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Elaine F. Marshall
North Carolina Secretary of State

STATE OF NORTH CAROLINA

COUNTY OF GUILFORD

*Articles of Incorporation
of
Carter Ridge Homeowners Association, 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 for the purpose of forming a non-profit corporation and hereby certifies:

**ARTICLE I
NAME**

The name of the corporation is **Carter Ridge Homeowners Association, Inc.**, hereinafter called the "Association."

**ARTICLE II
PRINCIPAL OFFICE, REGISTERED OFFICE AND INITIAL AGENT**

The address of the initial registered office and the principal office of the corporation in the State of North Carolina, Guilford County, is 400 W. Market Street, Ste 301, Greensboro, Guilford County, NC 27401. The mailing address is P.O. Box 711, Summerfield, Guilford County, NC 27358. The name of its initial registered agent at such address is Belinda Covington. The location of the registered office may be changed by the Board of Directors.

**ARTICLE III
PURPOSE AND POWERS OF THE 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, and architectural control of the residence Lots and Common Area within those certain tracts of property described as "Carter Ridge Subdivision", including any and all phases which may be recorded as part of said Subdivision, such plats to be recorded in the Office of the Register of Deeds of Rockingham County, North Carolina; and to promote the health, safety and welfare of the residents within the above-described property and any additions thereto as may hereafter be brought within the jurisdiction of this Association, and for this purpose 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 Covenants, Conditions, and Restrictions recorded in or to be recorded in the Guilford County

Registry, applicable to the above-described property, as the same may be amended from time to time, said 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; to pay all expenses in connection therewith and 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 the property 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, or otherwise dispose of real or personal property in connection with the affairs of the Association;
- (d) borrow money, and with the assent of the members entitled to at least two-thirds (2/3) of the votes appurtenant to each Class A Lot and Class B Lot, mortgage, pledge, 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 of the Association, as provided in the Declaration;
- (e) 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 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 each Class A Lot and Class B Lot, agreeing to such dedication, sale or transfer;
- (f) participate in mergers and consolidations with other non-profit corporations organized for the same purposes or annex additional residential property and Common Area, provided that any such merger, consolidation or annexation shall have the consent of the members as provided in paragraph (d) above; and
- (g) have and to 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.

ARTICLE IV FINANCE

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

**ARTICLE V
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 Association, 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 any may not be separated from ownership of any Lot which is subject to assessment by the Association.

**ARTICLE VI
VOTING RIGHTS**

The Association shall have two classes of voting membership:

Class A: Class A members shall be all owners, with the exception of the Declarant, and shall be entitled to one vote for each lot owned. When more than one person holds an interest in any lot, all such persons shall be members. The vote for such lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any lot.

Class B: The Class B member(s) shall be the Declarant (as defined in the Declaration), and shall be entitled to three (3) votes for each lot owned. The Class B membership shall cease and be converted to Class A membership when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership.

**ARTICLE VII
BOARD OF DIRECTORS**

The affairs of this Association shall be managed by an initial Board of two (2) Directors who need not be members of the Association. The number of Directors may be changed by amendment of the Bylaws of the Association. The name and address of the persons who are to act in the capacity of Directors until the selection of their successors is:

William Todd Monroe
Belinda Covington

P.O. Box 711, Summerfield, NC 27358
P.O. Box 711, Summerfield, NC 27358

At the first annual meeting, the members will elect two (2) Directors for a term of one year and three (3) directors for a term of two years, and at each annual meeting thereafter, the members will elect for a term of two (2) years the number of Directors whose terms are expiring.

**ARTICLE VIII
DISSOLUTION**

The Association may be dissolved only upon the signed written assent of the members entitled to not less than three-fourths (3/4) of the votes appurtenant to each Class A and Class B lot. 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 credited. 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 organization to be devoted to such similar purposes.

**ARTICLE IX
DURATION**

The period of duration of the corporation is unlimited and shall be perpetual.

**ARTICLE X
AMENDMENTS**

Amendment to these Articles shall require the assent of seventy-five percent (75%) of the enter membership, except as may be otherwise stated in the Declarations for CARTER RIDGE wherein the Declarant reserves certain rights of Amendment. These Articles shall not be amended to the extent that no one is responsible for the maintenance of wet detention ponds located on common property as it may be expanded.

**ARTICLE XI
MEETING FOR ACTIONS COVERED BY
ARTICLES VII & VIII**

In order to take action under Articles VII & VIII, there must be a duly held meeting. Written notice, setting forth the purposes of the meeting shall be given to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. The presence of members and/or proxies entitled to case sixty-six (66%) percent of the votes of each class of membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirement set forth above, and the required quorum at such subsequent meeting shall be one-half (1/2) of the required quorum of the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting. The vote of two-thirds (2/3rds) of the Class A and the Class B, if any, members present at a duly called and noticed meeting with the required quorum may take binding action unless a greater requirement is set forth in the Declaration.

**ARTICLE XII
FHA/VA APPROVAL**

As long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: Annexation of additional properties, mergers and consolidations, mortgaging of Common Areas, dedication of Common Areas, and dissolution and amendment of the Articles

**ARTICLE XIII
RIGHTS OF FIRST MORTGAGEES**

The holder of any first mortgage or deed of trust, under which the interest of an owner is encumbered and which mortgage or deed of trust has first and paramount priority subject only to the lien of general or ad valorem taxes and assessments, on any Lot shall be entitled, upon written request to the Association, to written notification by the Association of any default by the mortgagor of such Lot in the performance of such mortgagor's obligations under these Articles when such default is not cured within thirty (30) days from its occurrence.

**ARTICLE XIV
EARNINGS**

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

**ARTICLE XV
INCORPORATOR**

The name and address of the incorporator is Susan L. Hunt, 630 North Elm St., Guilford County, Greensboro, North Carolina, 27401.

IN WITNESS WHEREOF, for the purpose of forming this corporation under the laws of the State of North Carolina, I have executed these Articles of Incorporation this 21st day of February, 2001.



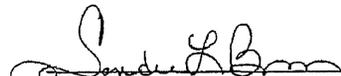
SUSAN L. HUNT
INCORPORATOR (Seal)

STATE OF NORTH CAROLINA

GUILFORD COUNTY

I, a Notary Public of the County and State aforesaid, certify that Susan L. Hunt personally appeared before me this day and acknowledged the execution of the foregoing Articles of Incorporation.

Witness my hand and official stamp or seal, this the 21st day of February, 2001.


NOTARY PUBLIC

My commission expires: 6-17-03

SANDRA L. [unclear]
NOTARY P.
GUILFORD CO. N.C.
My Commission Expires [unclear]