

# STATE OF NORTH CAROLINA



Department of The  
Secretary of State

To all whom these presents shall come, Greetings:

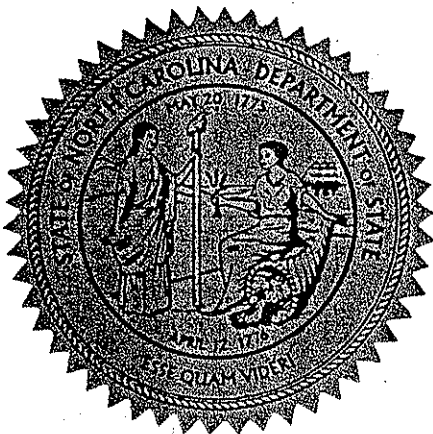
I, ELAINE F. MARSHALL, Secretary of State of the State of North Carolina, do hereby certify the following and hereto attached to be a true copy of

## ARTICLES OF INCORPORATION

OF

ASHTON HALL TOWNHOME OWNERS ASSOCIATION, INC.

the original of which was filed in this office on the 28th day of July, 2000.



IN WITNESS WHEREOF, I have hereunto  
set my hand and affixed my official seal at the  
City of Raleigh, this 28th day of July, 2000.

*Elaine F. Marshall*

Secretary of State

ARTICLES OF INCORPORATION  
OF  
ASHTON HALL TOWNHOME OWNERS ASSOCIATION

SOSID: 558759  
Date Filed: 7/28/2000 11:48 AM  
Elaine F. Marshall  
North Carolina Secretary of State

The undersigned natural person of the age of eighteen (18) years or more, does hereby execute these Articles of Incorporation pursuant to the laws of the State of North Carolina, as contained in Chapter 55A of the General Statutes of North Carolina, entitled "Non-Profit Corporation Act", and the several amendments thereto, and does hereby make, sign, and acknowledge these Articles of Incorporation, and to that end does hereby set forth:

ARTICLE I

NAME

The name of the corporation is "Ashton Hall Townhome Owners Association, Inc." hereinafter called the "Association".

ARTICLE II

REGISTERED OFFICE

The principal and registered office of the Association is located at 9205 Baileywick Road, Suite 201, Wake County, Raleigh, North Carolina 27615.

ARTICLE III

REGISTERED AGENT

John C. Loving, whose address is 9205 Baileywick Road, Suite 201, Wake County, Raleigh, North Carolina 27615 is hereby appointed the initial registered agent of this Association.

ARTICLE IV

PURPOSE AND POWERS OF THE ASSOCIATION

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 Lots and Common Elements within that certain tract or property (herein referred to as "Property") described in that certain Declaration of Covenants, Conditions and Restrictions of Ashton Hall Townhomes recorded contemporaneously with these Articles in the Office of Register of Deeds of Wake County (herein "Declaration"), 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 and for those purposes 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 Declaration applicable to the Property 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 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, subject to the laws and ordinances of the City of Raleigh, Wake County and North Carolina;

(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; provided, the rights of any such mortgage shall be subordinate to the rights of the Lot Owners and the Association in the Common Elements;

(e) dedicate, sell or transfer all or any part of the Common Elements or grant an easement or right of way across the Common Elements to any public agency, authority, utility, for such purposes and subject to such conditions as may be agreed to by the members and as permitted by local government ordinances. Notwithstanding the foregoing, the Association shall have a right to participate in an equal exchange of open space as permitted by local government ordinances.

On any instrument of loan, dedication, sale, transfer, easement, lease right of way, mortgage, pledge, deed in trust or other hypothecation or other disposition of real or personal property, the Secretary of the Association shall certify that two-thirds (2/3) of each class of members have approved the action evidenced by the instrument, and that certificate shall be conclusive that the execution and delivery of such instrument was properly authorized by the Association and its members and shall be relied upon and binding as to any third party or as to any grantee, its successor and assigns; provided, however, conveyances for general service utility purposes as specified in the Declaration may be made without consent of the members, and the Association may execute an instrument of conveyance therefor without such certification;

(f) participate in mergers and consolidations with other non-profit corporations organized for the same purposes or annex additional property and Common Elements, provided that any such merger, consolidation or annexation shall have the assent of two-thirds (2/3) of each class of members, and shall be subject to the approval of the Raleigh City Attorney or Deputy City Attorney, except that annexation of additional property by Declarant may be done without the consent of the members as provided in the Declaration;

(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.

## ARTICLE V

### MEMBERSHIP

Every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject by Declaration 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 or trustees under a security instrument. 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

### VOTING RIGHTS

The Association shall have two classes of voting membership:

Class A. Class A members shall be all Owners of a Lot in the Property, 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 the joint owners among themselves determine, but in no event shall more than one vote be cast with respect to any Lot. Fractional voting is prohibited.

Class B. The Class B member shall be the Declarant (as defined in the Declaration), and Declarant shall be entitled to three (3) votes for each Lot owned, including Lots later added pursuant to annexation of additional property as may be set forth in the Declaration. The Class B membership shall cease and be converted to Class A membership with one vote for each Lot owned on the happening of either of the following events, whichever occurs earlier:

(a) when the total votes outstanding in Class A membership equal the total votes outstanding in Class B membership; provided, however, Class B memberships shall be reinstated without any requirement of assent of Class A members if thereafter, and before the time stated in Subparagraph (b) below, such additional lands are annexed to the Property by Declarant on account of the development of such additional lands by the Declarant, all as may be provided for in the Declaration, or

(b) ten (10) years from the date of conveyance of the first Lot by Declarant.

## ARTICLE VII

### BOARD OF DIRECTORS

The affairs of this Association shall be managed by a Board of not less than three (3) nor more than seven (7) Directors, who shall be qualified as set forth in the Bylaws. The initial Board shall be comprised of three (3) members. The number of directors may be changed by amendment of the By-Laws of the Association. 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>
John C. Loving	9205 Baileywick Road, Suite 201, Raleigh, N.C. 27615
Bob J. Fry	9205 Baileywick Road, Suite 201, Raleigh, N.C. 27615
Angelo Candes	4513 Creedmoor Rd., Suite 301, Raleigh, N.C. 27612

#### ARTICLE VIII

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

#### ARTICLE IX

##### DURATION

The corporation shall exist perpetually.

#### ARTICLE X

##### AMENDMENTS

Amendment of these Articles shall require the assent of seventy-five percent (75%) of the entire membership; provided that should additional property later be brought within the jurisdiction of this Association, pursuant to the Declaration, it shall not be necessary to amend these Articles to reflect such additional property.

#### ARTICLE XI

##### FHA/VA APPROVAL

As long as there is a Class B membership, and if these Articles of Incorporation, the Declaration or other constituent documents have been approved by the Department of Veterans Affairs or Federal Housing Administration, then the following actions will require the prior written approval of the Federal Housing Administration or the Veterans Administration, as the case may be: annexation of additional properties, mergers and consolidations, mortgaging of Common Elements, dedication of Common Elements, dissolution and amendment of these Articles.

#### ARTICLE XII

##### TERMS

The terms used herein shall have those meanings as defined in the Declaration.

## ARTICLE XIII

### EARNINGS

No part of the net earnings of the Association shall inure to the benefit of, or be distributable to, its Directors, Officers or other private persons, except that the Association shall be authorized and empowered to pay reasonable compensation for services rendered and expenses incurred and to make payment and distribution in furtherance of the purposes as set forth herein.

## ARTICLE XIV

### INDEMNIFICATION

Every Director 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, a Director or Officer of the Association, whether or not he is a Director or Officer at the time such expenses are incurred, except in such cases wherein the Director or Officer is adjudged to have acted in bad faith or have been liable or guilty by reason of willful misconduct in the performance of his duties or in such cases where the Director or Officer is liable as a result of being a Lot-Owner; provided that, in the event of any claim for reimbursement or indemnification hereunder based upon a settlement by the Director or Officer seeking such reimbursement or indemnification, the indemnification herein shall only apply if the Board of Directors 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 of indemnification to which such Director or Officer may be entitled by law or otherwise and, specifically, indemnification of Officers and Directors shall be available as set forth in G.S. §55A-8-50 *et seq.* The Board of Directors by Bylaw provision is authorized to establish further criteria for indemnification of Officers or Directors.

It is also intended that the liability of any Lot Owner arising out of any contracts made by the Board of Directors or out of the aforesaid indemnity in favor of the members of the Board shall be limited to such proportions of the total liability thereunder as his voting interest in the Common Properties bears to the interest of all of the Lot Owners. Every agreement made by the Board or by the manager on behalf of the Association shall provide that the members of the Board of Directors, or the manager, as the case may be, are acting only as agents for the Association, and shall have no personal liability thereunder (except as Lot Owners), and that each Lot Owner's liability thereunder shall be limited to such proportion to the total liability thereunder as its voting interest in the Association bears to the voting interest of all Lot Owners.

Furthermore, notwithstanding the foregoing provision, in the event that Chapter 55A of the General Statutes of North Carolina or any other provision of the North Carolina General Statutes is amended or enacted to permit further limitation or elimination of the personal liability of the Association's Officers or Directors, such liability shall be limited or eliminated to the fullest extent permitted by the applicable law.

This Article shall not affect a charter or bylaw provision or contract or resolution of the Association indemnifying or agreeing to indemnify an Officer or Director against personal liability. Any repeal or modification of this Article shall not adversely affect any limitation hereunder on the personal liability of any Officer or Director with respect to acts or omissions occurring prior to such repeal or modification.

ARTICLE XV  
INCORPORATOR

<u>Name</u>	<u>Address</u>
David T. Pryzwansky	3605 Glenwood Avenue, Suite 500 Raleigh, North Carolina 27612

IN WITNESS WHEREOF, for the purpose of forming this corporation under the laws of the State of North Carolina, the undersigned, constituting the incorporator of this Association, has executed these Articles of Incorporation this 26 day of July, 2000.

David T. Pryzwansky  
David T. Pryzwansky INCORPORATOR

STATE OF NORTH CAROLINA :

COUNTY OF WAKE :

THIS IS TO CERTIFY, that, before me, a Notary Public, personally appeared David T. Pryzwansky, who I am satisfied is the person named in and who executed the foregoing Articles of Incorporation, and I having first made known to him the contents thereof, he did acknowledge that he signed and delivered the same as his voluntary act and deed for the uses and purposes therein expressed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal, this the 26 day of July, 2000.

Mary M. Clark  
Notary Public  
My Commission Expires: 10-3-2003

MARY M. CLARK  
NOTARY PUBLIC  
WAKE COUNTY, N.C.  
My Commission Expires 10-03-2003