

BYLAWS
OF
HOLLY GROVE HOMEOWNERS ASSOCIATION, INC.

ARTICLE I
Offices

Section 1.1 Principal Office: The principal office of the corporation shall be located at such place as the Board of Directors may fix from time to time. The corporation may have offices at such other places, either within or without the State of North Carolina, as the Board of Directors from time to time may determine, or as the affairs of the corporation from time to time may require.

Section 1.2 Registered Office: The registered office of the corporation required by the North Carolina Nonprofit Corporation Act to be maintained in the State of North Carolina may be, but need not be, identical with the principal office.

ARTICLE II
Declaration

For all purposes hereunder, capitalized terms which are not otherwise defined herein shall be interpreted as defined in the Declaration of Conditions, Restrictions, and Covenants Running With the Land as recorded in Deed Book 3828, Page 771 Pitt County Registry and as it may be amended (the "Declaration").

ARTICLE III
Members

Section 3.1 Membership. Every record owner holding fee simple title to any plot of land shown upon the recorded subdivision plat of Holly Grove Subdivision (as shown on map recorded in Map Book 84, Page 89 all of the Pitt County Registry) (excluding the which is subject to assessment shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 3.2 Classes of Membership. The Association shall have two classes of voting membership. The voting rights of the membership shall be appurtenant to the ownership of the Lots and may not be separated from ownership of any Lot.

(a) Class A. Every person, group of persons or entity which is an Owner of a Lot within the Property shall automatically be a Class A Member of the Association, except the Declarant during the Development Period (defined as the time during which the Declarant owns any Lots in the subdivision); provided, however, that any such person, group of persons or entity who holds such interest solely as security for the performance of an obligation shall not be a Member. Class A Members shall be entitled to one (1) vote for each Lot of which he or she is the Owner. When more than one person or entity holds an interest in any Lot (other than a leasehold or security interest), the vote for such Lot shall be exercised as they determine,

but in no event shall more than one vote be cast with respect to any Lot. Fractional voting shall not be allowed. In the event agreement is not reached, the vote attributable to such Lot shall not be cast.

(b) Class B. Class B Lots shall be all Lots owned by Declarant which have not been converted to Class A Lots as set forth below. Declarant shall be entitled to twenty (20) votes for each Class B Lot it owns. Class B membership shall cease and Class B Lots shall be converted to Class A Lots upon the earlier to occur of the following: (i) when Declarant no longer owns any Lots within the Property; or (ii) upon written waiver of the Class B membership by the Declarant. When the Class B Lots cease to exist and are converted to Class A Lots, Declarant shall have the same voting rights as other Owners of Class A Lots.

(c) Declarant's Voting Rights. Until the Class B Lots cease to exist as provided above, Declarant shall be vested with the sole voting rights of the Association on all matters (including but not limited to election and removal of directors and officers of the Association), except such matters to which the Declaration, the Articles of Incorporation or the Bylaws of the Association specifically require a vote of the Class A Members.

ARTICLE IV Meetings of Members

Section 4.1 Annual Meetings. The annual meeting of members shall be held at such date and time as may be determined on an annual basis by the Board of Directors and stated in the notice of such members' meeting.

Section 4.2 Special Meetings. Special meetings of the members may be called at any time by the President or by the Board of Directors of the Association and shall be called by the Secretary of the corporation within thirty (30) days upon receipt of a written request signed, dated, and delivered to the Secretary, and describing the purposes for which the meeting is to be held, by the holders of at least ten percent (10%) of all votes entitled to be cast on the issue proposed in such request to be considered at the meeting. Only matters that are described within a meeting notice may be acted upon at a special meeting.

Section 4.3 Notice of Meetings. Notice of meetings of members shall be given by the Secretary not less than ten (10) and not more than sixty (60) days before the date of a meeting and shall state the time and place of the meeting as well as the purpose of the meeting, if a special meeting. Any such notice shall be (a) hand delivered; (b) sent prepaid by US mail to the member's last known mailing address on the books and records of the corporation; or (b) sent by electronic means, including by electronic mail over the Internet, to an electronic mailing address designated in writing by any member.

If any meeting of members is adjourned by a majority of votes cast on the motion to adjourn to a different date, time or place, notice need not be given of the new date, time, or place if the new date, time or place is announced at the meeting before adjournment and if a new record date is not fixed for the adjourned meeting. Once a member is represented for any purpose at a meeting, such member is deemed present for quorum purposes for the remainder of the

meeting and for any adjournment of that meeting unless a new record date is or must be set for that adjourned meeting.

Section 4.4 Quorum. The presence at a meeting of members, represented in person or by proxy, entitled to cast twenty-five percent (25%) of the votes of the membership shall constitute a quorum for any action of the membership, except as otherwise provided in the Articles of Incorporation, the Declaration or these Bylaws. In the event a quorum is not present for a meeting and a meeting is adjourned to a later date and time as a result, the quorum for the successive meeting shall be ten (10%) of the votes of the membership entitled to vote.

Section 4.5 Proxies. Members may vote either in person or by one or more agents authorized by a written proxy executed by the member or by the member's duly authorized attorney-in-fact. A proxy is valid for eleven (11) months from the date of its execution unless a different period is expressly provided therein. Proxies must be filed with the Secretary. A proxy is automatically void upon transfer of ownership of the Lot with which it is associated.

Section 4.6 Multiple Owners of Lot. If only one of multiple owners of a Lot is present at a meeting of members of the corporation, the Lot owner who is present is entitled to cast the entire vote allocated to that Lot. If more than one owner of a Lot is present, the vote allocated to that Lot shall be cast only in accordance with the agreement of a majority in interest of the multiple owners of the Lot. Majority agreement is conclusively presumed if one owner casts the vote allocated to the Lot without protest being made promptly to the person president over the meeting by any other owner of the Lot.

Section 4.7 Conduct of Meetings. Meetings shall be conducted in accordance with reasonable rules of order developed or approved by the Board of Directors.

ARTICLE V Directors

Section 5.1 General Powers: The direction and management of the affairs, activities, property and funds of the corporation shall be vested in the Board of Directors or by such committees as the Board may establish pursuant to these Bylaws. The Board of Directors shall have the right, power and authority to exercise all powers and do all acts and things that may be exercised or done by the corporation as a nonprofit corporation organized under the laws of North Carolina, to the provisions of the Articles of Incorporation and these by-laws

Section 5.2 Number, Term and Qualifications: The number of Directors constituting the Board of Directors of the corporation shall be not less than three (3) nor more than five (5) as from time to time may be fixed or changed within said minimum and maximum by the Board of Directors. The directors shall be divided into three classes, as nearly equal in number as may be, to serve in the first instance for terms of one year, two years and three years, respectively, and until their successors shall be elected and shall qualify, and thereafter the successors in each class of directors shall be elected to serve for terms of three years and until their successors shall be elected and shall qualify or until there is a decrease in the number of

directors. In the event of any increase in the number of directors, the additional directors shall be so classified such that all classes of directors shall be increased equally, as nearly as may be, and, in the event of any decrease in the number of directors, all classes of directors shall be decreased equally as may be. Each director shall hold office until such director's death, resignation, retirement, removal or disqualification, or until election and qualification of such director's successor. Directors need not be residents of the State of North Carolina.

Section 5.3 Election of Directors: Except as provided in Section 2.5 of this Article, the directors shall be elected and the number of directors for the upcoming year shall be determined annually at a meeting of directors.

Section 5.4 Removal: Any director may be removed from office at any time by vote of the majority of the voting members. A director may not be removed by the members at a meeting unless the notice of the meeting states that the purpose, or one of the purposes of the meeting, is removal of the director.

Section 5.5 Vacancies: If a vacancy occurs in the Board of Directors, including without limitation, a vacancy resulting from an increase in the number of directors, the Board of Directors may fill the vacancy. If the directors in office do not constitute a quorum of the Board, the directors may fill the vacancy by the affirmative vote of a majority of the remaining Directors, or by the sole remaining Director, as applicable. The term of a director filling a vacancy expires at the end of the unexpired term that such director is filling.

Section 5.6 Compensation: The Board of Directors shall not compensate directors for their services as such but may authorize the reimbursement of any out-of-pocket expenses incurred by directors in attending regular or special meetings of the Board and otherwise in handling the affairs of the corporation.

Section 5.7 Committees of the Board: The Board of Directors, by resolution of a majority of the number of directors in office, may designate two or more directors to constitute an Executive Committee and such other committees as the Board shall deem advisable, each of which, to the extent authorized by the North Carolina Nonprofit Corporation Act and provided in such resolution, shall have and may exercise all of the authority of the Board of Directors in the management of the corporation. Each committee member serves at the pleasure of the Board of Directors. The provisions of these Bylaws governing meetings, action without meeting, notice and waiver of notice, and quorum and voting requirements of the Board of Directors apply to any committees of the Board of Directors established pursuant to this Section. The designation of any committee of the Board of Directors and the delegation thereto of the Board's authority shall not operate to relieve the Board of Directors, or any member thereof, of any responsibility imposed upon him or her by law.

Section 5.8 Other Committees: Other committees not having and exercising the authority of the Board of Directors in the management of the corporation may be designated by resolution adopted by a majority of the directors present at a meeting at which a quorum is present. Such committee shall have such duties and responsibilities as may be set forth in the resolution designating the committee.

ARTICLE VI
Meetings of Directors

Section 6.1 Regular Meetings: The Board of Directors may provide, by resolution, the time and place, either within or without the State of North Carolina, for the holding of regular meetings.

Section 6.2 Special Meetings: Special meetings of the Board of Directors may be called by or at the request of the Chairperson of the Board, if any, the President or any director.

Section 6.3 Notice of Meetings: Regular meetings of the Board of Directors may be held without notice. Except as otherwise required by the North Carolina Nonprofit Corporation Act or the North Carolina Planned Community Act, the person calling a special meeting of the Board of Directors shall give notice thereof at least two days prior to the meeting by any usual means of communication. Any duly convened regular or special meeting may be adjourned by the directors to a later time without further notice.

Section 6.4 Waiver of Notice: Any Director may waive notice of any meeting before or after the meeting by filing a written and signed waiver with the corporation for inclusion in the minutes or filing with the corporate records. The attendance by a Director at, or the participation of a Director in, a meeting shall constitute a waiver of any required notice of such meeting, unless the Director, at the beginning of the meeting (or promptly upon the Director's arrival thereat), objects to holding the meeting or to transacting any business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

Section 6.5 Quorum: A majority of the Board of Directors in office immediately before a meeting begins shall constitute a quorum for the transaction of business at any meeting of the Board of Directors.

Section 6.6 Voting and Manner of Acting: Each Director shall be entitled to one (1) vote on all matters that come before the corporation. Unless a higher vote is required by the corporation's Articles of Incorporation, these Bylaws or the North Carolina Nonprofit Corporation Act, the act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 6.7 Presumption of Assent: A director of the corporation who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless (a) such director objects at the beginning of the meeting (or promptly upon the director's arrival thereat) to holding the meeting or to transacting any business at the meeting, or (b) such director's contrary vote is recorded or such director's dissent or abstention from the action taken otherwise is entered in the minutes of the meeting, or (c) such director files written notice of dissent or abstention to such action with the person presiding at the meeting before the adjournment thereof or forwards such notice by registered mail to the Secretary of the corporation immediately after the adjournment of the

meeting. Such right of dissent or abstention is not available to a director who voted in favor of the action taken.

Section 6.8. Participation by Audio Medium. Upon approval by the Board of Directors, any one or more directors may participate in any meeting of the Board or its committees by means of a conference telephone, video call or similar communications medium allowing all directors participating in the meeting to hear one another simultaneously throughout the meeting. Participation by such means shall constitute presence in person at a meeting.

Section 6.9 Action Without a Meeting: Any action of the Board of Directors may be taken without a meeting if the action is taken by all members of the board. The action shall be evidenced by one or more written consents signed by each director before or after such action, describing the action taken, and included in the minutes or filed with the corporate records reflecting the action taken. A director's consent to action taken without meeting may be in electronic form and delivered by electronic means.

Section 6.10 Conduct of Meetings. Compliance with Robert's Rules of Order shall not be required in any meeting of the Board of Directors. Said meetings shall be conducted in accordance with reasonable rules of order developed or approved by the Board of Directors.

ARTICLE VII Officers

Section 7.1 Number: The officers of the corporation shall consist of a President, Vice-President, Secretary, and Treasurer. No two offices may be held by the same person, except that the offices of Vice President and Treasurer may be held by the same person, provided that this officer may not act in more than one capacity where action of two (2) or more officers is required.

Section 7.2 Election and Term: The officers of the corporation shall be elected by the Board of Directors. Such elections may be held at any regular or special meeting of the Board. Each officer shall hold office for one (1) year or until such officer's death, resignation, retirement, removal or disqualification, or until the election and qualification of such officer's successor.

Section 7.3 Removal and Resignation: Any officer or agent may be removed by the Board of Directors at any time with or without cause. An officer may resign at any time by notifying the corporation, orally or in writing, of such resignation. A resignation shall be effective upon receipt by the corporation unless it specifies in writing a later effective date. In the event a resignation so specifies a later effective date, the Board of Directors may fill the pending vacancy prior to such date; however, the successor to the resigning officer may not take office until the effective date.

Section 7.4 President: The President shall be the principal executive officer of the corporation and, subject to the control of the Board of Directors, shall supervise and control the management of the corporation in accordance with these Bylaws. The President, with any

other proper officer, may sign any deeds, leases, mortgages, bonds, contracts or other instruments which lawfully may be executed on behalf of the corporation, except where required or permitted by law otherwise to be signed and executed and except where the signing and execution thereof shall be delegated by the Board of Directors to some other officer or agent. In general, the President shall perform all duties incident to the office of President and such other duties as from time to time may be assigned by the Board of Directors.

Section 7.5 Vice President: In the absence of the President or in the event of the President's death, inability or refusal to act, the Vice President, if any, shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. Any Vice President shall perform such other duties as from time to time may be assigned by the President or by the Board of Directors. In the event, that the Vice President shall also hold the office of Secretary, then each action taken by the Vice President in the stead of the President and requiring the action of the Secretary shall also require the action of the Treasurer.

Section 7.6 Secretary: The Secretary shall (a) keep accurate records of the acts and proceedings of all meetings of Directors; (b) give all notices required by law and by these Bylaws; (c) have general charge of the corporate books and records and of the corporate seal, and shall affix the corporate seal to any lawfully executed instrument requiring it; (d) keep all records required by law at the principal office of the corporation; (e) sign such instruments as may require the Secretary's signature; and (f) perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned by the President or by the Board of Directors.

Section 7.7 Treasurer: The Treasurer shall have custody of all funds and securities belonging to the corporation and shall receive, deposit or disburse the same under the direction of the Board of Directors. The Treasurer shall maintain appropriate accounting records as may be required by law. In general, the Treasurer shall perform all duties incident to the office of Treasurer and such other duties as from time to time may be assigned by the President or by the Board of Directors.

ARTICLE VIII

Contracts, Loans, Checks and Deposits

Section 8.1 Contracts: Consistent with the purpose of the corporation as set forth in the corporation's Articles of Incorporation, the Board of Directors may authorize any officer or officers or any agent or agents, to enter into any contract or to execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances. Any resolution of the Board of Directors authorizing the execution of any contract, lease or other agreement or delivery of any instrument of behalf of the corporation by the proper officers of the corporation or by officers of the corporation generally and not specifying particular officers shall be deemed to authorize execution or delivery, as applicable, by the President or any other officer if such execution or delivery is within the scope of the duties of such other officer.

Section 8.2 Loans: No loans shall be contracted on behalf of the corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or specific in nature and scope. Notwithstanding the foregoing, no loan, guaranty, or other form of security shall be made or provided by the corporation to or for the benefit of any of its Directors, officers, or employees, if any.

Section 8.3 Checks and Drafts: All checks, drafts or other orders for the payment of money issued in the name of the corporation shall be signed by such officer or officers or such agent or agents of the corporation and in such manner as from time to time shall be determined by resolution of the Board of Directors.

Section 8.4 Deposits: All funds of the corporation not otherwise employed from time to time shall be deposited to the credit of the corporation in such depositories as the Board of Directors shall direct.

ARTICLE IX General Provisions

Section 9.1 Seal: The corporate seal of the corporation shall consist of two concentric circles between which is the name of the corporation and in the center of which is inscribed SEAL; and such seal, in the form approved and adopted by the Board of Directors, shall be the corporate seal of the corporation.

Section 9.2. Amendments: Except as may be otherwise provided by the North Carolina Nonprofit Corporation Act, these Bylaws may be amended or repealed and new bylaws may be adopted by the Board of Directors. The corporation shall provide at least five (5) days written notice of any meeting of Directors at which an amendment to the Bylaws is to be voted upon, and such notice shall state that the purpose, or one of the purposes, of the meeting is to consider a proposed amendment to the Bylaws and shall contain or be accompanied by a copy or summary of the amendment or state the general nature of the amendment. Any amendment to the Bylaws shall be approved by a majority of the Directors in office at the time that such amendment is adopted.

Section 9.3 Fiscal Year: The fiscal year of the corporation shall be fixed by the Board of Directors.

ARTICLE X Indemnification

Section 10.1 Definitions. For purposes of this Article X, the following definitions shall apply:

(a) “Corporation” means the corporation and all “predecessors” thereof, as such term is defined in the Act.

(b) “Director” means an individual who is or was a director of the Corporation or an individual who, while a director of the corporation, is or was serving at the Corporation’s request as a director, officer, partner, trustee, employee or agent or another foreign or domestic corporation, partnership, limited liability company, association, joint venture, trust, employee benefit plan at the corporation’s request if such director’s duties to the Corporation also impose duties on, or otherwise involve services by, the director to the plan or to participants in or beneficiaries of the plan. “Director” includes, unless the context requires otherwise, the estate or personal representative of a director.

(c) “Expenses” means expenses of every kind incurred in defending a Proceeding, including, but not limited to, legal, accounting, expert and investigatory fees and expenses.

(d) “Indemnified Officer” shall mean each officer of the Corporation who is also a director of the Corporation and each other officer of the Corporation who is designated by the Board of Directors from time to time as an Indemnified Officer. An Indemnified Officer shall be entitled to indemnification hereunder to the same extent as a Director, including, without limitation, indemnification with respect to service by the Indemnified Officer at the Corporation’s request as a director, officer, partner, trustee, employee or agent of another foreign or domestic corporation, partnership, limited liability company, association, joint venture, trust, employee benefit plan or other enterprise.

(e) “Liabilities” means any obligation to pay any or all of the following: a judgment, a settlement, a penalty, a fine (including an excise tax assessed with respect to an employee benefit plan) and reasonable expenses, including, but not limited to, attorney’s fees of opposing parties incurred with respect to a Proceeding.

(f) “Proceeding” means any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, whether formal or informal, and any appeal therein (and or inquiry or investigation that could lead to such a proceeding).

Section 10.2 Indemnification. In addition to, and not in any way in limitation of, all indemnification rights and obligations otherwise provided by law, the Corporation shall indemnify and hold harmless its Directors and Indemnified Officers against all Liabilities and Expenses in any Proceeding (including, without limitation, a Proceeding brought by or on behalf of the Corporation itself) arising out of their status as Directors or officers, or their service at the Corporation’s request as a Director, officer, partner, trustee, employee or agent of another foreign or domestic corporation, limited liability company, association, partnership, joint venture, trust, employee benefit plan or other enterprise, or their activities in any such capacity; provided, however, that the Corporation shall not indemnify a Director or an Indemnified Officer against Liabilities or Expenses that such person may incur on account of activities of such person which at the time taken were known or believed by him or her to be clearly in conflict with the best interest of the Corporation. The Corporation shall also indemnify each Director and Indemnified Officer for his or her reasonable costs, expenses and attorneys’ fees incurred in connection with the enforcement of the rights to indemnification granted herein, if it is

determined in accordance with Section 7.3 that the Director or Indemnified Officer is entitled to indemnification hereunder. The Board of Directors shall have the authority to adopt such resolutions pertaining to the implementation of this Section 10.2 as it may from time to time determine, and such resolutions shall be given full effect, even though they supplement, amplify or go beyond the provisions of this Section 10.2, provided and to the extent such resolution does not violate any provision of the Act or the Articles of Incorporation of the Corporation. This Section 10.2 shall be construed in a manner to fully effect the purpose and intent of the resolution of the Corporation's Board of Directors approving and adopting this provision.

Section 10.3 Determination. Any indemnification under Section 7.2 shall be paid by the Corporation in a specific case only after a determination that the Director or Indemnified Officer has met the standard of conduct set forth in Section 7.2. Such determination shall be made:

(a) by the Board of Directors by a majority vote of a quorum consisting of directors not at the time parties to the Proceeding;

(b) if a quorum cannot be obtained under Section 7.3(a), by a majority vote of a committee duly designated by the Board of Directors (in which vote directors who are parties to the Proceeding may participate), consisting solely of two or more directors not at the time parties to the Proceeding; or,

(c) by special legal counsel (i) selected by the Board of Directors or a committee thereof in the manner prescribed in Section 7.3(a) or (b); or (ii) if a quorum of the Board of Directors cannot be obtained under Section 7.3(a) and a committee cannot be designated under Section 7.3(b), selected by a majority vote of the full Board of Directors (in which selection directors who are parties in the Proceeding may participate).

The Board of Directors shall take all such action as may be necessary and appropriate to enable the Corporation to pay the indemnification required by this Article X.

Section 10.4 Advances for Expenses. The Expenses incurred by a Director or an Indemnified Officer in defending a Proceeding may be paid by the Corporation in advance of the final disposition of such Proceeding as authorized by the Board of Directors in the specific case upon receipt of an undertaking by or on behalf of the Director or Indemnified Officer to repay such amount unless it shall ultimately be determined that such person is entitled to be indemnified by the Corporation against such Expenses. Subject to receipt of such undertaking, the Corporation shall make reasonable periodic advances for Expenses pursuant to this Section 10.4, unless the Board of Directors shall determine, in the manner provided in Section 10.3 and based on the facts then known, that indemnification under this Article X is or will be precluded.

Section 10.5 Reliance and Consideration. Any Director or Indemnified Officer who at any time after the adoption of this Article X serves or has served in any of the aforesaid capacities for or on behalf of the Corporation shall be deemed to be doing or to have done so in reliance upon, and as consideration for, the right of indemnification provided herein. Such right, however, shall not be exclusive of any other rights to which such person may be entitled apart

from the provisions of this Article X. No amendment, modification or repeal of this Article X shall adversely affect the right of any Director or Indemnified Officer to indemnification hereunder with respect to any activities occurring prior to the time of such amendment, modification or repeal.

Section 10.6 Insurance. The Corporation may purchase and maintain insurance on behalf of its directors, officers, employees and agents and those persons who were or are serving at the request of the Corporation in any capacity with another corporation, partnership, limited liability company, association, joint venture, trust, employee benefit plan or other enterprise against any liability asserted against or incurred by such person in any capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify such person against such liability under the provisions of this Article X or otherwise. Any full or partial payment made by an insurance company under any insurance policy covering any director, officer, employee, agent or other person identified above made to or on behalf of a person entitled to indemnification under this Article X shall relieve the Corporation of its liability for indemnification provided for in this Article X or otherwise to the extent of such payment, and no insurer shall have a right of subrogation against the Corporation with respect to such payment.