

ARTICLES OF INCORPORATION

OF

PARKRIDGE LANE
CONDOMINIUM HOMEOWNERS ASSOCIATION, INC.

RECEIVED
OCT 05 1999

CORPORATIONS DIVISION
N.C. SECRETARY OF STATE

In compliance with the requirements of Chapter 55A of the North Carolina General Statutes, the undersigned, a natural person of full age, has this day executed these Articles of Incorporation for the purpose of forming a nonprofit corporation and hereby certifies:

ARTICLE I

The name of the corporation is **PARKRIDGE LANE CONDOMINIUM HOMEOWNERS ASSOCIATION, INC.**, hereinafter sometimes called the "Association."

ARTICLE II

The principal and registered office of the Association is located at 1121-107 Parkridge Lane, Wake County, Raleigh, North Carolina, 27605.

ARTICLE III

John Logan, whose address is 8601 Six Forks Road, Suite 500, Wake County, Raleigh, North Carolina, 27615, is hereby appointed the initial Registered Agent of this Association.

ARTICLE IV

This Association does not contemplate pecuniary gain or profit to the members thereof and no part of the Association's net income shall inure to the benefit of any of its officers, directors or members or any other private individual. The purposes and objects of the Association shall be to administer the operation and management of Parkridge Lane Condominium (hereinafter called "the Condominium"), a condominium to be established in accordance with the laws of the State of North Carolina upon the property situate, lying and being in Raleigh, Wake County, North Carolina, and shown on Schedule "A" attached hereto and incorporated herein by reference or so much thereof as may be brought within the jurisdiction of this Association and any additional property which may hereafter be brought within the jurisdiction of this Association; to undertake the performance of the acts and duties incident to the administration of the operation and management of said Condominium in accordance with the terms, provisions, conditions and authorizations contained in these Articles of Incorporation and which may be contained in the formal Declaration of Condominium (the "Declaration") which will be recorded in the Public Records of Wake County, North Carolina, at the time said property, and the improvements now or hereafter situate thereon, are submitted to a plan of Condominium ownership; and to own, operate, lease, sell, trade and otherwise deal with such

property, whether real or personal, as may be necessary or convenient in the administration of said Condominium.

ARTICLE V

The Association shall have the following powers:

1. The Association shall have all of the powers and privileges granted to Non-Profit Corporations under the law pursuant to which this Association is chartered, and all of the powers and privileges which may be granted unto said Association under any other applicable laws of the State of North Carolina, including the North Carolina Condominium Act.

2. The Association shall have all of the powers reasonably necessary to implement and effectuate the purposes of the Association, including but not limited to the following:

(a) To make and establish reasonable rules and regulations governing the use of Units and Common Elements in the Condominium as said terms may be defined in said Declaration to be recorded.

(b) To levy and collect assessments against members of the Association to defray the common expenses of the Condominium as may be provided in said Declaration and in the Bylaws of this Association which may be hereafter adopted, including the right to levy and collect assessments for the purposes of acquiring, operating, leasing, managing and otherwise trading and dealing with such property, whether real or personal, including Units in the Condominium, which may be necessary or convenient in the operation and management of the Condominium and in accomplishing the purposes set forth in said Declaration.

(c) To maintain, repair, replace, operate and manage the Condominium and the property comprising same, including the right to reconstruct improvements after casualty and to make further improvement of the Condominium property, and to make and enter into any and all contracts necessary or desirable to accomplish said purposes.

(d) To contract for the management of the Condominium and to delegate to such contractor all of the powers and duties of the Association except those which may be required by the Declaration to have approval of the Executive Board or membership of the Association.

(e) To acquire and enter into, now or at any time hereafter, leases and agreements whereby the Association acquires leaseholds, memberships and other possessory or use interests in lands or facilities, whether or not contiguous to the lands of the Condominium, to provide enjoyment, recreation or other use or benefit to the owners of Units.

(f) To enforce the provisions of the Declaration, these Articles of Incorporation, the Bylaws of the Association which may be hereafter adopted, and the rules and regulations

governing the use of the Condominium as the same may be hereafter established.

(g) To exercise, undertake and accomplish all of the rights, duties and obligations which may be granted to or imposed upon the Association pursuant to the Declaration aforementioned.

(h) To grant easements, leases, licenses and concessions through, over or with respect to the Common Elements for public utilities or other public purposes consistent with the intended use of the Common Elements by the Condominium without a vote or the consent of the Unit Owners, upon and subject to such terms and conditions as the Association in its sole discretion deems appropriate; provided, however, no such grant shall unreasonably interfere with or obstruct ingress to or egress from any Unit.

ARTICLE VI

The qualification of the members, the manner of their admission to membership and termination of such membership, and voting by members shall be as follows:

1. All Unit Owners shall be members of the Association, and no other person or entity shall be entitled to membership.

2. Membership shall be established by the acquisition of fee title to a Unit, or by acquisition of a fee ownership interest therein, whether by conveyance, devise, judicial decree or otherwise, and the membership of any party shall be automatically terminated upon his being divested of all title to or his entire fee ownership interest in any Unit, except that nothing herein contained shall be construed as terminating the membership of any party who may own two or more Units, or who may own a fee ownership interest in two or more Units, so long as such party shall retain title to or a fee ownership interest in any Unit.

3. The interest of a member in the funds and assets of the Association cannot be assigned, hypothecated or transferred in any manner, except as an appurtenance to his Unit. The funds and assets of the Association shall belong solely to the Association subject to the limitation that the same be expended, held or used for the benefit of the membership and for the purposes authorized herein, in the Declaration and in the Bylaws which may be hereafter adopted.

4. On all matters which the membership shall be entitled to vote, the Owner(s) of each Unit shall have one (1) vote. The vote of each Unit may be cast or exercised by the Owner or Owners of each Unit in such manner as may be provided in the Bylaws hereafter adopted by the Association.

ARTICLE VII

The Association shall have perpetual existence.

ARTICLE VIII

The affairs of the Association shall be managed by the President of the Association, assisted by the Vice President, Secretary and Treasurer and, if any, the Assistant Secretaries and Assistant Treasurers, subject to the directions of the Executive Board. The Executive Board, or the President with the approval of the Executive Board, may employ a managing agent and/or such other managerial and supervisory personnel or entities to administer or assist in the administration of the operation and management of the Condominium, and the affairs of the Association, and any such person or entity may be so employed without regard to whether such person or entity is a member of the Association, an Executive Board Member or Officer of the Association, as the case may be.

ARTICLE IX

The number of members of the first Executive Board of the Association shall be three (3). The number of members of succeeding Executive Boards shall be as provided from time to time by the Bylaws of the Association. The members of the Executive Board shall be elected by the members of the Association at the Annual Meeting of the Association as provided by the Bylaws of the Association, and at least a majority of the Executive Board shall be members of the Association or shall be authorized representatives, officers or employees of a corporate member of the Association. Notwithstanding the foregoing, for a period ending one hundred twenty (120) days after conveyance of seventy-five percent (75%) of the units (including units which may be created pursuant to Special Declarant Rights (i.e., seventy-five percent (75%) of one hundred eighty nine (189) units) to Unit Owners other than Arnage Capital Investment Property Number Twenty, LLC, a North Carolina corporation, its successors or assigns ("Declarant") or any other declarant, but in any event no longer than two (2) years after Declarant or any other declarant has ceased to offer Units for sale in the ordinary course of business, two (2) years after the last exercise of any Development Rights set out in Article V of the Declaration, or five (5) years from the date the Declaration is recorded, whichever occurs first, Declarant shall have the right to designate and select all of the persons who shall serve as members of each Executive Board of the Association, except as follows:

1. Not later than sixty (60) days after conveyance of twenty-five percent (25%) of the units (including units which may be created pursuant to Special Declarant Rights (i.e., twenty-five percent (25%) of one hundred eighty nine (189) units) to Unit Owners other than a declarant, at least one member and not less than twenty-five percent (25%) of the members of the Executive Board shall be elected by Unit Owners other than the Declarant; and

2. Not later than sixty (60) days after conveyance of fifty percent (50%) of the units (including units which may be created pursuant to Special Declarant Rights (i.e., fifty percent (50%) of one hundred eighty nine (189) units) to Unit Owners other than a declarant, not less than thirty-three percent (33%) of the members of the Executive Board shall be elected by Unit Owners other than the Declarant.

Declarant may designate and select the person or persons to serve as a member or members of each said Executive Board in the manner provided in the Bylaws of the Association, and, notwithstanding

anything herein contained to the contrary, such person or persons so designated and selected need not be a Unit Owner or a resident of the Condominium.

So long as Declarant retains the right to appoint a majority of the members of the Executive Board of the Association as set forth in Article XXXII of the Declaration and provided loans insured by the Department of Veterans Affairs encumber one or more Units within the Condominium, the prior approval of the Department of Veterans Affairs must be obtained before taking any of the following actions: amendment of these Articles of Incorporation or of the Declaration (excluding amendments by Declarant to exercise any of the Development Rights reserved under Article V of the Declaration); annexation of properties not described in the Declaration; dedication of any Common Elements; merger or consolidation of the Association or of the Condominium; encumbrance of any of the Common Elements; and dissolution of the Association.

ARTICLE X

The Executive Board shall elect a President, Vice-President, Secretary and Treasurer, and as many Assistant Secretaries and Assistant Treasurers as the Executive Board shall determine. The President shall be elected from among the membership of the Executive Board, but no other officer need be an Executive Board Member. The same person may hold two offices, the duties of which are not incompatible; provided, however, that the office of President and Vice-President shall not be held by the same person, nor shall the office of President and Secretary or Assistant Secretary be held by the same person.

ARTICLE XI

The names and addresses of the initial Executive Board who, subject to the provisions of these Articles of Incorporation, the Bylaws, and the laws of the State of North Carolina, shall hold office until the first Annual Meeting of the membership (or until their successors are elected and qualified) are as follows:

<u>Names</u>	<u>Addresses</u>
John P. Logan	P.O. Box 18463 Raleigh, NC 27619
M. Lee Hughes	P.O. Box 6263 Raleigh, NC 27608
Kenneth D. Dickinson	P.O. Box 6263 Raleigh, NC 27608

ARTICLE XII

The original Bylaws of the Association shall be adopted by a majority vote of the members of the Executive Board, and thereafter, such Bylaws may be altered or rescinded only in such manner as said Bylaws may provide.

ARTICLE XIII

Every Executive Board Member and every Officer of the Association shall be indemnified by the Association against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been an Executive Board Member or Officer of the Association, whether or not he is an Executive Board Member or Officer at the time such expenses are incurred, except in such cases wherein the Executive Board Member or Officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided that, in the event of any claim for reimbursement or indemnification hereunder based upon a settlement by the Executive Board Member or Officer seeking such reimbursement or indemnification, the indemnification herein shall only apply if the Executive Board approves such settlement and reimbursement as being in the best interests of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such Executive Board Member or Officer may be entitled.

ARTICLE XIV

An amendment or amendments to these Articles of Incorporation shall require the assent of the members entitled to cast seventy-five percent (75%) of the votes of the membership.

Material amendments (as defined in Article XXIX, Paragraph C of the Declaration) to these Articles of Incorporation must be approved by Institutional Lenders (as defined in Article XXXI of the Declaration).

No amendment to these Articles of Incorporation which shall abridge, amend or alter the right of Declarant to designate and select members of each Executive Board of the Association, as provided in Article IX hereof, or otherwise alter, amend or modify the rights and privileges granted and reserved in the Declaration, the Bylaws, or hereunder in favor of the Declarant, may be adopted or become effective without the prior written consent of Declarant.

ARTICLE XV

The Association may be dissolved with the consent given in writing and signed by the members entitled to cast not less than three-fourths (3/4) of the votes of the membership and with the written consent of the holders of at least two-thirds (2/3rds) of all first mortgage or deed of trust liens affecting the Units (based on one (1) vote for each first mortgage or deed of trust lien held); provided, however, so long as a declarant retains the right to designate and select a majority of the persons who shall serve as members of each Executive Board of the Association, any dissolution of

NORTH CAROLINA

WAKE COUNTY

This is to certify that on this 5th day of October, 1999, before me, Cynthia A. Botting, a Notary Public of said County and State, personally appeared DONNA K. BLUMBERG, who I am satisfied is the person named in and who executed the foregoing Articles of Incorporation of Parkridge Lane Condominium Homeowners Association, Inc., and I having first made known to him the contents thereof, he did acknowledge that he signed, sealed and delivered the same as his voluntary act and deed for the uses and purposes therein expressed.

IN WITNESS WHEREOF, I have hereunto set my hand and seal, this 5th day of October, 1999

Cynthia A. Botting
Notary Public

My Commission Expires:

11/14/2001

SCHEDULE "A"

BEING all of Lot 25 as shown on map entitled "Recombination of Lots 24-32, Methodist Home for Children, Property of McInnis, Hines", recorded in Book of Maps 1986, Page 237, Wake County Registry.