership and Governance

Section 1. Membership in the Association. As provided in the Articles of Incorporation, the Owner of each Lot that is subject to a lien for assessments shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership

of any Lot that is subject to assessment. The foregoing is not intended to include persons or entities that hold an interest in a Lot merely as security for the performance of an obligation.

Section 2. Voting Rights. The Owner of a Lot shall be entitled to one vote on any matter for which a vote of the Members is required or taken. When more than one person or entity holds an interest in any Lot, all such persons and entities shall be Members and the vote for such Lot shall be exercised as the owners among themselves determine, but in no event shall more than one vote be cast with respect to any Lot. Notwithstanding, Declarant shall have six (6) votes for each Lot owned by Declarant for any matter for which a vote of the Members is required or taken.

Section 3. Executive Board. The affairs of the Association shall be managed by or at the direction of an Executive Board. The number of directors on the Executive Board initially shall be one and may be changed to five upon a vote of the Board of Directors. During the Period of Declarant Control, Declarant shall have the right to appoint all of the directors. Declarant shall have the right to remove any director appointed by Declarant, without cause, and appoint another person to replace such removed director. A director appointed by Declarant need not be an Owner. A director appointed by Declarant shall not be disqualified from any vote upon any contract or matter between Declarant and the Association or where Declarant may have a pecuniary or other interest. The manner of appointment or election of the Executive Board after the Period of Declarant Control shall be as provided in the Bylaws.

Section 4. Bylaws. The Executive Board shall adopt the initial Bylaws and, notwithstanding any other provision hereof, during the Period of Declarant Control the Executive Board may amend the Bylaws without approval by the Members. After the Period of Declarant Control any amendment to the Bylaws must be approved by the Members by two-thirds of the votes cast or a majority of the votes entitled to be cast, whichever is less.

Article V — Assessments

Section 1. Creation of the Lien and Personal Obligation of Assessments and Charges.

(a) Declarant, for each Lot within the Community, hereby covenants, and each Owner of a 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: (i) annual assessments as hereinafter provided; (ii) special assessments as hereinafter provided; (iii) all late charges, interest, fines and other charges imposed by the Association in accordance with this Declaration or applicable law; and (iv) reasonable attorneys' fees and costs incurred by the Association in any action to collect any such assessment or other charge, or to enforce any other provision of this Declaration or the Articles of Incorporation, Bylaws or duly adopted rules or regulations of the Association.

(b) The initial purchaser of each Lot that contains a dwelling with a certificate of occupancy shall also pay, upon closing of such purchase, a one-time amount of \$500.00 as a contribution to the working capital of the Association. The initial monthly amount of regular Annual Assessments shall be \$80.00 per month (billed monthly, quarterly, or annually at the discretion of the Board of Directors).

(c) All assessments, late charges, interest, fines and other charges imposed by the Association in accordance with this Declaration or applicable law, together with reasonable attorney's fees and costs, shall constitute a continuing lien upon the Lot against which the assessment or charge is made. All such assessments and charges, together with reasonable attorney's fees and costs, shall also be the personal obligation of the Owner of such Lot at the time the assessment or charge is made, but such personal obligation shall not pass to the Owner's successors in title unless expressly assumed by a successor.

(d) The obligation to pay annual or special assessments for a Lot shall commence on the first day of the month following the conveyance of the Lot to an Owner and the Lot contains a Dwelling with a Certificate of Occupancy having been issued.

(e) The Association, upon request and for a reasonable charge, shall furnish a statement setting forth the amount of unpaid assessments and other charges against a Lot.

Section 2. Purpose of Assessments.

(a) The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents of the Community and in particular for: (1) the improvement, maintenance, repair, and reconstruction of the Common Areas and of the exterior of the residential units, including landscaping; (2) the use and enjoyment of the Common Area, including, but not limited to, the cost of repairs, replacements, and additions; (3) the cost of labor, equipment, materials, management, and supervision; (4) the payment of taxes and public assessments assessed against the Common Area; (5) the procurement and maintenance of insurance accordance with this Declaration; (6) the employment of attorneys to represent the Association when necessary; (7) the provision of adequate reserves for the replacement of capital improvements, including, without limiting the generality of the foregoing, roofs, paving, amenities, and any other major expense for which the Association is responsible; (8) maintaining any completed permanent storm water treatment structure(s) as directed by the Town of Garner or Wake County. If the Association should be dissolved, or cease to exist, then in that event all the owners of record of the Property at the time of required maintenance shall be jointly and severally liable for any and all costs attendant thereto, and (8) such other needs as may arise.

The Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair, and replacement or improvements to the Common Areas, and those other portions of the Community, which the Association may be obligated to maintain, and for unusual and unforeseen expenses of the Association. Such reserve fund is to be established, insofar as is practicable, out of annual assessments for common expense. Further, the reserve fund may be applied to operational deficits provided adequate reserves are maintained.

(b) The Executive Board of the Association shall fix the amount of the annual assessment, and the Association shall send written notice thereof to every Owner. The annual assessment may be collected in one or more installments and with such due dates as shall be determined by the Executive Board.

Section 3. Special Assessments. In addition to the annual assessments authorized above, the Association may levy, in any calendar year, special assessments for the purpose of defraying in whole or in part the costs of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment must have the approval of two-thirds of the votes cast by the Members, voting in person or by proxy, at a meeting duly called for such purpose where quorum is present. Any special assessment shall be fixed at a uniform rate for all Lots.

Section 4. Effect of Nonpayment of Assessments: Remedies of the Association. Assessments authorized by this Declaration shall be due and payable on the dates established by the Board of Directors from time to time. Fees, fines and penalties authorized by this Declaration or by law shall be due and payable 30 days after written notice thereof from the Association to the Owner. Any assessment, fee, fine or penalty not paid within 30 days after the due date may be subject to a reasonable late fee established by the Association, and may bear interest from the due date at the rate of eighteen percent 18% per annum. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien created herein against the property in the same manner as prescribed by the laws of the State of North Carolina for the foreclosures of deeds of trust, and interest, costs and reasonable attorney's fees for representation of the Association in such action or foreclosure shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessment provided for herein by nonuse of any Common Area or abandonment of such Owner's Lot.

Section 5. Subordination of the Lien to Mortgages. The liens provided for herein shall be subordinate to the lien of any first mortgage or deed of trust. Sale or transfer of any Lot shall not affect the assessment lien or liens provided for in the preceding section. However, the sale or transfer of any Lot which is subject to any such first mortgage or deed of trust, pursuant to a foreclosure thereof or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to the payment thereof which become due prior to such sale or transfer. No such sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming

due or from the lien thereof, but the liens provided for herein shall continue to be subordinate to the lien of any first mortgage or deed of trust.

Section 6. Accounting Matters. All monies collected by the Association shall be treated as the separate property of the Association and may be applied by the Association to the proper undertaking of the duties imposed upon it by this Declaration, the Articles of Incorporation and the Bylaws of the Association. Monies paid to the Association by any Owner may be commingled with monies paid to the Association by other Owners. Although all funds and common surplus, including other assets of the Association, and any increments thereto or profits derived therefrom shall be held for the benefit of the Owners, no Owner or Member of the Association shall have the right to assign, hypothecate, pledge or in any manner transfer a membership interest therein, except as an appurtenance to such Owner's Lot. When an Owner ceases to be a Member of the Association by reason of divestment of ownership of a Lot, by whatever means, the Association shall not be required to account to such Owner for any share of the funds or assets of the Association, or which may have been paid to the Association by such Owner, as all monies which any Owner has paid to the Association shall be and constitute an asset of the Association which may be used by the Association in accordance with the provisions of this Declaration.

Article VI — Rights in Common Area

Section 1. Owners' Rights in Common Area. Every Owner shall have a right and easement of enjoyment in and to any Common Area, which shall be appurtenant to and shall pass with the title to every Lot, subject to (a) the right of the Association to enforce the provisions of this Declaration and to impose and enforce rules and regulations, and fines for violations thereof, (b) the right of the Association to grant easements and rights of way over any Common Area to any public agency, authority or utility, or third party provided that no such dedication or transfer shall be effective unless an instrument signed by a majority of the Board of Directors of the Association, agreeing to such dedication or transfer, has been recorded, and (c) the right of the Association to exchange portions of Common Area with Declarant and/or any other property owners association for substantially equal areas of property for the purpose of eliminating potential or unintentional encroachments of Dwellings or other improvements onto portions of the Common Area.

Section 2. Delegation of Use. Any Owner may delegate the right of enjoyment to any Common Area to the members of such Owner's immediate family, guests, and to lessees of the Owner's Lot, subject to such rules and regulations as may be established from time to time by the Association.

Article VII — Maintenance; Insurance

Section 1. Maintenance of Common Area. The Association shall maintain any Common Area including, but not limited to, maintaining any completed permanent storm water treatment structure(s) as directed by the Town of Garner or Wake County. If the Association should be dissolved, or cease to exist, then in that event all the owners of record at the time of required maintenance shall be jointly and severally liable for any and all maintenance thereto.

Section 2. Limited Maintenance of Exterior of Dwellings and Landscaping by the Association.

(a) The Association shall cause the gutters on all Dwellings to be cleaned as needed, the vinyl surfaces on the exterior surface of all Dwellings structures to be repaired and replaced as needed, and the roofing of all Dwellings to be repaired and replaced as needed. Roofing repairs and replacement is limited to the shingles and water barrier/felt barrier, and does not include plywood/OSB Board. The Association shall also be responsible for routine mowing of lawns and maintenance of landscaping of the Lots; except that the Owner of a Lot shall be responsible for any landscaping located inside any enclosed or fenced courtyard immediately behind the Dwelling on such Lot, and the Owner of a vacant Lot shall be responsible for periodic mowing of such Lot. All expenses incurred by the Association for cleaning of gutters, painting, roofing, lawn mowing and landscape maintenance as required hereunder are common expenses of the Association. There is hereby reserved to the Association the right to unobstructed access over and upon each Lot for performance of such maintenance.

Section 3. Maintenance by Lot Owners. Except for the limited maintenance provided by the Association as required by Section 2 above, the Owner of each Lot shall provide all interior and exterior maintenance, repair, and replacement upon the Dwelling located on such Lot, and any and all other improvements thereon, and keep the yard and driveway free of trash and debris. Each Owner shall perform such maintenance obligations in a reasonable manner and consistent with a standard for the Community as determined by the Executive Board of the Association.

Section 4. Insurance by Owners.

(a) Each Lot and improvements upon a Lot shall be insured by the Owner in an amount equal to one hundred percent (100%) insurable replacement value. Such coverage shall provide protection against:

(i) Loss or damage by fire and other hazards, including extended coverage, vandalism and malicious mischief;

(ii) Such other risks as from time to time shall be customarily covered with respect to buildings on the land; and

(iii) Such policies shall contain clauses providing for waiver of subrogation.

(b) Public liability insurance shall be secured by each Lot Owner with limits of liability of no less than Three Hundred Thousand Dollars and No/100 (\$300,000.00) per occurrence.

All such policies shall name the Association as an additional insured as its interest appears. Upon failure by any Lot Owner to promptly obtain the required coverage, naming the Association as an additional insured, or to pay the premiums due on such policy, the Association may, but is not required to, obtain the required coverage, naming the Association as one of the additional insureds, and add the cost of the premium and all other costs of obtaining such coverage to the annual assessment against the subject Lot. Such cost shall be due and payable on or before the first day or the calendar month following payment of the same by the Association. The Association may, but is not required to, track or monitor the Owners' compliance with this provision.

Lot Owners may, at their option, obtain insurance coverage at their own expense upon their own personal property and for their personal liability and living expense and such other coverage as they may desire.

Section 5. Insurance by the Association. The Association shall procure and maintain insurance coverage as follows:

(a) All insurance policies upon any Common Area shall be purchased by the Association.

(b) All buildings and improvements upon any Common Area and all personal property of the Association included in the Common Areas or otherwise owned by the Association shall be insured in an amount equal to one hundred percent (100%) insurable replacement value as determined annually by the Association with the assistance of the insurance company providing coverage. Such coverage shall provide protection against:

(i) loss or damage by fire and other hazards, including extended coverage, vandalism and malicious mischief;

(ii) Such other risks as from time to time shall be customarily covered with respect to buildings on the land; and

(iii) Such policies shall contain clauses providing for waiver of subrogation.

(c) Public liability insurance shall be secured by the Association with limits of liability of no less than One Million Dollars and No/100 (\$1,000,000.00) per occurrence and shall include an endorsement to cover liability of the Lot Owners as a group to a single Lot Owner. There shall also be obtained such other insurance coverage as the Association shall determine from time to time to be desirable and necessary, including, but not limited to, directors and officers errors and omissions insurance coverage.

(d) Premiums for insurance policies purchased by the Association shall be paid by the Association as a Common Expense.

(e) All insurance policies purchased by the Association shall be for the benefit of the Association, and shall provide that all proceeds thereof shall be payable to the Association as Trustee. The sole duty of the Trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purpose stated herein or stated in the Bylaws and for the benefit of the Lot Owners and their mortgagees in the following shares:

(i) Proceeds on account of damage to Common Areas are to be held for the Association.

(ii) If applicable due to insured casualty occurring on any Common Area, proceeds on account of damage to Lots shall be held in undivided shares for the Lot Owners of damaged Lots in proportion to the cost of repairing the damage suffered by each Townhome Lot Owner, which cost shall be determined by the Association.

(iii) In the event a mortgagee endorsement has been issued for any Lot, the share of the Lot Owners shall be held in trust for the mortgagee and the Lot Owners as their interest may appear.

(f) Each insurer shall waive its right to subrogation under any policy maintained by the Association against any Lot Owner or member of Owner's household.

(g) No act or omission of any Lot Owner, unless such Lot Owner is acting within the scope of the Owner's authority on behalf of the Association, will preclude recovery under any of the policies maintained pursuant to this Section.

(h) If, at the time of a loss, there is another insurance in the name of a Lot Owner covering the same risk covered by the Association's policy, the Association's policy shall provide primary insurance.

(i) Any insurer that has issued an insurance policy under this Section shall issue certificates or memoranda of insurance to the Association and, upon written request, to any Lot

Owner or Mortgagee. Any insurer issuing an insurance policy under this Section may not cancel or refuse to renew the policy until thirty (30) days after notice of the proposed cancellation or non renewal has been mailed to the Association.

(j) Proceeds of insurance policies received by the Trustee shall be distributed in the following manner:

(i) All expenses of the Trustee shall be first paid or provisions made therefore.

(ii) The remaining proceeds shall be paid to defray the cost of the repairs to the Common Area and, if applicable to the Lots due to insured casualty occurring on the Common Area.

Section 6. Other Insurance to be Maintained by the Association.

(a) The Association shall maintain fidelity coverage against dishonest acts by the Association's officers, employees and others who are responsible for handling funds of the Association. If the Association contracts with another person or entity to receive and disburse the monies of the Association, then such person or entity shall have adequate fidelity coverage against dishonest acts and the existence of such coverage shall satisfy the requirement of this paragraph. Any such fidelity coverage shall name the Association as an obligee, shall be written in such amount as the Board shall deem appropriate, and shall contain waivers of any defense based on the exclusion of persons who serve without compensation from any definition of "employee" or similar term.

(b) To the extent obtainable at reasonable cost, the Association shall maintain appropriate insurance to protect the Board and officers of the Association from personal liability arising in connection with their duties and responsibilities in such capacities on behalf of the Association.

(c) The Association shall maintain workers compensation with respect to its employees, if any, as required by law.

(d) The Association may obtain insurance against such other risks as the Board shall deem appropriate.

(e) Any portion of the Property for which insurance is required under this Declaration shall be promptly and diligently repaired, replaced, and restored by the Lot Owner thereof, unless (i) this Declaration is terminated, or (ii) repair or replacement would be illegal under any state or local health safety statute or ordinance.

Any portion of the Property for which insurance is required under this Declaration which is damaged or destroyed shall be repaired or replaced promptly by the Association unless (i) this Declaration is terminated, (ii) repair or replacement would be illegal under any state or local health safety statute or ordinance, or (iii) the Lot Owners decide not to rebuild by an eighty percent (80%) vote of the Voting Power of the Association (except private streets which are required to be repaired under applicable provisions of the Town Code). The cost of repair or replacement in excess of insurance proceeds and reserves is a Common Expense, and the cost thereof may be recovered by one or more Special Assessments levied by the Board equally against all Lot Owners. If any portion of the Common Area is not repaired or replaced, (i) the insurance proceeds attributable to the damaged Common Areas shall be used to restore the damaged area to a condition compatible with the remainder of the Property and (ii) the remainder of the proceeds shall be distributed to all the Lot Owners or lien holders, as their interests may appear, in proportion to the Common Area liabilities of all the Lots.

(f) Restoration and repair of damage to any Lot shall be made by and at the expense of the Lot Owner thereof.

(g) Restoration and repair of damage to any Common Area shall be made at the expense of the Association unless, under the provisions of Section 47F-3-113(g), the repair or restoration is not required to be effected, provided that the improvement is not otherwise required by the own. If the work is to be accomplished, the Association shall promptly contract for the repair, restoration or reconstruction and, if necessary, collect from the Trustee any proceeds of insurance as received. The difference, if any, between the insurance proceeds payable by reason of such repairs and the cost thereof may be recovered by one or more Special Assessments levied by the Board equally against all Lot Owners. Notwithstanding, the Board may assess the amount of any deductible to any Lots in the event the loss was caused by or originated from that Lot or Lots without regard to fault.

Funds collected and held by the Trustee shall be disbursed by the Trustee for the purpose of repair, restoration or reconstruction in accordance with the terms and conditions of repair or reconstruction contract(s) between the Association and persons engaged to perform the work. Funds from any special assessment shall be delivered to and held in trust by the Trustee and shall be held and disbursed for repair, restoration and reconstruction in the same manner as insurance proceeds. The Trustee may invest and reinvest funds held by it in a manner consistent with its duties as trustee. The Trustee shall be entitled to a reasonable fee for its services.

Article VIII — Easements; Party Walls

Section 1. Utilities. Easements for installation and maintenance of utilities and drainage facilities, as shown on a recorded plat of any portion of the Community, are reserved by Declarant and granted to such other persons or entities as indicated on said plats. No structure,

planting or other material that may interfere with the installation and maintenance of utilities shall be placed or permitted to remain, and no alteration of any swale or ditch that may affect drainage shall be permitted, within any such easements.

Section 2. Community and Construction. Declarant reserves a nonexclusive easement on and across all Lots in the Community for the purpose of installing and constructing utilities, structures and other improvements on property adjoining any Lot; provided that such right must be exercised in a manner that does not unreasonably interfere with the use of any Lot by its Owner, and provided further that any damage to a Lot or any improvements thereon resulting from the use of such easement shall be repaired at the expense of the person or entity causing such damage.

Section 3. Encroachments. In the event that any improvements on a Lot shall encroach upon other Lot or upon any Common Area for any reason not caused by the purposeful or negligent act of the Owner of the improvements, or agents of such Owner, then an easement appurtenant to such Lot shall exist for the continuance of such encroachment upon the other Lot or Common Area for so long as such encroachment shall naturally exist; and, in the event that any portion of any Common Area or improvement thereon shall encroach upon any Lot, then an easement appurtenant to such Common Area shall exist for the continuance of such encroachment for so long as such encroachment shall naturally exist.

Section 4. Party Walls Between Dwellings. Each wall that is built as a part of the original construction of a Dwelling on any Lot and placed on the dividing line between such Lot and an adjoining Lot shall constitute a party wall and, to the extent not inconsistent with the provisions hereof, the general rules of law regarding party walls and of liability for property damage due to negligence or willful acts or omissions shall apply thereto. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners of the Lots on each side of such wall. If a party wall is destroyed or damaged by fire or other casualty, the Owner on either side of the wall may restore it, and if the Owner on the other side thereafter makes use of the wall, such other Owner shall contribute to the cost of restoration thereof in proportion to such use; provided that the forgoing provision shall not prejudice the right of any Owner to seek a larger contribution from the other under any rule of law regarding liability for negligent or willful acts or omission.

Article IX — Annexation of Additional Property

Section 1. Annexation by Declarant. Declarant reserves the right, but shall not be obligated, to expand the Community from time to time to include additional property located within one half mile of the Property. Such expansion may be accomplished by recording an amendment to this Declaration in the office of the Register of Deeds of Wake County, North Carolina, describing the real property to be annexed and added to the Community and submitting it to the

covenants, conditions, restrictions and easements contained herein. Such amendment shall not require the consent of any Owners. Any such annexation shall be effective upon the filing for record of such amendment except as provided therein. The annexation may be accomplished in stages by successive amendments or in one amendment. Upon the recordation of any such amendment, the definitions used in this Declaration shall be expanded automatically to encompass and refer to the Community as expanded. Such amendment may add, delete, or modify provisions of this Declaration as it applies to the property being annexed; provided, however, that this Declaration may not be modified with respect to the property already subject to the Declaration except as provided herein for amendment. Declarant shall have the unilateral right to assign and transfer to any other person or entity, by an instrument recorded in the office of the Register of Deeds of Wake County, the right to expand the Community as provided herein.

Section 2. Annexation by Members. Additional property may be annexed into the Community and made subject to this Declaration by written consent of Owners of two thirds of the Lots or approval by two-thirds of the votes entitled to be cast by the Members, provided that any such annexation during the Period of Declarant Control shall require written consent of the Declarant. Such expansion may be accomplished by recording an amendment to this Declaration in the office of the Register of Deeds of Wake County, North Carolina, describing the real property to be annexed and added to the Community and submitting it to the covenants, conditions, restrictions and easements contained herein.

Article X — Rights Reserved Unto Institutional Lenders

Section 1. Entities Constituting Institutional Lenders. “Institutional Lender” as the term is used herein shall mean and refer to banks, savings and loan associations, insurance companies or other firms or entities customarily providing loans secured by first liens on Dwellings.

Section 2. Obligation of Association to Institutional Lenders. So long as any Institutional Lender shall hold any first lien upon any Lot, or shall be the Owner of any Lot, such Institutional Lender shall have the following rights: (a) to inspect the books and records of the Association during normal business hours and to be furnished with at least one copy of the annual financial statement of the Association by May 15 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 this Declaration or the Articles of Incorporation or Bylaws of the Association, or of any proposed abandonment or termination of the Association or the effectuation of any decision to terminate professional management of the Association and assume self-management by the Association; (c) to receive notice of any condemnation of any Common Area or any portion thereof; (d) to receive notice of any substantial damage to any Common Area; and (e) to have the right to approve of any alienation, release, transfer, hypothecation or other

encumbrance of any Common Area, other than those specific rights vested in the Association under Article VI hereof.

Section 3. Requirements of Institutional Lender. Whenever any Institutional Lender desires to avail itself of the provisions of this Article, it shall furnish written notice thereof to the Association by certified mail to the Registered Agent identifying the Lot or Lots upon which any such Institutional Lender holds any first lien or identifying any Lot or Lots owned by such Institutional Lender and such notice shall designate the place to which notices, reports or information are to be given by the Association to such Institutional Lender.

Article XI — Declarant Rights

Section 1. General. Notwithstanding any other provision in this Declaration to the contrary, the Declarant and each successor Declarant shall have, in addition to the other special Declarant rights set forth in the North Carolina Planned Community Act or the Governing Documents, the rights described below so long as the Declarant owns any portion of the Community:

(a) Effectuation of General Plan of Development. The right to modify the site plan and plat of the Community, execute all documents and take all actions affecting any portion of the Property owned or controlled by it which, in its sole discretion, are desirable or necessary to effectuate or facilitate the development of the Community.

(b) The right to plat, re-plat, subdivide and re-subdivide any portion or portions of the Property owned or controlled by it.

(c) Development Planning. The right to determine, in its sole discretion, the type of Improvements, if any, to be constructed on any portion of the Property owned or controlled by it and the Common Areas and the right to revise its plans concerning such Improvements.

(d) Construction. The right to construct and maintain, on any portion of the Property owned or controlled by it or the Common Areas, any improvements it considers desirable; and the right to construct and maintain sales, marketing, management or other general business offices, temporary construction offices, and storage facilities. The rights shall include a right of ingress and egress by any and all types of vehicles and equipment to, through, over and about the Common Areas during whatever period of time the Declarant is engaged in any construction or improvement work on or within the Community as well as an easement for the parking and storage of materials, vehicles, tools, equipment and the like which are being utilized in such work.

(e) Marketing. The right to sell, lease, resell, market, promote, operate, and manage existing and planned Lots and Dwellings (and portions thereof), which right shall include the right

to construct and maintain marketing, sales and leasing offices and models and to be open for business seven days per week on any portion of the Property owned or controlled by it and the Common Areas, to solicit and receive the visits of unlimited numbers of prospective purchasers and tenants (all of whom shall have the right while visiting to use parking spaces on the Common Areas), and to place signs, lighting, flags, banners and other promotional devices on any portion or portions of the Property owned or controlled by it or the Common Areas without regard to the size or aesthetic appeal of such signs or devices.

(f) Alteration of Common Areas. The right, without the vote or consent of the Association or Owners, to expand, alter or add to all or any part of the Common Areas or any Improvements thereon.

(g) Assignment. The right to assign the foregoing rights, in whole or in part, to any one or more Declarants or Declarant's assignees by a written assignment recorded in the Registry.

(h) Use of Common Areas. Anything to the contrary in this Declaration notwithstanding, as long as the Declarant or any of its affiliates owns any property in the Community, the Declarant shall have the right to non-exclusive use of the Common Areas, without charge, for sales, leasing, promotions, special events, signage, display, access, ingress, egress, construction and exhibit purposes during the period of construction, development, sale or lease of any land, Lots or Units owned by Declarant within the Community. Further, the Declarant shall have the right to permit persons other than Owners to use certain portions of the Common Areas under such terms as Declarant, its successors and assigns, may from time to time desire without interference from the Association. Without limiting the generality of the foregoing, the Declarant may grant employees of the Declarant and their families the right to use all Common Areas.

Section 2. Easement. There is hereby created and reserved a blanket easement for Declarant to exercise the rights set forth herein and in the Articles of Incorporation and Bylaws free of any interference by the Association or any Owner.

Section 3. Injunctive Relief for Interference. The Declarant shall be entitled to injunctive relief for any actual or threatened interference with its or their rights under this Article, in addition to whatever remedies at law it or they might be entitled to.

Article XII — General Provisions

Section 1. Sanctions for Violations. Sanctions for violation of the provisions of this Declaration, the Articles of Incorporation or Bylaws of the Association, or of any rule or regulation established by the Association may include monetary fines, suspension of the voting rights of any Owner until all assessments, fines and other charges against such Owner's Lot have been paid, and suspension of the easements of enjoyment of any Owner and such Owner's family members, guests

and tenants for a period not to exceed 60 consecutive days; provided, however, that no Owner shall be denied access to such Owner's Lot.

Section 2. Enforcement. The Declarant, the Association and/or any Owner shall have the right to enforce, by any proceeding at law or in equity, all covenants, conditions, restrictions, easements, reservations, liens and charges imposed by or pursuant to the provisions of this Declaration. Failure by any such party to enforce any such provision shall in no event be deemed a waiver of the right to do so thereafter. The Association shall be entitled to receive and assess any and all cost (including attorneys fees and costs) to any Lot where enforcement action is necessary.

Section 3. Amendment. During the Period of Declarant Control, the Declarant may unilaterally amend this Declaration so long as the amendment has no material adverse effect upon a substantive right of any Owner. No amendment required by any governmental authority or to correct any typographical or drafting error or inconsistency shall be deemed material. Otherwise, this Declaration may be amended only by written consent of Owners of two thirds (2/3) of the Lots, provided that any amendment during the Period of Declarant Control shall require the written consent of Declarant.

Section 4. Termination. This Declaration, as it may be amended in accordance with the provisions hereof, shall run with the land that is subject hereto and shall be binding on all owners of such land for a period of twenty (20) years from the date of recording, and thereafter for a period of successive ten (10) year periods thereafter unless terminated by a majority of the Lots during one of the successive ten (10) year periods. This Declaration may be terminated only by written consent of Owners of 80% of the Lots or by approval of 80% of the votes entitled to be cast by the Members, provided that any termination during the Period of Declarant Control shall require the written consent of Declarant. Any termination must be signed by the proper officers of the Association or the required percentage of Owners and be properly recorded.

Section 5. Application of Restrictions; Declarant's Rights. The foregoing covenants, conditions, restrictions and easements shall apply only to the Property and not to any other property now or hereafter owned by Declarant, unless such other property is subjected to such provisions pursuant to an instrument executed by Declarant and recorded in the land records for Wake County. Without limiting the foregoing, this Declaration shall not apply to any property designated for future development on any plat recorded by Declarant. The rights of Declarant hereunder shall inure to the benefit of its successors and assigns if so specified in an instrument executed by Declarant and recorded in the land records for Wake County.

Section 6. Severability. Invalidation of any provision hereof by judgment or court order shall in no way affect any other provisions hereof, all of which shall remain in full force and effect.

Signatures continue on the following page.

IN WITNESS WHEREOF, Declarant has caused this instrument to be duly executed, the day and year first above written.

DECLARANT:

Grand Tradition, LLC,
a Georgia limited liability company

By: Jennifer Ball

Name: Jennifer Ball

Title: Vice President

STATE OF NORTH CAROLINA)

COUNTY OF Guilford)

I, Thurl Cockcroft, a Notary Public in and for Guilford County and state aforesaid, do hereby certify that Jennifer Ball, Vice President of Grand Tradition, LLC, a Georgia limited liability company, personally appeared before me this day and executed the foregoing document in the capacity herein indicated..

Witness my hand and official seal this 14th day of February, 2025.

<p>Thurl Cockcroft Notary Public Guilford County, NC</p>
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Thurl Cockcroft

Thurl Cockcroft Notary Public
(Typed or printed name of Notary)

Notary Commission Expires: 11/25/2028

EXHIBIT A The Property

BEING all of that certain real property including, but not limited to Lots 1 through 2, inclusive, the Open Space, Commercial Lot and Shared Guest, Mail Kiosk & Commercial Use Parking areas, shown on that certain plat entitled "Map of Correction for Pearl Street Townhomes" prepared by True Line Surveying, P.C., dated January 31, 2024 and recorded on February 6, 2024 in Book of Maps 2024, Pages 331-332, Wake County Registry.

TRACT 1:

BEGINNING at an existing iron pipe located at the southeast intersection of Pearl Street, a 40-foot right-of-way, and Main Street; runs thence along the southern right-of-way line of Main Street, South $60^{\circ} 30' 46''$ East 96.00 feet to an existing iron pipe marking the northwest corner of property belonging to the Garner Lions Club, now or formerly; thence along the western line of the Garner Lions Club property, South $29^{\circ} 00' 00''$ West 441.61 feet to an existing iron pipe located in the northern right-of-way line of Parker Street, a 40-foot right-of-way; thence along the northern right-of-way line of Parker Street, North $60^{\circ} 59' 49''$ West 96.00 feet to a new iron pipe located at the northeast intersection of Parker Street and Pearl Street; thence along the eastern right-of-way line of Pearl Street, North $29^{\circ} 00' 01''$ East 442.42 feet to an existing iron pipe, the point and place of BEGINNING, containing 0.97 acre, more or less, all as shown on that survey entitled "Property of William B. Baucom & wife, Ann R. Baucom" dated December 21, 1987 and prepared by Linwood E. Byrd, Inc., Registered Land Surveyors.

TRACT 2:

BEGINNING at a new iron pipe located at the southeast intersection of Parker Street, a 40-foot right-of-way, and Pearl Street, a 40-foot right-of-way; runs thence along the southern right-of-way line of Parker Street, South $60^{\circ} 59' 49''$ East 215.34 feet to an existing iron pipe; thence South $28^{\circ} 37' 26''$ West 149.41 feet to an existing iron pipe; thence South $28^{\circ} 35' 59''$ West 59.49 feet to an existing iron pipe; thence North $77^{\circ} 05' 06''$ West 73.11 feet to an existing iron axle; thence North $77^{\circ} 15' 29''$ West 49.98 feet to an existing iron axle; thence North $77^{\circ} 09' 19''$ West 102.56 feet to a new iron pipe located in the eastern right-of-way line of Pearl Street; thence along the eastern right-of-way line of Pearl Street, North $29^{\circ} 00' 01''$ East 271.69 feet to a new iron pipe, the point and place of BEGINNING, containing 1.19 acres, more or less, all as shown on that survey entitled "Property of William B. Baucom & wife, Ann R. Baucom" dated December 21, 1987 and prepared by Linwood E. Byrd, Inc., Registered Land Surveyors.