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**ARTICLES OF INCORPORATION
OF
BALLENTINE HOMEOWNERS ASSOCIATION, I**

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Elaine F. Marshall
North Carolina Secretary of State

In compliance with the requirements of Chapter 55A of General Statutes of North Carolina, the undersigned, a resident of the State of North Carolina and of full age, has this day formed a corporation, not for profit, and does hereby certify:

ARTICLE I.
NAME

The name of the corporation is BALLENTINE HOMEOWNERS ASSOCIATION, INC. (hereinafter the "Association").

ARTICLE II.
PRINCIPAL OFFICE

The principal office of the Association is located at 2514 Reliance Avenue, Apex, Wake County, North Carolina, 27502. The location of the principal office may be changed by a majority vote of the Board of Directors.

ARTICLE III.
REGISTERED OFFICE AND INITIAL AGENT

The registered office of the Association is located at 2514 Reliance Avenue, Apex, Wake County, North Carolina, 27502. The location of the registered office may be changed by a majority vote of the Board of Directors. The name of the initial registered agent at the above address is Edward J. Bedford.

ARTICLE IV.
PURPOSE AND POWER OF THE ASSOCIATION

The Association does not contemplate a pecuniary gain or profit to the Members thereof. Subject to the provisions of Chapter 47F (as amended and recodified from time to time, the "Planned Community Act") and Chapter 55A (as amended and recodified from time to time, the "Non-Profit Act") of the General Statutes of North Carolina, the specific purposes for which the Association is formed are:

(1) to own and maintain the Common Areas within the subdivision known as Ballentine located in Fuquay-Varina, Wake County, North Carolina (the Planned Community"), as such Planned Community is more particularly described in a Declaration of Covenants, Conditions and Restrictions for such Planned Community recorded in the Office of the Register of Deeds of Wake County, North Carolina;

- (2) to provide for architectural control within the Planned Community; and
- (3) to provide for maintenance and preservation of the Lots and Common Areas and to promote the health, safety, and welfare of the residents within the Planned Community and any additions thereto as may hereafter be brought within the jurisdiction of the Association, and for these purposes to:
- (a) exercise all the powers and privileges and to perform all duties and obligations of the Association as set forth in that certain Declaration of Covenants, Conditions and Restrictions for the Planned Community, to be recorded in the Wake County Public Registry, as the same may from time to time be amended as provided therein, said Declaration and any amendments thereto (hereinafter individually and collectively referred to as "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;
 - (c) pay all expenses incurred in connection with collection of the charges and assessments set forth in subparagraph (b) above, and to pay 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 property owned by the Association;
 - (d) 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; provided, however, that all conveyances and transfers of Common Areas must be done in accordance with the Planned Community and the ordinances and regulations of the Town of Fuquay-Varina, and provided Common Area may be exchanged for an equal or greater amount of acreage;
 - (e) borrow money and, with the assent of Members entitled to at least eighty percent (80%) of the votes of the entire membership, but in any event not less than 67% of the votes of the membership excluding the Declarant, and in accordance with the provisions of the Planned Community Act, mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, subject to the property rights of the Members and the Association as provided in the Declaration;
 - (f) 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 upon by the Members. No such dedication or transfer shall be effective unless an instrument has been signed by Members entitled to at least eighty percent (80%) of the votes appurtenant to each voting class of membership, agreeing to such dedication, sale, or transfer;

- (g) maintain signage, fencing and trails;
- (h) Participate in mergers and consolidations with the other non-profit corporations organized for the same or similar purposes in accordance with the Planned Community Act; and
- (i) have and exercise any and all powers, rights, and privileges which a corporation organized under the Non-Profit Corporation Act of the State of North Carolina by law may now or hereinafter have or exercise.

ARTICLE V 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 except as provided in the Planned Community Act and the Non-Profit Act.

ARTICLE VI 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 to this Declaration, 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, or will become subject to, assessment by the Association. Ownership of said Lot shall be the sole qualification for membership. Following termination of the Planned Community, all persons entitled to distributions of proceeds under the Planned Community Act shall be Members of the Association.

- (2) The Association shall have two (2) classes of membership:

Class A: Class A Members shall be all Owners with the exception of the Class B Member, if any, and shall be entitled to one (1) vote for each Lot owned. Class B Members may, however, be a Class A Member upon the termination of Class B membership. When more than one Person holds an interest in any Lot, all such Persons shall be Members and the vote allocated to such Lot shall be cast in accordance with the Planned Community Act.

Class B: The Class B Member shall be the Declarant and shall be entitled to three (3) times the regular vote for each Lot owned. The Class B membership shall cease and be converted to Class A membership upon either of the following events, whichever occurs first:

- A. When the total votes outstanding in Class A membership equal the total votes outstanding in Class B membership, but provided that the Class B membership shall be reinstated if thereafter and before the time stated in subparagraph (B) below, additional lands are annexed to the Property without the assent of Class A Members for the development of such additional lands by the Declarant, all as provided in the Declaration;
- B. On December 31, 2007; or
- C. Upon the surrender of the Class B membership by the Declarant.

ARTICLE VI
BOARD OF DIRECTORS

The affairs of the Association shall be managed by an initial Board of three (3) Directors, who need not be Members of the Association. The persons who are to act in capacity of the Director until the selection of their successors are:

<u>NAME</u>	<u>ADDRESS</u>
Chet Hahne	5900 Centreville Road Suite 425 Centreville, VA 22020
Michael Dean Chadwick	2514 Reliance Avenue Apex, North Carolina 27502
Edward J. Bedford	2514 Reliance Avenue Apex, North Carolina 27502

At the first annual meeting of the Association after the termination of the Class B membership, the number of directors shall be increased to five (5). At that meeting, the Members shall elect one director for a term of one year, two directors for a term of two years, and two directors for a term of three years. At each annual meeting thereafter, the Members shall elect the number of directors needed to fill the vacancy or vacancies created by the director or directors whose terms is/are expiring to serve a term of three (3) years. The number of directors may be changed by amendment of the By-Laws of the Association, provided that the number of directors shall not be less than 3 nor more than 9. The number of directors shall always be an odd number.

The terms of the directors and any qualifications for office in addition to those provided by the Planned Community Act and the Non-Profit Act shall be established as provided in the Bylaws of the Association.

ARTICLE VIII **DISSOLUTION**

The Association may be dissolved only upon the signed written assent of Members entitled to at least eighty percent (80%) of the votes appurtenant to each class of membership. Upon dissolution of the Association, other than the incident to a merger or consolidation, the assets of the Association shall be sold, transferred and distributed in accordance with the Planned Community Act and the Non-Profit Act.

ARTICLE IX **DURATION**

The period of existence of this corporation is perpetual.

ARTICLE X **AMENDMENTS**

Amendments of these Articles shall require the assent of the Members entitled to at least sixty-seven (67%) of the entire membership. To the extent permitted by the Planned Community Act and the regulations of the U.S. Department of Housing and Urban Development ("HUD") or the Veterans Administration ("VA"), as long as there is Class B membership, if an amendment is requested or required by the Town of Fuquay-Varina, HUD or VA, the amendment shall require only the assent of a majority of the Class B Members.

ARTICLE XI **FHA/VA APPROVAL**


As long as there is Class B membership, the following actions require the prior approval of HUD or the VA: annexation of additional properties (except as permitted by applicable HUD or VA regulations for annexations by the Declarant pursuant to a right reserved under the Declaration), mergers and consolidations, dissolution, mortgaging of Common Areas, dedication of or otherwise deeding of Common Areas to persons other than the Association, and amendment of these Articles.

ARTICLE XII
INCORPORATOR

The name and address of the incorporator is as follows:

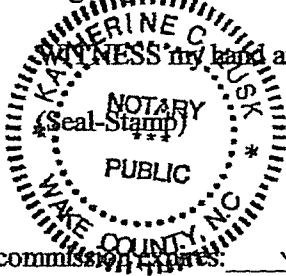
Edward J. Bedford
2514 Reliance Avenue
Apex, NC 27502

IN WITNESS WHEREOF, I, the undersigned incorporator have hereunto set my hand and seal this 27th day of March, 2000.

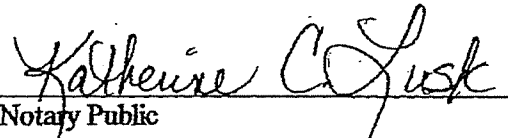

(SEAL)
Edward J. Bedford, Incorporator

STATE OF NORTH CAROLINA; COUNTY OF WAKE:

I, the undersigned Notary Public of the County and State aforesaid, do hereby certify that Edward J. Bedford, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.



I, the undersigned, do hereby witness my hand and official seal this the 27th day of March, 2000.


Katherine C. Lusk
Notary Public

My commission expires: 3/24/01