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Surry County North Carolina
Carolyn M. Comer Reg of Deeds

Bk 1264 Pg 1005-1024

**Declaration of
Covenants, Conditions, and Restrictions for**

INGLESIDE

This declaration is made on the date hereinafter set forth by Ingleside Development, LLC, a North Carolina limited liability company, having an office in Surry County, North Carolina, hereinafter referred to as "Declarant".

WITNESSETH:

Whereas, Declarant is the owner of certain property in the County of Surry, State of North Carolina, which is more particularly described on Exhibit "A" which is attached hereto and incorporated hereinafter by reference.

Whereas, it is the intent of the Declarant, hereby to cause the property described on the attached Exhibit "A" to be subjected to this Declaration of Covenants, Conditions and Restrictions.

Now, therefore, Declarant hereby declares that all of the property described on the attached Exhibit "A" shall be held, occupied, used, sold and conveyed subject to the following easements, restrictions, covenants and conditions, which shall run with such real property and be binding on all parties having any right, title, or interest in such real property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE 1

Definitions

Section 1.

Association—"Association" shall mean and refer to Ingleside Association, its successors and assigns.

Section 2.

Owner—"Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any lot, as hereinafter defined, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

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Section 3.

Properties—"Properties" shall mean and refer to that certain real property described on Exhibit "A" attached hereto and such additions thereto as may hereafter be made in accordance with the provisions of Section 4 of Article X below.

Section 4.

Common Area—"Common Area" shall mean any real property designated as "common area" on any map or plat of portions of the subject property. Common area shall be owned for the common use and enjoyment of all of the Owners designated thereon. The Common Area to be owned by the Association at the time of the conveyance of the first Lot is described as follows:

All of that land designated as "Common Area" as shown on the plats entitled "Ingleside," which appear of record in the Office of the Register of Deeds of Surry County, North Carolina.

Additional Common Area located within the Properties may be conveyed to the Association at any time in the sole discretion of Declarant, and such Common Area shall be subjected to the terms and conditions of this Declaration.

Section 5.

Member—"Member" shall mean and refer to every person or entity that holds membership with voting rights in the Association.

Section 6.

Declarant—"Declarant" shall mean and refer to Ingleside Development, LLC, as well as its successors and assigns, if Declarant shall make an express conveyance of its rights as developer hereunder to such successor or assign.

Section 7.

Lot—"Lot" shall mean and refer to any separately numbered plot of land shown upon any recorded subdivision map of the Properties and shall not include any Common Area or any streets accepted for public maintenance.

Section 8.

Restricted Common Area—"Restricted Common Area" shall mean the portion of the Common Area that is designated as "Restricted Common Area" by plat or deed reference, or that by some other means, is identified prior to the transfer to the Association as being Common Area that, although owned by the Association for the benefit of all owners, is not subject to a right of entry and occupancy by every owner.

Section 9.

Patio Home Area—"Patio Home Area" shall mean that portion of Ingleside designated on the recorded plats as Patio Home Area which shall have different dwelling specifications and use restrictions than the remainder of the development. The restrictions and covenants specific to the Patio Home Area are set out in Article XI herein.

ARTICLE II

Property Rights

Section 1.

Owners' Easements Of Enjoyment In Common Area--

- (a) Except as it relates to the Restricted Common Area, every Owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to utility and other easements to which the Common Area may be subject at the time of conveyance to the Association and subject to the following provisions:
- i. The right of the Association to suspend the voting rights and right to the use of the Common Area and any recreational facilities situated thereon by an Owner for any period during which any assessment against his Lot remains unpaid, and for a period not to exceed sixty (60) days, for any infraction of its published rules and regulations;
 - ii. The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless an instrument signed by at least two-thirds (2/3) of each class of Members, agreeing to such dedication or transfer, has been recorded;
 - iii. The right of the Association to impose regulations for the use of enjoyment of the Common Area and improvements thereon, which rules and regulations may further restrict the use of the Common Area;
 - iv. The right of the Association, in accordance with its Articles and By-Laws, to borrow money for the purpose of improving and/or maintaining the Common Area and facilities thereon and providing the services authorized herein and in aid thereof to mortgage the Common Area; provided, however, that no mortgage shall be effective unless an instrument signed by at least two-thirds (2/3) of each class of Members, agreeing to such mortgage, has been recorded; and
 - v. The right of the Association to the exchange portions of Common Area with the Declarant for substantially equal areas of the Properties for the purpose of eliminating unintentional encroachments of improvements onto portions of the Common Areas.
- (b) The Restricted Common Area shall be owned and maintained by the Association for the aesthetic benefit of all Owners. However, except as provided otherwise below, no owner shall be entitled to enter upon or occupy any portion of the Restricted Common Area. Each owner whose Lot adjoins the Restricted Common Area (an "Adjoining Lot Owner") shall be entitled to an easement and right to enter upon and enjoy the portion of Restricted Common Area that adjoins such adjoining Lot Owner's rear Lot line as shown on the recorded plat. Such easement and right of enjoyment shall be appurtenant to and

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shall pass with the title of the Adjoining Lots, subject to the conditions and provisions referred to below.

The above-described right of entry and enjoyment of the Restricted Common Area by the Adjoining Lot Owners shall be subject to all of the restrictions described in subparagraphs (ii), (iii), (iv), and (v) of paragraph (a) of this section 1 and to the following further restrictions:

- (i) All landscaping and plantings shall be subject to the prior approval of the Association.
- (ii) No fences or other improvement or obstruction shall be erected within the Restricted Common Area.
- (iii) All use shall be subject to the Association's right to maintain the Restricted Common Area and to utility and other easements existing at the time of conveyance of the Restricted Common Area to the Association or thereafter granted by the Association.

As set forth in Section 3 of Article X below, the Association shall have no right to transform the Restricted Common Area into Common Area or to otherwise permit Owners other than the Adjoining Lot Owners to have a right to enter upon or occupy the Restricted Common Area without the written approval of all affected Adjoining Lot Owners.

Section 2.

Delegation of Use—any Owner may delegate in accordance with the By-Laws, his rights of enjoyment of the Common Area and facilities to the members of his family, his tenants or contract purchasers who reside on the Lot of such Owner.

Section 3.

Leases of Lots—Any lease agreement between an Owner and a lessee for the lease of such Owner's Lot shall provide that the terms of the lease shall be subject in all respects to the provisions of this Declaration of Covenants, Conditions and Restrictions and the Articles of Incorporation and By-Laws of the Association and that any failure by the lessee to comply with terms of any such document shall be a default under the terms of the lease. All leases of Lots shall be in writing. Other than the foregoing there is no restriction on the right of any Owner to lease his Lot.

ARTICLE III

Membership and Voting Rights

Section 1.

Membership—All Owners and Declarant shall be Members of the Association. Membership by Owners shall be appurtenant to and may not be separated from Ownership of any Lot.

Section 2.

Voting Rights—The Association shall have two classes of voting membership:

Class A. Class A Members shall be all Owners (other than Declarant prior to the conversion of the Class B membership described below.) Class A Members shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote or votes for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

Class B. The Class B Member shall be the Declarant and shall be entitled to ten (10) votes for each lot owned by it shown on the Master Development Plan approved by The Surry County Technical Review Committee, as that Plan is from time to time amended. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs first:

- (a) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or
- (b) on December 31, 2035.

Notwithstanding the above classes of membership, Declarant shall have declarant rights as long as any lot shall be owned by declarant in Ingleside.

ARTICLE IV

Covenant for Maintenance and Assessments.

Section 1.

Creation Of the Lien and Personal Obligation Of Assessments--

Declarant, for each Lot dedicated to the subdivision plan, hereby covenants, and each owner for any Lot, by acceptance of a deed therefore, 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, (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided and (3) to the appropriate governmental taxing authority (a) a pro rata share of ad valorem taxes levied against the Common Area and (b) a pro rata share of assessments for public improvements to or for the benefit of the Common Area if the Association shall default in the payment of either or both for a period of six (6) months, all as hereinafter either provided. Declarant shall have the right, in its sole discretion, to exclude any portion of the lots owned by Declarant, whether dedicated or undedicated to the subdivision plan, from the monthly, annual, or special assessments. The annual and special assessments, together with interest, cost and reasonable attorney's fees, as provided below in Section 8 of this Article IV, shall be a charge and continuing lien upon the real property and improvements thereon 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 property on the date on which such assessment first became due and payable. The personal obligation for the delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

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 Properties and in particular for the acquisition, improvement and maintenance of Properties, services and facilities devoted to this purpose and related to the use and enjoyment of the Common area, including but not limited to, the costs of repairs, replacements and additions; the cost of labor, equipment, materials, management and supervision; the payment of taxes assessed against the Common Area; the maintenance of water and sewer mains in and upon the Common Area; the maintenance of open spaces and streets which have not been accepted for dedication by a public authority, roadway medians and islands (including medians and islands located in dedicated rights of way), drives and parking areas within the Properties; the procurement and maintenance of insurance in accordance with the By-Laws; the maintenance of any "sign easement" areas located on any Lot, as shown on a recorded plat; the maintenance of entranceways, lakes, creeks, dams and spillways; the landscaping and lighting of Common Area, road medians and islands and entranceways; the lighting of streets (whether public or private); the payment of charges for common television antenna service; the payment of charges for garbage collection and municipal water and sewer services furnished to the dwellings on Lots, as well as to the Common Areas; the employment of attorneys and other agents to represent the Association when necessary; the provision of adequate reserves for the replacement of capital improvements including, without limiting the generality of the foregoing, paving, and any other major expense for which the Association is responsible; and such other needs as may arise. At the time of the execution of this Declaration, Declarant does not contemplate the location within the Properties of active recreational amenities, such as swimming pools, tennis courts or clubhouses.
- (b) The Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of improvements to the Common Area and those other portions of the Properties which the Association may be obligated to maintain. Such reserve fund is to be established out of regular assessments for common expense.
- (c) All monies collected by the Association shall be treated as the separate property of the Association, and such monies may be applied by the Association to the payment of any other expense of operating and managing the Properties, or to the proper undertaking of all acts and duties imposed upon it by virtue of this Declaration or the Articles of Incorporation or By-Laws of the Association by any Owner, the same may be commingled with monies paid to the Association by the other Owners. Although all funds and common surplus, including other assets of the Associations, and any increments thereto or profits derived therefrom, shall be held for the benefit of the Members of the Association, no Member of the Association shall have the right to assign, hypothecate, pledge or in any manner transfer his membership interest therein, except as an appurtenance to his Lot. When an Owner shall cease to be a Member of the Association by reason of his divestment of ownership of his Lot, by whatever means, the Association shall not be required to account to such Owner for any share

of the fund 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 in the operation and management of the Properties.

Section 3.

Maximum Annual Assessment. Until December 31 of the year of the conveyance of the first Lot to an owner, the maximum annual assessment shall be One Thousand and no/100 Dollars (\$1000.00) per Lot, and may be collected in monthly, quarterly, semi-annual or annual installments.

- (a) The maximum annual assessment for the calendar year immediately following the year in which conveyance of the first Lot to an Owner is made and for each calendar year thereafter shall be established by the Board of Directors and may be increased by the Board of Directors without approval by the membership by an amount not to exceed fifteen percent (15%) of the maximum annual assessment of the previous year.
- (b) The maximum annual assessment for the calendar year immediately following the year in which conveyance of the first Lot to an Owner is made and for each calendar year thereafter may be increased without limit by a vote of two-thirds (2/3) of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose.
- (c) The Board of Directors may fix the annual assessments at an amount not in excess of the maximum, subject to the provisions of Section 6 of this Article.

Section 4.

Special Assessments for Capital Improvements. In additions to the annual assessments authorized above, the Association may levy, in any calendar year, a special assessment 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 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. All special assessments shall be fixed at a uniform rate for all Lots and may be collected on a monthly basis.

Section 5.

Notice And Quorum For Any Action Authorized Under Sections 3 and 4.

Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 of this Article IV shall be sent to all Members not less than fifteen (15) days nor more than sixty (60) days in advance of meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership 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 sixty (60) days following the preceding meeting.

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Section 6.

Rate of Annual Assessment.

Both Annual and special assessments must be fixed at a uniform rate for all Lots that are subject to assessments and may be collected on a monthly, quarterly, semiannual or annual basis. Owners of multiple adjoining lots, on which no more than one dwelling is constructed, shall pay a combined assessment for all of the adjoining lots not to exceed the assessment for one lot.

Section 7.

Date and Commencement of Annual Assessments Due Dates.

The annual assessments provided for herein may be collected on a monthly, quarterly, semiannual or annual basis and shall commence as to a Lot on the first day of the month following the conveyance of that Lot to someone other than Declarant. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. At least thirty (30) days in advance of each annual assessment period, the board of Directors shall fix the amount of the annual assessment and thereafter shall send written notice thereof 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, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid.

Section 8.

Effect of Nonpayment of Assessments: Remedies of the Associations.

Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of twelve percent (12%) 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 non-use of the Common Area or abandonment of his Lot nor shall damage to or destruction of any improvements on any Lot by fire or other casualty result in any abatement or diminution of the assessments provided for herein.

Section 10.

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, shall extinguish the lien of such assessments as to the payment thereof which became 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.

Exempt Property.

All property dedicated to, and accepted by, a local public authority and all properties 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 assessments created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

ARTICLE V

Architectural Control

Section 1.

Improvements.

No building, fence, wall or other structure or planting or landscaping shall be commenced, erected or maintained or allowed to remain upon any Lot, nor shall any exterior addition to or change or alteration therein, including, without limitation, any plantings or landscaping, be made until the plans and specifications therefore (which shall be required to show by way of illustration and not limitation, the nature, kind, shape, height, materials and location of all such item) shall have been submitted to and approved in writing as to all matters including without limitation, harmony of external design, location, landscaping, and elevation in relation to surrounding structures, lot size and shape topography by the Board of Directors of the Association, or by an architectural control committee composed of three (3) or more representatives appointed by the Board (the "Architectural Control Committee"). Provided that nothing herein contained shall be construed to permit interference with the development of the Properties by the Declarant so long as said development follows the general plan of development of the Properties previously approved by Surry County.

Section 2.

Procedures.

Any person desiring to make any improvement, alteration or change described in Section 1 above shall submit the plans and specifications therefore, showing such matters in such detail as the Board of Directors of the Association or Architectural Control Committee shall require, including without limitation a detailed showing of the nature, kind, shape, height, materials and location of the same, to the Board of Directors of the Association or the Architectural Control Committee which shall evaluate such plans and specifications in light of the purpose of this Article V. In the event the Committee fails to approve, modify or disapprove in writing an application within sixty (60) days after plans and specifications have been submitted to it, approval will not be required and this Article will deemed to have been fully complied with. If any improvement, change or alteration requiring approval pursuant to this Article V is not commenced within thirty (30) days of its approval (or the expiration of the 60-day period referred to above, if applicable), it shall, once again, be subject to the approval provisions set forth above. In addition, as such improvements, changes, alterations shall be diligently pursued to completion and in any event, construction, change or alteration of dwellings and other improvements shall be completed within (6) months of commencement of grading or other construction work with all initial landscaping to be completed within the 30-day period immediately following such completion.

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ARTICLE VI

Exterior Maintenance

The Association shall maintain the Common Area. Each Owner shall be responsible for all of the exterior maintenance of his or her dwelling, other improvements and Lot, including the painting, replacement and care of roofs, gutters, downspouts and exteriors surfaces of buildings and other improvements and the maintenance and care of the lawn, trees, shrubs, driveways, walks and other exterior improvements. In the event that any Owner neglects or fails to maintain his Lot and/or the exterior of his dwelling in a manner consistent with other Lots, dwellings or other improvements in Ingleside, the Association may provide such exterior maintenance. Provided, however, that the Association shall first give written notice to the Owner of the specific items of exterior maintenance or repair the Association intends to perform and the Owner shall have sixty (60) days from the date of mailing of said notice within which to perform such exterior maintenance himself. The determination as to whether an Owner has neglected or failed to maintain his Lot and/or dwelling or other improvements in a manner consistent with other Lots, dwellings or other improvements in Ingleside shall be made by the Board of Directors of the Association, in its sole discretion. In order to enable the Association to accomplish the foregoing, there is hereby reserved to the Association the right to unobstructed access over and upon each Lot at all reasonable times to perform maintenance as provided in this Article.

In the event the Association performs such exterior maintenance, repair, or replacement, the cost of such maintenance, replacement or repairs shall be added to and become a part of the assessment to which Lot is subject.

ARTICLE VII

Use Restrictions

Section 1.

Land Use and Building Type.

No Lot shall be used except for residential purposes, except for temporary uses thereof by Declarant for Declarant's sales office and/or model. No structures shall be erected or allowed to remain on any Lot except one detached single-family dwelling not exceeding two stories and an attic (finished or unfinished) in height, a basement (finished or unfinished) and either an attached garage (which may include quarters for servants) or an attached carport closed on the front and permitting the entry of cars from the side or back only. No detached buildings of any kind shall be permitted unless approved by developer or Architectural Review Committee.

Section 2.

Dwelling Specifications.

No dwelling shall be erected or allowed to remain on a Lot if (a) the ground floor area of the main structure, exclusive of open porches and decks and of garages and carports, shall be less than twenty-three hundred (2300) square feet in the case of a one-story structure, less than two thousand (2000) square feet in the case of a one and one-half story structure or less than fourteen hundred (1400) square feet in the case of a two-story structure, or (b) the total floor areas of the

entire main structure (all floors), exclusive of open porches and decks and of garages, carports and basements, shall be less than twenty-three hundred (2300) square feet.

Declarant shall retain the right to change or modify these specifications in the event that topography or other conditions make it advisable to modify the specifications.

Section 3.

Nuisance

No noxious or offensive 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 neighborhood.

Section 4.

Animals

No animals, livestock, or poultry of any kind shall be kept or maintained on the Common Area or 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 purpose and further provided that they are kept and maintained in compliance with (i) all laws and ordinances of the State of North Carolina and Surry County relating thereto, and (ii) such rules and regulations pertaining thereto as the Board of Directors may adopt from time to time. Approved household pets must be confined to the lot boundary of their owner by approved aboveground fence referred to in this document or by underground fence or other electronic restraint in any area within the perimeter boundaries of the owner's lot. Household pets must be restrained by a leash or other approved method when outside the owner's lot.

Section 5.

Outside Antennas.

No outside radio or television antennas or discs shall be erected on the Common Area or on any Lot or dwelling within the Properties unless and until permission for the same has been granted by the Board of Directors of the Association or the Architectural Control Committee.

Section 7

Parking

Each Lot shall contain sufficient off-street paved parking space for at least three (3) automobiles. No automobiles, motorcycles, recreational vehicles or boats shall be parked on any street within the Properties. Boats, trucks, trailers, vans, recreational or commercial vehicles, campers, and other equipment or vehicles, except for operative automobiles and non-commercial personal trucks, shall not be parked or stored in any area (including driveways) on a Lot except inside an enclosed garage or carport attached to the main dwelling or in the rear or side of the Lot and out of view from a neighboring lot or common area.

Section 8.

Resubdivision Of Lot, Streets, Fences, and Signs.

No lot shall be resubdivided into a lot smaller than or different from the Lot shown on the recorded plat, except with the written consent of Declarant. No street shall be laid or opened across or through any Lot. No fence shall be erected or allowed to remain on any lot nearer to

any street abutting the front of any Lot than the front building lines of the dwelling located on such Lot without consent of the Declarant. No metal fencing shall be permitted, and no billboards or signs shall be erected or allowed to remain on any Lot except as allowed by the Architectural Control Committee.

Section 9.

Driveways, Walkways, Pumps, Air Conditioners, Mail Boxes, Roofs, Swimming Pools and Solar Panels.

Unless otherwise specifically permitted by Board of Directors or the Architectural Control Committee of the Association, (a) each improved Lot shall contain a paved driveway as well as a paved walkway leading from the front door of the main structure to the driveway; (b) all pumps for lawn sprinkling and other purposes and all air conditioners and other HVAC equipment shall be screened from view; (c) all mailboxes shall be masonry and provide separate sleeves for newspapers, and no other receptacles for mail, newspapers, trash or other purposes shall be permitted unless screened from public view in the rear yard; (d) the roof pitch of any structure may not be less steep than 7/12; (e) there shall be no above-ground swimming pools; (f) solar heating panels shall be installed in such a manner as not to be visible from any street or Common Area; and (g) lines for drying clothing must not be located in the front yard and must not be visible from any street or common area.

Section 10.

Building Setback.

No building shall be located on any Lot nearer than forty (40) feet from the front line, or nearer than ten (10) feet to any side Lot line. No building shall be located nearer than fifteen (15) feet to any side street line. For the purpose of this paragraph, eaves, steps, and open porches shall not be considered as part of the building provided, however, this shall not be construed to permit any portion of a building on a Lot to encroach upon any other Lot. In the event of a violation of these building line restrictions, the Declarant may waive any such violation by an appropriate written instrument. The Board of Directors or the Architectural Control Committee of the Association may require greater set backs in their sole discretion.

Mobile Homes, Manufactured Homes, Etc.

No mobile home, manufactured home, modular home, trailer, recreational vehicle or other like structure shall be located or installed on any Lot to be used as a residence.

Article VIII

Easements

Section 1.

Utilities.

Easements for installation and maintenance of utilities (including cable television service) and drainage facilities are reserved as indicated on recorded plats. Within these easements no structures, planting or other material shall be placed or permitted to remain which may interfere with the installation and maintenance of utilities, or which may change the direction of flow drainage channels in the drainage easements, or which may obstruct or retard the flow of water

through the drainage channels in the easements. An easement is hereby established for the benefit of Surry County (and any other person or firm providing services to the properties under the agreement with or at the direction of the Association) over all Common Area as may be reasonably necessary for the settling, removal and reading of water meters, and the maintenance and fighting of fires and collection of garbage. The Association shall have power and authority to grant and establish upon, over and across the Common Area such additional easements as are necessary or desirable for the providing of service or utilities to the Common Area or Lots.

Section 2.

Sign Easements

Easements for the maintenance of subdivision signs and landscaping and lighting surrounding same, if any, are reserved as indicated on recorded plats. Declarant hereby grants, gives and conveys to the Association a perpetual, non-exclusive easement over the portions of Lots, if any, designated as "sign easements" on the plats, to maintain, repair and replace the subdivision signs which may be located thereon, and lighting fixtures and landscaping surrounding same. The costs of all such maintenance, repair and replacement shall be part of the common expenses of the Association, payable by the Owners as set out in Article IV hereof. In addition to the easement granted above as to any portion of Lots designated "sign easement", Declarant hereby gives, grants and conveys to the Association the right of ingress, egress and regress over other portions of such Lots as shall be reasonably necessary to effectuate the purposes stated above. The easements hereby granted shall run with the land in perpetuity and be binding upon and inure to the benefit of all persons and entities now owning or subsequently acquiring all or a part of the Properties.

ARTICLE IX

Rights Reserved Unto Institutional Lenders

Section 1.

Entities Unto 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 affording loans secured by first liens on residences, and eligible insurers and governmental guarantors.

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 (1) copy of the annual financial statement and report of the Association prepared by a certified public accountant designated by the Board of Directors of the Association, such financial statement or report to be furnished by April 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 of

Covenants, Conditions and Restrictions or the Articles of Incorporation, or By-Laws 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 or casualty loss affecting the Common Area.
- (d) To be notified of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.
- (e) To have the right to approve of any alienation, release, transfer, hypothecation or other encumbrance of the Common Areas, other than those specific rights vested in the Association under the Article II hereof.
- (f) To be given notice of any delinquency in the payment of any assessment or charge (which delinquency remains uncured for a period of sixty (60) days) by any Owner owning a Lot encumbered by a mortgage held by the Institutional Lender, such notice to be given in writing and to be sent to the principal office of such Institutional Lender, or to the place which it may designate in writing.

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 at the address shown in the Articles of Incorporation 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 X

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 the Declaration or of the Articles of Incorporation or By-laws of the Association against any person or persons violating or attempting to violate any of the same, either to restrain violation to recover damages or both. Failure by the Association herein 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. The Association shall have the right to request that law enforcement, public safety and animal control officers come on the Properties to facilitate the enforcement of the laws, codes and ordinances of any governmental authority.

Section 2.

Severability

Invalidation of any one of the covenants or restrictions by judgment or court order shall in no way affect any other provision which shall remain in full force and effect.

Section 3.

Duration; Amendment.

The covenants, restrictions and other provisions 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, unless during the last year of such initial or then current renewal period seventy-five percent (75%) of the Owners shall agree in writing to terminate this Declaration at the expiration of the then current term hereof. This Declaration may be amended during the first twenty (20) year period of an instrument executed by not less than ninety percent (90%) of the Owners, and thereafter by an instrument executed by not less than seventy five percent (75%) of the Owners, provided that no amendment shall alter any obligation to pay ad valorem taxes or assessments for public improvements, as herein provided, or affect any lien for the payment thereof established herein, and provided further that no amendment shall transform the Restricted Common Area into Common Area or to otherwise permit Owners other than Adjoining Lot Owners to have a right to enter upon or occupy the Restricted Common Area unless all of the affected Adjoining Lot Owners are included among the Owners executing the amendment. Any amendment or termination of this Declaration must be properly recorded.

Section 4.

Annexation

- (a) Except as provided in subparagraph (b) below, additional residential property and Common Area may be annexed to the Properties only with the consent of two-thirds (2/3) of each class of Members.
- (b) If Declarant should develop additional lands within the boundaries described in Exhibit "B" attached hereto and incorporated herein by reference on or before December 31, 2013, such additional lands may be annexed to Ingleside and made subject to this Declaration without consent of the Members. Declarant may annex to Ingleside any of such additional lands by recording in the Surry County Registry a Declaration of Covenants or an Amendment to this Declaration, duly executed by Declarant, describing the lands annexed and incorporating the provisions of the Declaration. Such additional land shall be annexed to Ingleside on the date of recordation of such Declaration or Amendment to this Declaration, and no other action or consent shall be necessary. Subsequent to the recordation of such Declaration or Amendment by Declarant, Declarant shall deliver to the Association one or more deeds conveying any property that is designated as "Common Area", "Restricted Common Area" or "Open Space" within the lands annexed.

ARTICLE XI

Patio Home Area

Section 1.

Designation—The areas designated as Patio Home Areas on the plats of Ingleside shall be governed by this Article. It is anticipated that approximately 14 patio-style homes will be located in the initial Patio Home Area designated on the plats.

Section 2.

Maintenance and Assessment—The Patio Home Area shall participate in the annual assessments for maintenance of Ingleside as provided for in Article IV of this Declaration. In addition to the Article IV assessment, the lots in the Patio Home Area shall be subject to an additional assessment for the maintenance of the common area within the Patio Home Area only. The determination of the amount of the assessment shall be in the same manner as provided for in Article IV of the Declaration as applied to the costs incident to the maintenance of the common area of the Patio Home Area only with the following additional requirements:

- (a) The Patio Home Area shall elect a board of directors consisting of 5 members who shall recommend to the Board of Directors of Ingleside the amount of the annual assessment for the Patio Home Area.
- (b) One member of the Patio Home Area board of directors shall be appointed by that board to serve on the Board of Directors of Ingleside.
- (c) The additional assessment shall be spent only on the Patio Home common area.
- (d) The Board of Directors of Ingleside and the Patio Home Area shall provide a separate accounting of revenues and expenditures of the Patio Home Area.

The other sections of Article IV regarding the lien obligation, enforcement, maximum assessment, remedies, etc. shall apply to the assessment for the Patio Home Area.

Section 3.

Use Restrictions—No Lot shall be used except for residential purposes, except for temporary uses thereof by Declarant for Declarant's sales office and/or model. No structures shall be erected or allowed to remain on any Lot except one detached single-family dwelling. These lots may have individual or grouped well and water systems or individual or grouped septic systems located in the common area. The size of the individual lots shall be determined by the county planning office and shall be shown on a recorded plat. As determined by the county planning and environmental offices, special use lots may be created in the common area and conveyed with each lot for septic nitrification lines. It is expected that no less than one 20 ft. easement shall be located on the common area in the Patio Home Area for location of water and/or septic lines to service the homes in the Patio Home Area. The other provisions of Article VII not inconsistent with this Article shall apply to the Patio Home Area.

Section 4.

Dwelling Specifications— No dwelling shall be erected or allowed to remain on a Lot if (a) the ground floor area of the main structure, exclusive of open porches and decks and of garages and carports, shall be less than eighteen hundred (1800) square feet in the case of a one-story structure.

Declarant shall retain the right to change or modify these specifications in the event that topography or other conditions make it advisable to modify the specifications.

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Section 5.

Building Setback—The lots in the Patio Home Area shall not be governed by the same setback requirements of Article VII. Section 10. The building setbacks shall be as shown on the recorded plat for the Patio Home Area.

Section 6.

Future Development—The Declarant reserves the right to develop additional Patio Home Areas in Ingleside as designated on the plats of the development as "Future Patio Home Area." In the event that an area designated as "Future Patio Home Area" is not developed as such, that area may be divided into lots and conveyed subject to the other provisions of this declaration.

Section 7.

Conflict with Other Articles—In the event of a conflict between this Article and other Articles in this Declaration pertaining to the Patio Home Area, then this Article shall control.

ARTICLE XII

Declarant Rights.

Declarant reserves the right to amend or modify the terms and conditions of these protective covenants and restrictions, provided that at the time of such amendment or modification, Declarant is the owner of at least one lot in the development, and such amendment(s) or modification(s) do not conflict with the harmonious scheme of development as set forth hereinabove. This right to amend includes but is not limited to the right to combine or divide lots in the subdivision.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has caused this instrument to be executed and sealed this the 22nd day of October, 2008.

INGLESIDE DEVELOPMENT, LLC

BY: F. Eugene Rees
F. EUGENE REES, MEMBER-MANAGER

BY: Billy E. Inman
BILLY E. INMAN, MEMBER-MANAGER

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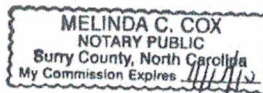
STATE OF NORTH CAROLINA
COUNTY OF SURRY

I, Melinda C. Cox, Notary Public, certify that F. EUGENE REESE personally came before me this day and acknowledged that he is member-manager of INGLESIDE DEVELOPMENT, LLC, a limited liability company, and that he, as member-manager being authorized to do so, executed the foregoing on behalf of the limited liability company.

Witness my hand and official seal this the 22 day of October, 2008.

Melinda C Cox
NOTARY PUBLIC Melinda C. Cox

My commission expires: 11/15/10



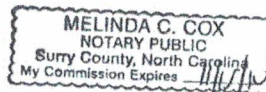
STATE OF NORTH CAROLINA
COUNTY OF SURRY

I, Melinda C. Cox, Notary Public, certify that BILLY E. INMAN personally came before me this day and acknowledged that he is member-manager of INGLESIDE DEVELOPMENT, LLC, a limited liability company, and that he, as member-manager being authorized to do so, executed the foregoing on behalf of the limited liability company.

Witness my hand and official seal this the 22 day of October, 2008.

Melinda C Cox
NOTARY PUBLIC Melinda C. Cox

My commission expires: 11/15/10



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EXHIBIT A

Being all of that property shown on the survey entitled "Subdivision of Ingleside, Phase 3" recorded in Plat Book 26 Page 3, Surry County Registry, and all of that property shown on the survey entitled "Subdivision of Ingleside, Phase 7" recorded in Plat Book 26 Page 4, Surry County Registry.

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EXHIBIT B

This Exhibit B contains the legal description of additional lands that may be developed and subjected to the Declaration at a later date by the recording of an Amendment as set forth in Article X, Section 4.

Tract 1:

Being all of that tract or parcel of land containing 54.97 acres, more or less, as more fully described in the deed recorded in Book 1188 Page 259, Surry County Registry, which is incorporated herein by reference as fully as if set forth herein.

Tract 2:

Being all of that tract or parcel of land containing 52.984 acres, more or less, as more fully described in the deed recorded in Book 1206 Page 1065, Surry County Registry, which is incorporated herein by reference as fully as if set forth herein.

Save and except those tracts previously conveyed by deeds recorded in Book 1206 Page 1068 (5.17 acres) and Book 1227 Page 130 (2.66 acres), Surry County Registry.

Tract 3:

Being all of those tracts or parcels of land containing 10.89 acres, more or less, and 0.42 acres, more or less, as more fully described in the deed recorded in Book 1245 Page 874, Surry County Registry, which is incorporated herein by reference as fully as if set forth herein.

Save and except that tract containing 1.62 acres previously conveyed by deed recorded in Book 1251 Page 307, Surry County Registry.