

**ARTICLES OF INCORPORATION
OF
CHAPEL RIDGE COMMUNITY ASSOCIATION, INC.**

Pursuant to §55A-2-02 of the General Statutes of North Carolina, the undersigned does hereby submit these Articles of Incorporation for the purpose of forming a nonprofit corporation under the Nonprofit Corporation Act.

ARTICLE I

The name of the corporation shall be Chapel Ridge Community Association, Inc. (hereinafter referred to as the "Association" or the "Corporation").

ARTICLE II

The Association does not contemplate a pecuniary gain or profit to the members thereof. The specific purposes for which the Association is formed are: (1) to own and maintain the Common Area within the subdivision known as Chapel Ridge; (2) to provide for architectural control within Chapel Ridge subdivision, and any additions thereto as may hereafter be brought within the jurisdiction of the Association, and for these purposes to:

(a) exercise all of 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 Chapel Ridge, recorded in Book 1116, Page 715, Chatham County 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 any code of ordinance;

(e) borrow money and 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 as provided in the Declaration;

(f) dedicate, sell or transfer all or any part of the Common Area;

(g) participate in mergers and consolidations with other non-profit corporations organized for the same purposes, provided that any merger or consolidation shall have the

consent of the members as provided in paragraph (f) above; and

(h) have and to exercise any and all powers, rights, and privileges which a corporation organized under the North Carolina Nonprofit Corporation Act by law may now or hereinafter have or exercise.

ARTICLE III

Members.

(a) The Association shall have three classes of membership, Class "A", Class "B" and Class "C".

(b) The Class "A" Members shall be all Owners, except the Class "B" Member, if any. The Owner of each Unit shall be a Class "A" Member of the Association and shall be entitled to vote in accordance with the terms of the Declaration and the Bylaws. Class "A" membership is appurtenant to, and inseparable from, ownership of a Unit. Change of membership for Class "A" Members of the Association shall be established by recording in the Public Records a deed or other instrument establishing record title to real property subject to the Declaration. Upon such recordation, the owner designated by such instrument shall become a Class "A" Member of the Association and the membership of the prior owner shall be terminated. The share of a Class "A" Member in the privileges, rights and assets of the Association cannot be assigned, hypothecated, or transferred in any manner, except as an appurtenance of such Member's Unit.

(c) The Class "B" Member shall be the Declarant. The Class "B" Member's rights are specified in the Declaration and Bylaws.

(d) Class "C" Members shall be those owners or operators of any portion of the Adjacent Properties, including but not limited to any Private Amenities, that have entered into an agreement with the Association for the Association to provide sewerage treatment services to such owner's or operator's portion of the Adjacent Properties.

(e) The manner of exercising voting rights for each class of membership shall be as set forth in the Declaration and in the Bylaws of the Association.

ARTICLE IV

The street address and county of the principal office of the corporation is 5229 Old Graham Road, Pittsboro, North Carolina 27312. (Chatham County)

ARTICLE V

The street address and county of the initial registered office of the corporation in North Carolina is 5229 Old Graham Road, Pittsboro, Chatham County, North Carolina 27312.

The name of the initial registered agent at the address of the registered office is J. David Edwards.

ARTICLE VI

The powers of the corporation shall be exercised by a Board of Directors of not less than three (3) persons. The number, method of election, qualifications, term of office, powers, authority, and duties of the directors, the time and place of their meetings, and such other provisions with respect to them as are not inconsistent with the expressed provisions of these Articles shall be as specified in the Bylaws.

ARTICLE VII

The number of directors constituting the initial Board of Directors shall be three (3), and the names and addresses of the initial directors who are to act as directors until the selection of their successors are:

<u>Name</u>	<u>Address</u>
J. David Edwards	840 The Preserve Trail Chapel Hill, NC 27517
R. Thomas Powers	2255 Cumberland Parkway, Suite 200A Atlanta, GA 30335
Daniel C. Koscher	4960 Blue Lake Drive BocaRaton, FL 33431

ARTICLE VIII

No director shall have personal liability arising out of an action whether by or in the right of the corporation or otherwise for monetary damages for breach of any duty as a director; provided, however, that the foregoing shall not limit or eliminate the personal liability of a director with respect to (i) any acts or omissions that the director at the time of the breach knew or believed were clearly in conflict with the best interests of the Corporation, (ii) any liability of such director arising under sections 55A-8-32 or 55A-8-33 of the General Statutes of North Carolina in connection with any loan, guaranty or other form of security made or provided by the Corporation to or for the benefit of any of the directors or officers of the Corporation, other than loans, guaranties or other forms of security made to full-time employees of the Corporation who are also directors or officers of the Corporation by action of the board of directors in accordance with the provisions of section 55A-8-31(a)(I) of the General Statutes of North Carolina, (iii) any transaction from which such director derived an improper personal financial benefit (other than reasonable compensation or other reasonable incidental benefit for or on account of such director's services as a director, trustee, officer, employee, independent contractor, attorney or consultant of the corporation), or (iv) any acts or omissions occurring prior to the effectiveness of this Article.

Furthermore notwithstanding the foregoing provisions, in the event that Section 55A-2-02 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 director, the personal liability of the corporation's directors shall be limited or eliminated to the fullest extent permitted by the applicable law.

This Article shall not affect a provision permitted under the North Carolina General Statutes in the articles of incorporation, bylaws, or contract or resolution of the corporation indemnifying or agreeing to indemnify a director against personal liability. Any repeal or modification of this Article shall not adversely affect any limitation hereunder on the personal liability of the director with respect to acts or omissions occurring prior to such repeal or modification.

ARTICLE IX

Dissolution. The Association may be dissolved only upon a resolution duly adopted by the Board of Directors and the approval of Members representing at least 2/3 of the Class "A" votes in the Association and the written consent of the Declarant, so long as the Declarant owns any portion of the Properties or any Private Amenity or has the right to annex property pursuant to Section 7.1 of the Declaration. Upon the dissolution of the corporation, the Board of Directors shall, after paying or making provisions for the payment of all of the liabilities and obligations of the corporation, dispose of all of the assets of the corporation (if any) as follows:

- (a) Assets held by the corporation upon condition requiring return, transfer or conveyance, which condition occurs by reason of the dissolution, shall be returned, transferred or conveyed in accordance with such requirements; and
- (b) All other assets shall be distributed as provided in the plan of dissolution.


ARTICLE X

These Articles of Incorporation may be amended by a resolution duly adopted by the Board of Directors and the approval of Members representing at least 2/3 of the Class "A" votes in the Association and the written consent of the Declarant during the Development Period; provided, no amendment may be in conflict with the Declaration. No Class "C" Member shall be entitled to vote on any amendment to these Articles. No Members shall be entitled to vote on any amendment to these Articles which is for the sole purpose of complying with the requirements of any governmental or quasi governmental entity or institutional lender authorized to fund, insure or guarantee Mortgages on individual Units, as such requirements may exist from time to time. Further, no amendment shall be effective to impair or dilute any rights of Members that are governed by such Declaration.

ARTICLE XI

The name and address of the incorporator is Patrick E. Bradshaw, Post Office Box 607, Pittsboro, North Carolina 27312.

This the 4th day of November, 2004.



Patrick E. Bradshaw, Incorporator