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RUFUS L. EDMISTEN
SECRETARY OF STATE
NORTH CAROLINA

ARTICLES OF INCORPORATION OF
LAKERIDGE TOWNHOMES 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 and hereby certifies as follows:

ARTICLE I

NAME

The name of the corporation is LAKERIDGE TOWNHOMES ASSOCIATION, INC. (hereinafter the "Association").

ARTICLE II

REGISTERED OFFICE AND INITIAL AGENT

The registered principal office of the Association is located at 200 Commonwealth Court, Cary, Wake County, North Carolina, 27511. The location of the registered office may be changed by a majority vote of the Board of Directors. The name of the initial registered agent at the above address is David K. Schmidt.

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 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 per Lot. 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. 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 ASSOCIATION

The Association does not contemplate a pecuniary gain or profit to the members thereof. The specific purposes for which the Association is formed are:

(1) to own and maintain the Common Properties within the Subdivision known as LAXERIDGE TOWNHOMES

(2) to provide for architectural control within the properties known as LAXERIDGE TOWNHOMES and

(3) to provide maintenance, preservation and architectural control within the properties known as LAXERIDGE TOWNHOMES; and

(4) to promote the health, safety, and welfare of the residents within LAKERIDGE TOWNHOMES and any additions thereto as may hereafter be brought within the jurisdiction of the Association, and for these purposes to:

(a) exercise all of the powers and privileges and to perform all duties and obligations of the Association as set forth in that certain Declaration of Covenants, Conditions and Restrictions for LAKERIDGE TOWNHOMES to be recorded in the Wake County Public 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 Association, including all licenses, taxes, or governmental charges levied or imposed against property owned by the 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 Association; provided, however, that all conveyances and transfers of common areas must be done in accordance with the code of ordinances of the Town of Cary;

(e) borrow money and, with the assent of members entitled to at least two-thirds (2/3) of the votes appurtenant to the Class A Lots and B Lots, (as defined in Article V, Section 1 (a) 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 property rights of the members as provided in Article V of the Declaration;

(f) dedicate, sell or transfer all or any part of the 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 three-fourths (3/4) of the votes appurtenant to the Class A and B Lots, agreeing to such dedication, sale, or transfer. Notwithstanding anything herein to the contrary, except as provided in the Declaration, the Common Properties shall be preserved to the perpetual benefit of the owners of the lots within the Properties and shall not be conveyed except to the Town of Cary 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

(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 Association is a non-stock corporation and no part of the profits (if any) of the 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 Association shall be managed by an initial Board of three (3) Directors, who need not be members of the Association. The persons who are to act in the capacity of the Director until the selection of their successors are:

<u>NAME</u>	<u>ADDRESS</u>
David K. Schmidt	200-A Commonwealth Ct. Cary, NC 27511
Lanold W. Caldwell	200-A Commonwealth Ct. Cary, NC 27511
Lawrence J. Witek	200-A Commonwealth Ct. Cary, NC 27511

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

ARTICLE VII

DISSOLUTION

The Association may be dissolved only upon the signed written assent of members entitled to at least three-fourths (3/4) of the votes appurtenant to the Class A and B Lots. Upon dissolution of the Association, other than the incident to a merger or consolidation, the assets of the Association shall be dedicated to the Town of Cary to be used for purposes similar to those for which the Association was created. 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 or to one or more organizations which are exempt as

organizations described in Section 501 (c) (3) of the Internal Revenue Code of 1986, as amended.

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 three-fourth (3/4) 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 Association, and amendment of these Articles.

ARTICLE XI

INCORPORATOR

The name and address of the incorporator is as follows:

Harold E. Russell, Jr.
4601 Six Forks Road
Suite 104
Raleigh, North Carolina 27609

IN WITNESS WHEREOF, I, the undersigned incorporator have hereunto set my hand and seal this 3rd day of January, 1996.

Harold E. Russell, Jr. (SEAL)

NORTH CAROLINA

WAKE COUNTY

I, 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 the due execution of the foregoing instrument.

WITNESS my hand and notarial stamp or seal, this 3rd day of January, 1996.

(Signed)

Notary Public

My Commission Expires: 11-13-99-----