

ARTICLES OF INCORPORATION

OF

CRYSTAL PINES HOMEOWNERS ASSOCIATION, INC.

The undersigned natural person of the age of eighteen (18) years or more, does hereby make and acknowledge these Articles of Incorporation for the purpose of forming a non-profit corporation under and by virtue of the laws of the State of North Carolina as contained in Chapter 55-A of the General Statutes of North Carolina entitled "Non-Profit Corporation Act" and the several amendments thereto, and to that end does hereby set forth:

ARTICLE I

The name of the corporation is Crystal Pines Homeowners Association, Inc.

ARTICLE II

The period of duration of the corporation shall be perpetual.

ARTICLE III

This Association does not contemplate pecuniary gain or profit to the members thereof and the specific purposes for which it is formed are to provide for maintenance, preservation and architectural control of the residents' lots and common areas within the parcel or tract of land shown as Lots 62 through 66, inclusive, in Block C of a portion of Block C of Crystal Meadows as per plat and survey thereof in Plat Book 100 at Page 80, Durham County Registry, located on the northeast side of Bogarde Street and lying west of Guess Road, and of the owners and residents of such additional properties as may hereinafter be brought within the jurisdiction of this corporation by annexation as provided in Article IV herein, all of such land being hereinafter referred to as "the Properties", 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 for the purpose to:

A. 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, hereinafter called the "Declaration", applicable to the property and recorded or to be recorded in the Office of the Register of Deeds of Durham County and as the same may be

amended from time to time as therein provided, said Declaration being incorporated herein as if set forth at length;

B. Fix, levy, collect and enforce payment 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 all licenses, taxes or governmental charges levied or imposed against the property of the Association;

C. 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 the affairs of the Association;

D. 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. Dedicate, sell or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. 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. Participate in mergers and consolidations with other nonprofit corporations organized for the same purposes or annex additional residential property and Common Area, provided that, except as stated in Article IV herein, any such merger, consolidation or annexation shall have the assent of two-thirds (2/3) of each class of members;

G. Have and to exercise any and all powers, rights and privileges which a corporation organized under the Non-Profit Corporation Law of the State of North Carolina by law may now or hereafter have or exercise.

H. In general, to have, exercise and carry on any activity which may seem to the corporation capable of being conveniently carried on or exercised in connection with the above or which may seem to be calculated directly or indirectly to further the purposes of the corporation and not forbidden by the laws of the State of North Carolina;

1. No part of the net earnings of the corporation shall inure to the benefit of any officer, director or member of the corporation, and upon dissolution of the corporation, the assets thereof shall, after all of its liabilities and obligations have been discharged or adequate provisions made therefor, be distributed to any association or associations organized for the purposes similar to those set forth above. No substantial part of the activities of the corporation shall be the carrying on of propaganda or otherwise attempting to influence legislation, and the corporation shall not participate in or intervene in any political campaign on behalf of any candidate for public office.

#### ARTICLE IV

Additions to the Properties described in Article III may be made only in accordance with the provisions of the recorded covenants and restrictions applicable to said Properties. Such additions, when properly made under the applicable covenants, shall extend the jurisdiction, functions, duties and membership of this corporation to such Properties. Where the applicable covenants require that certain additions be approved by this corporation, the approval must have the assent of two-thirds (2/3) of the vote of each class of members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be mailed to all members at least thirty (30) days in advance, and shall set forth the purpose of the meeting.

#### ARTICLE V

The corporation is to have no capital stock. Every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject by covenants of record to assessment by the Association, including contract sellers, shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association.

#### ARTICLE VI

The Association shall have two classes of voting membership:

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. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B member(s) shall be the Declarant (as defined in the Declaration), and shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(a) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership;

or

(b) on January 1, 1985.

#### ARTICLE VII

The address of the initial registered office of the corporation is 701 Morreene Road, Durham, Durham County, North Carolina, and the name of the initial registered agent at such address is S. Craig Morrison.

#### ARTICLE VIII

The number of directors constituting the initial board of directors shall be three (3), and the names and addresses of the persons who are to serve as directors until the first meeting of the members of the corporation or until their successors are elected and qualified are:

|                    |   |
|--------------------|---|
| H. O. Chesson, Jr. | 701 Morreene Road, Durham County,<br>Durham, North Carolina 27705 |
| Barbara H. Odom    | 701 Morreene Road, Durham County,<br>Durham, North Carolina 27705 |
| S. Craig Morrison  | 701 Morreene Road, Durham County<br>Durham, North Carolina 27705  |

Election of Directors shall be as provided for in the Bylaws of the Association.

#### ARTICLE IX

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 shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any

non-profit corporation, association, trust or other organization to be devoted to such similar purposes.

ARTICLE X

Amendment of these Articles shall require the assent of 75 percent (75%) of the entire membership.

ARTICLE XI

As long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: annexation of additional properties, mergers and consolidations, mortgaging of Common Area, dedication of Common Area, dissolution and amendment of these Articles.

ARTICLE XII

The name and address of the incorporator is:

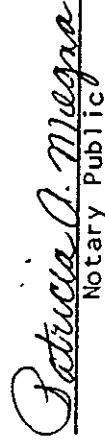
S. Craig Morrison                      701 Morreene Road, Durham County,  
Durham, North Carolina 27705

IN TESTIMONY WHEREOF, I have hereunto set my hand, this the 1st  
day of December, 1982.

  
S. CRAIG MORRISON

NORTH CAROLINA  
DURHAM COUNTY

I, Patricia A. Megna, a Notary Public, do hereby certify that S. CRAIG MORRISON personally appeared before me this 1st day of December, 1982, and acknowledged the due execution of the foregoing Articles of Incorporation.

  
Notary Public

My commission expires:  
March 17, 1985