

**ARTICLES OF INCORPORATION OF  
CR PATIO HOMES, INC.**

In compliance with the requirements of Chapter 55A of the North Carolina General Statutes, the undersigned, a natural person of full age, has this day executed these Articles of Incorporation and hereby certifies as follows:

**ARTICLE I  
NAME**

The name of the corporation is **CR Patio Homes, Inc.** (hereinafter the "Sub-Association").

**ARTICLE II  
REGISTERED OFFICE AND INITIAL AGENT**

The registered/principal office of the Sub-Association is located at 1201 Edwards Mill Road, Suite 301, Raleigh, Wake County, North Carolina 27612. The location of the registered office may be changed by a majority vote of the Board of Directors. The name of the registered agent at the above address is Bruce Whitten.

**ARTICLE III  
MEMBERSHIP**

Every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject by covenants of record to assessment by the Sub-Association, including contract sellers, shall be a member of the Sub-Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. No Owner shall have more than one membership per Lot. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Sub-Association. Ownership of such Lot shall be the sole qualification for membership. The Board of Directors may make reasonable rules as to proof of ownership of a Lot in this subdivision.

**ARTICLE IV  
PURPOSE AND POWER OF THE SUB-ASSOCIATION**

The Sub-Association does not contemplate a pecuniary gain or profit to the members thereof. It is not anticipated that the Sub-Association will own any real property designated as Common Area. The specific purposes for which the Sub-Association is formed are:

To maintain the yards of each and every Dwelling the subdivision known as Chapel Ridge Patio Homes, promote the health, safety, and welfare of the residents within Chapel Ridge and any additions thereto as may hereafter be brought within the jurisdiction of the Sub-Association, and for these purposes to:

(a) exercise all of the powers and privileges and to perform all duties and obligations of the Sub-Association as set forth in that certain Declaration of Covenants, Conditions and Restrictions for Chapel Ridge Patio Homes recorded or to be recorded in the 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 Sub-Association, including, but not limited to, all licenses, taxes, insurance, or governmental charges levied or imposed against property owned by the Sub-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 Sub-Association; provided, however, that all conveyances and transfers of Sub-Association must be done in accordance with the city code for the County of Chatham;

(e) borrow money and, with the assent of members entitled to at least four-fifths (4/5) of the votes appurtenant to the Class A and B (as defined in Article III, Section 1 of the Declaration), 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 voting rights of the members as provided in Article III of the Declaration;

(f) dedicate, sell or transfer all or any part of the Sub-Association Common Properties to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed upon by the members, or as otherwise provided in the Declaration. No such dedication or transfer shall be effective unless an instrument has been signed by members entitled to at least four-fifths (4/5) of the votes appurtenant to each Class A and B agreeing to such dedication, sale, or transfer. Notwithstanding anything herein to the contrary, except as provided in the Declaration, the Sub-Association Common Properties shall be preserved for the perpetual benefit of the owners of the lots within the Properties and shall not be conveyed except to the County of Chatham or other appropriate governmental agencies or to another non-profit corporation for the aforementioned purposes; or as otherwise provided in the Declaration;

(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 said merger is approved by the County Attorney or his deputy; and

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

No part of the net earnings of the organization shall inure to the benefit of its members, directors, officers, or other persons except that the organization shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the exempt purposes of the organization.

#### **ARTICLE VI BOARD OF DIRECTORS**

The affairs of the Sub-Association shall be managed by a Board of three (3) Directors, who need not be a member of the Sub-Association. The persons who are to act in the capacity of the Director until the selection of their successors or additional Directors are added, are:

Bruce Whitten	1201 Edwards Mill Road, Suite 301 Raleigh, North Carolina 27607
Glenda Kinney	1201 Edwards Mill Road, Suite 301 Raleigh, North Carolina 27607
Judy Gorman	1201 Edwards Mill Road, Suite 301 Raleigh, North Carolina 27607

At the first annual meeting of the Sub-Association after which transition to homeowner control has taken place, the number of directors may be increased to five (5). At that meeting, the members may elect one (1) director for a term of one year, two (2) directors for terms of two years, and two (2) directors for terms 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 Sub-Association.

## **ARTICLE VII DISSOLUTION**

The Sub-Association shall be dissolved upon the termination of this Declaration, or upon the written assent given in writing and signed by not less than two-thirds (2/3) of the Members of each class of members, or upon such more restrictive or additional conditions and in such manner as otherwise provided by the laws of the State of North Carolina. Upon dissolution or insolvency of the Sub-Association or upon loss of ownership of the Common Area (once such ownership has been acquired) by the Sub-Association for any reason whatsoever (except for exchange or dedication or conveyance of any part or all of the Common Area as allowed by this Declaration or by reason of merger and/or consolidation with any other association as allowed by this Declaration), any portion of the Common area not under the jurisdiction and being maintained by the Sub-Association, shall be offered to the County of Chatham, North Carolina, or to some other appropriate governmental entity or public agency (as determined by the Board) to be dedicated for public use for purposes similar to those to which the Common Area and such assets were required to be devoted by the Association. If the County of Chatham or such other appropriate governmental entity or public agency accepts the offer of dedication, such portion of the Common Area and assets shall be conveyed by the Sub-Association to the County of Chatham or such other appropriate governmental entity or public agency, subject to the superior right of the Owner of each Lot (Unit) to an easement (if necessary) for reasonable ingress and egress to and from such Owner's Lot (Unit) and the public or private street(s) on which such Lot (Unit) is located, and subject to all other applicable rights of way and easements and subject to *ad valorem* property taxes subsequent to the date of such conveyance.

In the event that the County of Chatham or such other appropriate governmental entity or public agency refuses the offer of dedication and conveyance, the Association may transfer and convey such Common Area and assets to any nonprofit corporation, association, trust or other entity which is or shall be devoted to purposes and uses that would most nearly conform to the purposes and uses to which the Common Area was required to be devoted by this Declaration, such conveyance to be made subject to the rights of Owners and other matters set forth in the immediately preceding paragraph.

## **ARTICLE VIII DURATION**

The period of existence of this corporation is perpetual.

**ARTICLE IX  
AMENDMENTS**

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

**ARTICLE X  
FHA/VA APPROVAL**

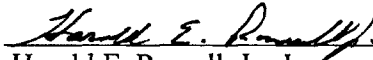
As long as there is Class B membership, the following actions require the prior approval of the Federal Housing Administration or the Veterans Administration: annexation of additional properties, mergers and consolidations, dissolutions, mortgaging of Common Properties, dedication of or otherwise deeding of Common Properties to person other than the Sub-Association, and amendment of these Articles.

**ARTICLE XI  
INCORPORATOR**

The name and address of the incorporator is as follows:

Harold E. Russell, Jr.  
2304 Wesvill Court, Suite 340  
Raleigh, North Carolina 27607

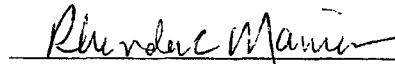
**IN WITNESS WHEREOF**, I, the undersigned incorporator, have hereunto set his hand and seal this 26<sup>th</sup> day of June, 2007.

  
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Harold E. Russell, Jr., Incorporator (SEAL)

**STATE OF NORTH CAROLINA  
COUNTY OF Johnston**

I, Rhonda C. Manion, a Notary Public of the County and State aforesaid, do hereby certify that Harold E. Russell, Jr. personally appeared before me this day and acknowledged his voluntary execution of the foregoing instrument for the purposes therein expressed.

WITNESS my hand and notarial stamp or seal, this 26<sup>th</sup> day of June, 2007.

  
\_\_\_\_\_  
Signature of Notary Public  
Printed Name: Rhonda C. Manion

My Commission expires: 6-19-2010

