

ARTICLES OF INCORPORATION  
OF  
HOLLY GLEN ESTATES HOMEOWNERS  
ASSOCIATION, INC.

A NON-PROFIT CORPORATION

In compliance with the requirements of Chapter 47F and Chapter 55A of the General Statutes of North Carolina, the undersigned resident of New Hanover County, North Carolina, who is of full age, does hereby make and acknowledge these Articles of Incorporation for the purpose of forming a corporation not for profit and does hereby certify:

ARTICLE I

**Corporate Name:** The name of the Corporation is **HOLLY GLEN ESTATES HOMEOWNERS ASSOCIATION, INC.**, hereinafter called the Corporation or the Association.

ARTICLE II

**Duration:** The period of duration of the Corporation shall be perpetual.

ARTICLE III

**Registered Office and Agent:** The principal and initial registered office of the Corporation is located at **6470-A Netherlands Drive, Wilmington, New Hanover County, North Carolina 28405** and the name of the initial registered agent of the Corporation at such address is **Jay Stuart Milam**.

ARTICLE IV

**Corporate Purpose:** This Corporation does not contemplate pecuniary gain or profit to the Members thereof, and the specific purposes for which it is formed at to provide for the maintenance, management, preservation and architectural control of that certain Planned Community known as **HOLLY GLEN ESTATES**, shown and described on the plat(s) thereof recorded or to be recorded in the Office of the Register of Deeds of New Hanover County, North Carolina, and any additions thereto which may be brought within the jurisdiction of the Corporation; and to promote the health, safety and welfare of the Lot Owners, and for these purposes the Corporation and the Executive Board shall have the following powers:

(A) To exercise all of the powers and privileges and to perform all of the duties and obligations of the Corporation set forth in that certain Declaration of Covenants, Conditions and Restrictions for **HOLLY GLEN ESTATES**, which will be recorded in the Office of the Register of Deeds of New Hanover County, North Carolina, and as the same may be amended from time to time as therein provided, said Declaration being incorporated herein as if set forth at length (all capitalized terms herein shall have the meaning defined in the Declaration);

- (B) Adopt and amend bylaws and rules and regulations;
- (C) Adopt and amend budgets for revenues, expenditures, and reserves and collect Assessments for common Expenses from Lot Owners;
- (D) Hire and discharge managing agents and other employees, agents, and independent contractors;
- (E) Institute, defend, or intervene in litigation or administrative proceedings on matters affecting the Planned Community;
- (F) Make contracts and incur liabilities;
- (G) Regulate the use, maintenance, repair, replacement, and modification of Common Elements;
- (H) Cause additional improvements to be made as a part of the Common Elements;
- (I) Acquire, hold, encumber, and convey in its own name any right, title or interest to real or personal property, provided that Common Elements may be conveyed or subjected to a security interest only pursuant to the Act;
- (J) Grant easements, leases, licenses, and concessions through or over the Common Elements;
- (K) Impose and received any payments, fees or charges for the use, rental or operation of the Common Elements other than any Limited Common Elements and for services provided to Lot Owners;
- (L) Impose reasonable charges for late payment of Assessments and, after notice and an opportunity to be heard, suspend privileges or services provided by the Association (except rights of access to Lots) during any period that Assessments or other amounts due and owing to the Association remain unpaid for a period of 30 days or longer;
- (M) After notice and an opportunity to be heard, impose reasonable fines or suspend privileges or services provided by the Association (except rights of access to Lots) for reasonable periods for violations of the Declaration, bylaws, and rules and regulations of the Association;
- (N) Impose reasonable charges in connection with the preparation and recordation of documents, including, without limitation, amendments to the Declaration or statements of unpaid Assessments;
- (O) Provide for the indemnification of and maintain liability insurance for its officers, Executive Board, directors, employees and agents;
- (P) Assign its right to future income, including the right to receive Assessments;
- (Q) Exercise all other powers that may be exercised in this State by legal entities of the same type as the Association; and

(R) Exercise any other powers necessary and proper for the governance and operation of the Association.

#### ARTICLE V

**Membership:** Every person who is a record Owner of a fee or undivided fee interest in any Lot, including contract sellers, shall be a member of the Corporation. The foregoing is not intended to include Persons who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any lot.

#### ARTICLE VI

**Voting Rights:** The Corporation shall have two classes of voting memberships:

*Class A.* Class A member shall be all Owners with the exception of the Declarant and shall be entitled to one vote for each Lot owned, after the period of Declarant control as set forth below. When more than one Person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they, among themselves, determine but in no event shall more than one vote be cast with respect to any Lot. Fractional voting with respect to any Lot is hereby prohibited.

*Class B.* The Class B Member shall be the Declarant (as defined in the Declaration), and shall be entitled to exclusive voting during the period of Declarant control. Declarant control shall end and the Class B membership shall cease and be converted to Class A membership on the happening of any of the following events, whichever occurs earlier:

- (a) On December 31, 2015, or
- (b) Upon the voluntary surrender of the Class B membership by the holder thereof.

#### ARTICLE VII

**Initial Board of Directors:** There shall be three (3) Directors on the initial Board of Directors (the "Executive Board") whose names and addresses are as follows and who shall serve until their successors are selected and qualified:

Jay Stuart Milam  
6470-A Netherlands Drive  
Wilmington, North Carolina 28405

Raymond L. Ballard  
6470-A Netherlands Drive  
Wilmington, North Carolina 28405

Deborah R. Mitchell  
6470-A Netherlands Drive  
Wilmington, North Carolina 28405

The members of the initial Board of Directors need not be members of the Association. After the end of Declarant Control, a majority of the Directors on the Board of Directors must be owners of Lots in Holly Glen Estates subdivision. At the first annual meeting after the end of the Declarant Control Period, the Members shall elect two directors for a term of three years, two directors for a term of two years, and one director for a term of one year or until the respective successors are properly chosen. Thereafter these terms shall continue in effect to provide for staggered terms. The number of directors may be changed by amendment of the bylaws of the Association.

#### ARTICLE VIII

**Incorporator:** The name and address of the incorporator of this Corporation is:

Jeffrey P. Keeter  
310 North Front Street, Suite 200  
P.O. Box 4  
Wilmington, New Hanover County  
North Carolina 28402

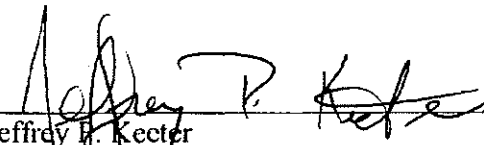
#### ARTICLE IX

**Dissolution of the Association:** In the event of dissolution of the Association, the residual assets of the Association will be dedicated to a public body or conveyed to one or more organizations with purposes similar to those of the Association which are exempt as organizations described in Section 501(c)(3) of the Internal Revenue Code of 1986.

#### ARTICLE X

**Amendment:** These Articles of Incorporation may be amended only upon the vote of not less than sixty-seven percent (67%) of the members of each class

IN WITNESS WHEREOF, for the purpose of forming this Corporation under the laws of the State of North Carolina, I, the undersigned, being the incorporator of this Corporation, have executed these Articles of Incorporation this the 6<sup>th</sup> day of May, 2005.

  
\_\_\_\_\_  
Jeffrey P. Keeter  
Incorporator

STATE OF NORTH CAROLINA

COUNTY OF NEW HANOVER

This is to certify that on this 6<sup>th</sup> day of May, 2005, before me, Jeffrey P. Keeter, who I am satisfied is the person named in and who executed the foregoing Articles of Incorporation, and I have first made known to him the contents thereof, he did acknowledge that he signed and delivered the same as his voluntary act and deed for the uses and purposes therein expressed.

6<sup>th</sup> day of May, 2005. IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my notarial seal, this the

*Stephanie B. Ottaway*  
Notary Public

My commission expires:  
7-15-05

(Notary Seal)

