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SECRETARY OF STATE
NORTH CAROLINA

ARTICLES OF INCORPORATION
OF
EMERALD CHASE HOMEOWNERS ASSOCIATION
A NONPROFIT CORPORATION

The undersigned natural person of the age of 18 years or more, acting as incorporator for the purpose of creating a nonprofit corporation under the laws of the State of North Carolina, as contained in Chapter 55A of the General Statutes of North Carolina, and entitled "NonProfit Corporation Act," and the several amendments thereto, does hereby set forth:

1. The name of the corporation is EMERALD CHASE HOMEOWNERS ASSOCIATION, hereinafter called the "Association."
2. The period of duration of the corporation shall be perpetual.
3. This Association does not contemplate pecuniary gain or profit to the members thereof, and the specific purpose for which it is formed are to provide for management, maintenance, preservation and architectural control of Association property to include residential Lots and Common Area within that certain tract of property described as Emerald Chase Subdivision (as more fully described in the Declaration hereinafter referred to) and said other properties as may be annexed thereto, and to promote the health, safety, and welfare of the residents within the above-described property and any additions thereto as may hereafter be brought within the jurisdiction of this Association.
4. The Association shall have the following general powers and any others impliedly arising therefrom, to be exercised in the manner provided and in conformity with applicable laws, the Declaration hereinafter referred to, the Bylaws of the Association, and these Articles:

(a) To exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in that certain Declaration of Covenants, Conditions and Restrictions for Common Properties in Emerald Chase Subdivision and Provisions of Emerald Chase Homeowners Association, hereinafter called the "Declaration", applicable to the Association and its property, and recorded or to be recorded in the Office of the Register of Deeds of Wake County, North Carolina, and as the same may be amended from time to time as therein provided, said Declaration being incorporated specifically herein by reference as if fully herein set out;

(b) To fix, levy, collect and enforce payment of, by any lawful means, all charges or assessments pursuant to the terms of the Declaration; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including, but specifically not limited to, all licenses, taxes or governmental charges levied or imposed against the property of the Association.

(c) To acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with affairs of the Association, subject to approval by the appropriate municipal authority;

(d) To borrow money, and with the assent of two-thirds (2/3) of each class of members, mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(e) To dedicate, sell or transfer all or any part of the Common Area to any public agency, authority, utility or other nonprofit corporation for such purposes and subject to such conditions as may be agreed to by the members and subject to approval by the appropriate municipal authority. No such dedication or transfer shall be effective unless an instrument has been signed by two-thirds (2/3) of each class of members, agreeing to such dedication, sale or transfer;

(f) To participate in mergers and consolidations with other nonprofit corporations organized for the same or similar purposes or annex additional residential property and Common Area, to the extent permitted by law and provided that any such merger or consolidation or any such annexation that requires the vote of members pursuant to the Declaration shall have the assent of two-thirds (2/3) of each class of members;

(g) To have and to exercise any and all powers, rights, and privileges which a corporation organized under the NonProfit Corporation Act of the State of North Carolina (Chapter 55A of the North Carolina General Statutes) by law may now or hereafter have or exercise.

This Association is organized and shall be operated exclusively as a homeowners association and not for profit. No part of the earnings of the Association or the funds contributed by any person or corporation shall inure to the benefit of any director, officer, or member of the Association, or any private individual (other than by acquiring, constructing, or providing management, maintenance, and care of Association property, and other than by a rebate of excess membership dues, fees, or assessments as permitted without

violation of the requirements of Section 528 of the Internal Revenue Code of 1954 and its related regulations), except that reasonable compensation may be paid for services rendered to or for the Association affecting one or more of its purposes. In the event of the liquidation or dissolution of the Association, either voluntary or involuntary, no member, director or officer of the Association or any private individual shall be entitled to any distribution or division of its remaining property or its proceeds, and the balance of all money and other property received by the Association from any source, after the payment of all debts and obligations of the Association, shall be used or distributed exclusively to an appropriate public agency to be used for purposes similar to those stated in this Section 3 or to an entity or entities whose purposes are substantially similar to those set forth in this Section 3 and within the intendment of Section 528 of the Internal Revenue Code of 1954 and the regulations thereunder as the same now exist or as they may be hereafter amended from time to time or to an organization which would then qualify under the provisions of Section 501(c)(3) of the Internal Revenue Code of 1954 and its regulations as they now exist or as they may hereafter be amended.

Anything to the contrary notwithstanding, the Association shall not possess or exercise any power or authority either expressly, by implication, or by operation of law that will prevent it at any time from qualifying as a "Residential Real Estate Management Association" as defined in Section 528 of the Internal Revenue Code of 1954 as amended and the regulations thereunder, nor shall it engage directly or indirectly in any activity which would cause the loss of such qualification or deny it such election under such section of the Internal Revenue Code.

In order to properly prosecute the objects and purposes set forth, the Association shall have all the powers vested in nonprofit corporations by the laws of the State of North Carolina, Chapter 55A, Section 15, and other laws relating to nonprofit corporations which may appear in the General Statutes of North Carolina, together with all amendments thereto, past and future.

5. The Declarant (as defined in the Declaration) and its successors and assigns, for as long as it shall be a record owner of a fee simple title to any lot within the Emerald Chase Subdivision (hereinafter referred to as a "Lot") and every person or entity which is a record owner of a fee or undivided fee interest in any Lot (hereinafter "Owner"), including contract sellers, shall be a member of the Association. Ownership of such Lot shall be the sole qualification for membership and no Owner shall have more than one membership. The foregoing is not intended to include persons or entities who hold an interest in a Lot merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot. The Board of Directors may make reasonable rules relating to proof of ownership of a Lot in Emerald Chase Subdivision.

6. The Association shall have three classes of voting memberships:

Class A. Class A members shall be those Owners, with the exception of the Declarant until its Class C membership has converted to Class A membership, who own Lots within the attached single family section of Emerald Chase Subdivision, and shall be entitled to one vote for each Lot owned in which they hold the interest required for Class A membership.

Class B. Class B members shall be those Owners, with the exception of the Declarant until its Class C membership has converted to Class B membership, who own Lots within the detached

single family section of Emerald Chase Subdivision, and shall be entitled to one vote for each Lot owned in which they hold the interest required for Class B membership.

Class C. The Class C member shall be the Declarant, and it shall be entitled to three (3) votes for each Lot owned by it, whether the same be a Class A or Class B Lot. The Class C membership shall cease and be converted to Class A membership or Class B membership, depending on the type of Lots owned by Declarant, upon the happening of either of the following events, whichever occurs earlier: (a) when the total votes outstanding in the Class A membership and Class B membership equal the total votes outstanding in the Class C membership, but provided that the Class C membership shall be reinstated if thereafter and before the time stated in subparagraph (b) below, such additional lands are annexed to the properties without the assent of Class A membership and Class B membership, all as provided for in the Declarations; where the total votes outstanding in a particular class of membership exceeds the total votes outstanding in Class C membership, the Class C votes shall terminate as to that class of membership; or (b) on December 31, 1988. Thereafter, the Declarant may be entitled to one vote per Lot owned by it.

When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they, among themselves, determine, but in no event shall more than one vote be cast with respect to any Lot, and no fractional vote may be cast with respect to any Lot. The right of any member to vote may be suspended by the Board of

Directors for just cause pursuant to its rules and regulations and for any period during which any assessment of a member remains unpaid.

7. The directors of the Association shall be elected by the members in the manner provided in the Bylaws of the Association.

8. The address of the initial registered office of the Association in the State of North Carolina is Suite 200, 7320 Six Forks Road, Raleigh, Wake County, North Carolina 27609; and the name of the initial registered agent at such address is Alton L. Smith, III.

9. The affairs of this Association shall be managed by a Board of Directors of not less than three (3) nor more than nine (9) directors, who need not be members of the Association. The number of directors shall be determined from time to time by resolution of the members.

After the lapse of all of the Class C membership as provided herein, a majority of the Board of Directors shall be members. Any vacancies on the Board not filled by the members shall be treated as vacancies to be filled by and in the discretion of the Board. At such time as the Board is enlarged, the number of directors shall be enlarged to give each class an equal number of directors. Only those members within a particular class shall be entitled to nominate or elect a director for that class. All directors shall serve until their successors have been duly elected and qualified.

10. The number of directors constituting the initial Board of Directors shall be three, and the names and addresses of the persons who are to serve as directors until the first meeting of the Association or until their successors are elected and qualified are:

<u>Name</u>	<u>Address</u>
Alton L. Smith, III	7320 Six Forks Road Suite 210 Raleigh, North Carolina 27609
Donald F. Walston	7320 Six Forks Road Suite 200 Raleigh, North Carolina 27609
Cathy W. Lemly	7320 Six Forks Road Suite 210 Raleigh, North Carolina 27609

11. The name and address of the incorporator are:

Fred D. Hutchison, Esq.
Moore, Van Allen, Allen & Thigpen
Post Office Box 26507
200 West Morgan Street
Raleigh, North Carolina 27611

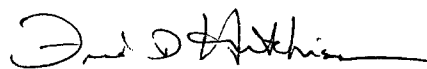
12. The Association may be dissolved with the assent given in writing and signed by not less than two-thirds (2/3) of each class of members. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association first shall be dedicated to an appropriate public agency, subject to the provisions in Section 3, to be used for purposes similar to those for which this Association was created. In the event that such offer of dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust, or other organization, subject to the provisions of Section 3, to be devoted to such similar purposes.

13. Except as herein provided, any amendment to these Articles shall require the assent of members or proxies entitled to cast two-thirds (2/3) of

the entire vote of the membership. These Articles may be amended by the Declarant prior to conversion of Class C to Class A or Class B membership and, after such conversion, by the Board of Directors of the Association without the consent of the members, to the extent necessary and only to the extent necessary, to achieve or maintain the tax-exempt status of the Association.

14. As long as there is a Class C membership, the following actions will require the prior approval of the Federal Housing Administration, the Veterans Administration or the Federal National Mortgage Association if the Lots are eligible for loans from such organizations: annexation of additional properties, mergers and consolidations, mortgaging of Common Area, dedication of Common Area, and dissolution and amendment of these Articles.

IN WITNESS WHEREOF, the undersigned incorporator has hereunto set his hand this the 16th day of January, 1986.



Fred D. Hutchison

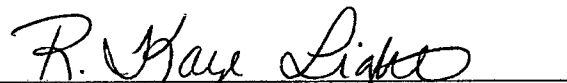
(SEAL)

NORTH CAROLINA

WAKE COUNTY

I, R. Kaye Light, a Notary Public of the aforesaid County and State do hereby certify that Fred D. Hutchison, personally appeared before this day and acknowledged the execution of the foregoing instrument.

Witness my hand and notarial seal this 21ST day of January, 1986.


Notary Public

My Commission Expires:

July 10, 1989