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ARTICLES OF INCORPORATION
OF
PIRATES' COVE HOMEOWNERS
ASSOCIATION

In compliance with the requirements of the laws of the State of North Carolina, the undersigned, all of whom are residents of Wake County, North Carolina, and all of whom are of full age, have this day voluntarily associated themselves together for the purpose of forming a corporation not for profit and do hereby certify:

ARTICLE I

The name of the corporation is PIRATES' COVE HOMEOWNERS ASSOCIATION, hereafter called the "Association."

ARTICLE II

The principal and initial registered office of the Association is located at 720 West Hargett Street, Raleigh, Wake County, North Carolina.

ARTICLE III

Dale S. Ward, whose address is 3312 Redbud Lane, Raleigh, North Carolina, is hereby appointed the initial registered agent of this Association.

ARTICLE IV

PURPOSE AND POWERS OF THE ASSOCIATION

This Association does not contemplate pecuniary gain or profit to the members thereof, and the specific purposes for which it is formed are to provide for beautification, maintenance, preservation and architectural control of the residence Lots and Common Area within that certain tract of property described as:

Being all of Phase I as the same is shown on map of Pirates' Cove recorded in Book of Maps 1972, page 428, Wake County Registry.

ALSO, all of Lots 95, 96, 97, 98, 99 and 100 of Tanglewood Subdivision as shown on map recorded in Book of Maps 1969, page 255, Wake County Registry, whose owners elect on or before January 1, 1973 to be included in the Properties, as that term is defined hereinafter, and who execute and cause to be recorded in the Office of the Register of Deeds of Wake County on or before the aforementioned date a written acknowledgment of such election.

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 by annexation, as provided in Article IX herein, and for this purpose:

(a) To 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, hereinafter called the "Declaration," applicable to the property and recorded or to be recorded in the Office of the Register of Deeds of Wake County, North Carolina, and as the same may be amended from time to time as therein provided, said Declaration being incorporated herein as if set forth at length;

(b) To 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) To 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) To borrow money, to mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred; and

(e) To 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 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. No owner shall have more than one membership. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association. Ownership of such Lot shall be the sole qualification for membership.

ARTICLE VI

VOTING RIGHTS

Section 1. The Association shall have two classes of voting membership:

Class A. Class A members shall be all those Owners as defined in Article V with the exception of the Declarant. Class A members shall be entitled to one vote for each Lot in which they hold the interest required for membership by Article V. When more than one person holds such interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B member shall be the Declarant (as defined in the Declaration). The Class B member shall be entitled to ten (10) votes for each Lot in which it holds the interest required for membership by Article V, provided that the Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

- (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 Sub-paragraph (b) below, such additional lands are

annexed to the properties without the assent of
Class A members on account of the development of
such additional lands by the Declarant, all as
provided for in Article IX, Section 2 below, or

(b) on January 1, 1983.

Section 2. The right of any member to vote may be suspended by the Board
of Directors for just cause pursuant to its rules and regulations.

ARTICLE VII

BOARD OF DIRECTORS

The affairs of this Association shall be managed by a Board of not less
than three (3) nor more than eighteen (18) Directors, who need not be members of
the Association. The number of Directors may be changed by amendment of the
By-Laws of the Association. The names and addresses of the persons who are to
act in the capacity of directors until the selection of their successors are:

<u>NAME</u>	<u>ADDRESS</u>
<u>Dale S. Ward</u>	<u>3312 Redbud Lane, Raleigh, N. C.</u>
<u>Robert A. Eidus</u>	<u>2967 Wycliff Road, Raleigh, N. C.</u>
<u>Ronald G. Dix</u>	<u>1106 Tanglewood Drive, Cary, N. C.</u>

At the first annual meeting the members shall elect one-third of the
directors for a term of one year, one-third of the directors for a term of two
years and one-third of the directors for a term of three years; and at each annual
meeting thereafter the members shall elect one-third of the directors for a term
of three years, and until their successors are elected and qualified.

ARTICLE VIII

LIABILITIES

The highest amount of indebtedness or liability, direct or contingent,
to which this Association may be subject at any one time shall not exceed \$200,000.00
while there is a Class B membership, and thereafter shall not exceed 150 percent
of its income for the previous fiscal year, provided that additional amounts may
be authorized by the assent of two-thirds (2/3) of the membership.

ARTICLE IX

ANNEXATION OF ADDITIONAL PROPERTIES

Section 1. Annexation of additional property shall require the assent of two-thirds (2/3) of the votes of the Class A membership and two-thirds (2/3) of the votes of the Class B membership, if any, at a meeting duly called for this purpose, written notice of which shall be sent to all members not less than 30 days nor more than 60 days in advance of the meeting setting forth the purpose of the meeting. The presence of members or of proxies entitled to cast sixty percent (60%) 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 of the required quorum of the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting. In the event that two-thirds (2/3) of the Class A membership or two-thirds (2/3) of the Class B membership are not present in person or by proxy, members not present may give their written assent to the action taken thereat.

Section 2. If within ten years from the date of incorporation of this Association, the Declarant should develop the area designated as Phase II on the map of Pirates' Cove Subdivision recorded in Book of Maps 1972, page 429, Wake County Registry, the lands within Phase II may be annexed to said Properties without the assent of Class A members, provided, however, the development of Phase II shall include amenities consisting of two tennis courts and open areas.

Section 3. If within 10 years of the date of incorporation of this Association, the Declarant should develop additional lands other than Phase II mentioned above contiguous to the Property or contiguous to Phase II and consisting of not more than 100 acres, such additional lands may be annexed to said properties without the assent of the Class A members, provided however, the development of the additional lands described in this section shall include amenities equivalent in value (computed on the basis of ratio to the number of dwelling units being served) to those constructed on the Properties.

ARTICLE X

MERGERS AND CONSOLIDATIONS

To the extent permitted by law, the Association may participate in mergers and consolidations with other nonprofit corporations organized for the same or similar purposes, provided that any such merger or consolidation shall have the assent of two-thirds (2/3) of the votes of the entire Class A membership and two-thirds (2/3) of the votes of the entire Class B membership, if any.

ARTICLE XI

AUTHORITY TO MORTGAGE

Any mortgage by the Association of the Common Area defined in the Declaration shall have the assent of members entitled to cast two-thirds (2/3) of the votes of the entire Class A membership and two-thirds (2/3) of the entire Class B membership, if any.

ARTICLE XII

AUTHORITY TO DEDICATE

The Association shall have power to 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 cast two-thirds (2/3) of the votes of the entire Class A membership and two-thirds (2/3) of the entire Class B membership, if any, agreeing to such dedication, sale or transfer.

As to lenders and purchasers for value, the certification by the Secretary of the Association that the required number of members have executed instruments in conformity with this Article, shall be conclusive as to the fact recited by such certification and shall be binding upon the Association and all of its members.

Notwithstanding the foregoing, it is expressly provided that the Association, by authority of its Board of Directors, may grant easements across Common Areas to the City of Cary for any purpose and to utility companies and franchise holders for power lines, telephone lines, gas mains and cablevision. Further, and by authority of its Board of Directors, the Association may convey to any member

any portion of the Common Area theretofore conveyed to the Association in exchange for other portions of the Properties conveyed by the Declarant to the Association. Upon such conveyance, the area thus conveyed to the Declarant shall cease to be common area, but the area thus conveyed to the Association shall become Common Area.

ARTICLE XIII

DISSOLUTION

The Association may be dissolved with the assent given in writing and signed by members having not less than two-thirds (2/3) of the votes of the entire Class A membership and two-thirds (2/3) of the votes of the entire Class B membership, if any. Upon dissolution of the Association, a dedication of the Common Areas as they then exist for public use for purposes as similar to those to which they were required to be devoted by the Association, shall be offered to the City of Cary and the areas thus dedicated shall be conveyed to the City of Cary, provided that such dedication shall be subject to the superior right of the owner of each lot to an easement for reasonable ingress and egress between his lot and the public street as well as an easement for a reasonable off-street parking area to accompany his lot; and provided further, that the Association may in its discretion designate the boundaries of said easement for off-street parking and said area for ingress and egress which shall accompany each lot. In the event that the City of Cary refuses to accept such dedication and conveyance, such assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust or other organization to be devoted to purposes and uses that would most nearly reflect the purposes and uses to which they were required to be devoted by the Association. This Corporation shall have no capital stock. In the event of dissolution, no member, director or officer of the Corporation or any private individual shall be entitled to share in the distribution of the assets of this Corporation.

ARTICLE XIV

DURATION

The corporation shall exist perpetually.

ARTICLE XV

MEETINGS FOR ACTIONS GOVERNED BY ARTICLES VIII THROUGH XIII

In order to take action under Article VIII through XIII, there must be a duly held meeting. Written notice, setting forth the purpose of the meeting shall be given to all members not less than 30 days nor more than 60 days in advance of the meeting. The presence of members or of proxies entitled to cast sixty percent (60%) 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 of the required quorum of the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting. In the event that two-thirds (2/3) of the Class A membership or two-thirds (2/3) of the Class B membership, if any, are not present in person or by proxy, members not present may give their written assent to the action taken thereat.

Notwithstanding the foregoing, if any action may be taken by Class B members without approval of Class A members, the meeting may be held without notice to Class A members and notice to Class B members may be waived.

ARTICLE XVI

AMENDMENTS

Amendment of these Articles shall require the assent of 75 percent (75%) of the votes of the Class B membership. If there is no Class B membership, amendment of these Articles shall require the assent of 75 percent (75%) of the Class A membership.

ARTICLE XVII

INCORPORATORS

<u>NAME</u>	<u>ADDRESS</u>
Thomas F. Adams, Jr.	3620 Six Forks Road, Raleigh, N. C.
James L. Seay	3620 Six Forks Road, Raleigh, N. C.
John E. Lansche	3620 Six Forks Road, Raleigh, N. C.

IN WITNESS WHEREOF, for the purpose of forming this corporation under the laws of the State of North Carolina, we, the undersigned, constituting the incorporators of this Association, have executed these Articles of Incorporation this 7th day of December, 1972.

John E. Lansche
James L. Seay
Thomas F. Adams, Jr.

NORTH CAROLINA
WAKE COUNTY

I, Alice Q. Hutchins, Notary Public, do hereby certify that Thomas F. Adams, Jr., James L. Seay and John E. Lansche each personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and notarial seal, this 7th day of December, 1972.

Alice Q. Hutchins
Notary Public

My commission expires 10/18/75

