

STATE OF NORTH CAROLINA

COUNTY OF ONSLOW

**MASTER DECLARATION OF COVENANTS AND RESTRICTIONS FOR THE
HOLLY SANDS VILLAS II – A HOA, Inc.**

THIS MASTER DECLARATION OF COVENANTS AND RESTRICTIONS FOR HOLLY SANDS VILLAS II-A HOA, Inc. (hereinafter the "Declaration") is made this 7 day of April, 2022. Atlantic Ocean Properties, LLC, a North Carolina limited liability company (hereinafter the "Declarant").

WITNESSETH:

WHEREAS, Declarant is the owner of a certain tract of land situated in Stump Sound Township, Onslow County, North Carolina, being more particularly described on Exhibit "A", being hereinafter referred to as the "Development Area"; and

WHEREAS, Declarant is constructing on a portion of the Development Area, a residential subdivision, which may include community facilities for the benefit of the community, with single family townhouses, hereinafter referred to as the "Project", and plans to construct on the remainder of the Development Area single family townhouses; and

WHEREAS, Declarant desires to provide for the preservation and enhancement of the property values and amenities within said community and to provide for the maintenance of common areas, properties and improvements located thereon, and to this end desires to subject the Project property to the covenants, restrictions, easements, charges and liens as are hereinafter set forth, each and all of which are for the benefit of said real property and each present and future owner thereof.

NOW, THEREFORE, it is hereby declared by Declarant that the Property described herein is, and shall be, held, transferred, sold, conveyed, and occupied subject to the covenants,

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Submitted electronically by "Blackburn & Ordning PLLC"
in compliance with North Carolina statutes governing recordable documents
and the terms of the submitter agreement with the Onslow County Register of Deeds.

restrictions, easements, charges and liens hereinafter set forth; said Property being more particularly described as follows:

ARTICLE 1
DEFINITIONS

Section 1.1. "Association" shall mean and refer to "**HOLLY SANDS VILLAS II-A HOA, INC.**", a North Carolina non-profit corporation, its successors or assigns.

Section 1.2. "Board" shall mean and refer to the Board of Directors of the Association.

Section 1.3. "Common Area" shall mean all real property owned by the Association, if any, for the common use, benefit and enjoyment of the Owners and designated as "Common Area" and those areas of land shown on any recorded subdivision map of any portion of the Properties not situated within the boundary of any Lot.

Section 1.4. "Common Expenses" shall mean and refer to:

- A) the actual and estimated expenses of operating the Association, including any reasonable reserve, all as may be found to be necessary and appropriate by the Board pursuant to this Declaration, the Articles of Incorporation of the Association and its By-Laws;
- B) all amounts expended by the Association in accordance with this Declaration in holding and being responsible for the obligations of the Stormwater Management Permit Number SW8201012 and overseeing, supervising, administering, managing, repairing, replacing and insurance all Stormwater Management Facilities located within the Project Area as require by this Declaration and all amounts expended in enforcing the provisions of the Permit;
- C) all amounts expended by the Association for the maintenance, protection, operation, administration, management, repair, replacement, improvement, payment of all taxes imposed, and insuring, the improvements situated in and on the Common Area, including, but not limited to the Recreational Common Area, streets, drives and landscaped areas; and
- D) all amounts expended by the Association for the utilization of the groundwater return pipeline and groundwater storage easement for the use and benefit of the Project.

Section 1.5. "Declaration" shall mean the covenants, restrictions and easements and all other provisions set forth in this entire document, as may from time to time be modified or amended.

Section 1.6. “Declarant” shall mean and refer to Atlantic Ocean Properties, LLC., a North Carolina limited liability company, or any successor in title or any successor in interest of Atlantic Ocean Properties, LLC.

Section 1.7. “Development area” shall include that property described on Exhibit “A”, all or part of which may from time to time be submitted to and make subject to the terms of this Declaration.

Section 1.8. “Living Unit” or “Unit” shall mean and refer to any portion of a structure situated upon Properties designed and intended for use and occupancy as a residence by a single family.

Section 1.9. “Lot” shall mean any separately described parcel of land as defined in NCGS Sec **47F-1-103**, shown upon any recorded subdivision map of the Properties, with the exception of Common Area, private streets, private drives, and easements.

Section 1.10. “Owner” or “Lot 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, but shall not include those having such interest solely as security for the performance of an obligation.

Section 1.11. “Parcel” shall mean and refer to a portion or part of the real property, together with the improvements located thereon, which becomes subject to this Declaration. This term shall include any additions to the existing Properties as herein provided.

Section 1.12. “Property” or “Properties” shall mean and refer to any of the real property which is, or may be, subject to this Declaration or any Supplemental Declaration.

Section 1.13. “Supplemental Declaration” shall mean and refer to any declaration of covenants, restrictions, easements, charges, and liens recorded by the Declarant, or its successors and assigns, which applies to a specific Parcel within the Properties.

ARTICLE II **FUTURE ANNEXATION**

The Declarant, for itself and its successors and assigns, hereby expressly reserves the right, but shall in no way be obligated, to expand the real property which is subject to this Declaration without the consent or joinder of any Owner or Owners of any Lot or Lots or person or entities having a lien or security interest in such Lot or Lots, by annexing, from time to time all or any portion of the tract of land known as the Development Area and being more particularly described on Exhibit A, attached hereto and incorporated herein by reference as if fully set forth. The Declarant may also identify and annex to the Development Area by amendment hereto any other property as Declarant in its sole discretion may determine.

An amendment to this Declaration shall be made and recorded in the office of the Register

of Deeds of Onslow County, North Carolina, to include each portion of the real property, which is to be subject to this Declaration, and each such portion of the real property shall constitute an addition to the Properties. The right of the Declarant, or its successors and assigns, to expand the Properties as herein provided shall expire twenty (20) years following the date of recordation of this Declaration or upon the sale or conveyance of all of the Property described in Exhibit "A", whichever occurs first.

ARTICLE III
SUPPLEMENTAL DECLARATIONS

The Declarant shall have the right, from time to time, to record Supplemental Declarations for the Parcel or Parcels of the Development Area which may designate specific use and other restrictions within said Parcel, may amend, modify and/or revise specific restrictions in this Declaration to be applicable only to such Parcel or Parcels, may create Common Areas within such Parcel for the use only of Owners of Lots in said Parcel, and may create a separate owners association exclusively for such Parcel; provided, however, no Supplemental Declaration shall avoid membership in the Association by Owners of Lots in said Parcel.

ARTICLE IV
COMMON AREAS AND COMPLIANCE WITH STORMWATER PERMIT

Section 4.1. Dedication. The Common Areas, Recreational Common Area and related improvements, Private Drives in each Parcel shall be dedicated as such by the Declarant, or its successors and assigns, before the first lot in each Parcel is conveyed to an Owner.

Section 4.2. Maintenance and Compliance with Stormwater Permit. The Association shall be responsible for the exclusive management and control of the Common Areas, and all improvements located thereon (including recreational facilities, landscaping, sanitary sewer facilities, fixtures and equipment related thereto), except as may otherwise be provided for in a Supplemental Declaration. This paragraph specifically empowers, but does not limit other powers of, the Association to control and regulate the hours and periods of operation of all recreational facilities, including, but not limited to the Common Area, and all maintenance, repair, and replacement of sanitary sewer facilities and payment of all fees, costs and expenses for the groundwater return pipeline and groundwater storage easement, and all maintenance of landscaping in the Common Area, even if the area are subject to a sub-association created by this Declaration, or any amendment to this Declaration and recording of a Supplemental Declaration. Additionally, the Association shall oversee, inspect, maintain, repair and replace the Stormwater Management Facilities constructed pursuant to the Stormwater Permit (the "Permit"); to enforce the provisions of the Permit; to enforce each Lot owner's obligations with respect to the Stormwater Management Facilities pursuant to this Declaration; to enforce each Lot owner's obligations with respect to all applicable North Carolina Sedimentation and Erosion Control Permits; said authority to be exercised, if and only if, and when and only when, Declarant transfers the Permit to the Association.

Section 4.3. Owners' Easements of Enjoyment. Every Owner shall have a right and

easement of enjoyment in and to the Common Area, together with and including the right of access, ingress, and egress, both pedestrian and vehicular, on and over the drives, walkways and parking areas of the Common Area, all of which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

- A. The right of the Association to suspend the voting rights and the right to use the recreational or other Common Area by any Owner for a period during which any assessment against such Owner's Lot remains unpaid and for a period not to exceed sixty (60) days (unless otherwise provided by a court of competent jurisdiction) for any infraction of its published rules and regulations.
- B. The right of the Association of dedicate, sell, lease or transfer all or any part of the Common Area, or any interest therein, to any public agency, authority, or utility, or to Members. No such dedication, sale or transfer shall be effective unless it has been approved by two-thirds (2/3) of each class of Members and an instrument of dedication, sale, lease, or transfer property executed by the Association has been recorded. On such instrument the Secretary of the Association shall certify that two-thirds (2/3) of each class of the Members have approved the dedication, sale, lease or transfer and that certificate may be relied upon by any third party without inquiry and shall be conclusive as to any grantee, its successors or assigns; provided, however, conveyances for general utility purposes, sanitary sewer, storm sewer, road rights of way and other conveyances for dedication for the public, as specified herein, may be made by the Association without consent of the Members.
- C. The right of the Association to limit the number of guest of Members.
- D. The right of the Association, in accordance with its Articles and Bylaws, to borrow money for the purpose of improving the Common Area and facilities and in aid thereof to mortgage the Common Area, and the rights of such mortgagee in the Common Area shall be subordinate to the rights of the Members hereunder;
- E. The right of the Association, in accordance with its Articles of Incorporation or Bylaws, to impose rules and regulations for the use of enjoyment of the Common Area which rules and regulations may further restrict the use of the Common Area and create and restrict the use of Limited Common Area, if any; and
- F. The right of Owners of Lots on additional lands annexed to the Property initially, or subsequently, to the easements of enjoyment and rights of ingress, egress and access, as specified above, to the Property and all subsequent Parcels annexed to the Development Area.

ARTICLE V **MEMBERSHIP AND VOTING RIGHTS**

Section 5.1. Members. Every record Owner of a Lot 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 5.2. Class of Membership. The Association shall have two classes of voting membership:

- A. **Class A**. Class A Members shall be all Owners with the exception of the Declarant and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members, however, the vote for such Lot shall be exercised as they have among themselves determine, or as set forth in the Bylaws, but in no event shall more than one vote be cast with respect to any Lot. Fractional voting is prohibited. For purposes of membership and voting rights under this paragraph, Declarant shall be deemed to own three (3) Lots for each undeveloped acre of land set out in Exhibit A.

- B. **Class B**. The Class B Member shall be the Declarant and shall be entitled to three (3) votes for each Lot owned, including lots later added pursuant to annexation of additional Property as set forth in this Declaration. The Class B membership shall cease and be converted to Class A membership with one vote for each Lot on the happening of either the following events, whichever occurs earlier:
 - 1. when the total votes outstanding in Class A membership equal the total votes outstanding in Class B membership;
 - 2. on that date which is ten (10) years from the date of recording this Declaration;
 - 3. on that date which is five (5) years from the date of recording of the last Supplemental Declaration annexing the last Parcel of the Development Area; or
 - 4. at the discretion of the Declarant with said discretion indicated by the recording of an instrument converting Class B membership to Class A membership.

Section 5.3. Suspension of Voting Rights. The right of any Member to vote may be suspended by the Board of Directors of the Association for just cause pursuant to its rules and regulations, the Articles and Bylaws of the Association.

ARTICLE VI COVENANT FOR ASSESSMENTS

Section 6.1. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the Owners of Lots and comply with all obligations imposed by the Stormwater Permit and Erosion and Sedimentation Control Permit, and for the use and enjoyment of the Common Area, including but not limited to, the cost of maintenance, repairs, replacements and additions, the cost of labor, equipment, materials, management and supervision, the payment of taxes and public assessments assessed against the Common Area, the providing for security to the Property, the procurement and maintenance of insurance in accordance with this Declaration, or the Bylaws or as deemed appropriate by the Board, the employment of counsel, accountants, and other professionals for the Association when necessary, and such other needs as may arise. Further, said assessments shall be for payment of all amounts expended by the Association in holding and being responsible for the

obligations of the Permit and overseeing, supervising, administering, managing, repairing, replacing and insuring all Stormwater Management Facilities located within the Subdivision as required by this Declaration; all amounts expended by the Association in enforcing the provisions of the Declaration, as may be amended; all amounts expended by the Association in the performance of its duties hereunder from and after the time Declarant transfers the Permit; and all amounts expended by the Association in legal, engineering or architectural fees and all similar fees which may be incurred by the Association from time to time in performing the functions delegated by the Association by this Declaration.

Section 6.2. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any lot, other than the Declarant or its successors, by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association:

- A. Annual assessments or charges;
- B. Special assessments for extraordinary maintenance and capital improvements;
- C. Special assessments for purchase, construction, or reconstruction of improvements; and
- D. To the appropriate governmental taxing authority, a pro rata share of ad valorem taxes against, and assessments for private improvement to, the Common Area, and private roads if the Association shall default in payment thereof.

The Annual and Special assessments, together with interest and costs, and reasonable attorney's fees for collections, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such Assessment is made. Each such Assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment became due. The personal obligation for the delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 6.3. Minimum Annual Assessment. The initial _____ assessment for the common area and Stormwater permit compliance shall be _____ per lot.

Section 6.4. Increase of Annual Assessments. From and after January 1, 2022, the annual assessments effective for any year (including 2022) may be increased from the preceding year by the Board of Directors, without a vote of the membership, by the percentage which may not exceed (15%) Percent. From and after January 1, 2022, the annual assessments for the Common Area may be increased by a percentage greater than that permitted to be made by the Board of Directors under this Section by an affirmative vote of two-thirds (2/3) of each class of Members who are voting in person or by proxy, at a meeting duly called for such purpose. The limitations herein set forth shall not apply to any increased assessments undertaken as an incident to a merger or consolidation in which the Association is authorized to participate under its Article of Incorporation.

Section 6.5. Criteria for Establishing Annual Assessment. In establishing the annual assessments for any assessment year, the Board of Directors shall consider all current costs and expenses of the Association, any accrued debts, and reserves for future needs, but it may not fix the annual assessment in an amount in excess of fifteen (15%) percent of the previous year's assessment, without the consent of the Members as required under this Section, unless the determination of such costs and/or expense is otherwise require by law, or beyond the control of the Association.

Section 6.6. Special Assessments for Capital Improvements and Insurance. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, restoration, repair or replacement of a capital improvement upon the Common Area, Limited Common Area, if any, Stormwater Management improvement upon the Common Area, Limited Common Area, if any, Stormwater Management Facility, any extraordinary maintenance, including fixtures and personal property related thereto and any property for which the Association is responsible, and any insurance premium, provided that any such assessments shall have the assent of two-thirds (2/3) of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 6.7. Replacement Reserve. The Board of Directors of the Association shall create and maintain a reserve fund for the periodic maintenance, repair, and replacement of improvements to the Common Area which the Association may be obligated to maintain.

Section 6.8. Notice and Quorum for Any Action Authorized under Section 6.4 and 6.6: Written notice of any meeting called for the purpose of taking any action authorized under this Section shall be sent to all Members not less than 15 days nor more than 60 Days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast ten percent (10%) of all of the votes of each class of membership shall constitute a quorum. If the require quorum is not present, another meeting may be called pursuant to the same notice requirement, and the require quorum at the subsequent meeting shall be one-half (1/2) of the require quorum at the preceding meeting.

Section 6.9. Uniform Rate of Assessment. Both annual and special assessment for Common Area must be fixed at a uniform rate for all Lots subject to such assessments and may be collected on a monthly basis or other periodic basis establish by the Board.

Section 6.10. Date of Commencement of Annual Assessments: Due Date: Initial Working Capital. The annual assessments provided for herein shall commence as to all Lots subject thereto, except such Lots owned by the Declarant on the date of closing the transfer and conveyance of such Lot to the Owner. The first annual common area assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual common area assessments against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual common area assessments and groundwater storage easement assessment shall be sent to every Owner subject thereto. The Board of Directors shall establish the due dates. The Association shall, upon demand and for reasonable charge if it deems appropriate, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of issuance.

Section 6.11. Effects of nonpayment of Assessments: Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall be delinquent, in default and shall bear interest from the due date at the highest rate then permitted by North Carolina law not to exceed eighteen (18%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same plus interest, cost, late payment charges and reasonable attorneys' fees, or foreclose the lien against the Lot. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of this Lot.

The lien herein granted unto the Association shall be enforceable pursuant to Article 2A of Chapter 45 of the General Statutes from and after the time of recording a Claim of lien in the Office of the Clerk of Superior Court in the Country in which the Property is located in the manner provided therefore by Article 8 of Chapter 44 of the North Carolina General Statues, which claim shall state the description of the Lot encumbered thereby, the name of the record owner, the amount due and date when due. The claim of lien shall be recordable any time following thirty (30) days after the due date of the assessment of any installment thereof and the lien shall continue in effect until all sums secured by said lien as herein provided shall have been fully paid. Such claim of lien shall include all assessments which are due and payable when the claim of lien is recorded, plus interest, costs, attorneys' fees, advances to pay taxes and prior encumbrances and interest thereon, all as above provided. An officer or agent of the Association shall sign such claim of lien. Upon full payment of all sums secured by such claim of lien, the same shall be satisfied of record.

Section 6.12. Subordination of the Lien to Mortgages and Ad Valorem Taxes. The lien of the assessments provided for herein shall be subordinate to the lien of any institutional first mortgage and ad valorem taxes on said Lot. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage or tax foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payment, which became prior to such sale or transfer, but shall not abate the personal obligation of the prior owner. No sale or transfer shall relieve such Lot from liability from any assessments thereafter becoming due or from the lien thereof.

Section 6.13. Responsibility for Maintenance of Roads and Streets. The maintenance responsibility of roads and streets as shown on any recorded subdivision map of the Property shall rest with the Association unless such maintenance or repair is necessitated by the negligence, misuse or neglect of a Lot Owner, his guests, tenants, or invitees, in which case the expenses associated with said repairs will be deemed a Common Expense assessment benefitting only the Lot Owner and his or her Lot under N.C.G.S. Sec 474-3-115(c)(2) and assessed against the Lot Owner and his or her lot. Declarant shall transfer ownership and responsibility for all roads and streets to the Association who shall become fully responsible for their care. The Association is empowered to collect assessments for the maintenance and upkeep of the roads and streets. All assessments shall be done in the accordance with these covenants. The Association may create rules and regulations concerning the use of all streets and roads.

ARTICLE VII **ARCHITECTURAL CONTROL**

Section 7.1. Approval of Plans and Specifications. Except for the original and initial construction and subsequent modification of improvements by the Declarant on any Lot, which construction is and shall be exempt from the provisions of this Section , no site preparations

(including, but not limited to grading, elevation work, landscaping, sloping or tree work) or construction, erection, installation or modification of any improvements, including but not limited to, buildings, roofs, shingles, fences, signs, walls, bulkheads, screens, landscaping, exterior painting, siding, yard furniture, play areas, and play equipment or other equipment, furniture or structures shall be commenced, erected, placed, altered or maintained upon any Lot, nor shall any addition to, or change or alteration therein be made by any Owner, other than Declarant, until the plans and specifications showing the nature, kind, shape, height, materials, exterior colors, type of siding, type of shingles, location and elevations of the proposed improvement or landscaping or yard equipment or furniture shall have been submitted to , and approved in writing by, as to harmony of external design and location in relation to surrounding structures and topography, the Board of Directors of the Association, or by an Architectural Committee composed of three (3) or more persons appointed by the Board. In the event said Board, or its designated committee, fails to approve or disapprove such submission within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with: provided that plans and specifications that contain inaccurate or missing data or information when submitted shall not be deemed to be approved, notwithstanding the foregoing. Refusal of approval of such plans, location or specifications may be based upon any ground, including purely aesthetic or environmental, that in the sole discretion of the Board or Committee, it shall deem sufficient. The Association shall not be responsible for any defects in the plans and specifications submitted to it or in any structure erected according to such plans and specifications. Upon request, the Board shall provide any owner with a letter stating that any such work plans and specifications have been approved and third parties may rely upon the same.

Section 7.2. Inspections. The Association, through the Board, the Committee or their appoint agents, shall have the right, at its election, but shall not be require to enter upon any Lot during site preparation or construction, erection, or installation of improvements to inspect the work being undertaken and to determine that such work is being performed in conformity with the approved plans and specifications and in a good and workmanlike manner, utilizing approved methods and good quality materials.

Section 7.3. Variances and Adjustments. The Board or the Architectural Committee appointed by the Board, as the case may be, shall have power to, and may allow variances of, and adjustments of the restrictions on use and building restrictions established herein in order to overcome practical difficulties and prevent unnecessary hardships in application of the restrictions contained herein; provided, however, that variances or adjustments are done in conformity with the intent and purpose hereof; and provided also, that in every instance such variance or adjustment will not be materially detrimental or injurious to the Property or other Lots in the immediate neighborhood. Variance and adjustments may be of the height, size, and setback requirements, but shall not be limited thereto. In the event of the grant of any variance in the building or use restrictions, the Association shall execute a document attesting to such grant and the specific nature thereof in form suitable for recording, so that the Lot Owner may record same in the Registry of the County in which the Lot is located. Such document shall be prepared at the cost of the Lot Owner and shall be binding upon the Association and may be relied upon by third parties.

Section 7.4. References to Association. Any reference to "Association" in this Section or that on Use Restrictions or Building Restrictions shall mean the Board or the Architectural

Committee, whichever shall be vested with approval authority by the Board.

ARTICLE VIII **GENERAL RESTRICTIONS**

Section 8.1. Land Use and Building Type. No Lot, Lots or portions thereof shall be put to any use other than for residential purposes. No building or other structure shall be erected, altered, placed or permitted to remain on any Lot described and shown on a recorded subdivision map of the real property described in Exhibit A-1, other than one single family townhouse dwelling, not to exceed two and one-half stories in height, unless otherwise first approved by Declarant, in writing. Any structure erected, placed, or altered on any Lot shall be subject to the provisions of Section 7 of this Declaration relating to architectural control. This covenant shall not be construed as prohibiting the use of a new dwelling as a model for sales purposes.

Section 8.2. Prohibited Structure. No structure of a temporary character, such as a trailer, basement, tent, shack, garage, barn, or other outbuilding shall be used on any Lot at any time as a residence either temporary or permanently. No trailer, mobile home, camper or like vehicle, or any other structure which is finished or partially finished at a manufacturing unit or plant and transported for quick assembly or which is designed to be disassembled and relocated shall be used as a residence at any time. It is specifically the intention and purpose of this covenant to prohibit the location of mobile homes, trailers, modular houses, relocatable houses, or similar type structures on the Property for use as a residence. This covenant shall not be construed as prohibiting the use of such a structure as a sales/rental model or office or construction site facility.

Section 8.3. Nuisances. No noxious, offensive, or illegal activity shall be carried on or conducted upon any Lot or other portion of the Subdivision, nor shall anything be done on any Lot or other portion of the Subdivision that shall be or become an unreasonable annoyance or nuisance to the neighborhood. All Lots, whether occupied or unoccupied shall be well maintained and no unattractive growth or accumulation of rubbish or debris shall be permitted to remain on a lot. Declarant, or Association, its successors or assigns, reserves the right to enter upon and cut the grass, weeds, or undergrowth on any Lot, Common Area, or easement, but shall be under no obligation to do so. Declarant, or Association, its successors or assigns, further reserve the right to impose such other rules and regulations to prohibit "group" or "party" car washes and other activities which it deems an unreasonable annoyance or nuisance to the community.

Section 8.4. Animals. No animals, livestock, or poultry of any kind shall be kept or maintained on any Lot or in any dwelling, except that dogs, cats or other common household pets may be kept, or maintained, provided that, said pet shall not be kept or maintained for breeding or commercial purposes and are at all times not a nuisance or physical threat to other Owners, adequately restrained by a leash or confined in an approved area. No animal shall be leashed or confined in the front or side yard of any Lot. No other animals shall be allowed without the Declarant's prior written consent. Any such household pet shall not be allowed off the Lot of the Owner of said pet, unless said pet is attended and on a leash. Each Owner shall be solely and absolutely liable for the acts of any pet kept on such Owner's Lot. Notwithstanding the foregoing, Declarant, or the Association, may, at their option limit the size or breed of any animal permitted

on any Lot, and may prohibit a specific animal due to its nature, tendencies, or with a record of vicious behavior.

Section 8.5. Garbage and Refuse Disposal. No Lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage, or other waste shall not be burned or disposed of on any Lot and shall be kept in sanitary containers approved by the Architectural Committee. All equipment for the storage prior to disposal of such material shall be kept in a clean and sanitary condition. The placement of containers shall be approved by the Architectural Committee and, in any event, shall be kept in an enclosed area not subject to view from outside of the enclosed area.

Section 8.6. Exterior Lights. All light bulbs or other lights installed in any fixture located on the exterior of any dwelling, building or other structure located on any Lot shall be clear or white lights or bulb. No mercury vapor or similar wide area lighting similar to streetlights shall be allowed without prior Architectural Committee approval.

Section 8.7. Sight Distance at Intersections. No fence, wall, hedge or shrub planting which obstructs sight lines at elevations between 2 and 6 feet above the roadways shall be placed or permitted to remain on any corner lot within the triangular area formed by the street property lines and a line connecting them at points 25 feet from the intersection of the street lines, or in the case of a rounded property corner, from the intersection of the street property lines extended. The same sight line limitations shall apply on any lot within ten (10) feet from the intersection of a street property line with the edge of a driveway or alley pavement. No tree shall be permitted to remain within such distances of such intersection unless the foliage line is maintained at sufficient height to prevent obstruction of such sight lines.

Section 8.8. Mailboxes. All mailboxes shall retain the same style, design, color and location of the mailboxes as originally provided at the time of initial construction. The Architectural Committee reserves the right to approve the style, design, color and location prior to any original installation or replacement. Application shall be made to the Architectural Committee prior to installation or replacement. By accepting a deed to any Lot, the Owner gives the Architectural Committee the right to remove any non-approved mailbox in a reasonable manner; all costs for same shall be paid by Owner, and all damages against the Architectural Committee are waived.

Section 8.9. Signs. No sign, billboard, or other advertising of any kind, including without limitation professionally prepared "for sale" and "for rent" signs shall be placed or erected on any Lot, save and except a professionally prepared "for sale" or "for rent" sign not to exceed six (6) square feet in size. Although approval by the Architectural Committee is not require prior to the display of such signs, the Architectural Committee may itself remove, have removed, or require the removal of any such sign which in its opinion adversely affects the appearance of the community. A valid easement shall exist on any Lot for such removal by the Architectural or its agents. Provided, however, nothing shall prohibit or limit in any manner "construction" signs designating the job site and builder which may be placed upon a Lot during the period of the construction of a residential dwelling on the Lot but must be immediately removed upon final completion of such construction. Notwithstanding the above, any additions to the Project Area in the Development Area may be further limited in regard to signs, billboards or advertising as set out

in any Supplemental Declaration. Nothing herein shall prohibit any sign erected by the Declarant or its assigns.

Section 8.10. Exterior Antennas. There shall be no exterior antennas on front of home or visible from front of home of any kind for receiving and/or sending of television, radio, internet or other signals, unless same have first been approved by the Declarant, Association or Architectural Committee.

Section 8.11. Driveways/Parking. All driveways constructed on any Lot shall be paved with either asphalt or concrete. The use or construction of a headwall or other ornamental structure, gravel, rock or other material at or around the driveway culvert shall be prohibited. The earthwork extending from the driveway to each end of the culvert shall be gently sloped and sodded, as approved in each case.

Section 8.12. Vehicles, Boats, Storage, Travel Trailers, etc. Inoperative, non-licensed and/or non-registered motor vehicles, vehicles with a Gross Vehicle Weight ("GVW") over 5,000 pounds empty weight, or buses shall not be parked overnight on the Properties. Raw firewood, bicycles, motorcycles, or other items may be stored only on that part of any Lot away from the street lying beyond the front line of the dwelling so that it is not viewable from any street. No automobile, other vehicle(s), motorcycle(s) or other similar items shall be repaired or placed "on blocks" or stands. Motor vehicles, whether owned by the Lot Owner or not, parked in violation of any provision in this Declaration, or in violation of any Rules or Regulations adopted by the Association, shall be towed away and stored at the Owner's risk and expense. By parking on the Properties, the owner of the vehicle or other vehicle user is deemed to waive any claim against the Declarant or Association resulting directly or indirectly out of the towing and/or storage, unless the towing can be shown, by a preponderance of the evidence, to have been done maliciously. The Association is not obliged to try to determine the owner of a vehicle and first give notice, before authorizing the towing of the vehicle parked in violation hereof.

Section 8.13. Window Appearances. All draperies or other window dressing hung at windows, or in any manner so as to be visible from the outside of any building erected upon any Lot shall be white or off white or off white or in lieu thereof shall have a white lining

Section 8.14. Clotheslines. Clotheslines shall not be permitted, unless otherwise approved by the Declarant, Association, or Architectural Control Committee.

Section 8.15. Fence Minimum Requirements. No fences over six feet (6') in height shall be constructed on any Lot. No fence shall be erected between any building and a public street. All fences shall be placed in the rear of any Lot. Brick and split rail fences shall be deemed to meet the requirements of this restriction. Any portion of any fence which can be viewed from the Common Area shall be of an ornamental nature. The term fence shall include but not be limited to, a wall, fence, landscaping, berm, or hedge which acts as a fence or privacy or security inducing structure. Architectural review requirements must be met prior to construction of any fence.

Section 8.16. Private Recreational Pools. Outdoor swimming pools, hot tubs, jacuzzi, and other similar facilities may be located on a Lot only upon prior written approval of the Declarant,

Association or Architectural Committee. All such facilities shall be subject to approval and compliance with all governmental laws and regulations.

Section 8.17. Limitation on Lease of Lots. No Lot shall be leased for a term of less than thirty (30) days.

ARTICLE IX **GENERAL RESTRICTIONS**

Section 9.1. Conveyance of Multi-Family Unit and Encroachment Easements. Regardless of any provision in this Declaration to the contrary, nothing shall prohibit or prevent the conveyance of a part or portion of any Lot in order to convey one separate living quarters residence of a multi-family dwelling. Easements, one (1) foot in width, are hereby reserved, for the benefit of the Declarant, its successors, and assigns and the Owner of any Lot, upon any adjacent Lot or Common Area for the encroachment of the townhouse structure, including, but not limited to, all or any portion of the common Party Wall of such Lot, or any portion of the roof overhang of any Unit and exterior walls and siding of any Unit.

Section 9.2. Party Walls.

- A. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the dwelling upon the Properties and placed between the separate living quarters of a multi-family dwelling shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Section the general rules of law regarding party walls and of liability of property damage due to negligence or willful acts or omissions shall apply thereto.
- B. Sharing of Repair and Maintenance. The costs of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.
- C. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owner(s) thereafter make use of the wall, they shall contribute to the costs of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owner to call for a larger contribution for the others under any rule of law regarding liability for negligent or willful acts or omissions.
- D. Weatherproofing. Notwithstanding any other provisions of this Section, an Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.
- E. Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Section shall be appurtenant to the land and shall pass to such Owner's heirs and successors in title.

- F. Arbitration. In the event of any dispute arising concerning a party wall, or under any provisions of this Section, each party shall choose an arbitrator, who shall choose a third arbitrator to resolve such dispute. The decision shall be by a majority vote of all the arbitrators.

Section 9.3. Roof Maintenance and Shared Roofs.

- A. Roof Construction and Maintenance. The Declarant's intent is to construct, or have constructed, the townhouses in such a manner which will result in a continuous roof between clusters of several adjoining townhouse dwellings. Each Lot Owner shall be responsible for repairing, restoring, and maintaining that portion of the roof situated solely upon his/her/their Lot in substantially the same condition it exists at the time of the original conveyance, normal wear and tear excepted.
- B. Sharing of Repair and Maintenance of Joint Roof Area. The costs of reasonable repair and maintenance of that portion of a roof shared by adjoining Lot Owners shall be in proportion to such use.
- C. Destruction by Fire or Other Casualty. If any portion of a roof, shared by Lot Owners is destroyed or damaged by fire or other casualty, any Owner whose townhome is benefitted by such room may restore it, and if other Owners thereafter benefit from such restored roof, they shall contribute to the costs of restoration thereof in proportion to such benefit without prejudice, however, to the right of any such Owner to all for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.
- D. Weatherproofing. Notwithstanding any other provision of this Section, an Owner who by his negligent or willful act damages or destroys a portion of any roof which benefits other townhouse dwellings shall bear the whole cost of repair or restoration.
- E. Right to Contribution Runs With Land. The right of any owner to contribution from any other Owner under this Section shall be appurtenant to the land and shall pass to such Owner's heirs and successors in title.
- F. Arbitration. In the event of any dispute arising concerning a damaged or destroyed roof, each party shall choose one arbitrator, who shall choose a third arbitrator to resolve such dispute. The decision shall be by a majority vote of all the arbitrators.

Section 9.4. Damaged or Destroyed Townhouse. Each Owner covenants and agrees that in the event of partial loss or damage to a dwelling situated on such Owner's Lot, resulting in less than total destruction of the structure situated on the Lot, to repair and reconstruct the damaged structure in a manner as close as reasonably possible to the original construction. In the case of total destruction of the structure, the Owner shall make an election whether to rebuild/restore the structure within forty-five (45) days of such destruction and deliver

notice of such election to the Association. If the Owner elects not to rebuild/restore destruction, said Owner shall take such action as is necessary to prevent the deterioration and damage to any adjoining townhouse dwelling, including removal of any debris or unsightly conditions, not later than thirty (30) days following notice of its election not to rebuild/restore. In the event the Owner fails to take such action so as to prevent deterioration to any adjoining townhouse dwelling or remove all debris within seventy-five (75) days of such damage, the Declarant or Association may do so and the costs and expenses shall be assessed against the Owner of such Lot. If the Owner elects to rebuild/restore the damaged/destroyed structure and improvements such rebuilding/restoration shall be completed within ninety (90) days following the date of such damage/destruction.

ARTICLE X **INSURANCE AND BONDS**

Section 10.1. The Association shall purchase, maintain in force and administer insurance coverable as provided by N.C.G.S Sec 47F-3-113, the terms and provisions of which are incorporated herein. In addition, the Association shall meet the following requirements regarding insurance:

- A. Property Insurance. Every Lot Owner shall have their own property insured to cover at least one hundred percent (100%) of their insurable replacement value.
- B. Liability Insurance. The Association shall acquire and maintain in full force and effect a policy of insurance which insures the Association against any liability arising out of the use, ownership, maintenance and control of the Common Area, any commercial space leased or owned by the Association and any public rights-of-way within the Property, with limits of liability therefor of not less than _____ (\$ per occurrence, which policy shall include an endorsement to cover liability of the Association to a single Owner.
- C. Fidelity Insurance. The Association shall acquire and maintain fidelity insurance coverage to protect against dishonest acts in the handling of Association money by the officers, directors, volunteers, managers, or employees of the Association.
- D. Other Insurance. There shall also be obtained such other insurance coverage as the Association shall from time to time determine to be desirable and necessary.

Section 10.2. Policy Requirements. Insurance policies carried pursuant to Section 10.1 must provide that:

- A. Each Lot Owner is an insurance person under the policy with respect to liability arising out of his interest in the Common Elements or membership in the Association;

- B. The Insurer waives its right to subrogation under the policy against any Lot Owner or members of his household;
- C. No act or omission by any Owner, unless acting with the scope of his or her authority on behalf of the Association, will preclude recovery under the policy; and
- D. If, at the time of a loss under the policy, there is other insurance in the name of an Owner covering the same risk covered by the policy, the Association's policy provides primary insurance.

Section 10.3. Proceeds Distribution. Any loss covered by the property policy under Section 10.1(a) shall be adjusted with the Association, but the insurance proceeds for that loss are payable to the Association or its authorized representative as insurance trustee under this Declaration, and not to any mortgage or beneficiary under a deed of trust. The insurance trustee or the Association shall hold any insurance proceeds in trust for Lot Owners and lienholders as their interest may appear. The proceeds shall be disbursed first for the repair or restoration of the damaged property, and Lot Owners and lienholders are not entitled to receive payment of any portion of the proceed unless there is a surplus of proceeds after the property has been completely repaired or restored, or the planned community is terminated. The sole duty of the Association or its authorized representative as insurance trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purposes stated herein.

Section 10.4. Insurance Certificates. An insurer that has issued an insurance policy under this article shall issue certificates or memoranda of insurance to the Association and, upon written request, to any Lot Owner, Mortgagee, or beneficiary under a deed of trust. The insurer issuing the policy may not cancel or refuse to renew it until thirty (30) days after notice of the proposed cancellation or nonrenewal has been mailed to the association, each Lot Owner and each Mortgagee or beneficiary under a deed of trust to whom certificates, or memoranda of insurance have been issued at their respective last known addresses.

Section 10.5. Assessment of Deductible: Intentional Damage

- A. Assessment of Deductible. A lot Owner is liable to the Association for all costs incurred by the Association in the payment of uninsured damages caused by the negligent acts of the Lot Owner and such costs will be assessed against the Owner's Lot as provided for herein.
 1. If circumstances indicate to the satisfaction of the Board that a Lot Owner was not negligent, the deductible will be paid by the Association as a general Common Expense.
 2. If there is probable cause to believe that a Lot Owner was negligent is causing the damage, a hearing will be held by the Board to determine if the damage resulted from the Lot Owner's negligence or intentional act or omission, and in either case, the entire deductible will be assessed to the Lot of the responsible Lot Owner and the Lot Owner. If the Board determines that the damage was not the result of the Lot Owner's negligence or intentional act or omission, the

deductible will be a general Common Expense. The Lot Owner will be given written notice of the hearing mailed by first class mail to the Lot Owner's last known address at least 14 days in advance of the hearing and the Lot Owner will have a right to be represented by an attorney at the hearing and to present evidence. The Lot Owner will be given and written decision by the Board.

3. An assessment of a deductible under this Section 10.5 will be deemed a Common Expense assessment benefitting only the Lot Owner and his or her Lot under N.C.G.S. Sec 47F-3-115(c) (2) and assess against the Lot Owner and his or her Lot. Such assessment and all costs of collection including reasonable attorneys' fees will be the personal obligation of the Lot Owner, constitute a lien of his Lot pursuant to N.C.G.S. Sec 474-3-116, and be collectible according to the N.C.G.S Sec 47F-3-116.

B. Association's Responsibility for Deductible. If a component of a Common Area over which the Association has maintenance responsibility fails as a result of the negligence of the Association, and such failure causes damage to a Lot, and/or the Common Area which damage is covered by the Association's property insurance, the Association will pay the deductible as a general Common Expense.

C. Intentional Damage. A Lot Owner is liable to the Association for all costs incurred by the Association in the payment of uninsured damages caused by the intentional act of the Lot Owner and such costs will be assessed against the Owner's Lot. Prior to making such an assessment, the Board will hold a hearing as provided in Section 10.4(A) (2) above. An assessment under this Section 10.5(C) will be deemed a Common Expense assessment benefitting only the Lot Owner and his or her Lot under N.C.G.S. Sec. 47F-3-115 (c)(2) and assessed against the Lot Owner and his or her Lot. Such assessment, and all costs of collection including reasonable attorneys' fee, will be the personal obligation of the Lot Owner, constitute a lien on his Lot pursuant to N.C.G.S. Sec 47F-3-116, and be collectible according the N.C.G.S. Sec 47F-3-116.

Section 10.7. Obligation of Lot Owners to Maintain Hazard Insurance. By virtue of taking title to a Lot subject to the terms of this Declaration, each Owner covenants and agrees with the Declarant, all other Owners and the Association that each Owner shall carry and maintain a homeowners or fire insurance policy which shall include public liability and blanket all-risk casualty insurance on the dwelling and other improvements constructed and/or situated on such Owner's Lot, in the face amount of not less than 100% of the replacement costs of the improvements (the "Policy"). Each Owner shall deliver a copy of the Declaration page of the Policy to the Declarant or Association at such time(s) as the Declarant or Association may request.

ARTICLE XI **RESTRICTIONS ON FURTHER SUBDIVISION**

No Lot which has been designated as such by Declarant by recorded plat shall be further subdivided or separated into smaller Lots. This restriction shall not apply, however, to Declarant.

ARTICLE XII **STORMWATER MANAGEMENT**

Section.12.1. Purpose. The following covenants and restrictions set forth in this Section are intended to ensure continued compliance with State Stormwater Management Permit Number **SW8201012**, as issued by the Division of Water Quality, under NCAC 2H.1000.

Section 12.2. State as Beneficiary. The State of North Carolina is made a beneficiary of these covenants to the extent necessary to maintain compliance with the Stormwater Management Permit.

Section12.3. Alteration of Stormwater. The covenants set forth in this Section pertaining to stormwater may not be altered or rescinded without the express written consent of the State of North Carolina, Division of Water Quality.

Section 12.4. Alteration of Drainage. Alteration of the drainage as shown on the approve plans may not take place without the concurrence of the Division of Water Quality.

Section 12.5. Built-Upon Area. The maximum allowable built-upon area ("BUA") per Lot is 683 square feet. This allotted amount includes any built-upon constructed within the Lot property boundaries. Built upon area includes, but is not limited to, structures, asphalt, concrete, gravel, brick, stone, slate, coquina, and parking area, but does not include raised, open wood decking or the water surface of swimming pools.

Section 12.6. Run-Off. All run-off from the built-upon areas on the Lot must drain into the permitted system. This may be accomplished through a variety of means, including roof drain gutters which drain to the street, grading, the Lot to drain toward the street, or grading the perimeter swales to collect the Lot run-off and directing them into a component of the stormwater collection system. Lots that will naturally drain into the system are not required to provide these additional measures.

Section 12.7. Buffer. Each Lot will maintain an eight foot (8') wide vegetated buffer between all impervious area and surface waters.

Section 12.8. Separation Permit Application. The Owner of each Lot, whose ownership is retained by the permittee, is required to submit a separate stormwater permit application to the Division of Water Quality and receive a permit prior to construction.

Section 12.9. Covenants to Run With Land. These covenants are to run with the land and be binding on all persons and parties claiming under them.

Section 12.10. Future Development Run-Off. If authorized under the Permit, all permitted run-off from future development of the Subdivision shall be directed into the permitted stormwater control system. These connections to the stormwater control system shall be performed in a

manner that maintains the integrity and performance of the stormwater control system as permitted.

Section 12.11. Right to Inspect. Declarant, the Association, the State of North Carolina and their respective successors and assigns, reserve and retain the right to go upon any Lot to inspect for the compliance of such Lot with the Permit and to maintain, repair, replace and construct ditches and devices necessary to ensure that such Lot is in compliance with the Permit.

Section 12.12. Transfer; Indemnification. A stormwater detention pond, together with related Best Management Practices (“BMPs”), have been constructed in the Stormwater Easement and other easement areas in the Subdivision pursuant to the applicable Permit. At such time as not prohibited under the rules and regulations of the NC Department of Environment and Natural Resources (DENR), the applicable Permit or modification thereof, if required by DENR, shall be transferred to the Association, and the Association’s officers, without any vote or approval by the Lot Owners, shall accept the transfer of the applicable Permit from the permittee within ten (10) days after being requested to do so, and will sign all documents require by DENR for such transfer; provided they are dated no more than forty-five (45) days before the date of the request and that the stormwater detention pond, swales and related BMPs have been constructed in accordance with the plans and specifications of the Permit, to be certified as such, either by state inspection or by a licensed engineer. The Association shall indemnify and hold Declarant harmless from any loss, cost, claim, fee, fine, suit, damage or expense, including reasonable attorneys’ fees, incurred by Declarant in the defense of any action against Declarant as the holder of the Permit, or responsible party therefore, occurring after Declarant tenders transfer of the Permit to the Association following the approval of such transfer by the North Carolina Department of Environment and Natural Resources and the certification of compliance as set Department of Environment and Natural Resources and the certification of compliance as set forth above. Further, Declarant may bring an action for specific performance of the obligations of the Association pursuant to this paragraph. From and after the transfer of the Permit from the Declarant following the approval of the North Carolina Department of Environment and Natural Resources, the oversight, supervision, management, and administration of the Permit shall be the sole responsibility of the Association. The Association’s duties with regard to the Permit shall be carried out in accordance with the terms and conditions of this Declaration, the Articles, the By-Laws and the Permit. The Association hereby is granted and conveyed an easement over, under and upon the Common Area, each Lot and future lots which may be annexed into the Subdivision for the purpose of access to and inspection, maintenance, repair, and replacement of all Stormwater Management Facilities located upon the Common Area, each Lot and any future subdivided lot. In the event, the Declarant annexes additional property into the Subdivision and transfers the applicable Permit to the Association shall have, and hereby is granted and conveyed, an easement over, under and upon other Common Area, and each annexed lot for the purpose of access to and inspection, maintenance repair and replacement of all BMP structures and facilities located upon the other Common Area and each annexed lot.

ARTICLE XIII **WETLANDS**

A portion of some Lots has been determined to meet the requirements for designation as a regulatory wetland. Any subsequent fill or alteration of this wetland shall conform to the

requirements of State wetlands rules adopted by the State of North Carolina and the requirements of the United State of America in force at the force at the time of the proposed alteration. The intent of this restriction is to prevent additional wetland fill, so each Owner should not assume that future application for fill will be approved. Should any Owner make application, he/she shall report the fact that such parcels are located in **Holly Sands Villas II-A Subdivision**, developed by Atlantic Ocean Properties, LLC, and the existence of these deed restrictions, in any application pertaining to said wetland rules. This covenant is intended to ensure continued compliance with wetland rules adopted by the State of North Carolina and the United State of America and therefore benefits may be enforced by the State of North Carolina and by the United State of America. This covenant is to run with the land and shall be binding on all parties and all persons claiming under them.

ARTICLE XIV **RESERVATION OF EASEMENTS AND RIGHTS BY DECLARANT**

Section 14.1. Additional Easements and Declarant Rights. Declarant hereby reserves for itself, its successors, and assigns, for any purposes it deems useful to its development of the Properties, the development of the property in the Development Area, or the development of other property to which Declarant may grant the benefit of such easements, those easements shown on any recorded map of any Parcel, or subsequently annexed property, thin all-party walls, and the following additional easements and rights:

- A. Ingress, Egress, Drainage and Utilities Easements. A perpetual easement for ingress, egress, regress, access, the installation and maintenance of utilities, further subdivision, and the right to dedicate to public use, over, under and upon all streets and drainage and utility easements, including the, shown on any recorded map of the properties or lying within the Development Area and the water and sewer easements lying within any Parcel or Common Area;
- B. Authority to Grant Easements. The right to grant easements for the purposes of ingress, egress, regress, access, the installation, use and maintenance of utilities and further subdivision, over, under and upon (i) all streets shown on any recorded map of the Properties and (ii) the drainage and utility easements and easements for the water and groundwater storage easement systems located within the Properties, to any property outside the Properties to which Declarant deems the grant of such easements desirable, whether or not the property to which the easements are granted is owned by Declarant.
- C. Installation of Facilities. A perpetual easement over, under and upon all streets and drainage and utility easements shown on any recorded map of the Properties for the purpose of establishing, constructing, and maintaining any underground utility, conduits and wires for telephone, electric power, and other purposes and of laying, installing, and maintaining facilities for sewage, potable and non-potable water, gas, storm drainage and other utilities therein. This reservation shall not be construed as an obligation of Declarant to provide or maintain any such activity.

- D. Removal of Obstructions. A perpetual access easement over, under and upon the Lots and Common Area to trim, cut and remove any trees and brush, or other obstructions necessary for the installation, operation and maintenance of utility lines, gas, water and sewer mains and other services for the convenience of the property owners and appurtenances thereto;
- E. Transmission Cables. A perpetual and exclusive easement for the installation and maintenance of radio and television transmission cables within the rights-of-way and easement areas reserved and defined above.
- F. Street Lighting Agreement. The Declarant reserves the right to subject all, or any portion of the Properties, to a contract with an electric utility company for the installation of underground electric cables and/or the installation of street lighting and/or entrance sign lighting, any or all of which may require an initial payment and/or a continuing monthly payment to an electric utility company by the Lot Owners.

ARTICLE XV **ENFORCEMENT**

The Declarant (whether or not the Declarant is the owner of any Lot), any Lot Owner and any party to whose benefit this Declaration inures, including but not limited to the State of North Carolina or its assignees with respect to the Stormwater Management Permit, may proceed at law and in equity to prevent the violation or attempted violation of any term, covenant or provision of this Declaration, either to restrain violation or to recover damages for such violation and the court in any such action may award the successful party said party's reasonable expenses and costs in prosecuting such action, including reasonable attorney's fees.

ARTICLE XVI **MODIFICATION**

Section 16.1. Amendments by Declarant Only. The Declarant may amend this Declaration in accordance with the provisions set forth herein to add/annex additional property to this Declaration or to exercise any rights reserved in Section 13 hereof, without the consent of joinder of any Lot Owner.

Section 16.2. Other Amendments. These covenants, easements and restrictions are subject to being altered, modified, cancelled or changed at any time as to the Property as a whole, or as to any subdivided lot or part thereof, by written document executed by the Declarant or its successors in title and by the owners of not less than sixty-seven percent (67%) of the subdivided lots to which these restrictions then apply, and recorded in the Office of the Register of Deeds of **Onslow** County, North Carolina. If the Declarant owns sixty-seven (67%) percent or more of the subdivided lots, the Declarant may alter or amend these covenants without the consent of any other owner.

ARTICLE XVII
TERM

The covenants, easement and restrictions set forth herein are to run with the land and shall be binding on all parties and all persons claiming under them for a period of twenty-five (25) years from the date this Declaration is recorded, after which such time said Declaration shall be automatically extended for successive periods of ten (10) years, unless an instrument signed by sixty-seven percent (67.0%) of the then owners of the lots has been recorded, agreeing to change any provision herein, in whole or in part, with the exception of provisions regarding stormwater or wastewater collection.

ARTICLE XVII
SEVERABILITY

Invalidation of anyone of these covenants by judgment or Court order shall in no way affect any of the other provisions which shall remain in full force an effect.

IN Witness Whereof, the Declarant has caused this instrument to be signed by its Member/Manager, with authority duly given by its board of directors, the day and year first above written.

Atlantic Ocean Properties, LLC

By: *Derek King*, mbr/mgr
Derek King, Member/Manager

**STATE OF NORTH CAROLINA
COUNTY OF PENDER**

I, *Kenneth Ording*, A Notary Public of the County and State aforesaid, certify that **Derek King**, either being personally known to me or proven by satisfactory evidence, personally appeared before me this day and acknowledged that he is Member/Manager of Atlantic Ocean Properties, LLC, a North Carolina Limited Liability Company, and that he is as Member/Manager being authorized to do so, voluntarily executed the foregoing on behalf of the corporation for the purposes stated therein.

Witness my hand and notarial seal, this the 7 day of April 2022

SEAL



KGO
Notary Public
Kenneth Ording
Printed Name

My Commission Expires:

Exhibit A

Being all of Lots 5A, 5B, 6A, 6B, 7A, 7B, 8A, 8B, 9A, 9B, 10A, 10B, 11A, 11B, 12A, 12B, 13A, 13B, per plat of Holly Sands Villas II A as prepared by Tidewater Associations, Inc. and recorded in Map Book 81 Page 158 Onslow County Registry.