

State of North Carolina
Department of the Secretary of State

ARTICLES OF INCORPORATION
NONPROFIT CORPORATION

Pursuant to §55A-2-02 of the General Statutes of North Carolina, the undersigned corporation does hereby submit these Articles of Incorporation for the purpose of forming a nonprofit corporation.

1. The name of the corporation is: Holly Pointe Homeowners Association, Inc.
2. _____ (Check only if applicable.) The corporation is a charitable or religious corporation as defined in NCGS §55A-1-40(4).
3. The street address and county of the initial registered office of the corporation is:
Number and Street 10612 Winding Wood Trail
City, State, Zip Code RALEIGH, NC 27613 County Wake
4. The mailing address *if different from the street address* of the initial registered office is:

5. The name of the initial registered agent is:
Lance S. Williams
6. The name and address of each incorporator is as follows: Lance S. Williams 10612
Winding Wood Trail Raleigh NC 27613
7. (Check either a or b below.)
a. ☒ The corporation will have members.
b. ☐ The corporation will not have members.
8. Attached are provisions regarding the distribution of the corporation's assets upon its dissolution.
9. Any other provisions which the corporation elects to include are attached.
10. The street address and county of the principal office of the corporation is:
Number and Street 10612 Winding Wood Trail RALEIGH NC 27613
City, State, Zip Code RALEIGH NC 27613 County Wake
11. The mailing address *if different from the street address* of the principal office is:

12. These articles will be effective upon filing, unless a later time and/or date is specified: April 11, 2006

This is the 15th day of February, 2006.

Lance S. Williams

Signature of Incorporator

Lance S. Williams

INCORPORATOR

Type or print Incorporator's name and title, if any

NOTES:

1. Filing fee is \$60. This document must be filed with the Secretary of State.

Revised January 2000

Form N-01

CORPORATIONS DIVISION

P. O. BOX 29622

RALEIGH, NC 27626-0622

HOLLY POINTE HOMEOWNERS ASSOCIATION

DISSOLUTION

The Association may be dissolved with the assent given in writing and signed by members entitled to cast two thirds (2/3) of the votes of the entire Class A membership and two thirds (2/3) of the entire Class B membership, if any. Upon dissolution of the Association, other than incident to a merger or consolidation, a dedication of the Common Areas of the Association shall be offered to Wake County and the areas thus dedicated shall be conveyed to Wake County, provided that such dedication shall be subject to the superior right of the owner of each Lot to an easement of reasonable ingress and egress between his Lot and the public street as well as any easement for the exclusive use of Limited Common Areas assigned to such owner's Lot and for a Association may in its discretion designate the boundaries of said easement for off-street parking and said area for ingress and egress which shall accompany each Lot. In the event that Wake County refused to accept such dedication and conveyance, such assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust or other organization to be devoted to purposes and uses that would most nearly reflect the purposes and uses to which they were required to be devoted by the Association. The Association shall have no capital stock. In the event of dissolution, no member, director or officer of the Association or any private individual shall be entitled to share in the distribution of the assets of the Association.

BYLAWS

OF

HOLLY POINTE HOMEOWNERS ASSOCIATION, INC.

ARTICLE I NAME AND LOCATION

The name of the corporation is **HOLLY POINTE HOMEOWNERS ASSOCIATION, INC.** (hereinafter referred to as the "Association"). The principal office of the Association shall be located at 10612 Winding Wood Trail, Wake County, Raleigh, NC 27613. The location of the principal office of the Association may be changed by the Board of Directors. Meetings of members and directors may be held at such places within Wake County, North Carolina as may be designated by the Board of Directors.

ARTICLE II DEFINITIONS

Section 1. "Act" shall mean and refer to Chapter 47F of the North Carolina General Statutes known as the North Carolina Planned Community Act.

Section 2. "Amenities" shall mean the facilities constructed, erected or installed on the Common Areas for the use, benefit and enjoyment of Members.

Section 3. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the properties recorded in the office of the Register of Deeds of Wake County.

Section 4. "Association" shall mean and refer to **HOLLY POINTE HOMEOWNERS ASSOCIATION, INC.** its successors and assigns.

Section 5. "Board of Directors" or "Board" means those persons elected or appointed and acting collectively as the Directors of the Association.

Section 6. "Common Areas" shall mean and refer to the real property, together with any improvements thereon, owned by the Association, whether in fee or easement, for the common benefit of the Owners of Lots within the Subdivision, and specifically Homeowner Association permanently protected undisturbed open space areas, including the area within any private drainage easements and the Stormwater Control Measures constructed therein, including Stormwater Control Measures situated outside of the public streets, and which serve more than one Lot and are not maintained by any governmental authority. Common Area also includes water and sewer lines which serve more than one Lot and are not located within a Town of Holly Springs utility easement or a public street right-of-way. The Common Area shall be maintained by the Association, including, but not limited to the funding of the Stormwater Replacement Protection Easement and Access Maintenance Agreement Replacement Contribution (Replacement Contribution Agreement) with the City of Raleigh for the Stormwater Control Measures, or its successors in interest unless dedicated to public use and accepted by a public agency, authority or utility as set forth herein. The term "Common Properties" shall also include any personal property acquired by the Association if said property is designated as "Common Properties". All "Common Properties" are to be devoted to and intended for the common use and enjoyment of the Owners, subject to the fee schedules and operating rules adopted by the Association.

Section 7. "Declarant" shall mean and refer to **HOLLY POINTE, LLC**, a North Carolina Limited Liability Company, and its successors and assigns to whom the rights of Declarant hereunder are expressly transferred, in whole or in part, and subject to such terms and conditions as the Declarant may impose.

Section 8. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the properties on which such plot appears (provided said map has been approved by Declarant), with the exception of the Common Area and Limited Common Areas, if any.

Section 9. "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 10. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 11. "Person" shall mean and refer to any individual, corporation, partnership, association, trustee, or other legal entity.

Section 12. "Properties" shall mean and refer to the certain real property hereinbefore described in Exhibit "A" attached, and incorporated herein by reference, and additions or deletions as are subjected to the Declaration or any Supplemental Declaration.

ARTICLE III MEETINGS OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the Members shall be held on the second Tuesday of January, 2005. Each subsequent regular meeting of the Members shall be held in the same month of each year thereafter unless a different date is fixed by the Board of Directors.

Section 2. Special Meetings: Special meetings of the shareholders may be called at any time by the President or Board of Directors of the Association, or by any Member pursuant to the written request of the holders of not less than one-fourth of all votes of Class A membership. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in said notice.

Section 3. Place of Meetings. Meetings of the Members shall be held at such place, within Wake County, North Carolina, as may be determined by the Board of Directors.

Section 4. Notice of Meeting: Except as otherwise provided in the Act Articles of Incorporation, the Declaration, or these By-Laws, written or printed notice stating the time and place of the meeting shall be delivered not less than thirty (30) or more than sixty (60) days before the date of any Association meeting, either personally or by mail, by or at the direction of the President, the Secretary, or other person calling the meeting, to each Member entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered to the Member at his address as it appears on the record of Members of the Association with postage thereon prepaid.

In the case of a special meeting, the notice of meeting shall specifically state the purpose or purposes for which the meeting is called; but, in the case of an annual or substitute annual meeting, the notice of meeting need not specifically state the business to be transacted thereat unless such a statement is required by the provisions of the North Carolina Nonprofit Corporation Act.

When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. When a meeting is adjourned for less than thirty days in any one adjournment, it is not necessary to give any notice of the adjourned meeting other than by announcement at the meeting at which the adjournment is taken.

Section 5. Quorum: Except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws, the presence at the meeting of Members or of proxies entitled to cast, ten percent (10%) of the votes appurtenant to each Class of Lots in combination (Class A and B) shall constitute a quorum for any action. In the event business cannot be conducted at any meeting because a quorum is not present, that meeting may be adjourned to a later date by the affirmative vote of a majority of those present in person or by proxy. The quorum

requirement at the next meeting shall be one-half of the quorum requirement applicable to the meeting adjourned for lack of a quorum. This provision shall continue to reduce the quorum by fifty percent (50%) from that required at the previous meeting, as previously reduced, until such time as a quorum is present and business can be conducted.

Section 6. Proxies: Votes may be cast either in person or by one or more agents authorized by a written proxy executed by the Member or by his duly authorized attorney in fact. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot, or 11 months after its date (unless a shorter period is specified), whichever event first occurs.

Section 7. Informal Action by Members. Any action which may be taken at a meeting of the Members may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the persons who would be entitled to vote upon such action at a meeting and filed with the Secretary of the Association to be kept in the minute book of the Association.

Section 8. Loss of Right to Vote. The vote of any Member who is shown on the books or records of the Association to be more than sixty (60) days delinquent in any payment due the Association shall not be an eligible vote and shall not be counted for purposes of deciding any question so long as such delinquency is not cured, nor shall such member be eligible to be elected to the Board of Directors.

Section 9. Multiple Owners of Lot. In cases where there are multiple owners of a Lot, if only one of the multiple Owners of a Lot is present at a meeting of the Association, the Owner who is present is entitled to cast all the votes allocated to that Lot. If more than one of the multiple Owners are present, the votes allocated to that lot may be cast only in accordance with the agreement of a majority in interest of the multiple Owners. Majority agreement is conclusively presumed if any one of the multiple Owners casts the votes allocated to the Lot without protest being made promptly to the person presiding over the meeting by any of the other Owners of the Lot.

ARTICLE IV BOARD OF DIRECTORS

Section 1. General Powers: The business and affairs of the Association shall be managed by its Board of Directors.

Section 2. Number, Term and Qualifications: The number of directors constituting the Board of Directors shall be not less than two (2) prior to transition or less than five (5) after transition, nor more than seven (7). At the first annual meeting after transition, the Members may elect two directors to serve for a term of one year, two directors to serve for a term of two years, and the remaining director positions to serve for a term of three years. At subsequent annual meetings thereafter, the Members shall elect the number of directors needed to fill the vacancy or vacancies created by the director or directors whose term(s) is/are expiring to serve for a term of three (3) years. Directors must be Members of the Association.

Section 3. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not fewer than the number of vacancies that are to be filled.

Section 4. Election. The directors shall be elected by secret written ballot at the annual meeting of the Members. In such election, the Members or their proxies may cast, with respect to each vacancy, as many votes as they are entitled under the provisions of Article III of these By-Laws. The persons receiving the highest number of votes shall be elected. Cumulative voting is not permitted.

Section 5. Removal: Any directors may be removed at any time with or without cause, by a majority vote of the members.

Section 6. Vacancies: Any vacancy occurring in the Board of Directors may be filled by the selection of a successor by the remaining Directors, who shall serve for the unexpired term of his predecessor. The Members may elect a director at any time to fill any vacancy not filled by the Directors.

Section 7. Compensation. No Director shall receive compensation for any service he may render to the Association in the capacity of Director. However, any Director may be reimbursed for actual expenses incurred in the performance of his duties.

ARTICLE V MEETINGS OF DIRECTORS

Section 1. Regular Meetings: A regular meeting of the Board of Directors shall be held at least quarterly, without notice and at such place and hour as may be fixed from time to time by the Board of Directors.

Section 2. Special Meetings: Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two Directors, after not less than three (3) days notice to each director.

Section 3. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

Section 4. Informal Action by Directors. Any action which may be taken at a meeting of the Board of Directors may be taken without a meeting if written consent to the action so taken is signed by all the Directors and filed with the minutes of the proceedings of the Board, whether done before or after the action is so taken.

Section 5. Chairman. A chairman of the Board of Directors shall be elected by the Directors and shall preside over all Board meetings until the President of the Association is elected. Thereafter, the President shall serve as Chairman. In the event there is a vacancy in the office of President, a Chairman shall be elected by the Board of Directors to serve until a new President is elected.

Section 6. Participation in Meetings by Means of Conference Telephone. Members of the Board of Directors, or any committee of the Board, may participate in a meeting of the Board or of such committee by means of a conference telephone or similar communications device by means of which all persons participating in the meeting can hear each other, and participation by such means shall constitute presence in person at such meeting.

ARTICLE VI POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers: The Board of Directors shall have power to:

(a) adopt and publish rules and regulations governing the use of the Common Areas, Amenities and the personal conduct of the Members and their guests thereon, and to establish fines and penalties for the infraction thereof;

(b) suspend a Member's voting rights and right to use of any recreational facilities during any period in which he shall be in default in the payment of any assessment levied by the Association pursuant to the provisions of the Declaration. Such rights may also be suspended after such notice and hearing as the Board, in its discretion, may determine, for a period not to exceed 60 days for infraction of the published rules and regulations of the Association;

(c) exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the Membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;

(d) declare the office of a member of the Board of Directors to be vacant in the event such director shall be absent from three (3) consecutive regular meetings of the Board of Directors;

(e) employ a manager, independent contractors, or such other employees or agents as it may deem necessary and prescribe their duties. In the event a contract is entered into with a management company to manage the affairs to the Association, such contract must be terminable by the Board of Directors without cause or penalty on not more than ninety (90) days notice. Any management contract shall be for a term of not more than three years;

(f) employ attorneys to represent Association when necessary;

(g) grant easements for the installation and maintenance of sewage, utility or drainage facilities upon, over, under and across the Common Areas without the assent of the Members, when such easements are necessary for the convenient use and enjoyment of the Property;

(h) appoint and remove at pleasure all officers, agents and employees of the Association, prescribe their duties, fix their compensation, and require of them such security or fidelity bond as it may deem expedient;

(i) contract for the provision of a central television antenna, or, in the absence of the availability thereof, to supply cablevision for the convenience of the Members, the cost of either of which may be included in annual or special assessments, and regulate or prohibit the erection of television antenna or dishes on individual lots; and

(j) contract with the owners of recreational facilities for the use of such facilities by the members, which use shall be optional with all fees for such use to be paid directly to the owners by the member, and not as a part of the "Assessment" or dues, or furnish such facilities within the "Common Area".

Section 2. Duties. It shall be the duty of the Board of Directors to:

(a) cause to be kept a complete record of all its acts and Association affairs and to present a statement thereof to the Members at the annual meeting of the Members or at any special meeting when such statement is requested in writing by Members entitled to at least one-fourth (1/4) of the votes appurtenant to Class A. Lots;

(b) supervise all officers, agents and employees of the Association and see that their duties are properly performed;

(c) as more fully provided in the Declaration, to:

(1) fix the amount of the annual assessment against each Lot at least thirty (30) days before January 1 of each year;

(2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days before each annual assessment period; and

(3) as to any Lot for which an assessment is not paid within thirty (30) days after it becomes due, bring an action at law against the Owner personally obligated to pay the assessment or foreclose the lien against such Lot.

(d) issue, or cause an appropriate office to the Association to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board of Directors for the issuance of such certificates. If a certificate states that an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(e) procure and maintain adequate liability insurance covering the Association in an amount not less than \$1,000,000.00, if available at reasonable cost, and adequate hazard insurance on the real and personal property owned by the association;

(f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(g) cause the Common Areas and all facilities erected thereon to be maintained;

(h) if necessary, establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of improvements constructed on the Common Areas;

(i) provide such notices to and obtain such consents from the owners and holders of first deeds of trust on Lots within Holly Pointe Subdivision as is required by the Declaration or these By-Laws; and

(j) pay all ad valorem and public assessments levied against the real and personal property owned in fee by the Association.

ARTICLE VII OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of the Association shall be a president and vice president, who shall at all times be members of the Board of Directors, a Secretary, and a Treasurer and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Director, a Secretary, and a Treasurer, and such other officers as the Board may from time to time by resolution create.

Section 3. Term. The officers of the Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, be removed, or by otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may from time to time determine.

Section 5. Resignation and Removal. Any officer may be removed from office, with or without cause, by the Board. Any officer may resign at any time by giving written notice to the Board, the President or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

(a) President. The President shall preside at all meetings of the Board of Directors, shall see that orders and resolutions of the Board are carried out, shall sign all leases, promissory notes, mortgages, deeds and other written instruments, and, in the absence of the Treasurer, shall sign all checks.

(b) Vice Presidents: The Vice President shall act in the place instead of the President in the event of his death, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

(c) Secretary: The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members, keep the corporate seal of the Association and affix it on all papers requiring a seal, serve notice of meetings of the Board and of the Members, keep appropriate current records showing the Members, keep appropriate current records showing the Members of the Association and their addresses, and perform such other duties as required by the Board.

(d) Treasurer: The Treasurer shall receive and deposit in appropriate bank accounts all fund of the Association and shall disburse such funds as directed by resolution of the Board of Directors, shall sign all checks of the Association, shall keep proper books of account, shall cause an annual audit of the Association books to be made by an independent public accountant at the completion of each fiscal year, and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the Members.

ARTICLE VIII COMMITTEES

The Board of Directors of the Association may appoint a Nominating Committee, as provided in these By Laws, and shall appoint an Architectural Control Committee, as provided in the Declaration. The Board of Directors may appoint such other committees as it deems appropriate in carrying out its purpose.

ARTICLE IX BOOKS AND RECORDS

The books, records and papers of the Association shall at all time, during reasonable business hours, be subject to inspection by any Member or his authorized agent with just cause and by appointment. The Declaration, the Articles of Incorporation and the By-Laws of the Association shall be available for inspection at the principal office of the Association, where authorized copies, as outlined in a resolution by the Board of Directors, may be purchased at reasonable cost.

ARTICLE X ASSESSMENTS

As more fully provided in Article VI of the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of eighteen percent (18%) per annum or the maximum interest rate charge as may be established by the Board of Directors, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the Lot for which such assessment is due. Interest, costs, and reasonable attorneys' fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his unit.

ARTICLE XI CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words; **HOLLY POINTE HOMEOWNERS ASSOCIATION, INC.**

**ARTICLE XII
AMENDMENTS AND CONFLICTS**

Section 1. Amendments. These By-Laws may be amended, at a regular or special meeting of the Members, by a vote of a majority of a quorum of members present at a meeting duly called for such purpose, in person or by proxy.

Section 2. Conflicts. In case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

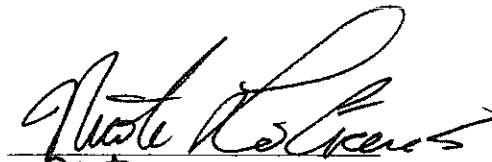
**ARTICLE XIII
FISCAL YEAR**

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

CERTIFICATION

I, the undersigned, do hereby certify: That I am duly elected and acting Secretary of the HOLLY POINTE HOMEOWNERS ASSOCIATION, INC., a North Carolina non-profit corporation, and that the foregoing By-Laws constitute the original By-Laws of said **HOLLY POINTE HOMEOWNERS ASSOCIATION, INC.**, as a duly adopted at a meeting of the Board of Directors thereof, held on the _____ day of _____, 20 ____.

IN WITNESS WHEREOF, I hereunto subscribed my name and affixed the seal of said **HOLLY POINTE HOMEOWNERS ASSOCIATION, INC.** this _____ day of _____, 20 ____.


Asst. _____, Secretary

WAKE COUNTY, NC 72
LAURA M RIDDICK
REGISTER OF DEEDS
PRESENTED & RECORDED ON
03/08/2006 AT 09:39:11

BOOK:011849 PAGE:02539 - 02567

*Return to Holly Pointe LLC
10612 Winding Wood Trail
Raleigh, NC 27613*

**DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS,
EASEMENTS, CHARGES AND LIENS
HOLLY POINTE HOMEOWNERS ASSOCIATION, INC.**

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**DECLARATION OF
COVENANTS, CONDITIONS, AND RESTRICTIONS,
EASEMENTS, CHARGES AND LIENS
FOR THE
HOLLY POINTE HOMEOWNERS ASSOCIATION, INC.**

THIS DECLARATION is made on the date hereinafter set forth by **HOLLY POINTE, LLC**, a North Carolina Limited Liability Company (hereinafter "Declarant").

WITNESSETH:

WHEREAS, Declarant is the owner of approximately 50 acres of land located in the Town of Holly Springs, Wake County, North Carolina, as more fully described on **Exhibit A** attached hereto;

WHEREAS, Declarant desires to create on such property an exclusive residential community of detached single-family homes and town homes to be known as Subdivision (hereinafter sometimes referred to as the "Subdivision");

WHEREAS, Declarant desires to provide for the maintenance and upkeep of the Common Area within the Subdivision, to provide for enforcement of covenants and restrictions applicable to the Subdivision and to provide a vehicle for ensuring that storm water drainage systems and facilities within the Subdivision are properly maintained, and, to that end, desires to subject the property within the Subdivision to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of said property and each owner thereof;

WHEREAS, Declarant has deemed it advisable to create an organization to own, maintain and administer the Common Area and Facilities, including, without limitation, to administer and enforce covenants and restrictions exclusively applicable to the Subdivision, and to collect and disburse the assessments and charges hereinafter created, and Declarant has therefore incorporated under North Carolina law as a nonprofit corporation, the Holly Pointe Homeowners Association, Inc., for the purpose of exercising the aforesaid functions;

NOW, THEREFORE, Declarant declares that the real property described in **Exhibit A** to this Declaration and such additions thereto as may hereafter be made pursuant to Article II hereof, is and shall be owned, held, transferred, sold, conveyed, mortgaged, used and occupied subject to the covenants, conditions, restrictions, easements, charges and liens set forth in this Declaration, which shall run with the real property and be binding on all parties owning any right, title or interest in said real property or any part thereof, their heirs, personal representatives, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I DEFINITIONS

Any defined term used in this Declaration shall have the meaning set forth below or, if not specifically defined in this Article 1, the meaning of such term as set forth in the Act or in any other provision of this Declaration.

Section 1. "Act" shall mean and refer to Chapter 47F of the North Carolina General Statutes, known as the North Carolina Planned Community Act.

Section 2. "Association" shall mean and refer to the **HOLLY POINTE HOMEOWNERS ASSOCIATION, INC.**, a North Carolina nonprofit corporation, its successors and assigns.

Section 3. "Board of Directors" and "Board" shall mean and refer to the Board of Directors of the Association elected or appointed to manage the affairs of the Association as provided in Article V of the Bylaws.

Section 4. "Bylaws" shall mean and refer to the Bylaws of the Association, as amended from time to time.

Section 5. "Common Area" shall mean and refer to the real property, together with any improvements thereon, owned by the Association, whether in fee or easement, for the common benefit of the Owners of Lots within the Subdivision, and specifically Homeowner Association managed open space, managed landscape open space, Homeowner Association undisturbed open space, open space preservation and protection area, including the area within any drainage easements and the Stormwater Control Measures constructed therein, including Stormwater Control Measures situated outside of the public streets, and which serve more than one Lot and are not maintained by any governmental authority. Common Area also includes water and sewer lines which serve more than one Lot and are not located within a Town of Holly Springs utility easement or a public street right-of-way. The Common Area and Facilities shall be maintained by the Association, unless dedicated to public use and accepted by a public agency, authority or utility as set forth herein, except for normal landscaping and lawn maintenance on easements located on residential lots.

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

- a. All sums lawfully assessed by the Association against its Members;
- b. Expenses of the Common Area and administration, maintenance, repair, or replacement of the Common Area, including Stormwater Control Measures;
- c. Expenses declared to be Common Expenses by the provision of the Declaration or the By-laws;
- d. Hazard, liability, property insurance, or such other insurance premiums as the Declaration or the By-laws may require the Association to purchase;
- e. Ad Valorem taxes and public assessments charges lawfully levied against Common Areas owned in fee;
- f. Expenses agreed by the Members to be Common Expenses of the Association;
- g. Utilities used in connection with the Common Elements or by the Association;

- h. Unpaid assessments following the foreclosure of a first mortgage or first deed of trust;
- i. Upkeep and management of any recreation facilities and all other facility expenses;

Section 7. "Declarant" shall mean and refer to **HOLLY POINTE, LLC**, a North Carolina Limited Liability Company. It shall also mean and refer to any person, firm or corporation to whom or which Holly Pointe, LLC, shall assign or delegate the rights and obligations of Declarant by an assignment of Declarant's rights recorded in the Wake County Registry.

Section 8. "Declarant Control Period" shall mean and refer to the period of time during which the Declarant may appoint or remove the members of the Board of Directors of the Association. The Declarant Control Period shall terminate upon the earlier of the following to occur:

- (a) December 31, 2015;
- (b) When the total number of votes held by the Class A Members equals the total number of votes held by the Class B Member; *provided, however, that*, Declarant may acquire additional votes and thereby reinstate the Declarant Control Period if additional Lots within the Properties are formed by the creation and subjection to this Declaration of new Lots as set forth in Article II hereof, thus making Declarant the Owner, by virtue of its ownership of the newly-annexed Lots and of other Lots owned by it, of a sufficient number of votes (at the 3-to-1 ratio) to cast a majority of the votes of the membership (it being hereby stipulated that the termination and rejuvenation of Declarant Control shall occur automatically as often as the foregoing shall occur); or
- (c) Relinquishment or transfer of all Special Declarant Rights as provided in §47F-3-104 of the Act.

Section 9. "Lot" shall mean and refer to any plot of land, with delineated boundary lines, shown on any recorded subdivision map of the Properties, with the exception of any Common Area owned in fee by the Association and any street rights-of-way shown on such recorded map. In the event that any Lot is increased or decreased in size by recombination or resubdivision through recordation of a new subdivision plat, any newly-platted lot shall thereafter constitute a Lot.

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

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

Section 12. "Properties" shall mean and refer to the "Existing Property" described in **Exhibit A** to this Declaration and any additional property annexed pursuant said Article 11.

Section 13. "Stormwater Control Measures" shall mean and refer to the underground storage pipes, its inlets and outlets, junction boxes and dissipaters located on the Property designed as drainage easements on recorded plats of the Property, together with drainage easements and all other storm drainage pipes, which serve the Property and are located outside public street rights-of-way (excluding those pipes and measures serving a single Lot).

Section 14. "Recreation Facilities" shall mean and refer to, without limitation, swimming pool, clubhouse, soccer field, any improvement to Common Area, and such easement rights in favor of Declarant or the Owners, as are designated as Recreational Facilities (hereinafter referred to as Facilities) by Declarant herein or hereafter from time to time by recording an appropriate map or Supplemental Declaration in the land records of Wake County. Declarant is not required to construct any Facilities herein.

Section 15. "Facility Expenses" shall mean and include:

- a. All sums lawfully assessed by the Association against its Members;
- b. Expenses of the Facilities and administration, maintenance, repair, employment, or replacement of Facilities
- c. Expenses declared to be Facility Expenses by the provisions of the Declaration or the By-laws;
- d. Hazard, liability, property insurance, or such other insurance premiums as the Declaration of the By-laws may require the Association to purchase;
- e. Ad Valorem taxes and public assessments charges lawfully levied against Facilities owned in fee;
- f. Expenses agreed by the Members to be Facility Expenses of the Association;
- g. Utilities used in connection with the Facilities or by the Association;

ARTICLE II
PROPERTY SUBJECT TO THIS DECLARATION
AND WITHIN THE JURISDICTION OF THE
HOLLY POINTE HOMEOWNERS ASSOCIATION, INC.

Section 1. Existing Property. The real property which is and shall be held, transferred, sold, conveyed, used, and occupied subject to this Declaration, and which is within the jurisdiction of the Association, is described on **Exhibit A** attached hereto.

Section 2. Additions to Existing Property. At any time prior to December 31, 2015, additional lands may be annexed by the Declarant without the consent of the Members and therefore become subject to this Declaration by the recording by Declarant of a plat showing such property to be annexed and of a supplementary declaration extending the operation and effect of this Declaration to the property to be annexed; provided, however, that such property must be contiguous to property already subject to this Declaration (or separated from such

property only by the right-of-way of a public street or road). The addition of such property pursuant to this Section may increase the cumulative number of Lots within the Properties and; therefore, may alter the relative maximum voting strength of the various types of Members.

Section 3. Conveyance of Common Area in Annexed Property. Prior to the conveyance of the first Lot within any newly annexed property to an Owner, the owner of the annexed property shall convey to the Association all Common Area located within the newly annexed property. Title to such Common Area shall be conveyed in the same manner as set forth in Section 3 of Article IV of this Declaration.

ARTICLE III MEMBERSHIP AND VOTING RIGHTS

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

Section 2. Voting Rights. The voting rights of the membership shall be appurtenant to the ownership of the Lots.

There shall be two classes of membership with respect to voting rights:

(a) Class A Members. Class A Members shall be the Owners of all Lots except those owned by the Class B Member (as hereinafter defined). When more than one person owns an interest (other than a leasehold or security interest) in any Lot, all such persons shall be Members and the voting rights appurtenant to their Lot shall be exercised as they, among themselves, determine; but fractional voting shall not be allowed, and in no event shall more than one vote be cast with respect to any Lot. Class A Members shall be entitled to one (1) vote for each Lot owned. Lots owned by Class A Members shall be "Class A Lots".

(b) Class B Member. The Class B Member shall be the Declarant. Subject to the provisions of this subsection, Declarant shall be entitled to three (3) votes for each Lot that it owns (each a "Class B Lot").

Upon expiration of the Declarant Control Period, (Article 1, Section 8 hereof), Declarant shall have one vote for each Lot that it owns; however, such Lots shall continue to be treated as Class B Lots for assessment purposes.

Section 3. Vacant/Leased Dwellings. If the Owner of a Lot ceases to occupy the dwelling constructed thereon as his own personal living quarters or if any residence within the Properties is leased for rental purposes to tenants, the vote as expressed by the Owners of such rental units shall not be entitled to any weight greater than forty-nine percent (49%) on any matter pending before the Association.

An Owner may lease or sublet his/her dwelling; however, any lease or sublease must be for at least six (6) months, in writing and contain the following provision:

"Tenant shall obey, adhere to and be bound by all provisions of the Declaration Of Covenants, Conditions, Restrictions, Easements, Charges And Liens For The Holly Pointe Homeowners Association, Inc., recorded in the Wake County Registry. Tenant acknowledges that he has received of a copy such Declaration and the rules and regulations of the Association and is familiar with the provisions of same."

If an Owner fails to include said provision in any lease or sublease, it shall be conclusively deemed to be included and part of said lease or sublease. Each Owner shall furnish the Association a copy of any lease or sublease of his dwelling.

ARTICLE IV PROPERTY RIGHTS

Section 1. Owners' Easements of Enjoyment and Access. Except as limited by Section 2 of this Article IV and by the Rules and Regulations adopted by the Members and/or the Board of Directors of the Association, every Owner shall have a right and easement of enjoyment in, use of and access to, from, and over the Common Area, Facilities, and Greenway which right and easement shall be appurtenant to and shall pass with title to every Lot, subject to:

(a) the provisions of the Town of Holly Springs Code, the right of the Association to permit the use of and to charge reasonable admission and other fees for the use of any facilities hereafter situated or constructed on the Common Area and to limit the use of such facilities to Owners who occupy a residence on the Properties and to their families, tenants and guests, as provided in Section 2 of this Article IV.

(b) the right of the Association, after notice and an opportunity to be heard, to suspend the voting rights of an Owner and the right of an Owner to use the Common Area and facilities thereon for any period during which any assessment against his Lot remains unpaid for a period of thirty (30) days or longer, or for a period not to exceed sixty (60) days for any infraction of the published rules and regulations of the Association.

(c) the provisions of the Town of Holly Springs Code, the right of the Association to dedicate or transfer all or any part of the Common Area and/or Facilities to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed upon by the Members. No such dedication or transfer shall be effective unless the Members entitled to at least eighty percent (80%) of the votes of the entire membership of the Association and at least two-thirds (2/3) of the votes appurtenant to each Class of Lots agree to such dedication, sale or transfer and signify their agreement by a signed and recorded document, *provided that* this subsection shall not preclude the Board of Directors of the Association from granting easements for the installation and maintenance of sewage, utility and drainage facilities upon, over, under and across the Common Area without the assent of the Members when such easements, in the opinion of the Board, are necessary for the convenient use and enjoyment of the Properties. Notwithstanding anything herein to the contrary, the Common Area shall be preserved to the perpetual benefit of the Owners or of the public in general and shall not be conveyed except to the Town of Holly Springs or to another nonprofit corporation for the aforementioned purposes. Notwithstanding any other provision of this Declaration, the Board of

Directors of the Association may, without vote of the Members, exchange Common Area for equivalent real property, provided that such exchange is approved by the Town of Holly Springs.

(d) subject to the provisions of the Town of Holly Springs Code, the right of the Association, with the assent of Members entitled to at least eighty percent (80%) of the votes of the entire membership of the Association and at least two-thirds (2/3) of the votes appurtenant to each Class of Lots, to mortgage, pledge, deed in trust, or otherwise encumber any or all of its real or personal property as security for money borrowed or debts incurred, provided that the rights of any such lender or mortgagee shall be subordinate to the property rights of the Owners as set forth herein.

(e) the right of the Association, as provided by and consistent with the provisions of Section 10-3073(a)(2) of the Town of Holly Springs Code, as same may be amended from time to time, to exchange all or part of the Common Area for other property and consideration of like value and utility.

(f) The right of the Association, in accordance with its Articles and By-Laws, to borrow money for the purpose of improving the Common Area and facilities thereon.

Section 2. Delegation of Use.

(a) Family. The right and easement of use and enjoyment granted to every Owner by Section 1 of this Article may be exercised by members of the Owner's family who occupy the residence of the Owner within the Properties as their principal residence in Wake County, North Carolina.

(b) Tenants. The right and easement of use and enjoyment granted to every Owner by Section 1 of this Article may be delegated by such Owner to his tenants or contract purchasers who occupy a residence within the Properties, or a portion of said residence, as their principal residence in Wake County, North Carolina.

(c) Guests. The right and easement of use and enjoyment granted to every Owner by Section 1 of this Article may be delegated to guests of such Owners, tenants or contract purchasers, subject to such rules and regulations as may be established by the Board of Directors. The Board is allowed to establish and collect guest fees for Facility use.

Section 3. Conveyance of Title to the Association. Declarant covenants, for itself, its successors and assigns, that, prior to the conveyance of the first Lot within any phase of the Subdivision, including the first phase, to an Owner, it will convey to the Association title to those portions of the Common Area, if any, owned in fee by the Association. Declarant reserves an easement over and across the Common Area so long as it owns any Lots within the Properties for the purpose of constructing any improvements on the Common Area as it deems necessary or advisable. Except as otherwise stated herein, all conveyances by Declarant to the Association shall be free and clear of all encumbrances and liens (including statutory liens of laborers and materialmen pursuant to Article 2 of Chapter 44A of the North Carolina General Statutes) except this Declaration, restrictive covenants applicable to the Subdivision, utility, drainage, greenway and other easements of record or shown on the recorded plats of the Subdivision, and the lien of

ad valorem taxes not yet due and payable. Any improvements placed on the Common Area by Declarant shall become the property of the Association upon completion of such improvements.

Section 4. Regulation and Maintenance of Common Area. It is the intent of the Declarant that the Common Area (whether owned by the Association in fee or by easement) be preserved to the perpetual benefit of the Owners within the Subdivision. To that end, Declarant will, prior to the conveyance of the first Lot in any phase or section of the Subdivision to an Owner, reserve on a recorded plat or grant to the Association an easement over and across that portion of any Lot within such phase or section on which a Common Area easement lies for the purpose of enabling the Association to take action permitted by subsections (b) and (c) of this Section 4.

(a) Rights and Responsibilities of the Lot Owners. Each Owner of a Lot upon which a Common Area and/or Greenway Easement lies shall pay all property taxes and other assessments levied against his Lot, including that portion of such tax or assessment as is attributable to such Common Area. Notwithstanding any other provision of this Declaration, no Owner or other person shall, without the prior written consent of the Association: (1) remove any trees or vegetation within any Common Area and Greenway Easement; (2) erect gates, fences, buildings or other structures on any Common Area and Greenway Easement; (3) place any garbage receptacles on or in any Common Area and Greenway Easement; (4) fill or excavate any Common Area or any part thereof; (5) plant vegetation or otherwise restrict or interfere with the use, maintenance, and preservation of any Common Area and Greenway Easement; or (6) place any impervious surface.

It is the intent of the Declarant that a Common Area and Greenway Easement shall be maintained in the same state as when the Lot upon which such easement lies was conveyed to the Owner. The first Owner of lots with a Greenway Easement, as outlined in the restrictive covenants, is responsible for establishing a greenway trail on their property. Each Owner shall be responsible for maintaining the Common Area and Greenway easement if located on his Lot, including mowing and fertilizing the same. If an Owner of a Lot on which a Common Area and/or Greenway easement lies fails to maintain the easement area as provided herein, whether by act or omission, the Association shall have the right to enter upon such Owner's Lot for the purpose of maintaining same and shall have the right to charge such Owner with the costs of such maintenance, which costs, if not paid within thirty (30) days after demand for payment is made by the Association, shall be collected in the same manner and shall incur the same late charges, interest and costs of collection as set forth in Section 7 of Article V of this Declaration.

(b) Rights and Responsibilities of the Association. The Association shall halt the right and obligation to ensure that the Common Area and Facilities are preserved to the perpetual benefit of the Owners and, to that end, shall: (i) maintain the Common Area and Facilities in its natural or improved state, as appropriate, and keep it free of impediments to its free use by the Owners; (ii) procure and maintain liability insurance in an amount of not less than one million dollars (\$1,000,000.00) covering the Association and its Members against any loss or damage suffered by any person, including the Owner of the Lot upon which Common Area lies, resulting from use of the Common Area; (iii) procure and maintain hazard insurance on insurable improvements on the Common Area and Facilities on a current replacement basis in an amount

not less than one hundred percent (100%) of the insurable value; and (iv) pay all property taxes and other assessments levied against all Common Area and Facilities owned in fee by the Association; (v) procure and maintain Directors and Officers liability insurance.

(c) Association's Right of Entry for Maintenance of Common Area and Greenway Easements. The Association and its employees, agents, contractors and subcontractors shall have a nonexclusive right and easement at all times to enter upon any portion of a Lot reserved or designated as a Common Area and Greenway easements, and any other portion of the Lot to the extent necessary to gain access to the Common Area and Greenway easements, for the purposes of (i) installing and maintaining entrance signage and other signage; (ii) making such improvements to the Common Area and Greenway easements as have been approved by the Association; and (iii) maintaining the Common Area and Greenway easements in its natural or improved state, including, without limitation, removal of fallen trees and other debris and, in general, keeping the easement area free from obstructions and impediments to its use. No such entry shall be deemed a trespass. To the extent practicable, the Association shall give reasonable oral notice to the Owner or occupant of such Lot.

ARTICLE V COVENANT FOR MAINTENANCE ASSESSMENT

Section 1. Creation of the Lien and Personal Obligation of Assessments. Each Owner of any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association annual assessments and special assessments, such assessments to be established and collected as hereinafter provided. All assessments which are unpaid when due, together with interest and late charges set forth in Section 7 of this Article V and all costs of collection, including reasonable attorneys' fees, shall be a charge on the land and, as provided in §47F-3-116 of the Act, shall be a continuing lien upon the Lot against which such assessment is made. Each such assessment or charge, together with interest and costs of collection, including reasonable attorneys' fees, shall also be the personal or corporate obligation of the person(s), firm(s) or corporation(s) owning such Lot at the time when the assessment fell due, but such personal obligation shall not be imposed upon such Owner's successors in title unless expressly assumed by them. Although unpaid assessments and charges are not the personal obligation of such Owner's successors in title unless expressly assumed by them, the unpaid assessments and charges shall continue to be a lien upon the Lot against which the assessment or charge was made. It is the intent of the Declarant that any monetary fines imposed against an Owner pursuant to Section 3 of Article VII of the Bylaws shall constitute a lien against the Lot of such Owner to the same extent as if such fine were an assessment against such Lot.

Section 2. Purposes of Assessments. The assessments levied by the Association shall be used exclusively to pay the Amenities ("Amenities" shall be referred to herein facilities, recreation facilities, common areas, signage areas, and other areas of common use) Common Expenses and to promote the recreation, health, safety and welfare of the residents of the Properties and, in particular, for: (i) acquisition, improvement, and maintenance of properties, services and facilities related to the use and enjoyment of the Common Area; (ii) maintenance, repair and reconstruction of the Amenities and Common Area and improvements thereon, including, without limitation, Stormwater Control Measures, including, without limitation, the

cost of repair, replacement and additions thereto and the cost of labor, equipment, materials, management and supervision thereof; (iii) payment of taxes and public assessments levied against the Amenities and Common Area owned by the Association in fee; (iv) procurement and maintenance of insurance; (v) employment of attorneys, accountants and other persons or firms to represent the Association when necessary; (vi) payment of principal and interest on funds borrowed for Association purposes; (vii) employment of the amenities, maintenance of dams and ponds or other bodies of water, if any, located within the Common Area; the maintenance of entrance ways, landscaping and lighting of Common Area, road medians and islands and entrance ways; the cost of operating, maintaining and repairing any street lights erected by the Association or the Declarant in the right-of-way of streets (whether public or private); the payment of charges for garbage collection and municipal water and sewer services furnished to the Common Area; and (viii) such other needs as may arise.

Section 3. Maximum Annual Assessment. Until December 31, 2006, the Maximum Annual Assessment shall be \$ 800.00 for each Class A Lot (Exhibit B).

(a) From and after January 1, 2007, the Maximum Annual Assessment for Class A Lots may be increased by the Board of Directors effective January 1 of each year as set forth in Section 4 below, but subject to the limitation that the percentage of any such increase shall not exceed ten percent (10%) of the Maximum Annual Assessment for the previous year unless such increase is approved as set forth in Section 3(b), below.

(b) The Maximum Annual Assessments for Lots may be increased without limitation if such increase is approved by not less than a majority of the votes cast appurtenant to each class of Lots present, in person or by proxy, at a meeting duly called for that purpose. The provisions of this subsection shall not apply to, nor be a limitation upon, any change in the maximum annual assessment incident to a merger of consolidation as provided in § 47F-2-121 of the Act.

Section 4. Date of Commencement of Annual Assessments; Amount of Assessments; Ratification of Budgets; Certificate of Payment. Unless a different commencement date is set by the Board of Directors, the annual assessments provided for herein shall commence as to a Lot on the first day of the first quarter following conveyance from Declarant to a builder or owner.

Subject to the provisions of this Section, the Board of Directors may fix the annual assessment for Class A Lots at any amount not in excess of the Maximum Annual Assessment in effect for the appropriate assessment year. Unless a lower amount is set by the Board of Directors, the initial annual assessment shall be the "Maximum Annual Assessment" set forth in Section 3 of this Article and shall be prorated according to the number of months remaining in the calendar year. Annual assessments shall be fixed at a uniform rate for all classes of Lots and may be collected on a yearly, semiannually, quarterly, or monthly basis, as determined by the Board of Directors.

The Association shall, upon demand, and for such reasonable charge as the Board of Directors may determine, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. If such certificate states that an assessment has been paid, such certificate shall be conclusive evidence of payment.

The Board of Directors shall adopt a proposed budget for the Association at least annually. Within thirty (30) days after adoption of the proposed budget, the Board of Directors shall send a copy of the proposed budget and shall give written notice to the Members of a meeting of the Members to consider ratification of the budget, such meeting to be held not sooner than fifteen (15) days nor more than sixty (60) days after the mailing of such notice. Such meeting may, but need not be, combined with the annual meeting of the Members. Except as provided in Section 6 below, there shall be no requirement that a quorum be present in order to vote on ratification of the budget (although a quorum must be present to vote on other matters). The budget shall be deemed ratified unless at that meeting Members having a majority of the votes of the entire membership vote to reject the budget. Notwithstanding the foregoing, if the budget provides for annual assessments not greater than ten percent (10%) larger than the assessment in effect for the immediately preceding year, such budget shall be deemed ratified unless Members having at least eighty percent (80%) of the votes of the entire membership vote to reject the budget. If the proposed budget is rejected, the budget last ratified by the Members shall be continued until such time as the Members ratify a subsequent budget proposed by the Board.

Subject to the provisions of this Section, at least twenty (20) days before January 1 of each year, the Board of Directors shall fix the amount of the annual assessment against each lot. At least ten (10) days before January 1 of each year, the Board of Directors shall send written notice of such assessment to every Owner subject thereto.

Section 5. Special Assessments. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, special assessments for the purpose of defraying, in whole or in part, the cost of any constriction, reconstruction, repair or replacement of a capital improvement upon the Amenities and Common Area, including fixtures and personal property related thereto, for repayment of indebtedness and interest thereon, or for any other purpose, provided that any such assessment shall have the same assent of the Members as provided in Section 3(b) of this Article. Special assessments shall be fixed at a uniform rate for all Lots within each Class and may be collected on a yearly, semiannually, quarterly, or monthly basis, as determined by the Board of Directors.

Section 6. Notice of Quorum for any Action Authorized Under Sections 3(b) and 5. Written notice of any meeting called for the purpose of taking any action authorized under Section 3(b) or 5 shall be sent to all Members not less than fifteen (15) nor more than sixty (60) days prior to the meeting. At such meeting, the presence of Members or of proxies entitled to cast sixty percent (60%) of the votes of each Class of Lots shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and if the meeting is called for a date not later than sixty (60) days after the date of the first meeting, the required quorum at the subsequent meeting shall be one-half (½) of the required quorum at the preceding meeting.

Section 7. Effect of Nonpayment of Assessments, Remedies. An assessment not paid within ten (10) days after the due date shall incur such late charge as the Board of Directors may from time to time establish, and, if not paid within thirty (30) days after the due date, shall also bear interest from the due date at a rate established by the Board of Directors from time to time, but in no event shall such rate be greater than eighteen percent (18%) per annum or the

maximum rate allowable by law, whichever is less. The Association may bring an action at law or in equity against the Owner personally obligated to pay the same and/or foreclose the lien against the Lot for which such assessment is due. Interest, late payment charges, costs and reasonable attorneys' fees of such action or foreclosure shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Amenities and Common Area or abandonment of his Lot nor shall damage to 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 8. Subordination of the Lien to Mortgages. The liens provided for herein shall be subordinate to the lien of any first mortgage or first deed of trust on a Lot. Sale or transfer of any Lot shall not affect any assessment lien; however, the sale or transfer of a Lot pursuant to foreclosure of a first mortgage or deed of trust, or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of any assessments which became due prior to the date of such conveyance. 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 9. Exempt Property. All Common Area owned in fee by the Association, all property dedicated to and accepted by a public authority, and all property owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of North Carolina shall be exempt from the assessments created herein.

Section 10. Working Capital Fund. At the time of closing of the initial sale of each dwelling constructed on each Lot, a sum equal to one-half (1/2) of the maximum annual assessment for the appropriate Class A Lot in effect at the time of such sale or occupancy shall be collected from the purchaser of such Lot and transferred to the Association as part of its working capital. The purpose of the working capital fund is to ensure that the Association will have adequate cash available to meet unforeseen expenditures or to acquire additional equipment or services deemed by the Board of Directors to be necessary or desirable. Amounts paid to the Association pursuant to this Section shall not be considered as an advance payment of any regular assessment.

ARTICLE VI RIGHTS OF LENDERS

Section 1. Books and Records. Any holder of a first deed of trust on any Lot, or its agent(s), shall have the right, during normal business hours, to examine copies of this Declaration, the Articles of Incorporation, Bylaws, and the books and records of the Association and, upon written request to the Association, to receive a copy of the financial statement for the immediately preceding fiscal year.

Section 2. Notice to Lenders. Upon written request to the Association, the holder of a first deed of trust on any Lot shall be entitled to timely written notice of:

(a) Any 60-day delinquency in the payment of assessments or charges owed by the Owner of the Lot securing its loan.

(b) A lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association.

(c) Any proposed action that requires the consent of a specified percentage of owners or holders of first mortgages on the Lots.

Section 3. Approval of Holders of First Deeds of Trust. Unless at least seventy-five percent (75%) of the holders of the first deeds of trust on Lots located within the Properties have given their prior written approval, the Association shall not:

(a) By act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer any real estate or improvements thereon which are owned, directly or indirectly, by the Association. Neither the granting of easements for utilities or other purposes nor the exchange of real property as provided in Section 1(c) of Article IV hereof shall be deemed a transfer within the meaning of this clause. Notwithstanding anything herein to the contrary, the property owned by the Association, whether in fee, by easement, or otherwise, shall be preserved to the perpetual benefit of the Owners or of the public in general and shall not be conveyed except to the Town of Holly Springs or to another nonprofit corporation for the aforementioned purposes.

(b) Change the method of determining the obligations, assessments, dues or other charges which may be levied against a Lot;

(c) Fail to maintain hazard insurance on insurable improvements on the Amenities and Common Area on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value; or

(d) Use the proceeds of any hazard insurance policy covering losses to any part of the Amenities and Common Area for other than the repair, replacement, or reconstruction of the damaged improvements.

Section 4. Payment of Taxes and Insurance Premiums. The holders of first deeds of trust on Lots, jointly or singly, may pay taxes or other charges which are in default and which have or may become a charge or lien against any of the Amenities and Common Area and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage upon the lapse of a policy covering property owned by the Association. The persons, firms or corporations making such payments shall be owed immediate reimbursement therefor by the Association.

ARTICLE VII EASEMENTS

Easements for the installation, maintenance and repair of sanitary sewer and Stormwater Control Measures are reserved as shown on the recorded plats. Within such easements, no structure, planting, or other material shall be placed or permitted to remain which may interfere with the installation and maintenance of the utilities, or which may change the direction of flow or otherwise impede or retard the flow of water through the drainage channels within such easements. Any easements located on a Lot shall be maintained continuously by the owner of

such Lot, except for any such improvements for which a public authority or utility company is responsible. Declarant reserves the right to create and impose additional easements or rights-of-way over any unsold Lot or Lots by the recording of appropriate instruments in the Wake County Registry, and such instruments shall not be construed to invalidate any of these covenants.

Declarant reserves an easement in and right at any time in the future to grant a ten-foot (10') right-of-way over, under and along the rear line of each Lot for the installation and maintenance of poles, lines, conduits, pipes and other equipment necessary to or useful for furnishing electric power, gas, telephone service, cablevision or other utilities, including water, sanitary sewage service and storm drainage facilities. Declarant also reserves an easement in and right at any time in the future to grant a five-foot (5') right-of-way over, under and along the side lines of each Lot for the aforementioned purposes.

Easements are also reserved for the benefit of the Declarant, the Holly Pointe Homeowners Association, Inc. (the Association"), and the Town of Holly Springs (the "Town"), and their respective successors and assigns, over, across and under those portions of the Lots shown and designated on recorded subdivision maps executed by the Declarant, or any variation thereof, for the purpose of installing, operating and maintaining storm water drainage facilities thereon. No building, structure, fill, embankment, fence, wall, driveway, planting, swing, animal pen or other obstruction shall be permitted in such area, other than those installed by the Declarant, the Association or the Town, unless approved as provided in Article VIII of the Declaration and, if required, by the Town. Within drainage easements, no Stormwater Control Measure, including berms, shall be removed or damaged by any Owner, his tenants, agents, family members and guests. Declarant reserves the right to create and impose additional easements or right-of-way over any unsold Lot or Lots by the recording of appropriate instruments in the Wake County Registry, and such instruments shall not be construed to invalidate any of these covenants.

Easements are also reserved for the benefit of the Declarant and the Association, and their respective successors and assigns, over, across and under those portions of Lot 1 shown and designated as "Sign Easement" on the map recorded in Book of Maps _2006_, Page 362, Wake County Registry, for the purpose of installing, operating, repairing and maintaining landscaping and subdivision entrance signage, landscaping and fencing in the easement area. No building, structure, fill, embankment, fence, driveway, planting, swing or other obstruction shall be permitted in such area, other than those installed by the Declarant or the Association unless approved as provided in Article VIII of the Declaration and, if required, by the Town.

The Declarant, the Association and their successors and assigns shall at all times have the right of access upon such easements for the purpose of landscaping, planting, mowing, maintaining, repairing or replacing the easement area and the improvements thereon or for removing any object placed in the easement area in violation of the provisions of this Article.

Section 1. Access and Utility Easements. Easements for the installation and maintenance of driveway, walkway, water line, gas line, telephone, cable television, electric power transmission lines, sanitary sewer and storm water drainage facilities and for other public utility installations are reserved as shown on the recorded plats of the Properties. The Association may reserve and grant easements over the Common Area as provided in Article IV,

Section 1(c), of this Declaration. Within any such easement herein provided, no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation or maintenance of the utilities installed thereon, or which may change the direction of flow or drainage of water through drainage pipes or channels constructed in such easements.

For a period of twenty-five (25) years from the date hereof, Declarant reserves an easement and right of ingress, egress and regress on, over and under the Properties to maintain and correct drainage or surface water runoff in order to maintain reasonable standards of health, safety and appearance. Such right expressly includes the right to cut any trees, bushes or shrubbery, grade the soil, or take any other similar action that it deems reasonably necessary or appropriate. After such action has been completed, Declarant shall grade and seed the affected property and restore the affected property to its original condition to the extent practicable, but shall not be required to replace any trees, bushes or shrubbery necessarily removed. Declarant shall give reasonable notice of its intent to take such action to all affected Owners.

Section 2. Easements for Governmental Access. An easement is hereby established over the Common Area and every Lot for the benefit of applicable governmental agencies for installing, removing, and reading water meters; maintaining and replacing water, sewer and drainage facilities; and acting for other purposes consistent with public safety and welfare, including, without limitation, law enforcement, fire protection, garbage collection, and the delivery of mail.

Section 3. Easement and Right of Entry for Repair, Maintenance and Reconstruction. If any part of a dwelling is located closer than five (5) feet from its Lot line, the Owner thereof shall have a perpetual access easement over the adjoining Lot to the extent reasonably necessary to perform repair, maintenance or reconstruction of such dwelling. Such work shall be done expeditiously and, upon completion of the work, the Owner shall restore the adjoining Lot to as nearly the same condition as that which prevailed prior to the commencement of the work as is reasonably practicable.

Section 4. Easement Over Common Area. A perpetual, nonexclusive easement over the Common Area is hereby granted to each Lot and its Owners, family members and tenants of such Owners, the occupants of such Lot, and guests and invitees of such Owners, tenants or occupants, for the purpose of providing access, ingress and egress to and from the Common Area and for the use thereof.

Section 5. Easement for Encroachments. In the event that any structure erected on a Lot encroaches upon any other Lot or the Common Area, and such encroachment was not caused by the purposeful act or omission of the Owner of such Lot, then an easement appurtenant to such Lot shall exist for the continuance of such encroachment upon the Common Area or other Lot for so long as such encroachment shall naturally exist. In the event that any structure erected principally on the Common Area encroaches upon any Lot, then an easement shall exist for the continuance of such encroachment of such structure onto such Lot for so long as such encroachment shall naturally exist. The foregoing shall not be construed so as to allow any extension or enlargement of any existing encroachment or to permit the rebuilding of the encroaching structure, if destroyed, in a manner so as to continue such encroachment.

Section 6. Association's Easement upon Lots. The Association shall have a right, license and easement to go upon any Lot for the purpose of fulfilling its obligations under this Declaration, the restrictive covenants applicable to the Subdivision, and any other laws, ordinances, rules and regulations, public or private, which the Association is obligated or permitted to enforce. Such easement shall include, without limitation, the right to go on any Lot to correct, repair or alleviate any condition which, in the opinion of the Board of Directors of the Association or of the manager employed by the Association, creates or may create an imminent danger to the Common Area or improvements thereon.

Section 7. Greenway Easement. Notwithstanding any other provisions of these Declarations, Owners, Members, Tenants of Members, Members' guests or invitees, tenants, or families of Members shall not, within any portion of the Common Area which is greenway area dedicated to the Association, without the prior written consent of the Association;

- (a) Grant easements of any nature whatsoever;
- (b) Remove any trees or vegetation;
- (c) Erect gates, fences or other structures;
- (d) Place any garbage receptacles;
- (e) Fill or excavate; or
- (f) Plant vegetation or otherwise restrict or interfere with the use, maintenance and preservation of said greenway in its natural state, including without limitation, recreational pursuits such as walking, bicycling and other similar activities by the general public.

It is understood and agreed that within any greenway area, the Association may erect trails, trail markers, place litter receptacles, and other convenience facilities and adopt and amend regulations concerning the use of the greenway (including without limitation hours of operation), which shall be equally applicable to the general public and the Owners. The Association may adopt such other regulations governing the use of the greenway, as is deemed appropriate to insure the maintenance and upkeep of the greenway in its natural state, free of litter and unsightly debris.

ARTICLE VIII ARCHITECTURAL CONTROL

After occupancy of the dwelling constructed on a Lot pursuant to a certificate of occupancy or other certificate issued by the appropriate governmental entity, no building, fence, sign (including unit identification signs) wall or other structure shall be commenced, constructed, erected or maintained upon such Lot, nor shall any exterior addition to or change or alteration thereof be made, nor shall a building permit for such improvement or change be made, nor shall any major landscaping or relandscaping be commenced or made (such construction, alteration and landscaping are hereinafter referred to as the "Improvements") until plans and specifications showing the nature, kind, shape, heights, materials, color and location of same shall have been

submitted to and approved in writing by the Declarant. If the Declarant fails to approve or disapprove such proposed Improvements within thirty (30) days after the plans and specifications have been received by it, approval will not be required, and this Article shall be deemed to have been complied with. Declarant shall have the right to charge a reasonable fee, not to exceed \$125.00, for receiving and processing each application. Declarant shall have the right (but not the obligation) to promulgate and from time to time amend written architectural standards and construction specifications (hereinafter the "Architectural Guidelines") which may establish, define and expressly limit the standards and specifications which will be approved, including, but not limited to, architectural style, exterior color or finish, roofing material, siding material, driveway material, landscape design and construction technique. Declarant shall not approve any Improvements which it determines, in its discretion, not to be in harmony of external design, construction and/or location in relation to the surrounding structures, topography or the general plan of development of the Subdivision. The Declarant and its agents shall have the right to enter upon any Lot for the purpose of correcting such conditions, including, but not limited to, the removal of trash which has collected on the Lot, and the cost of such corrective action shall be paid by the Owner. Such entry shall not be made until thirty (30) days after the Owner of the Lot has been notified in writing of the need to take corrective action and unless such Owner fails to perform the corrective action within said thirty (30) day period; provided, however, that should such conditions pose a health or safety hazard, such entry shall not be made until the Owner has been notified in writing of the need to take immediate corrective action and unless such Owner fails to perform the corrective action immediately. The provisions of this paragraph shall not create any obligation on the part of the Declarant to take any such corrective action.

Declarant may, at any time, delegate the review and approval authority contained in this Article VIII to the Board of Directors of the Association, which, in turn, may delegate such authority, to an Architectural Committee composed of three (3) or more persons appointed by the Board. Such delegation shall be made by the Declarant by recording in the Wake County Registry an Assignment of Declarant's Rights. Declarant shall delegate such authority no later than the date upon which Declarant no longer owns any Lots within the Properties, and no termination of Special Declarant Rights shall be deemed a termination or assignment of the rights reserved to Declarant in this Article VIII. Any use of the term "Declarant" in this Article VIII shall be deemed to apply to Declarant and, when appropriate, to the Board of Directors or the Architectural Committee. Nothing herein shall be construed to permit interference with the development of the Lots by Declarant in accordance with its general plan of development.

Neither Declarant nor the Association, nor any officer, director, manager, member or employee of either, shall be liable for damages to any person by reason of mistaken judgment, negligence, or nonfeasance in connection with the approval or disapproval or failure to approve or disapprove any plans, specifications and/or Improvements.

ARTICLE IX GENERAL PROVISIONS

Section 1. Enforcement. The Association and each Owner shall have the right to enforce, by proceeding at law or in equity, all restrictions, conditions, covenants, rules, regulations, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration, the Act, the Bylaws or rules and regulations adopted by the Association. Failure by

the Association or an Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

The Association shall not be obligated to take action to enforce any covenant, restriction or rule which the Board reasonably determines is, or is likely to be construed as, inconsistent with applicable law, or in any case in which the Board reasonably determines that the Association's position is not strong enough to justify taking enforcement actions, or any case in which the Board reasonably determines that the cost of enforcement outweighs the benefit to be gained by enforcement. Any such determination shall not be construed as a waiver of the right to enforce such provisions under other circumstances or to estop the Association from enforcing any other covenant, restriction or rule. The Association shall have the right to request the 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 these 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. Amendment. Otherwise, the covenants and restrictions of this Declaration shall run and bind the land, for a term of twenty-five (25) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years unless terminated or altered by a vote of the Owners as set forth below. During the Declarant Control Period, the Declarant may amend this Declaration, without the consent or joinder of the Members or the Association, for the purpose of conforming this Declaration to the requirements of any governmental law or regulation. This Declaration may also be amended during the first twenty-five year period by an instrument signed by the Owners of not less than eighty percent (80%) of the Lots, and thereafter by an instrument signed by the Owners of not less than seventy-five percent (75%) of the Lots.

Section 4. Non-Liability of the Town. The Town of Holly Springs shall not be responsible for failing to provide any emergency or regular fire, police, or other public service to the Properties, any Lot, or any Owner or occupant thereof when such failure is due to the lack of access to the Properties or any Lot thereof due to inadequate design or construction of such access, blocking of access routes, or any other factor within the control of the Declarant, the Association, an Owner, or an occupant of any Lot.

Section 5. Subdivision of Lots. No Lot within the Subdivision may be subdivided by sale or otherwise so as to increase the total Lot area shown on a recorded plat of the Subdivision, except with the consent of the Declarant and, if required, by the Town of Holly Springs.

Section 6. Declarant's Right to Change Development. With the approval of the Town of Holly Springs, Declarant shall have the right, without consent or approval of the Owners, to create dwelling units, add Common Area, add Amenities, change unit types and reallocate units within the development.

Section 7. Insurance. The Association shall procure and maintain adequate liability insurance covering the Association and Amenities, in an amount not less than \$1,000,000.00.

The Association shall also procure and maintain full replacement value hazard insurance on real and personal property owned by the Association, and shall procure and maintain officers', directors' and employees' liability insurance. The premiums for such insurance shall be a common expense paid from the annual assessments provided in Article V of this Declaration.

Section 8. Rules and Regulations. The Board of Directors shall have the authority to adopt additional rules and regulations governing the use of the Common Area, Facilities and the Lots within the Subdivision and shall furnish a written copy of said rules and regulations to the Owner(s) of each Lot at least fifteen (15) days before such rules and regulations become effective. Any violation of such rules shall be punishable by fine and/or suspension of voting rights as provided in this Declaration.

In addition to any other rights and remedies that the Association may have under this Declaration, the Association may impose sanctions for violations of this Declaration, the Bylaws of the Association, the rules and regulations adopted Association, or the Restrictive Covenants applicable to the Properties, in accordance with procedures set forth in the Bylaws, which sanctions may include, but are not limited to, reasonable monetary fines, which fines shall constitute a lien upon the Lot of the violator, and suspension of the right to vote and the right to use any Facilities within the Common Area; provided, however, that the Association shall not have the right to suspend the right to use private streets providing access to an Owner's Lot.

In addition, pursuant to procedures provided in the Bylaws, the Association may exercise self-help to cure violations (specifically including, but not limited to, the towing of Owner and tenant vehicles that are in violation of parking rules) and may suspend the right of an Owner to use any open space and recreational facility within the Properties if the Owner is more than thirty (30) days delinquent in paying any assessment or other charge due to the Association.

The Association shall at all times have the right and easement to go upon any Lot for the purposes of exercising its rights hereunder, including, but not limited to, enforcement of the architectural guidelines applicable to the Properties. Any entry onto any Lot for purposes of exercising this power of self-help shall not be deemed as trespass. All remedies set forth in this Declaration and the Bylaws shall be cumulative of any remedies available at law or in equity. In any action to enforce its rights and remedies, the party prevailing in such action shall be entitled to recover all costs, including, without limitation, attorneys' fees and court costs, reasonably incurred in such action.

Section 9. Condemnation/Casualty. If all or any part of the Amenities, Common Area and improvements thereon are taken by power of eminent domain or are damaged or destroyed by fire or other casualty, the proceeds of the condemnation award or any insurance policies covering such improvements shall be payable to the Association. The Board of Directors shall propose to the Members, at an annual or special meeting held within sixty (60) days after the date of the condemnation or casualty, whether or not to reconstruct the improvements. The insurance proceeds shall be used to reconstruct the improvements unless at least sixty-seven percent (67%) of the Members vote at such meeting against reconstruction, in which event the proceeds shall be retained by the Association for operation expenses or reserves, as determined by the Board or the Members. Nothing in this Section shall prevent the Board from proposing

and the Members from approving the use of such proceeds for construction of different improvements, e.g., playground on Common Area in lieu of a destroyed club house).

Section 10. Stormwater Control Measures. The Town of Holly Springs Code requires runoff from the Properties be controlled and nitrogen loading from stormwater runoff from the properties be reduced. To comply with the City Code, Stormwater Control Measures will be installed and maintained. Failure to maintain the Stormwater Control Measures is a violation of the Town of Holly Springs Code potentially subjecting each Owner to significant daily civil penalties and other enforcement actions. Consequently, on behalf of each Owner, the Association shall maintain, repair, replace and reconstruct the Stormwater Control Measures so that at all times the Stormwater Control Measures shall perform as designed and at all times shall comply with all applicable laws, ordinances, regulations, rules, and directives of governmental authorities. In the event that the Association neglects or fails to maintain, repair, replace, or reconstruct the Stormwater Control Measures, each Owner shall be jointly and severally responsible for such tasks, as required by the Town of Holly Springs. In the event that the Owner thereafter performs such maintenance, repair, replacement, or reconstruction, said Owner shall be entitled to reimbursement from the Association for the cost thereof, or, if the Association should fail to reimburse the Owner, said Owner shall be entitled to a pro-rata contribution for such costs from the Owner of every other Lot.

Section 11. Open Space Preservation and Protection Areas and Homeowner Association Undisturbed Open Space. No land-disturbing activity, removal of vegetation, application of impervious surface, or construction shall take place in Open Space Preservation Protection Areas without first obtaining a written permit from the Zoning Entity, including, but not limited to, a written permit from the Town of Holly Springs Inspections Department.

Ambiguities. If any discrepancy, conflict or ambiguity is found to exist with respect to any matters set forth in this Declaration, such ambiguity, conflict or discrepancy shall be resolved and determined by Declarant in its sole discretion. Declarant shall have the right to interpret the provisions of this Declaration and, in the absence of an adjudication by a court of competent jurisdiction to the contrary, its construction or interpretation shall be final and binding as to all persons or property benefited or bound by the provisions hereof. Any conflict between any construction or interpretation of Declarant and that of any other person or entity entitled to enforce any of the provisions hereof shall be resolved in favor of the construction or interpretation of Declarant.

Section 14. Exoneration of Declarant. Each Owner of any Lot or any other party interested in the Property expressly agrees that no duty or obligation is imposed upon Declarant to enforce or attempt to enforce any of the covenants or restrictions contained herein, nor shall Declarant be subject to any liability of any kind or nature whatsoever with respect to any third party as a result of failing to enforce same.

IN WITNESS WHEREOF, Declarant and other property owners have caused this instrument to be executed in its name by its duly authorized Officer or agent, as of the 7th day of March, 2006.

HOLLY POINTE, LLC

Holly Pointe Investors, LLC
By: ~~L. Sterling Development and Finance, Inc.~~, Manager

By: Lance S. Williams
Lance S. Williams, ~~President~~ Manager

I, the undersigned, ^{Manager of Holly Pointe Investors, LLC} a Notary Public of the aforesaid County and State, do hereby certify that Lance S. Williams ~~President of L. Sterling Development and Finance, Inc., a corporation,~~ said entity being the manager of Holly Pointe, LLC, a North Carolina limited liability company, personally appeared before me this day and acknowledged that he is President of said corporation, and said entity is the manger of Holly Pointe, LLC, and that by the authority duly given and as an act of the corporation and the company, the foregoing instrument was signed by himself on behalf of the corporation as manager of and on behalf the company.

Witness my hand and Notarial stamp or seal this 7th day of MARCH, 2006.

Nicole Locicero
Notary Public

My Commission Expires: My Commission Expires 11-14-2009

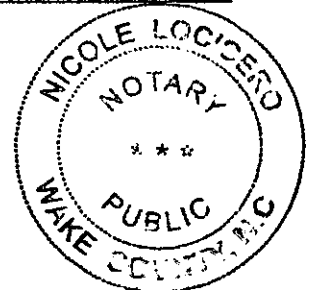


EXHIBIT A

TRACT ONE

Lying and being in the Holly Springs Township, Wake County, North Carolina, and being more particularly described as follows:

BEGINNING at an existing iron pipe located on the northern right-of-way margin of Avent Ferry Road (State Road 1115) (60-foot public right-of-way), said point having North Carolina Grid Coordinates NAD 83 (1995) of N=207,985.77 meters and E=621,131.45 meters, and said point being located North 63° 46' 20" East 5,640.88 feet (ground distance) and 5,640.21 feet (grid distance) (CFG=0.9998798) from HSGS "Atwell" having North Carolina Grid Coordinates NAD 83 (1995) of N=208,745.524 meters and E=622,673.594 meters; thence from said existing iron pipe along the eastern boundary line of the property of Stephenson & Ward Realty and Development Co., Inc. (now or formerly) as described in a Deed recorded in Book 10611, Page 425, Wake County Registry, North 01° 36' 33" West 1.06 feet to a point; thence continuing with the eastern boundary line of the aforesaid Stephenson & Ward Realty and Development Co., Inc. property, North 01° 37' 35" West 1,544.64 feet to a bent existing iron pipe; thence along the southern boundary line of the property of Carolina Power & Light Company (now or formerly) as described in a Deed recorded in Book 7502, Page 818, Wake County Registry, and as shown on a map recorded in Book of Maps 1996, Page 1337, Wake County Registry, South 88° 18' 12" East 939.96 feet to an existing iron pipe; thence continuing along the western boundary line of the aforesaid Carolina Power & Light Company property, South 03° 06' 10" West 341.67 feet to an existing iron pipe; thence along the western boundary line of the property of Alexander McClain (now or formerly) as described in a Deed recorded in Book 2142, Page 460, Wake County Registry, South 03° 01' 44" West 566.62 feet to a point; thence continuing South 03° 01' 44" West 1.37 feet to a bent existing iron pipe located on the northern right-of-way margin of the aforesaid Avent Ferry Road; thence along the northern right-of-way margin of Avent Ferry Road in four (4) calls as follow: (1) South 49° 01' 31" West 28.98 feet to a point; thence (2) with the arc of a circular curve to the right having a radius of 15,020.00 feet, an arc distance of 210.12 feet, and a chord course and bearing of South 49° 25' 34" West 210.12 feet to a point; thence (3) with the arc of a circular curve to the right having a radius of 5,605.00 feet, an arc distance of 681.94 feet, and a chord course and bearing of South 55° 00' 32" West 681.52 feet to a point; thence (4) with the arc of a circular curve to the right having a radius of 47,945.00 feet, an arc distance of 124.93 feet, and a chord course and bearing of South 59° 18' 38" West 124.93 feet to the Point or Place of Beginning; containing a total of 25.553 net acres, more or less, 26.271 total acres, and 0.718 acres in the R/W; all as shown on a survey entitled "Survey of Property of Cornelius S. Bregman" dated February 16, 2005, prepared by Thompson & Associates, PA.

TRACT TWO

BEING all that tract or parcel of land lying and being in Town of Holly Springs, Holly Springs Township, Wake County, North Carolina and being more particularly described as follows:

BEGINNING at an existing iron pipe located on the northern right-of-way margin of Avent Ferry Road (State Road 1115) (60-foot public right-of-way), said point having North Carolina Grid Coordinates NAD 83 (1995) of N=207,985.77 meters and E=621,131.45 meters, and said point being located North 63° 46' 20" East 5,640.88 feet (ground distance) and 5,640.21 feet (grid distance) (CFG=0.9998798) from HSGS "Atwell" having North Carolina Grid Coordinates NAD 83 (1995) of N=208,745.524 meters and E=622,673.594 meters, said point also being the southwesternmost corner of the property of Cornelius S. Bregman and Kandes K. Bregman, as Trustees of the Cornelius and Kandes Bregman Trust u/a dated September 20, 1999 (now or formerly) as described in a Deed recorded in Book 10856, Page 2782, Wake County Registry; thence from said Point of Beginning, South 01° 36' 33" East 34.30 feet to an existing iron pipe located within the right-of-way of Avent Ferry Road; thence along the approximate centerline on the right-of-way of Avent Ferry Road in three (3) calls as follow: (1) South 60° 32' 01" West 294.72 feet to a point; thence (2) with the arc of a circular curve to the right having a radius of 4,198.02 feet, an arc distance of 248.23 feet, and a chord course and bearing of South 62° 13' 40" West 248.19 feet to a point; thence (3) with the arc of a circular curve to the right having a radius of 1,620.13 feet, an arc distance of 145.47 feet, and a chord course and bearing of South 68° 47' 04" West 145.42 feet to a point; thence leaving the centerline of the right-of-way of Avent Ferry Road, North 01° 37' 35" West 1,911.17 feet to a point located on the southern boundary line of the property of Carolina Power & Light Company (now or formerly) as described in a Deed recorded in Book 7502, Page 818, Wake County Registry, and as shown on a map recorded in Book of Maps 1996, Page 1337, Wake County Registry; thence along the southern boundary line of the aforesaid Carolina Power & Light Company, South 88° 21' 39" East 621.43 feet to a bent existing iron pipe; thence along the western boundary line of the aforesaid property of Cornelius S. Bregman and Kandes K. Bregman, as Trustees in two (2) calls as follow: (1) South 01° 37' 35" East 1,544.64 feet to a point; thence (2) South 01° 36' 33" East 1.06 feet to the Point or Place of Beginning; containing a total of 24.541 net acres, 25.015 total acres, and 0.474 acres in the R/W; all as shown on a survey entitled "Survey of Property of Stephenson & Ward Realty and Development Co." dated February 14, 2005, prepared by Thompson & Associates, PA (Job No. S-04-046).

TOGETHER WITH all right, title and interest in and to a sanitary sewer easement that is approximately 20-feet wide and is more particularly described as follows:

TO FIND THE TRUE POINT OR PLACE OF BEGINNING, begin at an existing iron pipe located on the northern right-of-way margin of Avent Ferry Road (State Road 1115) (60-foot public right-of-way), said point having North Carolina Grid Coordinates NAD 83 (1995) of N=207,985.77 meters and E=621,131.45 meters, and said point being located North 63° 46' 20" East 5,640.88 feet (ground distance) and 5,640.21 feet (grid distance) (CFG=0.9998798) from HSGS "Atwell" having North Carolina Grid Coordinates NAD 83 (1995) of N=208,745.524 meters and E=622,673.594 meters, said point also being the southwesternmost corner of the property of Cornelius S. Bregman and Kandes K. Bregman, as Trustees of the Cornelius and Kandes Bregman Trust u/a dated September 20, 1999 (now or formerly) as described in a Deed recorded in Book 10856, Page 2782, Wake County Registry; thence from said Point of Beginning, South 01° 36' 33" East 34.30 feet to an existing iron pipe located within the right-of-way of Avent Ferry Road; thence along the approximate centerline on the right-of-way of Avent Ferry Road in three (3) calls as follow: (1) South 60° 32' 01" West 294.72 feet to a point; thence

(2) with the arc of a circular curve to the right having a radius of 4,198.02 feet, an arc distance of 248.23 feet, and a chord course and bearing of South 62° 13' 40" West 248.19 feet to a point; thence (3) with the arc of a circular curve to the right having a radius of 1,620.13 feet, an arc distance of 145.47 feet, and a chord course and bearing of South 68° 47' 04" West 145.42 feet to a point; thence leaving the centerline of the right-of-way of Avent Ferry Road, North 01° 37' 35" West 1,315 feet to True Point or Place of Beginning; thence from said True Beginning Point:

North 88° 39' 58" West 252.25 feet to a point; thence North 65° 45' 24" West 133.54 feet to a point; thence South 89° 58' 51" West 201.01 feet to a point; thence South 02° 52' 53" East 63.34 feet to a point; thence South 81° 10' 50" West 197.52 feet to a point; thence North 00° 01' 22" West 20.24 feet to a point; thence North 81° 10' 50" East 176.40 feet to a point; thence North 02° 52' 53" West 66.33 feet to a point; thence North 89° 58' 51" East 226.33 feet to a point; thence South 65° 45' 24" East 133.79 feet to a point; thence South 88° 39' 58" East 239.79 feet to a point; thence North 44° 01' 03" East 10.31 feet to a point; thence South 01° 37' 35" East 27.62 feet to the True Point or Place of Beginning; all as shown on the aforementioned survey prepared by Thompson & Associates, PA dated February 14, 2005.

The property is recorded in Wake County Register of Deeds BOM 2006, pages 361-362, known as Holly Pointe Phase 1A.

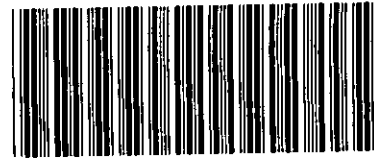
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EXHIBIT B

Initial Maximum Annual Assessment

- \$ 800.00 per Lot per year**
- \$ 800.00 per Family Dwelling Unit per year**

618593



BOOK:011849 PAGE:02539 - 02567

**Yellow probate sheet is a vital part of your recorded document.
Please retain with original document and submit for rerecording.**



**Wake County Register of Deeds
Laura M. Riddick
Register of Deeds**

This Customer Group
_____ # of Time Stamps Needed

This Document
_____ New Time Stamp
_____ # of Pages

BK011849PG02525

WAKE COUNTY, NC 71
LAURA M RIDDICK
REGISTER OF DEEDS
PRESENTED & RECORDED ON
03/08/2006 AT 09:39:11

BOOK:011849 PAGE:02525 - 02538

Return to:
Holly Pointe, LLC
10612 Winding Wood Trail
RALEIGH, NC 27613

STATE OF NORTH CAROLINA
COUNTY OF WAKE

**RESTRICTIVE COVENANTS
FOR
HOLLY POINTE SUBDIVISION
PHASE 1**

(HOLLY POINTE, LLC, a North Carolina Limited Liability Company (hereinafter "Declarant"), hereby declares that the real property described on **Exhibit A** attached hereto and made a part hereof (hereinafter the "Subdivision") is and shall hereafter be held, transferred, sold and conveyed subject to the following restrictive covenants, said restrictive covenants shall be appurtenant to and run with the land, by whomsoever owned, to wit:

1. **LAND USE AND BUILDING TYPE.** All Lots shall be used for residential purposes except for common and amenity areas. No structure shall be erected, altered, placed or permitted to remain on any Lot other than one detached, single-family dwelling or town home, not to exceed three and one-half (3½) (including basement) stories in height, a private garage for not more than three (3) cars, and other out-buildings incidental to residential use of the Lot. Nothing herein shall be deemed to prohibit conversion of a Lot to a street.

2. **DWELLING SIZE.** The minimum heated floor space of a dwelling may not be less than 2,050 square feet for single family homes and 1,200 square feet for town homes.

3. **BUILDING SETBACKS, HOUSE LOCATION.** No dwelling shall be erected or maintained on any Lot outside of the building envelope shown on the recorded plat of the Subdivision or as otherwise required or permitted by the zoning ordinance of the Town of Holly Springs (the "Zoning Ordinance"). For purposes of these building setback requirements, decks, porches, patios, stoops, eaves, overhangs, bay windows, chimneys, carports and other similar projections shall be deemed to be part of the dwelling only to the extent that the same are deemed to be part of the dwelling under the Zoning Ordinance as it exists as of the date of issuance of a certificate of occupancy for such dwelling. Any dwelling erected on a Lot other than a corner lot shall face the street on which the Lot abuts. On corner lots, a dwelling may be erected so as to face the intersection of the two streets on which the Lot abuts.

4. **FENCES.** No fence or wall shall be erected on any Lot closer to any street than the front or side building setback line. Additionally, any fence along the side yard that abuts a street shall have landscaping between the fence and the street that will provide for a minimum of 30% (thirty) screening of the fence. Chain-link or other metal fencing is not permitted. In

addition, no fence shall restrict access to sewer, drainage and other similar easements. Any fence or wall installed within the Subdivision must meet all requirements of the Zoning Ordinance and must be approved as provided in Article VIII of the Declaration Of Covenants, Conditions, Restrictions, Easements, Charges And Liens For The Holly Pointe Homeowners Association, LLC (the "Declaration"), recorded in office of the Register of Deeds of Wake County, North Carolina. Nothing in this paragraph shall be deemed to apply to or regulate retaining walls made necessary by the slope or grade of any Lot or Lots nor to any fence installed by the Declarant at any entrance to or along any street within the Subdivision.

5. TEMPORARY STRUCTURES. No residence of a temporary nature shall be erected or allowed to remain on any Lot, and no trailer, mobile home, basement, shack, tent, garage, barn, or any other building of a similar nature shall be used as a residence on any Lot, either temporarily or permanently.

6. TEMPORARY SALES OFFICE. Nothing contained herein shall prevent the Declarant or its agents from maintaining temporary sales offices, trailers, or storage units on any lot, common area, or recreation area during the development and sale of the subdivision.

7. PARKING DRIVEWAYS AND PARKING PADS ABANDONED VEHICLES. Vehicles may be parked or stored only on portions of a Lot improved for that purpose, i.e., garage, driveway, carport or parking pad. No unenclosed parking shall be constructed or maintained on any Lot except a paved driveway and an attached paved parking pad, which pad shall be designed for the parking of not more than three (3) vehicles. Any driveway or parking pad constructed upon any Lot shall have a concrete surface.

No mobile house trailer (whether on or off wheels), vehicle or enclosed body of the type which may be placed on or attached to a vehicle (known generally as "campers"), tractor trailer trucks or cabs, or commercial vehicle of any kind shall be parked on any street or any Lot within the Subdivision. No boat or boat trailer shall be parked on any street within the Subdivision. A boat and/or boat trailer may be parked or kept on a Lot if it is parked or kept in such a manner that it is screened from the street. Screening may be either by fence or plantings, but, in any case, the screening must comply with the Zoning Ordinance and be approved pursuant to Article VIII of the Declaration.

No vehicle of any type which is abandoned or inoperative shall be stored or kept on any Lot in such manner as to be seen from any other Lot, any street within the Subdivision or the Common Area, and no automobiles or mechanical equipment may be dismantled or allowed to accumulate on any Lot.

8. 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.

9. NUISANCES, BUSINESS ACTIVITY. No noxious or offensive trade or activity shall be carried on upon any Lot, nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood. Additionally, no business trade or activity may be conducted on any Lot unless permitted by the Town of Holly Springs.

10. SIGNS. Except as otherwise required by the Town of Holly Springs, no sign of any kind shall be displayed to the public view on any Lot except signs used to advertise Lots for sale during the construction and sales period, one sign of not more than ten (10) square feet advertising the property for sale or rent, and signs of not more than ten (10) square feet expressing support of or opposition to political candidates or other issues which will appear on the ballot of a primary, general or special election, provided that such political signs shall not be placed on a Lot earlier than sixty (60) days before such election and shall be removed within two (2) days after such election.

11. ANTENNAS-SATELLITE DISHES OR DISCS. No radio or television transmission or reception towers or antennas shall be erected on a Lot other than a customary television or radio reception antenna, which shall not extend more than ten (10) feet above the top roof ridge of the house. However, a satellite antenna receiver or disc will be permitted on a Lot if (i) the receiver or disc is not larger than two feet (2') in diameter; (ii) the receiver or disc is located or screened in such a way that it cannot be seen from any street within the Subdivision. Any such screening must be approved as provided in Article VIII of the Declaration. In no event shall any free-standing transmission or receiving tower be permitted on any Lot.

12. SWIMMING POOLS. An above-ground swimming pool shall be permitted in the Subdivision if it is completely surrounded by a deck which is attached to the residence. Pools are not permitted without the prior written consent of Declarant and then only if the area from ground to deck floor is landscaped in such a way so that the pool's exterior is not visible to neighbors. Small, inflatable wading pools shall be permitted in the Subdivision.

13. MAILBOXES. No mailbox shall be placed or maintained on any Lot unless the same has been approved in accordance with the provisions of Article VIII of the Declaration.

14. MAINTENANCE OF LOT, CONSTRUCTION. Each owner shall keep his Lot in an orderly condition and shall keep the improvements thereon in a suitable state of repair. In the event that any residence or structure on any Lot is destroyed or partially destroyed by fire, Act of God, or as a result of any other act or thing, the owner of such Lot shall repair the damage and reconstruct the improvement within twelve (12) months after such damage or destruction; provided, however, that if the structure damaged is not part of or attached to the residence constructed on such Lot, the owner may, at his option, either completely remove the damaged structure and landscape area on which the structure stood or repair or reconstruct the structure.

All construction, landscaping or other work which has been commenced on any Lot shall be continued with reasonable diligence to completion and no partially completed house or other improvement shall be permitted to exist on any Lot, except during such reasonable time period as is necessary for completion. The owner of each Lot shall at all times keep contiguous public streets free from any dirt, mud, garbage, trash or other debris resulting from any such construction on his Lot.

15. CLOTHESLINES. No exterior clothesline may be erected or maintained on any Lot.

16. GARBAGE; UNSIGHTLY STORAGE. All trash and rubbish shall be kept in garbage cans stored in such a manner as not to be visible from the street upon which the house fronts. No trash, rubbish, stored materials, wrecked or inoperable vehicles, or similar unsightly items shall be allowed to remain on any Lot; provided, however, that the foregoing shall not be construed to prohibit temporary deposits of trash, rubbish, and other debris for collection by governmental or other similar garbage and trash removal units. In the event of curbside trash and/or garbage pickup, trash and/or garbage cans may be moved to the street on the night before the scheduled pickup, but all garbage cans must be returned to approved enclosure the night of the scheduled pickup.

17. SEPTIC TANKS; WELLS. No septic tank shall be installed, used or maintained on any Lot. No well shall be installed, used or maintained on any Lot for human domestic water consumption, nor shall any well be connected in any manner whatsoever to the water mains, laterals and piping serving the dwelling, which mains furnish domestic water from sources beyond the boundaries of the Lot.

18. EXTERIOR MAINTENANCE. The owner of each Lot shall maintain the grounds and improvements on his Lot, including, but not limited to, plantings, landscaping and lawns, at all times in a neat and attractive manner. Such maintenance shall include the area of easements located on each lot.

19. SUBDIVISION OF LOTS. No Lot shall be subdivided by sale or otherwise so as to increase the total Lot area shown on the recorded map or plat, except by and with the written consent of the Declarant.

20. DECLARANT'S RIGHT TO ADD ADDITIONAL PROPERTY. Declarant shall have the right to add additional residential property and Common Area to the scheme of development pursuant to this Declaration by filing in the Wake County Registry a Supplemental Declaration of Covenants and Restrictions with respect to the Additional Property which shall extend the operation and effect of this Declaration to such Additional Property. The Supplementary Declaration may contain a new subdivision name for the Additional Property and such complementary additions and/or modifications as may be necessary or convenient, in the sole judgment of the Declarant, to reflect the difference in character, if any, of the Additional Property and as are not inconsistent with the plan of this Declaration, but such modification shall have no effect upon the Properties described herein.

Declarant shall have no obligation of any kind to annex any Additional Property and, should Declarant elect to annex any Additional Property, Declarant shall have no obligation of any kind to annex Additional Property in any particular sequential order. Should Declarant elect to annex any Additional Property and accordingly to subject such property to the terms and conditions of this Declaration, Declarant reserves the right to alter the restrictions contained in this Declaration with regard to any Additional Property annexed by Declarant as are not inconsistent with the plan of this Declaration. The addition of property authorized under this paragraph may increase the cumulative maximum number of Lots authorized in the Properties, and, therefore, may alter the relative maximum potential voting strength of the various types of membership of the Association.

21. **UNINTENTIONAL VIOLATIONS.** Declarant, or the persons or firms to whom the architectural review and approval authority has been delegated pursuant to Article VIII of the Declaration, may, but shall not be obligated to, waive any violation of the designated and approved building setback lines on any Lot, provided that no waiver may be granted for a violation in excess of twenty-five percent 25% of the applicable requirements. No such waiver shall be effective unless the Lot and all structures thereon are in full compliance with the applicable provisions of the Zoning Ordinance or a variance has been obtained for such violation. Waivers shall be effective upon recording of same in the Wake County Registry.

22. **STREET LIGHTING.** Declarant reserves the right to subject the Subdivision to a contract with Progress Energy for installation of street lighting, which contract requires a continuing monthly payment to Progress Energy by each residential customer.

23. **EASEMENTS.** Declarant reserves to itself and its successors and assigns, in addition to any easements of record, a perpetual, alienable and releasable easement and right on, over and under the ground to erect, install, maintain and use electric and telephone poles, wires, cables, conduits, sewers, water mains, water drainage provision and facilities, and other suitable equipment of the conveyance and use of electricity, telephone equipment, cable television, gas, water, sewer, water drainage and public conveniences or utilities on, in or over each side five (5) feet of any Lot and ten (10) feet right-of-way over, under and along the rear line of each Lot. These easements and rights expressly include the right to cut any trees, bushes, or shrubbery, excavate and grade soil, and take any other action reasonably necessary to economical and safe utility installation and to maintain reasonable standards of health, safety and appearance.

24. **UTILITIES.** The Developer reserves the right to subject the real property in this subdivision to a contract for the installation of underground electrical cables and/or the installation of street lighting, either or both of which may require an initial contribution and/or a continuing monthly payment to the utility service by the owner of each lot. All telephone, electric, cable television, water, sewer, and other utility lines and connections between lines and structures shall be concealed and located underground.

25. **GREENWAY EASEMENTS.** The Declarant, the Association, and every owner of a lot within the Development and connecting Developments, as an appurtenance to the lot of each owner, shall have a non-exclusive perpetual easement over and upon the greenway for purposes of ingress, egress and regress, but not for non-continuous movement. No structure shall be erected, altered, placed or permitted to remain on the greenway easements. Such Owner's easements shall be appurtenant to and shall pass with the title to every lot of an Owner located within the Development, but shall be for the benefit of all Owners of a lot within the Development and connecting Developments, their successors and assigns, and their agents, servants, invitees and employees. The owner of each lot, on which a Greenway Easement is located, is responsible for establishing and maintaining an unpaved, marked, walking trail on the easement. Such trail shall connect without interruption to any such trail on an adjoining lot.

26. **RECREATION FACILITIES.** When the Developer installs any Recreation Facility, for example swimming pool, clubhouse and/or soccer field (hereinafter referred to as Facility), the Developer, at all times prior to the conveyance of the Recreation Facility and the Association thereafter, shall have the right to grant use rights to the Facility to all other lot

owners of Holly Pointe Subdivision, their families, guests, lessees and invitees in and to the Facility. In that event the Developer or the Association as the case may be, shall establish fee schedules for membership and reasonable rules and regulations relating thereto to be paid and complied with by the Lot Owners of Holly Pointe Subdivision. All lot owners excluding those with houses presently under construction or vacant lots will be required to be members of the recreation facilities. Notwithstanding the foregoing, the granting of such use rights shall in no way invalidate any terms or provisions of this Declaration and shall not reduce or abate any assessment payments by Members of the Association.

27. USE OF COMMON AREA. The Association shall promulgate rules and regulations regarding use and enjoyment of the common Area by all persons.

28. VARIANCES. The Declarant or the Board of Directors of the Association in their discretion may allow reasonable variances and adjustments of the restrictions set forth in order to alleviate practical difficulties and hardship in the enforcement and operation of these restrictions. Any such variances shall not violate the spirit or the intent of this Declaration to create a subdivision of lots owned in fee by various persons with each such Owner having an easement upon common areas owned by the Association. To be effective, a variance hereunder shall be recorded in the Wake County Register of Deeds office, shall be executed on behalf of the Association or Declarant, as applicable, and shall refer specifically to this Declaration.

29. SIGNS. The Association may maintain within the Common Area subdivision signs and landscaping and lighting surrounding same. The costs of all such maintenance, repair and replacement of such signs, landscaping and lighting shall be part of the common expenses of the Association, payable by the Owners.

30. RIGHTS OF DEVELOPER. Developer shall always have the right, both prior to and subsequent to any conveyance of the Recreation Facility to the Association, to use the Recreation Facility for all lawful purposes which right includes, but is not limited to, the following:

- (a) The right to use, occupy, demonstrate and show all portions of the Recreational Facility for the purpose of promoting and aiding in the marketing, sale or rental or any portion of the real property subject to this Declaration. Such rights may not be exercised in an unreasonable manner inconsistent with the rights of the Association and its members to use, occupy and enjoy the Recreation Facility. The exercise of such rights by Developer shall not reduce, abate or suspend in any way the obligation of Association and its members to maintain, operate, administer and repair the Recreation Facility.
- (b) Display and erect signs, billboards and placards; and store, keep, exhibit and distribute printed, audio and visual promotional materials in and about the Recreation Facility.
- (c) Establish and promulgate rules and regulations concerning the use of the Recreation Facility not consistent with any of the provisions of this Declaration.
- (d) The Developer, or a successor Developer, reserves the right to amend any of the provisions contained herein.

31. INSURANCE.

- (a) Upon conveyance of the Recreation Facility to the Association, the Association shall carry, at its expense, public liability insurance on the Recreation Facility and improvements thereon, with limits of personal injury liability of not less than Five Hundred Thousand Dollars (\$500,000.00) with respect to any one person, and One Million Dollars (\$1,000,000.00) with respect to any one accident; the limits for property damage liability shall be in an amount not less than One Hundred Thousand Dollars (\$100,000.00). The Developer shall be named as an additional insured under such policies until such time as it no longer owns any Lots encumbered by this Declaration. The Association's public liability policy shall include all necessary endorsements evidencing contractual coverage for this grant.
- (b) The Association shall deliver to the Developer a Certificate of Insurance in compliance with the coverage obligations set forth herein together with evidence of payment hereof, including an endorsement which states that such insurance may not be changed, altered or cancelled except upon thirty (30) days prior written notice to the Developer.
- (c) Except for the Developer's negligence, and notwithstanding any insurance requirement set forth herein, the Association shall indemnify and save the Developer and its officers, agents, servants and employees, harmless from and against any and all liability, damage, penalty, claim, loss, lien, action, suit, proceedings, costs or judgments arising from the Association's and Developer's use of the Recreation Facility or from non-compliance with any law or regulation, or from injury or death to any person or injury to property sustained by anyone in and about the Recreation Facility, whether justifiable or not, including attorneys fees (appellate or otherwise) and any expense in connection therewith. The Association shall, at its own costs and expense, and at Developer's election, defend any and all suits or actions which may be brought against the Developer or its officers, agents, servants and employees.

32. HOLLY POINTE HOMEOWNERS ASSOCIATION OPERATION AND ASSESSMENTS.

- (a) Every owner of a fee simple undivided interest in any Lot as described herein, shall automatically become a member of Holly Pointe Homeowners Association, Inc., a North Carolina not for profit corporation, and shall be bound by the Articles of Incorporation and By-Laws, all actions taken by the Association, and are subject to and bound by the Declaration, which provides additional restrictions on such Lots.
- (b) The Association shall be organized for the purpose of maintaining and preserving the general aesthetic value of the Recreation Facility, Common Areas and Developer Improvements as herein defined by means of general and special assessments levied by the Association against the Lots.

In order to provide funds for the operation and maintenance of the Association, the Association shall have the right to make, levy and collect the assessments against each Lot. All regular assessments shall be payable in quarterly installments in advance on or before the 10th day of each quarter and any delinquent assessments shall bear interest at the rate of ten (10%) percent per annum until paid. Further, a late charge for each month late shall be assessed.

(c) The Owner or Owners of any Lot shall be personally liable, jointly and severally, to the Association for the payment of any assessments and the cost of collection, including but not limited to reasonable attorney's fees, whether suit be brought or not. The Association shall be irrevocably granted the right to impose a lien against each Lot for the collection of the assessments levied, which lien shall secure the monies due for all assessments hereafter levied against the Owner of each Lot, which lien shall also secure all costs and expenses including reasonable attorneys fees which are incurred by the Association in enforcing the lien.

(d) The lien granted to the Association may be foreclosed in the manner as a real estate mortgage may be foreclosed in the State of North Carolina. The lien shall be effective from and after the time of recording in the Public Records of Wake County, North Carolina. A Claim of Lien stating the description of the property, the name of the record title owner of the property, and the amount due and date when due.

33. **ENFORCEMENT.** Enforcement of these Covenants shall be by proceedings at law or in equity against any person or persons violating or attempting to violate any covenant herein and enforcement shall be to either restrain violation and/or to recover damages resulting therefrom. These covenants may also be enforced by the Association, pursuant to the Declaration and the Bylaws of the Association.

34. **SEVERABILITY.** Invalidity of any one or more of these covenants by judgment or court order shall in no way affect any of the other provisions, which shall remain in full force and effect.

35. **TERM.** These covenants shall run and bind the land and all owners thereof for a period of twenty-five (25) years from the date they are recorded, after which time, they shall be automatically extended for successive periods of ten (10) years unless altered or amended as set forth below. These covenants may be amended during the first five year period by the Declarant, without the approval or joinder of any other person. These covenants may also be amended during the first twenty-five (25) year period by an instrument signed by the then-owners of not less than eighty percent (80%) of the Lots, and thereafter an instrument signed by then-owners of not less than seventy-five percent (75%) of the Lots.

36. **HOLLY POINTE HOMEOWNERS ASSOCIATION, LLC** The owners of Lots within the Subdivision are Members of the Association. Nothing contained in these Covenants shall be construed to permit interference with the development of the Lots by Declarant so long

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as said development follows the general plan of development approved by the Town of Holly Springs. The restrictions contained herein shall not be deemed to apply to any sales office, construction trailer, model home, or other temporary improvement installed by or with the approval of Declarant.

IN WITNESS WHEREOF, Declarant and other property owners have caused this instrument to be executed by it's duly authorized officer or their agent, as of the 8th day of MARCH, 2006.

HOLLY POINTE, LLC

Holly Pointe Investors, LLC
By: ~~L. Sterling Development and Finance, Inc., Manager~~ *for*

By: Lance S. Williams
Lance S. Williams, ~~President~~ *Manager* *for*

I, the undersigned, ^{*Manager of Holly Pointe Investors*} a Notary Public of the aforesaid County and State, do hereby certify that Lance S. Williams ~~President of L. Sterling Development and Finance, Inc.~~ ^{*Investors*} a corporation, said entity being the manager of Holly Pointe, LLC, a North Carolina limited liability company, personally appeared before me this day and acknowledged that he is President of said corporation, and said entity is the manger of Holly Pointe, ^{*Investors*} LLC, and that by the authority duly given and as an act of the corporation and the company, the foregoing instrument was signed by himself on behalf of the corporation as manager of and on behalf the company.

Witness my hand and Notarial stamp or seal this 8th day of MARCH, 2006.

[Signature]
Notary Public

My Commission Expires: ~~My Commission Expires 11-14-2008~~
(11-14-2009)

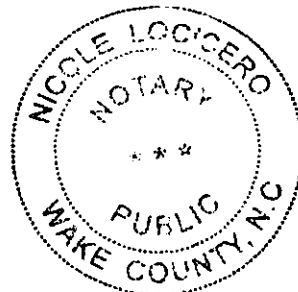


EXHIBIT A

TRACT ONE

Lying and being in the Holly Springs Township, Wake County, North Carolina, and being more particularly described as follows:

BEGINNING at an existing iron pipe located on the northern right-of-way margin of Avent Ferry Road (State Road 1115) (60-foot public right-of-way), said point having North Carolina Grid Coordinates NAD 83 (1995) of N=207,985.77 meters and E=621,131.45 meters, and said point being located North 63° 46' 20" East 5,640.88 feet (ground distance) and 5,640.21 feet (grid distance) (CFG=0.9998798) from HSGS "Atwell" having North Carolina Grid Coordinates NAD 83 (1995) of N=208,745.524 meters and E=622,673.594 meters; thence from said existing iron pipe along the eastern boundary line of the property of Stephenson & Ward Realty and Development Co., Inc. (now or formerly) as described in a Deed recorded in Book 10611, Page 425, Wake County Registry, North 01° 36' 33" West 1.06 feet to a point; thence continuing with the eastern boundary line of the aforesaid Stephenson & Ward Realty and Development Co., Inc. property, North 01° 37' 35" West 1,544.64 feet to a bent existing iron pipe; thence along the southern boundary line of the property of Carolina Power & Light Company (now or formerly) as described in a Deed recorded in Book 7502, Page 818, Wake County Registry, and as shown on a map recorded in Book of Maps 1996, Page 1337, Wake County Registry, South 88° 18' 12" East 939.96 feet to an existing iron pipe; thence continuing along the western boundary line of the aforesaid Carolina Power & Light Company property, South 03° 06' 10" West 341.67 feet to an existing iron pipe; thence along the western boundary line of the property of Alexander McClain (now or formerly) as described in a Deed recorded in Book 2142, Page 460, Wake County Registry, South 03° 01' 44" West 566.62 feet to a point; thence continuing South 03° 01' 44" West 1.37 feet to a bent existing iron pipe located on the northern right-of-way margin of the aforesaid Avent Ferry Road; thence along the northern right-of-way margin of Avent Ferry Road in four (4) calls as follow: (1) South 49° 01' 31" West 28.98 feet to a point; thence (2) with the arc of a circular curve to the right having a radius of 15,020.00 feet, an arc distance of 210.12 feet, and a chord course and bearing of South 49° 25' 34" West 210.12 feet to a point; thence (3) with the arc of a circular curve to the right having a radius of 5,605.00 feet, an arc distance of 681.94 feet, and a chord course and bearing of South 55° 00' 32" West 681.52 feet to a point; thence (4) with the arc of a circular curve to the right having a radius of 47,945.00 feet, an arc distance of 124.93 feet, and a chord course and bearing of South 59° 18' 38" West 124.93 feet to the Point or Place of Beginning; containing a total of 25.553 net acres, more or less, 26.271 total acres, and 0.718 acres in the R/W; all as shown on a survey entitled "Survey of Property of Cornelius S. Bregman" dated February 16, 2005, prepared by Thompson & Associates, PA.

TRACT TWO

BEING all that tract or parcel of land lying and being in Town of Holly Springs, Holly Springs Township, Wake County, North Carolina and being more particularly described as follows:

BEGINNING at an existing iron pipe located on the northern right-of-way margin of Avent Ferry Road (State Road 1115) (60-foot public right-of-way), said point having North Carolina Grid Coordinates NAD 83 (1995) of N=207,985.77 meters and E=621,131.45 meters, and said point being located North 63° 46' 20" East 5,640.88 feet (ground distance) and 5,640.21 feet (grid distance) (CFG=0.9998798) from HSGS "Atwell" having North Carolina Grid Coordinates NAD 83 (1995) of N=208,745.524 meters and E=622,673.594 meters, said point also being the southwesternmost corner of the property of Cornelius S. Bregman and Kandes K. Bregman, as Trustees of the Cornelius and Kandes Bregman Trust u/a dated September 20, 1999 (now or formerly) as described in a Deed recorded in Book 10856, Page 2782, Wake County Registry; thence from said Point of Beginning, South 01° 36' 33" East 34.30 feet to an existing iron pipe located within the right-of-way of Avent Ferry Road; thence along the approximate centerline on the right-of-way of Avent Ferry Road in three (3) calls as follow: (1) South 60° 32' 01" West 294.72 feet to a point; thence (2) with the arc of a circular curve to the right having a radius of 4,198.02 feet, an arc distance of 248.23 feet, and a chord course and bearing of South 62° 13' 40" West 248.19 feet to a point; thence (3) with the arc of a circular curve to the right having a radius of 1,620.13 feet, an arc distance of 145.47 feet, and a chord course and bearing of South 68° 47' 04" West 145.42 feet to a point; thence leaving the centerline of the right-of-way of Avent Ferry Road, North 01° 37' 35" West 1,911.17 feet to a point located on the southern boundary line of the property of Carolina Power & Light Company (now or formerly) as described in a Deed recorded in Book 7502, Page 818, Wake County Registry, and as shown on a map recorded in Book of Maps 1996, Page 1337, Wake County Registry; thence along the southern boundary line of the aforesaid Carolina Power & Light Company, South 88° 21' 39" East 621.43 feet to a bent existing iron pipe; thence along the western boundary line of the aforesaid property of Cornelius S. Bregman and Kandes K. Bregman, as Trustees in two (2) calls as follow: (1) South 01° 37' 35" East 1,544.64 feet to a point; thence (2) South 01° 36' 33" East 1.06 feet to the Point or Place of Beginning; containing a total of 24.541 net acres, 25.015 total acres, and 0.474 acres in the R/W; all as shown on a survey entitled "Survey of Property of Stephenson & Ward Realty and Development Co." dated February 14, 2005, prepared by Thompson & Associates, PA (Job No. S-04-046).

TOGETHER WITH all right, title and interest in and to a sanitary sewer easement that is approximately 20-feet wide and is more particularly described as follows:

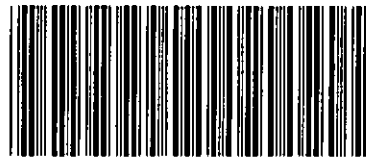
TO FIND THE TRUE POINT OR PLACE OF BEGINNING, begin at an existing iron pipe located on the northern right-of-way margin of Avent Ferry Road (State Road 1115) (60-foot public right-of-way), said point having North Carolina Grid Coordinates NAD 83 (1995) of N=207,985.77 meters and E=621,131.45 meters, and said point being located North 63° 46' 20" East 5,640.88 feet (ground distance) and 5,640.21 feet (grid distance) (CFG=0.9998798) from HSGS "Atwell" having North Carolina Grid Coordinates NAD 83 (1995) of N=208,745.524 meters and E=622,673.594 meters, said point also being the southwesternmost corner of the property of Cornelius S. Bregman and Kandes K. Bregman, as Trustees of the Cornelius and Kandes Bregman Trust u/a dated September 20, 1999 (now or formerly) as described in a Deed recorded in Book 10856, Page 2782, Wake County Registry; thence from said Point of Beginning, South 01° 36' 33" East 34.30 feet to an existing iron pipe located within the right-of-way of Avent Ferry Road; thence along the approximate centerline on the right-of-way of Avent Ferry Road in three (3) calls as follow: (1) South 60° 32' 01" West 294.72 feet to a point; thence

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(2) with the arc of a circular curve to the right having a radius of 4,198.02 feet, an arc distance of 248.23 feet, and a chord course and bearing of South 62° 13' 40" West 248.19 feet to a point; thence (3) with the arc of a circular curve to the right having a radius of 1,620.13 feet, an arc distance of 145.47 feet, and a chord course and bearing of South 68° 47' 04" West 145.42 feet to a point; thence leaving the centerline of the right-of-way of Avent Ferry Road, North 01° 37' 35" West 1,315 feet to True Point or Place of Beginning; thence from said True Beginning Point:

North 88° 39' 58" West 252.25 feet to a point; thence North 65° 45' 24" West 133.54 feet to a point; thence South 89° 58' 51" West 201.01 feet to a point; thence South 02° 52' 53" East 63.34 feet to a point; thence South 81° 10' 50" West 197.52 feet to a point; thence North 00° 01' 22" West 20.24 feet to a point; thence North 81° 10' 50" East 176.40 feet to a point; thence North 02° 52' 53" West 66.33 feet to a point; thence North 89° 58' 51" East 226.33 feet to a point; thence South 65° 45' 24" East 133.79 feet to a point; thence South 88° 39' 58" East 239.79 feet to a point; thence North 44° 01' 03" East 10.31 feet to a point; thence South 01° 37' 35" East 27.62 feet to the True Point or Place of Beginning; all as shown on the aforementioned survey prepared by Thompson & Associates, PA dated February 14, 2005.

The property is recorded in Wake County Register of Deeds BOM 2006, pages 361-362, known as Holly Pointe Phase 1A.



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**Wake County Register of Deeds
Laura M. Riddick
Register of Deeds**

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