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Elaine F. Marshall
North Carolina Secretary of State
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STATE OF NORTH CAROLINA
DEPARTMENT OF THE SECRETARY OF STATE

ARTICLES OF INCORPORATION
OF
ASHTON MEADOWS HOMEOWNERS ASSOCIATION, INC.
(A North Carolina Nonprofit Corporation)

In compliance with the requirements of Chapter 55A of General Statutes of North Carolina, the undersigned, a resident of the State of North Carolina and of full age, has this day formed a corporation, not for profit, and does hereby certify the following:

ARTICLE I
DEFINITIONS

1. The following words and phrases when used in these Articles of Incorporation (unless the context clearly reflects another meaning) shall have the following meanings:

"Articles" mean these Articles of Incorporation and any amendments hereto.

"Association" means Ashton Meadows Homeowners Association, Inc., a North Carolina nonprofit corporation.

"Association Documents" mean in the aggregate, the Declaration, these Articles, the Bylaws and all of the instruments and documents referred to or incorporated therein including, but not limited to, amendments to any of the foregoing, as applicable.

"Common Area" shall mean that certain portion of the Property (including the improvements thereto) owned by the Association for the common use and enjoyment of the Owners, and as more particularly described in the Declaration.

"Board" means the Board of Directors of the Association.

"Bylaws" mean the Bylaws of the Association and any amendments thereto.

"County" means Franklin County, North Carolina

"Declarant" means Satterwhite Construction, Inc., a North Carolina corporation, and any successors or assigns thereof, which acquires any Lot from Satterwhite Construction, Inc. for the purpose of development and to which Satterwhite Construction, Inc. specifically assigns all or part of the rights of Declarant hereunder by an express written assignment recorded in the public land records of the County.

"Declaration" means the Declaration of Covenants, Conditions and Restrictions for Ashton Meadows Subdivision to be recorded in public land records of the County, as may be amended from time to time.

"Director" means a member of the Board.

"Dwelling" shall mean and refer to a place of residence constructed upon a Lot within the Property.

"Lot" shall mean and refer to any plot of land shown upon any recorded subdivision Map of the Property (provided said map has been approved by Declarant or the Association after the Declarant Control Period) with the exception of the Common Area and road rights-of-way which are offered for public dedication. Except where otherwise indicated by context, the term "Lot" shall include the improvements on such Lot.

"Member" shall mean and refer to every person or entity who holds membership in the Association.

"Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

"Project" means the residential community planned for development upon the Property committed to land use under the Declaration.

"Property" means the real property now or hereafter submitted to the terms and provisions of the Declaration.

"Subdivision Plan" is defined as the most current development plan approved by the local municipality for any portion of the Property or the Additional Property, including a subdivision plan, site plan, group housing plan or cluster unit development plan. When two or more Subdivision Plans are approved for the same portion of the Property (for example, a phase or section within a cluster unit development), the most current and most specific plan controls.

The terms defined in the Bylaws and the Declaration are incorporated herein by reference and appear in initial capital letters each time such terms appear in these Articles.

ARTICLE II NAME

The name of the corporation is the **Ashton Meadows Homeowners Association, Inc.** (hereinafter the "Association"). The Association is not a charitable or religious corporation as defined in Section 55A-1-40(4) of General Statutes of North Carolina.

ARTICLE III
PRINCIPAL OFFICE

The principal office of the Association is located at 5933 Farm Well Road, Raleigh, Wake County, N.C. 27605. The location of the principal office may be changed by a majority vote of the Board of Directors.

ARTICLE IV
REGISTERED OFFICE AND INITIAL REGISTERED AGENT

The registered office of the Association is located at 5933 Farm Well Road, Raleigh, Wake County, N.C. 27605. 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 Jesse Satterwhite.

ARTICLE V
PURPOSE AND POWER OF THE ASSOCIATION

The Association does not contemplate a pecuniary gain or profit to the Members thereof. Subject to the provisions of Chapter 47F (as amended and recodified from time to time, the "Planned Community Act") and Chapter 55A (as amended and recodified from time to time, the "Non-Profit Act") of the General Statutes of North Carolina, the specific purposes for which the Association is formed are:

1. To own and maintain the Common Areas and Property within the subdivision known as Ashton Meadows Subdivision located in Franklin County, North Carolina (the "Planned Community"), as such Planned Community is more particularly described in a Declaration of Covenants, Conditions and Restrictions for Ashton Meadows Subdivision recorded, or to be recorded, in the Office of the Register of Deeds of Franklin County, North Carolina (said Declaration and all valid amendments thereto from time to time are collectively referred to as the "Declaration");
2. To provide for architectural control within the Planned Community;
3. To provide for maintenance and preservation of the residential Lots and Common Areas, and to promote the health, safety and welfare of the residents within the Planned Community and any additions thereto as may hereafter be brought within the jurisdiction of the Association; and
4. To exercise all of the powers necessary or desirable to perform the obligations and duties set out in these Articles, the Declaration, the Association's By-Laws and otherwise conferred by law, including without limitation, the following:

- (a) exercise all the powers and privileges and to perform all duties and obligations of the Association as set forth in the Declaration, as the same may be amended from time to time;
- (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 all applicable laws;
- (e) borrow money and, with the assent of Members entitled to at least 80% of the votes of the entire membership of the Association, but in any event not less than 67% of the votes of the membership excluding the Declarant, and in accordance with the provisions of the Planned Community Act, 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 and the Association as provided in the Declaration;
- (f) 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 upon by the Members. No such dedication or transfer shall be effective unless Members entitled to cast at least 80% of the votes of the entire membership, but in any event not less than 67% of the votes of the membership excluding the Declarant, have signed a written instrument consenting or agreeing to such dedication, sale or transfer and unless such other agreement or consent as then required by the Planned Community Act and any applicable ordinances, regulations or procedures. Any such dedication or transfer shall be made subject to the rights and easements of the Association and the Owners established hereunder, including but not limited to every Owner's easement for access, ingress and egress to such Owner's Lot;
- (g) participate in mergers and consolidations with the other non-profit corporations organized for the same or similar purposes in accordance with the Planned Community Act; and

- (h) have and exercise any and all powers, rights, and privileges which a not-for-profit corporation may now or hereinafter have or exercise.

The foregoing enumeration of powers shall not limit or restrict in any manner the exercise of other powers which may now or hereafter be permitted by the Non-Profit Act or the Planned Community Act, as the same may be amended from time to time.

ARTICLE VI **MEMBERSHIP AND VOTING RIGHTS**

Every person or entity who is a record Owner of the fee simple title to any Lot subject to the Declaration, including contract sellers, shall be a Member of the Association. The foregoing is not intended to include Persons who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from the ownership of any Lot. Ownership of a Lot shall be the sole qualification for membership. The Board of Directors may make reasonable rules relating to the proof of ownership of a Lot in the Planned Community. Following termination of the Property as a planned community under the provisions of the Planned Community Act, all persons entitled to distributions of proceeds under the Planned Community Act shall be Members of the Association.

No Owner, whether one or more Persons shall have more than one (1) membership for each Lot owned. In the event the Owner of a Lot is more than one Person, the votes associated with such Lot shall be cast as provided in the Planned Community Act.

The Association shall have two (2) 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 shall be the Declarant, or its assigns, and shall be entitled to ten (10) votes for each Lot owned by the Class B Member. The Class B membership shall be reinstated if before December 31, 2027 Additional Property is annexed to the Declaration.

ARTICLE VII **DECLARANT CONTROL PERIOD**

The "Declarant Control Period" means the period of time during which the Declarant shall at all times be entitled to appoint and remove the Association's Board of Directors and the officers of the Association, and during which the Class A Members shall have no right to nominate, elect, or remove, or exercise any vote to nominate, elect, or remove, the Board of Directors, such period of time beginning on the date that the Association is incorporated and ending on the happening of any of the following events:

- (1) When Declarant has conveyed ninety percent (90%) of the maximum number of Lots

Lots allowed for the Property (as amended and supplemented from time to time) under the Subdivision Plan to Owners;

(2) At such earlier time as Declarant terminates such right by execution of a written instrument of termination; or

(3) Anything to the contrary in the Declaration, the Bylaws, the Articles of Incorporation, or the Act notwithstanding, if not sooner ended or terminated, the Declarant Control Period shall end on December 31, 2017.

During the Declarant Control Period, the Board shall have the sole and exclusive authority to exercise all powers and rights of and to act in all instances on behalf of the Association, and the Members shall have no authority to exercise such powers or rights or to act by exercise of their votes, except as determined by the Board in its sole and absolute discretion, and those acts that the Act or other applicable laws provide may not be undertaken unilaterally by the Board, such as, to the extent required, ratification of the budget, borrowing of funds to pay operational costs of the Association and conveying fee simple title to all or any part of the Common Area.

ARTICLE VIII **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. So long as there is a Class B membership, the affairs of the Association shall be managed by a Board of Directors consisting of three (3) directors appointed from time to time by the Declarant. The Directors appointed by the Declarant need not be Members of the Association unless otherwise required by applicable law.

Not later than sixty (60) days after the termination of the Class B Membership (or such earlier date as required by law), the Members shall elect a new Board of Directors as provided by the Planned Community Act and set forth in the By-Laws.

ARTICLE IX **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 except as provided in the Planned Community Act or the Non-Profit Act or otherwise as may be permitted by law.

ARTICLE X **DISSOLUTION**

The Association shall be dissolved upon the termination of the Declaration, or upon the written assent given in writing and signed Owners to which at least eighty percent (80%) of the votes in the Association are allocated, or upon such more restrictive or additional conditions and in such

manner as otherwise provided by the laws of the State of North Carolina. Upon dissolution or insolvency of the Association or upon loss of ownership of the Common Area (once such ownership has been acquired) by the Association for any reason whatsoever (except for exchange or dedication or conveyance of any part or all of the Common Area as allowed by this Declaration or by reason of merger and/or consolidation with any other association as allowed by this Declaration), any portion of the Common Area not under the jurisdiction and being maintained by the Association, shall be offered to the County, or to some other appropriate governmental entity or public agency (as determined by the Board) to be dedicated for public use for purposes similar to those to which the Common Area and such assets were required to be devoted by the Association. If the County or such other appropriate governmental entity or public agency accepts the offer of dedication, such portion of the Common Area and assets shall be conveyed by the Association to the County or such other appropriate governmental entity or public agency, subject to the superior right of the Owner of each Lot and the public or private street(s) on which such Lot is located, and subject to all other applicable rights of way and easements and subject to ad valorem property taxes subsequent to the date of such conveyance.

In the event that the County or such other appropriate governmental entity or public agency refuses the offer of dedication and conveyance, the Association may transfer and convey such Common Area and assets to any nonprofit corporation, association, trust or other entity which is or shall be devoted to purposes and uses that would most nearly conform to the purposes and uses to which the Common Area was required to be devoted by this Declaration, such conveyance to be made subject to the rights of Owners and other matters set forth in the immediately preceding paragraph.

ARTICLE XI **DURATION**

The period of existence of this Association is perpetual.

ARTICLE XII **AMENDMENTS**

Amendments of these Articles shall require the assent of the Members entitled to at least sixty-seven percent (67%) of the votes of the entire membership.

ARTICLE XIII **FHA/VA APPROVAL**

As long as there is Class B membership, the following actions may require the prior approval of the U.S. Department of Housing and Urban Development ("HUD") and the U.S. Department of Veterans Affairs ("VA"): annexation of additional properties (except as permitted by applicable HUD or VA regulations for annexations by the Declarant pursuant to a right reserved under the Declaration), mergers, consolidations and dissolution of the Association, mortgaging of Common Areas, withdrawal of or dedication of or other transfer of Common Areas to persons other than the Association, and amendment of these Articles.

ARTICLE XIV
INDEMNIFICATION

The Corporation shall indemnify its directors, officers, employees and committee members to the maximum extent required or permitted by applicable law, including but not limited to Part 5 of Article 8 of Chapter 55A of the North Carolina General Statutes, as amended from time to time, or by any similar statute by which it is amended, supplemented or repealed. Any person who serves in any such capacity of or on behalf of the Association shall be deemed to have done so in reliance upon and in consideration of such indemnification. Such indemnification shall inure to the benefit of such person and his or her heirs, successors, assigns and legal representatives, and it shall not be exclusive of any other rights to which such person may be entitled. Any repeal or modification of this shall be prospective only and shall not adversely affect any limitation hereunder with respect to acts or omissions occurring prior to such repeal or modification.

ARTICLE XV
DEFINITIONS

Except as clearly indicated to the contrary in these Articles, the definitions contained in the Declaration shall be applicable in these Articles.

ARTICLE XVI
CONFLICTS

In the case of any conflict between these Articles of Incorporation and the By-Laws of the Association, these Articles shall control; and in the case of any conflict between the Declaration and these Articles of Incorporation or the By-Laws of the Association, the Declaration shall control. These Articles of Incorporation are subject to the requirements of Chapter 47F and Chapter 55A of the North Carolina General Statutes, as amended, replaced and recodified from time to time. In the event these Articles of Incorporation conflict with the provisions of said statutes, it is hereby acknowledged and agreed that the provisions of such statutes will control.

ARTICLE XVII
INCORPORATOR

The name and address of the incorporator is as follows:

Harold E. Russell, Jr.
Russell Law Group, PLLC
2304 Wesvill Court, Suite 340
Raleigh, NC 27607

IN WITNESS WHEREOF, I, the undersigned incorporator have hereunto set my hand and seal this 12th day of November, 2008.

Harold E. Russell, Jr.
Harold E. Russell, Jr., Incorporator

STATE OF NORTH CAROLINA

COUNTY OF WAKE

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 and voluntarily execution of the foregoing instrument.

WITNESS my hand and notarial stamp or seal, this 12th day of November, 2008.

Sabrina Morris Stokes

Sabrina Morris Stokes, Notary Public

My Commission expires: 4/6/2010

