

STATE OF NORTH CAROLINA



Department of The
Secretary of State

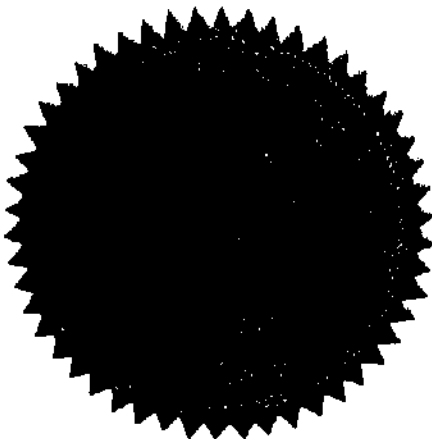
To all whom these presents shall come, Greetings:

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
BALLENRIDGE COMMUNITY ASSOCIATION, INC.

the original of which was filed in this office on the 5th day of November, 1998.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at the City of Raleigh, this 5th day of November, 1998.



Elaine F. Marshall

Secretary of State

C-0475344
FILED
9:13 am
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ARTICLES OF INCORPORATION
OF
BALLENRIDGE COMMUNITY ASSOCIATION, INC.

EFFECTIVE
ELAINE F. MARSHALL
SECRETARY OF STATE
NORTH CAROLINA

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

ARTICLE I: NAME

The name of the corporation is **BALLENRIDGE COMMUNITY ASSOCIATION, INC.**, herein referred to as "Association".

ARTICLE II: REGISTERED OFFICE AND INITIAL AGENT

The registered office of the Association is located in Wake County, North Carolina at 1941 Evans Road, Cary, North Carolina 27513. The name of the initial registered agent at such address is H. Brantley Powell. The location of the registered office as well as the initial registered agent may be changed at any time by a majority vote of the Board of Directors. The principal office address is listed above.

ARTICLE III: PURPOSE AND POWERS OF ASSOCIATION

This Association does not contemplate a pecuniary gain or profit to the members thereof, and the specific purposes for which it is formed are to provide for maintenance, preservation, architectural control and management of residential Lots and Common Property within that:

single-family residential subdivision located in Wake County, North Carolina, and referred to herein as "Ballenridge", which development will be done in phases, the first of which is known as "Ballenridge - Phase I" as shown on plats thereof recorded in Map Book 1998 at Page 1809 and Page 1810 in the Wake County Public Registry, and to promote the health, safety and welfare of the residents within Ballenridge and for this purpose and except as limited by the Declaration hereinafter referred to, the Association shall have the powers 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 PROTECTIVE COVENANTS FOR BALLENRIDGE to be filed for record in the Wake County Public Registry, and as set forth in any Supplementary Declaration filed pursuant to Article IX of said Declaration, and as the same may be amended from time to time, said Declaration and all such Supplementary Declarations and amendments (hereinafter collectively referred to as the "Declaration") being incorporated herein as if fully set forth herein;

(b) fix, levy, collect and enforce payment by any lawful means, all charges or assessments made pursuant to the terms of the Declaration; to pay all lawful expenses of the

Association, including all office and other expenses incident to the conduct of the business of the Association and all licenses, taxes or governmental charges levied or imposed against the property of the Association and to fund reasonable reserves for future financial needs 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, grant utility easements, or otherwise dispose of real or personal property or any interest therein owned by the Association in connection with the affairs of the Association;

(d) borrow money, and with the consent of members entitled to at least two-thirds (2/3) of the votes appurtenant to the Lots then subject to the Declaration, mortgage, pledge 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 lender shall be subordinate and subject to the Declaration and to the rights of the Association and Lot Owners provided in the Declaration;

(e) dedicate, sell or transfer all or any part of the Common Property to any public agency, authority, utility or other entity (public or private) for such purposes 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 members entitled to at least two-thirds (2/3) of the votes appurtenant to the Lots then subject to the Declaration, agreeing to such dedication, sale or transfer and the conditions, if any, appurtenant thereto;

(f) participate in mergers and consolidations with other non-profit corporations organized for the same purposes, provided that any such merger or consolidation must have the prior approval of the members as provided in paragraph (e) above;

(g) annex additional property pursuant to the provisions of Article IX, Section 2 of the Declaration; and

(h) have and 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 not inconsistent with the Declaration.

ALL CAPITALIZED WORDS AND PHRASES USED HEREIN SHALL HAVE THE SAME MEANING AS SET FORTH IN THE DECLARATION.

ARTICLE IV: FINANCE

The Association is a non-stock corporation, and no part of the profits (if any) of the Association shall inure to the pecuniary benefit of its members or to any other person.

ARTICLE V: MEMBERSHIP AND VOTING RIGHTS

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

The voting rights of the membership are as provided in Article III of the Declaration and in the Bylaws of the Association.

ARTICLE VI: BOARD OF DIRECTORS

The affairs of this Association shall be managed by a Board of Directors. The initial Board shall consist of three (3) members. The maximum and minimum number of Directors, manner in which such number shall from time to time be determined, and the procedures for the election and replacement of Directors shall be as set forth in the Bylaws 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>
H. Brantley Powell	1941 Evans Road Cary, North Carolina 27513
Kelly Gould	1941 Evans Road Cary, North Carolina 27513
Rusty Ammons	1100 Navaho Drive, Suite 204 Raleigh, North Carolina 27609

ARTICLE VII: DISSOLUTION

The Association may be dissolved only upon the signed written consent of the members entitled to not less than three-fourths (3/4) of the votes appurtenant to all Lots then subject to the Declaration. 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 selected by the Board of Directors 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 entity selected by the Board of

Directors to be devoted to such similar purposes.

ARTICLE VIII: DURATION

The period of existence of the Association is unlimited.

ARTICLE IX: AMENDMENTS

Amendment to these Articles shall require the consent of the members entitled to at least three-fourths (3/4) of the entire vote of the membership; provided, however, no members of the Association shall be entitled to vote on any amendment to these Articles for the sole purpose of complying with the requirements of any governmental (including, without limitation, HUD or VA) or quasi governmental entity or institutional lender authorized to fund, insure or guarantee mortgages on individual Lots, as such requirements may exist from time to time, which amendments may be adopted by the Association's Board of Directors.

ARTICLE X: HUD/VA

As long as Declarant has the right to appoint and remove the directors and officers of the Association as provided in the Bylaws, the following actions shall require the prior approval of the U.S. Department of Veterans Affairs ("VA"), so long as Ballenridge is approved by the VA for the guaranteeing of mortgages therein, and the U.S. Department of Housing and Urban Development ("HUD"), so long as Ballenridge is approved by HUD for the insuring of mortgages therein: annexation of additional property to the Development, except for annexation by Declarant in accordance with Article IX, Section 1 of the Declaration pursuant to a plan of annexation previously approved by the VA and/or HUD, as applicable; mergers and consolidations; dedication of Common Property to any public entity; mortgaging of Common Property; dissolution of the Association; and material amendment of these Articles of Incorporation.

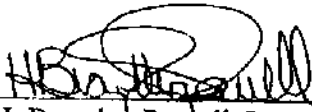
ARTICLE XI: INCORPORATOR

The name and address of the incorporator is as follows:

H. Brantley Powell

1941 Evans Road
Cary, North Carolina 27513

IN WITNESS WHEREOF, I - the undersigned incorporator - have hereunto set my hand and seal, this ___ day of November, 1998.



H. Brantley Powell, Incorporator (SEAL)

STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, a Notary Public of the County and State aforesaid, certify that H. Brantley Powell personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and official stamp or seal, this 2 day of Nov., 1998.

My Commission Expires: 11-17-98
Notary Public

(STAMP/SEAL)
