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ARTICLES OF INCORPORATION

SEP 25 11 42 AM '84

OF

FILED
GRAHAM COURT CONDOMINIUM ASSOCIATION, INC.
SECRETARY OF STATE
NORTH CAROLINA

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

ARTICLE I.

The name of the corporation is Graham Court Condominium Association, Inc., hereinafter called the "Association."

ARTICLE II.

The principal and registered office of the Association is located at 410 Airport Road, Chapel Hill, Orange County, North Carolina Carolina 27514.

ARTICLE III.

Mr. Norman E. Block is hereby appointed the initial Registered Agent of the Association.

ARTICLE IV.

The Association does not contemplate pecuniary gain or profit to the members thereof and no part of the Association's net income shall inure to the benefit of any of its officers, directors or members or any other private individual. The purposes and objects of the Association shall be to administer the operation and management of GRAHAM COURT CONDOMINIUMS (hereinafter called "the Condominium"), a condominium to be established in accordance with the laws of the State of North Carolina upon the property situate, lying and being in Chapel Hill, Orange County, North Carolina, and more particularly described in Exhibit "A" of the formal Declaration of Condominium which will be recorded in the Public Records of Orange County, North Carolina, said Exhibit and Declaration of Condominium being incorporated herein by reference; to undertake the performance of the acts and duties incident to the administration of the operation and management of said Condominium in accordance with the terms, provisions, conditions and authorization contained in these Articles of Incorporation and the Declaration of Condominium at the time said property, and the improvements now or hereafter situate thereon, are submitted to the plan of Condominium Ownership; and to own, operate, lease, sell, trade and otherwise deal with such property, whether real or

personal, as may be necessary or convenient in the administration of said Condominium.

ARTICLE V.

The Association shall have the following powers:

1. The Association shall have all of the powers and privileges granted to nonprofit corporations under the law pursuant to which this corporation is chartered, and all of the powers and privileges which may be granted unto said corporation under any other applicable laws of the State of North Carolina, including the Unit Ownership Act.

2. The Association shall have all the powers reasonably necessary to implement and effectuate its purposes, including but not limited to the following:

(a) To make and establish reasonable rules and regulations governing the use of Condominium Units and Common Property in the Condominium as said terms may be defined in said Declaration of Condominium to be recorded.

(b) To fix, levy and collect assessments against members of the Association to defray the common expenses of the Condominium as may be provided in said Declaration of Condominium and in the Bylaws of this Association which may be hereafter adopted, including the right to fix, levy and collect assessments for the purposes of acquiring, operating, leasing, managing and otherwise trading and dealing with such property, whether real or personal, including Condominium Units in the Condominium, which may be necessary or convenient in the operation and management of the Condominium and in accomplishing the purposes set forth in said Declaration of Condominium.

(c) To maintain, repair, replace, operate and manage the Condominium and the property comprising same, including the right to reconstruct improvements after casualty and to make further improvement of the Condominium property, and to make and enter into any and all contracts necessary or desirable to accomplish said purposes.

(d) To contract for the management of the Condominium and to delegate to such contractor all of the powers and duties of the Association except those which may be required by the Declaration of Condominium to have approval of the Board of Directors or membership of the Association.

(e) To acquire and enter into, now or at any time hereafter, leases and agreements whereby the Association acquires leaseholds, memberships, and other possessory or use interests in land or facilities including, but not limited to, swimming pools, tennis courts, and other recreation facilities whether or not contiguous to the lands of the Condominium to provide enjoyment, recreation or other use or benefit to the owners of Condominium Units.

(f) To enforce the provisions of the Declaration of Condominium, these Articles of Incorporation, the Bylaws of the Association which may be hereafter adopted, and the rules and regulations governing the use of the Condominium as the same may be hereafter established.

(g) To exercise, undertake and accomplish all of the rights, duties and obligations which may be granted to or imposed upon the Association pursuant to the Declaration of Condominium aforementioned.

(h) To purchase insurance upon the Condominium property and for the protection of the Association and its members; and to collect and disburse the proceeds on any such policy as insurance Trustee.

ARTICLE VI.

The qualification of the members, the manner of their admission to membership and termination of such membership, and voting by members shall be as follows:

1. The Owners of all Condominium Units in the Condominium shall be members of the Association, and no other person or entities shall be entitled to membership, except as provided in item (5) of this Article VI.

2. Membership shall be established by the acquisition of fee title to a Condominium Unit in the Condominium, or by acquisition of a fee ownership interest therein, whether by conveyance, devise, judicial decree or otherwise, and the membership of any party shall be automatically terminated upon his being divested of all title to or his entire fee ownership interest in any Condominium Unit, except that nothing herein contained shall be construed as terminating the membership of any party who may own two Condominium Units or who may own a fee ownership interest in two Condominium Units, so long as such party shall retain title to or a fee ownership interest in any Condominium Unit.

3. The interest of a member in the funds and assets of the Association cannot be assigned, hypothecated or transferred in any manner, except as an appurtenance to his Condominium Unit. The funds and assets of the Association shall belong solely to the Association subject to the limitation that the same be expended, held or used for the benefit of the membership and for the purposes authorized herein, in the Declaration of Condominium and in the Bylaws which may be hereafter adopted.

4. On all matters which the membership shall be entitled to vote, each Condominium Unit shall have a vote equal to its appurtenant undivided interest in the Common Area as set forth in Article V of the Declaration of Condominium. The vote of each Unit may be cast or exercised by the Owner or Owners of each Condominium Unit in such manner as may be provided in the Bylaws hereafter adopted by the Association. Should any member own more than one Condominium Unit, such member shall be entitled to exercise or cast the votes associated with each Condominium Units owned in the manner provided by said Bylaws.

5. Until such time as the Declaration of Condominium is recorded in the Orange Public Registry, and a Condominium Unit has been conveyed, the membership of the Association shall be comprised of the three (3) individuals named in Article XI hereof as the initial Board of Directors of the Association, and each such individual shall be entitled to cast one vote on all matters on which the membership shall be entitled to vote.

ARTICLE VII.

The Association shall have perpetual existence.

ARTICLE VIII.

The affairs of the Association shall be managed by the President of the Association, assisted by the Vice President, Secretary and Treasurer, subject to the directions of the Board of Directors. The Board of Directors, or the President with the approval of the Board of Directors, may employ a Managing Agent and/or such other managerial and supervisory personnel or entities to administer or assist in the administration of the operation and management of the Condominium, and the affairs of the Association, and any such person or entity may be so employed without regard to whether such person or entity is a member of the Association or a Director or Officer of the Association, as the case may be.

ARTICLE IX.

The number of members of the first Board of Directors of the Association shall be three (3). The number of members of

succeeding Boards of Directors shall be as provided from time to time by the Bylaws of the Association. The members of the Board of Directors shall be elected by the members of the Association at the Annual Meeting of the membership as provided by the Bylaws of the Association, and at least a majority of the Board of Directors shall be members of the Association or shall be authorized representatives, officers or employees of a corporate member of the Association. Vacancies shall be filled in accordance with the Bylaws.

ARTICLE X.

The Board of Directors shall elect a President, Vice-President, Secretary and Treasurer. The President shall be elected from among the membership of the Board of Directors, but no other officer need be a Director. The same person may hold two offices, the duties of which are not incompatible; provided, however, that the office of President and Vice-President shall not be held by the same person, nor shall the office of President and Secretary be held by the same person.

ARTICLE XI.

The names and post office addresses of the initial Board of Directors who, subject to the provisions of these Articles of Incorporation, the Bylaws and the laws of the State of North Carolina, shall hold office until the first Annual Meeting of the Membership (or until their successors are elected and qualified) are as follows:

Brian L. South
1018 East Boulevard
Charlotte, North Carolina 28203

Judy B. South
1018 East Boulevard
Charlotte, North Carolina 28203

Norman E. Block
410 Airport Road,
Chapel Hill, North Carolina 27514

ARTICLE XII.

The original Bylaws of the Association shall be adopted by the initial Board of Directors, and thereafter, such Bylaws may be altered or rescinded only in such manner as said Bylaws provide.

ARTICLE XIII.

Every Director and every officer of the Association shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably

incurred by or imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been a Director or Officer of the Association, whether or not he is a Director or Officer at the time such expenses are incurred, except in such cases wherein the Director or Officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided that, in the event of any claim for reimbursement or indemnification hereunder based upon a settlement by the Director or Officer seeking such reimbursement or indemnification, the indemnification herein shall only apply if the Board of Directors approves such settlement and reimbursement as being in the best interests of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such Director or Officer may be entitled.

ARTICLE XIV.

An amendment or amendments to these Articles of Incorporation shall require the unanimous assent of the membership.

No amendment to these Articles of Incorporation which shall abridge, amend or alter the right of Declarant to designate and select members of each Board of Directors of the Association, as provided in Article IX hereof, may be adopted or become effective without the prior written consent of Declarant.

ARTICLE XV.

The name and address of the incorporator is as follows:

John H. Northey III
2020 Charlotte Plaza
Charlotte, North Carolina 28244

IN TESTIMONY WHEREOF, I, being the incorporator, have hereunto set my hand and seal, this the 20th day of September, 1984.

 (SEAL)
John H. Northey III

* * * *

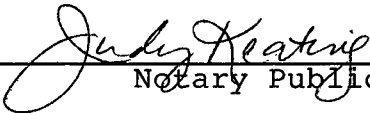
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STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

I, the undersigned Notary Public hereby certify that JOHN H. NORTHEY III personally appeared before me, and being by me first duly sworn, declares that he signed the foregoing document in the capacity indicated and that the statements therein contained are true.

WITNESS my hand and notarial seal, this the ^{20th}~~20th~~ day of Sept., 1984.



Notary Public

My Commission Expires:

3-1-86