

507 the Brandywine Bay Development Area on which has been completed residential  
508 apartments for rent. The occupants of the apartments (and the owner) shall not be  
509 entitled to use the recreational facilities of the association, except those for which  
510 the association charges a use or other fee (other than assessments) as permitted by  
511 Article VII (a)(i) of these Articles of Incorporation. However, tenants of such  
512 apartments may apply for a social permit membership in accordance with the  
513 provisions hereof, the Bylaws of the association and the rules and regulations  
514 promulgated by the Board of Directors.

515  
516 (vi) Class "F" Membership (Permit Members). The Board of  
517 Directors of this Association, from time to time, may issue Permit Memberships  
518 to persons residing outside the Brandywine Bay Development Area or to persons  
519 owning or occupying a single family home (other than a Condominium Unit, Patio  
520 Home, Townhouse Lot or Rental Apartment) within the Brandywine Bay  
521 Development Area; PROVIDED, HOWEVER, that such Permit Membership  
522 shall be divided into tow (2) sub-classes as follows:

523  
524 (A) a Resident Permit Membership shall be the Permit  
525 Membership available to persons owning or occupying a single family  
526 home (other than a Condominium Unit, Patio Home, Townhouse Lot or  
527 Rental Apartment) within the Brandywine Bay Development Area, and  
528 such Resident Permit memberships shall be available as a matter of right  
529 to such owners, if any; and

530  
531 (B) a Social Permit Membership shall be the Permit  
532 Membership available to persons residing outside the Brandywine Bay  
533 Development Area.

534  
535 Such Permit Members, so long as said Permit Memberships shall be and remain in  
536 good standing, may use the swimming pool, tennis courts and other facilities of this  
537 Association subject to payment of annual and special assessments as provided in Article  
538 X hereof, together with such fees, and subject to such rules and regulations and  
539 cancellation terms as may be promulgated by the Board of Directors from time to time.  
540 In addition all Resident Permit Members shall be deemed Class "A" members for all  
541 purposes and shall be entitled to the voting privileges of such membership classification.  
542 Social Permit Members shall not be deemed Class "A" members and shall not be entitled  
543 to voting privileges.

544  
545 (f) It is further provided that as property held under a Class C membership is  
546 developed for purposes defined under Class A, Class B, Class D or Class E that a change  
547 in the classification of membership will occur at the appropriate time or times depending  
548 upon completion of the development taking place or the sale or conveyance of a  
549 particular type of dwelling unit. In addition, property which may be added to the

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553 Brandywine Bay Development Area as provided in Article VII, Paragraph (c) of these  
554 Articles of Incorporation the same shall be added and the appropriate membership  
555 classification granted depending upon whether the property has been developed for a  
556 classification herein defined or if it is undeveloped acreage and entitled to a Class C  
557 membership.

559 ARTICLE VIII  
560 VOTING RIGHTS

561  
562 The Association shall have (5) classes of voting membership:

563  
564 Class A. Class A members and all Resident Permit Members shall be  
565 entitled to one vote for each townhouse lot, condominium unit or patio home owned or  
566 Resident Permit Membership held. When more than one person holds an interest in any  
567 such townhouse lot, condominium unit or patio home or Resident Permit Membership all  
568 such persons shall be members. The vote for such townhouse lot, condominium unit,  
569 patio home or Resident Permit Membership shall be exercised as they among themselves  
570 determine, but in no event shall more than one (1) vote be cast with respect to any one  
571 townhouse lot, condominium unit, patio home or Resident Permit Membership.

572 Class B. Class B member(s) shall be entitled to three (3) votes for each  
573 townhouse lot, condominium unit or patio home owned.

574  
575 Class C. Class C member) shall be entitled to three (3) votes for each  
576 undeveloped acre (or portion thereof) owned. The Class C membership for each  
577 undeveloped acre (or portion thereof) shall cease and be converted to another appropriate  
578 class of membership upon the occurrence of the requisite development, if any, thereon.

579  
580 Class D. Class D member(s) shall be entitled to (1) vote for each Five  
581 Hundred (500) square feet (or portion thereof) of net usable space contained within a  
582 completed structure or building qualifying its owner for Class D membership.

583  
584 Class E. Class E member(s) shall be entitle to one (1) vote for each Ten  
585 Thousand (10,000) square feet of gross area contained within the building or buildings  
586 qualifying its owner as a Class E member. Should a Class E structure later be converted  
587 to condominium or fee simple townhouse for sale property and be sold the then owner  
588 and subsequent owners shall be classified as Class B or Class A member as may be  
589 appropriate under the circumstances as said classifications are herein defined.

590  
591 ARTICLE IX  
592 BOARD OF DIRECTORS

593  
594 The affairs of this Association shall be managed by a Board of Directors,  
595 consisting of not less than three directors nor more than twelve directors, the exact

599 number of directors to be fixed in the manner provided, from time to time by the Bylaws  
600 of the Association, who must be members of the Association, officers of a corporation  
601 owning an individual condominium unit, patio home, townhouse lot or other property  
602 entitled to membership in the association; or a partner in a partnership owning an  
603 individual condominium unit, patio home, townhouse lot or other property entitled to  
604 membership in the association. From the time of incorporation until the expiration of  
605 their respective initial terms of office, the Board shall consist of three (3) persons  
606 appointed by the Brandywine Bay Development Corporation and need not own or occupy  
607 a Condominium Unit, Patio Home, Townhouse Lot or other property entitled to  
608 membership in the association. Until these persons are replaced by elected Board  
609 members, they shall constitute the Board of Directors and exercise all powers and duties  
610 granted the Board of Directors in these Articles of Incorporation and the Bylaws of this  
611 Association. The names and addresses of the persons who are to act in the capacity of  
612 directors until selection of their successors are:

613	<u>NAME</u>	<u>TERM</u>	<u>ADDRESS</u>
614			
615			
616	W, J. Smith, Jr.	6 years	4300 Six Forks Road Raleigh, North Carolina
617			
618			
619	J. C. Livingston	5 years	4300 Six Forks Road Raleigh, North Carolina
620			
621	Harold Harris Fortner	4 years	4300 Six Forks Road Raleigh, North Carolina
622			

623  
624 At the expiration of the initial term of office of each of the respective directors,  
625 his successor shall be elected to serve a term of two years.

626  
627 ARTICLE X  
628 ASSESSMENTS

629  
630 (a) Each member of the association shall pay to the Association an annual  
631 assessment equal to that amount of money determined by the Board of Directors of the  
632 Association (subject to membership approval when required by these Articles) as  
633 applicable to the respective membership classifications as necessary to provide for  
634 insurance, reserve fund for replacement, maintenance and operation of the swimming  
635 pool, tennis courts and other facilities of the Association, for the particular fiscal year  
636 involved. For purposes of establishing appropriate assessments by membership  
637 classification the Class A membership shall be deemed the base or guide membership. A  
638 Class B member shall pay one-half (1/2) of the Class A Condominium Unit, Townhouse  
639 Lot or Patio Home assessment for each condominium unit, townhouse lot or patio home  
640 owned. A Class C member shall pay one-tenth (1/10) of said Class A assessment for  
641 each undeveloped acre owned. A Class D member shall pay an assessment equal to said  
642 Class A assessment for each Five Hundred (500) square feet (or portion thereof) of net

645 usable space located within any structure or building qualifying its owner for a Class D  
646 membership. A Class E member shall pay an amount equal to said Class A assessment  
647 for each Ten Thousand (10,000) square feet of gross space contained within any building  
648 or buildings qualifying its owner for Class E membership. The assessment or  
649 membership fee for a Resident Permit Member shall be the same as the Class A  
650 assessment and the Social Permit Membership fee or assessment shall be determined  
651 from time to time in the discretion of the Board of Directors of the Association.  
652

653 (b) Each owner of any Condominium Unit, Patio Home, Townhouse Lot or  
654 other property entitled to membership in the Association located within the Brandywine  
655 Bay Development Area, by acceptance of a deed therefore whether or not it shall be so  
656 expressed in such deed, or acceptance of the benefits, rights and privileges provided by  
657 this Association, is deemed to covenant and agree to pay to the Association (1) annual  
658 assessments or charges, and (2) special assessments for capital improvements, such  
659 assessments to be established and collected as hereinafter provided. All such annual and  
660 special assessments, together with interest, costs and reasonable attorney's fees for the  
661 collection thereof shall be a charge and lien upon the condominium unit,  
662 patio home, townhouse lot or other property entitled to membership in the Association of  
663 the respective Owners thereof, and the same shall be a continuing lien upon the property  
664 against which each such assessment is made. Each such assessment, together with  
665 interest costs, and reasonable attorney's fees for the collection thereof, shall also be a  
666 personal financial obligation of the person or person, who was, or were, the Owner, or  
667 Owners, of such property at the time when the assessment became due. All sums  
668 assessed by the Association but unpaid for the share of the common expenses chargeable  
669 to any such Unit, Patio Home, Townhouse Lot or other property entitled to membership  
670 in the Association shall constitute a lien thereon prior to all other liens except (i) ad  
671 valorem tax liens and liens for special assessments on such unit, Patio Home, Townhouse  
672 Lot or other property entitled to membership in the Association made by a lawful  
673 governmental authority, (ii) all sums unpaid on the first mortgage of record (institutional  
674 mortgage) on such Unit, Patio Home, Townhouse Lot, or other property entitled to  
675 membership in the Association, if any, and (iii) other liens, if any, granted priority by  
676 statutory authority.  
677

678 (c) The Assessments levied by the Association shall be used exclusively to  
679 provide for necessary insurance coverage, reserve fund for replacements, maintenance  
680 and operation of the swimming pool, tennis courts, bath house, and other facilities and  
681 property of the Association and to promote the recreation, health, safety and welfare of  
682 the members.  
683

684 (d) Until December 31, 1977 the maximum annual assessment made by the  
685 Association on each OAK BLUFF AT THE BRANDYWINE Bay Dwelling Unit shall be  
686 as shown in Column (b) of Schedule "E-1" annexed and attached to the OAK BLUFF AT  
687 BRANDSYWINE BAY, a Condominium, Declaration of Unit Ownership, made a part  
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690

691 thereof and incorporated therein by reference as fully and to the same extent as if the  
692 same were set forth therein verbatim in words and figures. Thereafter, the amount of  
693 annual assessments for this Association shall be established in accordance with the terms  
694 and provisions of said Declaration and these Articles of Incorporation, subject to the  
695 following limitations:

696  
697 (i) From and after December 31, 1977 the annual assessment may be  
698 increased each year not more than five percent (5%) above the budgeted annual  
699 assessment for the previous year without a vote of the membership of the  
700 Association as herein below provided.

701  
702 (ii) From and after December 31, 1977 the annual assessment may be  
703 increased more than five percent (5%) of the budgeted annual assessment for the  
704 previous year by a vote of two-thirds (2/3) of each class of members of the  
705 Association who are voting in person, or by proxy, at a meeting duly called for  
706 such purpose.

707  
708 (iii) The Board of Directors may fix the annual assessment by an  
709 amount not exceeding five percent (5%) of the budgeted annual assessment for  
710 the previous year as herein provided.

711  
712 (iv) Notwithstanding any provision contained in the Articles of  
713 Incorporation or the Bylaws of this Association during the period of time  
714 beginning with the recording of the OAK BLUFF AT BRANDYWINE BAY, a  
715 Condominium, Declaration of Unit Ownership among the Public Records of  
716 Carteret County, North Carolina and ending on December 31, 1977, the  
717 Association shall collect all assessments from members and shall pay all expenses  
718 for the maintenance of the Association's property and facilities and administration  
719 of the Association during such period of time on an accrual basis (giving pro rata  
720 credit for prepaid expense, deposits, etc.), and the Brandywine Bay Development  
721 Corporation shall be obligated to provide to said Association sufficient funds, in  
722 addition to those required of members by assessment, to enable the Association to  
723 operate on a breakeven basis until December 31, 1977 should Unit Owner  
724 assessments per Column (b) of Schedule "E-1" of said Declaration (including  
725 Brandywine Bay development Corporation) not be adequate for that purpose;  
726 PROVIDE, HOWEVER, that Brandywine Bay Development Corporation's  
727 obligation herein to provide said funds to enable the Association to operate on a  
728 breakeven basis should Unit Owner assessments be inadequate for that purpose  
729 shall apply to the planned level of operation and services to be provided by said  
730 Association on the date that said Declaration is recorded among the Public  
731 Records of Carteret County, North Carolina.

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737 From and after December 31, 1977 Brandywine Bay Development Corporation  
738 shall have absolutely no obligation to make payments to or for the Association for  
739 any purpose except for its obligation to made periodic payment of assessments  
740 levied on OAK BLUFF AT BRANDYWINE BAY Dwelling Units which  
741 Brandywine Bay Development Corporation may, from time to time, own, or  
742 assessments on any class or classes of membership which Brandywine Bay  
743 Development Corporation may from time to time hold in this Association.  
744

745 (e) In Addition to the annual assessments authorized above the  
746 Association may levy, in any assessment year, a special assessment applicable to  
747 that year only for the purpose of defraying, in whole or in part, the cost of any  
748 construction, reconstruction, repair or replacement of a capital improvement,  
749 including (but not limited to) fixtures and personal property related thereto or the  
750 expense of any other contingencies; PROVIDED THAT any such assessment  
751 shall have the assent of two-thirds (2/3) of each class of members of the  
752 Association who are voting in person or by proxy at a meeting duly called for  
753 such purpose.  
754

755 (f) Written notice of any meeting called for the purpose of taking any  
756 action authorized in this Article shall be sent to all members of the Association  
757 not less than seven (7) days nor more than sixty (60) days in advance of the  
758 meeting. At the first such meeting called, the presence of members or of proxies  
759 entitled to cast sixty percent (60%) of all votes of each class of membership shall  
760 constitute a quorum. If the required quorum is not present, another meeting may  
761 be called subject to the same notice requirement and the required quorum at the  
762 subsequent meeting shall be one-half (1/2) of the required quorum at the  
763 preceding meeting. No such subsequent meeting shall be held more than sixty  
764 (60) days following the preceding meeting.  
765

766 (g) The annual assessments provided for herein shall commence as to  
767 all property subject to assessments hereunder on the date that the OAK BLUFF  
768 AT BRANDYWIND BAY, a Condominium, Declaration of Unit Ownership is  
769 filed for recordation in Carteret County, North Carolina (provided there has been  
770 a conveyance of the Recreation Area to the Association). The first annual  
771 assessment shall be adjusted according to the number of months remaining in the  
772 calendar year. The Board of Directors shall fix the amount of the each member's  
773 annual assessment at least forty-five (45) days in advance of each annual  
774 assessment period. Written notice of the annual assessment shall be sent to every  
775 member. The due dates shall be established by the Board of Directors, and,  
776 unless otherwise provided, the Association shall collect each month from the  
777 members one-twelfth (1/12<sup>th</sup>) of the annual assessment for their respective  
778 property. The Association shall, upon demand, furnish a certificate signed by an  
779 officer of the Association setting forth whether the assessments on a specified  
780 property has been paid. Such certificates shall be conclusive evidence of  
781

783 payment of any assessment therein stated to have been paid, as to any purchaser  
784 or mortgage relying thereon.  
785

786 (h) Any assessment not paid when due shall be delinquent. If the  
787 assessment is not paid within thirty (30) days after the due date, the assessment  
788 shall bear interest from the date of delinquency at the rate of six percent (6%) per  
789 annum, and the Association may bring an action at law against the property  
790 owner, and interest, costs, and reasonable attorney's fees of any such action for  
791 collection thereof shall be added to the amount of such assessment. Each such  
792 member, by his acceptance of a deed to property, or by acceptance of the benefits,  
793 rights and privileges by this Association, thereby expressly vests in The  
794 Brandywine Bay Association, Inc., or its agents the right and power to bring all  
795 actions against such member personally for the collection of such charges and  
796 liens as a debt and to enforce the aforesaid charge and lien by all methods  
797 available for the enforcement of such liens, including foreclosure by action  
798 brought in the name of the Association in a like manner as a mortgage or deed of  
799 trust lien on real estate, and such member expressly grants to the Association a  
800 power of sale in connection with any such charge or lien. The lien provided for in  
801 this section shall be favor of the Association and shall be for the benefit of all  
802 other members. This Association, acting on behalf of the members shall have the  
803 power to bid in a property foreclosed at foreclosure sale and to acquire and hold,  
804 lease, mortgage and convey the same, and to subrogate so much of its right to  
805 such liens as may be necessary or expedient to an insurance company continuing  
806 to give total coverage notwithstanding nonpayment of such defaulting Member's  
807 portion of the premium. **NO MEMBER MAY WAIVE OR OTHERWISE**  
808 **ESCAPE LIABILITY FOR THE ASSESSMENTS PROVIDE FOR HEREIN BY**  
809 **NON-USE OF THE PROPERTY OR FACILITIES OF THE ASSOCIATION OR**  
810 **ABANDMENT OF HIS UNIT, PATIO HOME, LOT OR OTHER PROPERETY**  
811 **ENTITLED TO MEMBERSHIP IN THE ASSOCIATION.**  
812

813 (i) The lien of the assessments provided for herein shall be  
814 subordinate to the lien of any first mortgage, deed of trust or similar security  
815 interest owned or held by an institutional lender and subordinate tax liens or  
816 Special Assessments on the property, made by a lawful governmental authority.  
817 Sale or transfer of any property shall not affect the assessment lien. However,  
818 where the mortgagee of an institution mortgage of record or other purchaser of a  
819 property obtains title to the property as a result of foreclosure of an institutional  
820 mortgage, such acquirer of title, his successors and assigns, shall not be liable for  
821 the share of common expenses or assessments by the Association chargeable to  
822 such property which became due prior to the acquisition of title to such property  
823 as a result of foreclosure by such acquirer. Such unpaid shares of common  
824 expenses or assessments shall be deemed to be common expenses collectible from  
825 all members of the Association including such acquirer, his heirs, successors and  
826

829 assigns. No such sale shall relieve such property (or its owner) from liability for  
830 any assessments thereafter becoming due and payable or from the lien of any  
831 subsequent assessment.

832  
833 (j) The Board of Directors or its duly authorized agent shall have the  
834 authority to and shall obtain insurance for all the buildings and improvements  
835 owned by the Association against loss or damage by fire or other hazards in an  
836 amount sufficient to cover the full replacement costs of any repair or  
837 reconstruction work in the event of damage or destruction from any hazard, and  
838 shall also obtain a broad form public liability policy covering the property and  
839 facilities of the Association, and all damage or injury caused by the negligence of  
840 the Association or any of its agents. Said insurance shall include coverage against  
841 vandalism. Premiums for all such insurance shall be an expense of this  
842 Association. All such insurance coverage shall be written in the name of the  
843 Association as Trustee for each of the members. In the event of damage or  
844 destruction by fire or other casualty to any property covered by insurance written  
845 in the name of the Association, the Board of Directors shall, with concurrence of  
846 the mortgagee, if any, upon receipt of the insurance proceeds, contract to rebuild  
847 or repair such damage or destroyed portions of the property to as good condition  
848 as formerly. All such insurance proceeds shall be deposited in a bank or other  
849 financial institution, the accounts of which bank or institution are insured by a  
850 Federal governmental agency, with the provision agreed to be said bank or  
851 institution that such funds may be withdrawn only by signature of at least one-  
852 third (1/3) of the members of the Board of Directors, or by an agent duly  
853 authorized by said Board of Directors. The Board of Directors shall advertise for  
854 sealed bids with any licensed contractor or they may negotiate with any  
855 contractor. The contractor performing the repair or reconstruction work shall be  
856 required to provide a full payment and performance bond for the repair,  
857 reconstruction or rebuilding of such destroyed building or buildings. In the event  
858 that insurance proceeds are insufficient to pay all the costs of repairing and/or  
859 rebuilding to the same condition as formerly, the Board of Directors may levy a  
860 special assessment against all members of the Association, or upon concurrence  
861 of two-thirds (2/3) of each class of members and their respective mortgages, may  
862 borrow sufficient funds to make up any deficiency for repair or rebuilding of the  
863 Association's property and facilities.

864  
865 (k) This Association as described and referred to in the Declaration of  
866 Unit Ownership for OAK BLUFF AT BRANDYWINE BAY, a Condominium,  
867 may hereinafter be referred to in legal documentation for other condominium  
868 regimes or other similar community governmental bodies in the overall  
869 Brandywine Bay Community (herein as "Other Associations"). Coordination of  
870 some of the activities and assessment responsibilities of the OAK BLUFF  
871 BRANDYWINE BAY Condominium Association and with those of any Other  
872



875 Associations hereafter created or established is essential and appropriate for a  
876 smooth functioning and efficient operation of the overall Brandywine Bay  
877 Community. Therefore, in addition to the powers and duties otherwise granted to  
878 and imposed upon the Board of Directors of this Association by these Articles of  
879 Incorporation and by the Bylaws of this Association said Board is further  
880 authorized and empowered to coordinate with the Board of Directors of the OAK  
881 BLUFF AT BRANDYWINE BAY CONDOMINIUM ASSOCIATION as well as  
882 with the Board of Directors of any of the other Associations such of their  
883 respective activities and functions as may be deemed appropriate by said Boards  
884 of Directors in order to avoid unnecessary duplication of managing agents,  
885 activities and functions, unnecessary and to encourage efficiencies in the  
886 performance of their respective duties and obligations by said Boards of  
887 Directors.

888  
889 (l) In order to facilitate collection of assessments by this Association  
890 and in order to simplify assessment obligations of members of the OAK BLUFF  
891 AT BRANDYWINE BAY CONDOMINIUM ASSOCIATION and any of the  
892 Other Associations the Board of Directors of this Association is further authorized  
893 and empowered to permit its assessments to be budgeted by the OAK BLUFF AT  
894 BRANDYWINE BAY CONDOMINIUM ASSOCIATION or any of the Other  
895 Associations as if the same were a common expense of said Association and to  
896 thereafter collect from their respective members and transmit to this Association  
897 all assessments of this Association applicable to members of the various  
898 condominium associations. It is further understood however that ultimate  
899 collection of assessments for this Association shall be and remain the  
900 responsibility of this Association and any cooperating condominium unit owners  
901 Board of Directors or homeowners association Board of Directors shall not be  
902 responsible to this association for failure of its members to remit to it funds due  
903 this Association. Any such condominium or homeowners association shall be  
904 entitled to collect or deduct the amount of its periodic assessments from its  
905 member's remittances and forward the balance, if any, to this Association;  
906 PROVIDED FURTHER that this Association may, in its sole and arbitrary  
907 discretion, elect through a majority vote of its Board of Directors to transfer,  
908 assign and set over its right to lien a condominium unit or other property on any  
909 of its members to a condominium or homeowners association in exchange for  
910 payment of assessments due this associations by any said cooperating  
911 Association. Payment of any such defaulted amounts by cooperating Board of  
912 Directors on one or more occasions shall not be deemed to imply that such  
913 payments may be automatically made thereafter. Each specific instance requires  
914 deliberate action by the Board of Directors.

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ARTICLE XI

ADDITIONAL CONVEYANCES TO THE BRANDYWINE BAY  
 ASSOCIATION, INC.

That the Recreational Area, Easement Area and/or other properties and facilities of this Association may from time to time be expanded, added to and/or enlarged by the Brandywine By Development Corporation (or any person, firm or corporation to whom the Brandywine Bay Development Corporation specifically transfers and assigns the right, privilege and option herein retained and reserved by it) on or before January 1, 1992 upon thirty (30) days prior written Notice to the Board of Directors of this Association (or any successor in interest thereto) describing in detail any such expansion, addition, modification and/or enlargement of the properties and facilities of this Association (said Notice to be accompanied by a current plat of survey of the property covered by such expansion, addition, modification and/or enlargement of the property and/or facilities of this Association) provided that each such expansion, addition, modification and/or enlargement (a) is accomplished by a recorded special warranty deed and/or bill of sale conveying said property and/or facilities to this Association, (b) that said expansion, addition, modification or enlargement is located on a portion of the Development Area, as the same may be added to or expanded from time to time as herein provided, (c) is improved with the necessary streets and roadways, additional recreational facilities or other improvements at the expense of the Brandywine Bay Development Corporation (or its assignee) and (d) if conveyed in fee simple, free of financial liens and encumbrances, to this Association (or its successor in interest). Any such expansion, addition, modification and/or enlargement of the property and/or facilities of this association as herein provided for shall be accorded the privileges and shall be treated for all purposes as if the same were a portion of the originally described property of this Association.

ARTICLE XII

RESERVE FOR REPLACEMENT

The Associations shall establish and maintain a reserve fund for replacements by the allocation and payment monthly to such reserve fund or funds in such amounts as are established by the Board of Directors. Such fund shall be deposited in a special account with a safe and responsible depository and may be in the form of a cash deposit or invested in obligations of, or fully guaranteed as to principal by, the United States of America. The reserve fund is for the purpose of effecting replacements for structural elements and mechanical equipment of the property and facilities owned by the Association and for other purposes as may be determined by the Board of Directors.

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ARTICLE XIII  
DISSOLUTION

The Association may be dissolved with the assent given in writing and signed by not less than three-fourths (3/4) 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 that event 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 XIV  
INDEMNIFICATION

Each Director and officer of this Association shall be indemnified by the Association against all costs and expenses reasonably incurred or imposed upon him in connection with or arising out of any action, suit or proceedings in which he may be involved or to which he may be made a party by reason of his having been a Director or officer of this Association, such expense to include the cost of reasonable settlements (other than amounts paid to the Association itself) made with a view to curtailment of costs and litigation. The Association shall not, however, indemnify such Director or officer with respect to matters as to which he shall be finally adjudged in any action, suit or proceedings to be liable for gross negligence or misconduct in the performance of his duty as such Director or officer, or in respect to any matter in which any settlement or compromise is affected if the total expense, including the cost of such settlement, shall substantially exceed the expense which might reasonably be incurred by such Director or officer in conducting such litigation to final conclusion, and in no event shall anything herein contained be construed as authorizing this Association to indemnify any such Director or officer against any liability of the Association to which he would otherwise be subject by reason of willful malfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his office. The foregoing right of indemnification shall be in addition to any other rights to which any such Directors or officer may be entitled as a matter of law or otherwise.

ARTICLE XV  
DURATION

The Association shall exist perpetually.

ARTICLE XVI

AMENDMENTS: SPECIAL PROVISIONS FOR INSTITUTIONS LENDERFS

(a) Amendment of these Articles shall require the assent of seventy-five percent (75%) of the membership, that is three-fourths (3/4) of the total votes of each class of memberships in the Association.

(b) So long as any Condominium Unit, Patio Home, Townhouse Lot or other property entitled to membership in the Association is the subject of an Institutional mortgage and unless at lease one hundred percent (100%) of the institutional lenders (based upon one vote for each such lender) have given their prior written approval , the Association shall not be entitled to:

i) Amend these Articles of Incorporation;

ii) by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer real estate or improvements thereon which are owned, directly or indirectly, by this Association for the benefit of the members, except that the granting of easements for public utilities or for other public purposes consistent with the intended use of such property shall not be deemed a transfer within the meaning of this provision;

(ii) alter the method of determining the obligations, assessments, dues or other charges which may be levied against the members;

(iv) fail to maintain fire and extended coverage on insurable Association common property on a current replacement cost basis in an amount not less than ninety percent (90) of the insurable value (based on current replacement cost);

(v) use hazard insurance proceeds for losses to any Association common property for other than the repair, replacement or reconstruction of such improvements.

(c) The Institutional Lenders shall have the right to examine the books and records of this Association and to receive annual reports and other financial data upon requests; and this Association shall provide the Institutional Lenders notice in writing of any loss to or taking of Association property exceeding Ten Thousand Dollars (\$0,000) in value, provided, that said Institutional Lenders shall have therefore requested said notices by written request to this Association.

(d) The Institutional Lenders may, jointly or singly, pay taxes or other charges which are in default and which may or may have become a charge against

1059 any Association Common Property and may pay overdue premiums on hazard  
1060 insurance policies, or secure new hazard insurance coverage on the lapse of a  
1061 policy, for such property and the Institutional Lenders making such payments  
1062 shall be owned immediate reimbursement therefore from the Association.  
1063

1064 (e) Each member shall be bound by the terms and conditions of any  
1065 management agreements entered into by the Association. A copy of all such  
1066 agreements shall be available to every member. Any and all management  
1067 agreements entered into by the Association shall provide that said agreement may  
1068 be cancelled, prior to the expiration of said agreement, by an affirmative vote of  
1069 sixty percent (60%) of the votes of each class of the Members of the Association.  
1070 Except as herein provided no such management agreement shall be cancelled  
1071 prior to affecting by the Association or its Board of Directors a new management  
1072 agreement, which new management agreement will become effective immediately  
1073 upon the cancellation of the then existing management agreement. It shall be the  
1074 duty of the Association or its Board of Directors to effect a new management  
1075 agreement upon expiration of any prior management agreement, unless self-  
1076 management is undertaken as herein provided. Any and all management  
1077 agreements shall be made with a responsible party or parties having experience  
1078 adequate for the management of a project of this size and type. The Association  
1079 may undertake self-management upon the affirmative vote of 75% of the votes of  
1080 each class of members and upon the approval of 100% of the Institutional Lenders  
1081 holding institutional mortgages upon the lots covered hereby.  
1082

1083 (f) "Institutional mortgage", for all purposes hereof, shall be defined  
1084 as a first mortgage or deed of trust originally executed and delivered to or held  
1085 through assignment or assignments by a bank or a savings and loan association, or  
1086 an insurance company, or title insurance company, or a pension trust, or a real  
1087 estate investment trust, or other private or governmental institutions which are  
1088 regularly engaged in the business of mortgage financing, or a subsidiary of any of  
1089 the foregoing, or a designee of any of the foregoing, or the Developer or any of its  
1090 subsidiaries.  
1091

1092 (g) "Institutional Lender", for all purposes hereof, shall be defined as a  
1093 bank or savings and loan association or an insurance company or a title insurance  
1094 company or a pension trust or real estate investment trust, other private or  
1095 government institutions which are regularly engaged in the business of mortgage  
1096 financing, or a subsidiary of any of the foregoing or designee of any of the  
1097 foregoing, owning an institutional mortgage on one or more Lots, condominium  
1098 units, patio homes or other property in the Brandywine Bay Development Area, or  
1099 any of the foregoing who acquires an institutional mortgage as herein defined, by  
1100 assignment or through mesne assignments for a non-institutional mortgage.  
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IN WITNESS WHEREOF, for the purposes 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 the 1<sup>st</sup> day of December, 1976.

Signed copy on file

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Marion A: Cowell, Jr.  
4300 Six Forks Road  
Raleigh, NCD 27609

Sec 7

1151 STATE OF NORTH CAROLINA  
1152 COUNTY OF Wake

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THIS IS TO CERTIFY that on the 1<sup>st</sup> day of December A. D. 1976 before me, a Notary Public, personally appeared Marion A Cowell, Jr. 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 TESTMONY WHEREOF, I have hereunto set my hand and affixed my official seal this the 1<sup>st</sup> day of December A. D. 1976.

Signed copy on file  
\_\_\_\_\_  
Notary Public

My commission expires: 4-15-81