

STATE OF NORTH CAROLINA

COUNTY OF WAKE

Q-0380846

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ARTICLES OF INCORPORATION

OF

PARK PLACE OWNERS ASSOCIATION, INC.

a Nonprofit Corporation

EFFECTIVE
RUFUS L. EDMISTEN
SECRETARY OF STATE
NORTH CAROLINA

I, the undersigned natural person of the age of eighteen (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 entitled "Nonprofit Corporation Act" and the several amendments thereto, do hereby state and set forth:

ARTICLE I - NAME

The name of the corporation is PARK PLACE OWNERS ASSOCIATION, INC., hereinafter called the "Association."

ARTICLE II - PRINCIPAL OFFICE

The street and mailing address of the principal office of the Association is 3334 Hillsborough Street, Raleigh, Wake County, North Carolina 27607.

ARTICLE III - REGISTERED OFFICE AND AGENT

The street and mailing address of the initial registered office of the Association is 3334 Hillsborough Street, Raleigh, Wake County, North Carolina 27607. The initial registered agent of this Association at such address is Steven R. Dickson.

ARTICLE IV - PURPOSE AND POWERS

No part of the net earnings of the Association shall inure to the benefit of, or be distributable to, its members, directors, officers or other private persons, except that the Association shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in this Article. The Association is not organized for profit, nor is it organized to engage in an

activity ordinarily carried on for profit. This Association does not contemplate pecuniary gain or profit to its members. The purposes for which the Association is formed are to promote the health, safety, recreation and welfare of the residents of a townhome development known as Park Place Townhomes, located in Cary, North Carolina and to provide for maintenance, preservation and architectural control of the single family townhome lots, Common Areas and facilities, all as parts, sections or phases of such development are brought within the jurisdiction of the Association from time to time. The real property out of which such parts, sections or phases may be brought within the jurisdiction of the Association is more particularly described as follows:

All of that certain tract or parcel of land situate in or near the Town of Cary, Wake County, North Carolina, and lying south of Cary Parkway near its intersection with Laura Duncan Road, and more particularly described as BEING all of Tract 1, containing 14.91 acres, more or less, according to a plat entitled "Subdivision Plat of Tract MR-1, Parkway P.U.D.", dated October 14, 1994, prepared by Aiken & Yelle Associates, P.A., and recorded in Book of Maps 1994, Page 1849, Wake County Registry, North Carolina, to which reference is made for a more particular description.

The Association shall have the power 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 the Declaration of Covenants, Conditions and Restrictions for Park Place Townhomes ("Declaration") applicable to the property within the jurisdiction of the Association and recorded or to be recorded in the Office of the Register of Deeds of Wake County, North Carolina, 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, dues 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 Areas (as defined in the Declaration) 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 signed by two-thirds (2/3) of each class of members agreeing to such dedication, sale or transfer has been recorded in the Office of the Register of Deeds of Wake County, North Carolina;

(f) Participate in mergers and consolidations with other nonprofit corporations organized for the same purposes or annex additional residential property and Common Areas, provided that any such merger, consolidation or annexation shall have the assent of two-thirds (2/3) of each class of members; and

(g) 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 by law may now or hereafter have or exercise.

ARTICLE V - MEMBERSHIP

Every owner ("Owner") of a lot ("Lot") which is subject to a lien for assessments shall be a member ("Member") of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment. Ownership of such Lot shall be the sole qualification for membership. The Board of Directors of the Association may make reasonable rules relating to proof of ownership of a Lot.

ARTICLE VI - VOTING RIGHTS

Section 1. The Association shall have two classes of voting membership:

Class A. Class A Members shall be all Owners other than the Declarant under the Declaration so long as there is a Class B membership. Class A Members shall be entitled to one (1) 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 the Owners of such Lot shall determine among themselves, but in no event shall more than one (1) vote be cast with respect to any Lot.

Class B. The Class B Member shall be the Declarant under the Declaration and shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and shall 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, but provided that the Class B membership shall be reinstated if thereafter and before the time stated in Subparagraph (b) below, such additional lands are annexed to the Properties by the Declarant without the assent of Class A Members as provided for in this Declaration; or

(b) on December 31, 1999.

Section 2. During any period in which a Member shall be in default in the payment of any annual or special assessment levied by the Association, the voting rights and right to use of the Common Areas (or portions thereof) of such Member may be suspended by the Board of Directors until such assessment has been paid. Such rights of a Member may also be suspended, after notice and hearing, for a period not to exceed sixty (60) days, for violation of any rules and regulations established by the Board of Directors governing the use of the Common Areas. Notwithstanding the foregoing, the Board of Directors may not suspend an Owner's right of ingress and egress over the Common Areas and right to the use of parking spaces as provided in this Declaration.

ARTICLE VII - BOARD OF DIRECTORS

Section 1. Number and Election. Until Class B membership becomes Class A membership as provided in these Articles of Incorporation, the affairs of this Association may be managed by a Board of not less than three (3) directors nor more than five (5) directors, who need not be Members of the Association, and who may be appointed by the Declarant as defined in the Bylaws of this Association. The Declarant shall have the right to determine the number of directors so long as there is a Class B membership. At the first annual meeting of the Members following the date on which Class B membership is converted to Class A membership, and at each annual meeting thereafter, subject to reinstatement of Class B shares, the affairs of the Association shall be managed by a Board of five (5) directors who shall be elected in accordance with the Bylaws. Cumulative voting is not permitted.

Section 2. Term of Office. At the first annual meeting of the Members following the date on which Class B membership is converted to Class A membership, two (2) directors shall be elected for a term of three (3) years, two (2) directors shall be elected for a term of two (2) years, and one (1) director shall be elected for a term of one (1) year. At each annual meeting thereafter, directors replacing the directors whose terms have expired shall be elected for a term of three (3) years. The names and addresses of the persons who are to act in the capacity of directors until the selection of their successors are:

<u>Name</u>	<u>Address</u>
Steven R. Dickson	3334 Hillsborough Street Raleigh, North Carolina 27607
Laura R. Caldwell	3334 Hillsborough Street Raleigh, North Carolina 27607
Joyce L. White	3334 Hillsborough Street Raleigh, North Carolina 27607

ARTICLE VIII - INDEMNIFICATION

The Corporation shall indemnify its directors, officers, employees and committee members to the maximum extent required or permitted by Part 5 of Article 8 of Chapter 55A of the North Carolina General Statutes, as amended from time to time, or by any similar statute by which it is amended, supplemented or repealed. Any person who serves in any such capacity of or on behalf of the Corporation shall be deemed to have done so in reliance upon and in consideration of such indemnification. Such indemnification shall inure to the benefit of such person and his or her heirs, successors, assigns and legal representatives, and it shall not be exclusive of any other rights to which such person may be entitled.

ARTICLE IX - DISSOLUTION

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 nonprofit corporation, association, trust or other organization to be devoted to such similar purposes.

ARTICLE X - DURATION

The Association shall exist perpetually.

ARTICLE XI - AMENDMENTS

Amendments of these Articles shall require the assent of at least two-thirds (2/3) of the entire membership.

ARTICLE XII - FHA/VA APPROVAL

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 except as provided in the Declaration, mergers and consolidations, mortgaging of Common Areas, dedication of Common Areas, dissolution of this Association and amendment of these Articles of Incorporation.

ARTICLE XIII - INCORPORATOR

The name and street and mailing address of the incorporator is Roderick W. O'Donoghue, Jr., 2601 Oberlin Road, Suite 100, Raleigh, North Carolina 27608.

IN WITNESS WHEREOF, for the purpose of forming this Association under the law of the State of North Carolina, I, the undersigned, constituting the incorporator of this Association, have executed these Articles of Incorporation this the 24th day of October, 1995.

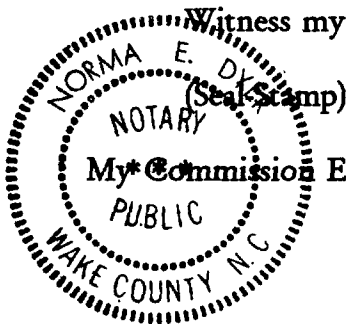

Roderick W. O'Donoghue, Jr. Incorporator

STATE OF NORTH CAROLINA

COUNTY OF WAKE

I, a Notary Public of the County and State aforesaid, certify that RODERICK W. O'DONOGHUE, JR., Incorporator, personally appeared before me this day and acknowledged the execution of the foregoing instrument.

Witness my hand and official stamp or seal, this 24th day of October, 1995.



My Commission Expires: 11-15-98


Notary Public