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ARTICLES OF INCORPORATION

OF

RICHLAND HILLS HOMEOWNERS ASSOCIATION, INC.

In compliance with the requirements of Chapter 55-A 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

The name of the corporation is Richland Hills Homeowners Association, Inc. hereinafter called the "Association."

ARTICLE II

The principal and registered office of the Association is located at 6729 Falls of Neuse Road, Raleigh, Wake County, North Carolina, 27615.

ARTICLE III

Eric C. Tillett, whose address is 6729 Falls of Neuse Road, Raleigh, Wake County, North Carolina, 27615, is hereby appointed the initial Registered Agent of this Association.

ARTICLE IV

PURPOSE AND POWERS OF THE ASSOCIATION

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, Executive Board members or Members or any other private individual. The purposes and objects of the Association shall be to provide for administration, maintenance, preservation and architectural control of the Lots and Common Elements within that certain tract of property described as follows:

Lying and being in Wake and Franklin Counties, North Carolina, and being more particularly described on Exhibit A attached hereto and incorporated herein by reference or so much thereof as may be brought with the jurisdiction of the Association and any additional property which may hereafter be brought within the jurisdiction of this Association (the "Properties");

and to promote the health, safety and welfare of the residents within the above described property, in accordance with the terms and conditions of that certain Declaration of Covenants, Conditions and Restrictions for Richland Hills, now or hereafter made applicable to the Properties and recorded or to be recorded in the Office of the Register of Deeds of Wake County,

North Carolina, and/or the Office of the Register of Deeds of Franklin County, North Carolina, as the same may be amended from time to time as therein provided (hereinafter called the "Declaration"; unless otherwise defined, capitalized terms shall have the same meaning as set forth in the Declaration), said Declaration being incorporated herein as if set forth at length 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 the Declaration.

(b) fix, levy, collect and enforce payment of, 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) in accordance with the terms and conditions of the Declaration, 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 in accordance with the terms and conditions 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.

(e) in accordance with the terms and conditions of the Declaration, dedicate or transfer non-exclusive easements on, over and upon all or any part of the Common Elements for such purposes and subject to such conditions as may be agreed to by the Association's Executive Board.

(f) in accordance with the terms and conditions of the Declaration, dedicate or transfer fee title to all or any part of the Common Elements for such purposes and subject to such conditions as may be agreed to by the Members consenting to such dedication or transfer.

(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 V

MEMBERSHIP

The qualification of the Members and the manner of their admission to Membership and termination of such Membership shall be as follows:

1. The Association shall have two classes of voting Members--Class A Members and Class B Members, each defined below.

2. Class A Membership shall be established by the acquisition of fee title to a Lot, or by acquisition of a fee ownership interest therein, whether by conveyance, devise, judicial decree or otherwise, and the Membership arising from such ownership shall automatically terminate upon the divestment of all title to or fee ownership interest in such Lot.

3. The interest of a Member in the funds and assets of the Corporation cannot be assigned, hypothecated or transferred in any manner, except as an appurtenance to his Lot. The funds and assets of the Corporation shall belong solely to the Corporation 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 and in the Bylaws which may be hereafter adopted.

ARTICLE VI

VOTING RIGHTS

The Association shall have two classes of voting membership:

Class A The Class A Members shall be every person or entity who or which 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, except for Declarant, during any period Declarant is a Class B Member, defined below. The foregoing is not intended to include persons or entities who hold an interest in a Lot merely as security for the performance of an obligation. 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 among themselves determine, but in no event shall more than one vote be cast with respect to any Lot. Class A Members shall be entitled to one (1) vote for each Lot owned.

Class B Richland Hills Associates, LLC, as well as its successors and assigns pursuant to an express assignment or conveyance of any special declarant rights hereunder to such successor or assign ("Declarant") shall be the Class B Member and Declarant shall be entitled to three (3) votes for each Master Plan Lot which has not been conveyed to a Class A Member. 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 the Class A membership equal or exceed the total votes outstanding in the Class B membership; however, the Class B membership shall be reinstated if thereafter, and before the time stated in subparagraph (b) below, the Master Plan is amended to add additional Master Plan Lots sufficient to give the Class B membership a total number of votes (with the Class B membership entitled to three (3) votes for each Master Plan Lot owned) which exceed those of the Class A membership; or,

a. fifteen (15) years from the date the Declaration is recorded in the Wake County Registry.

ARTICLE VII

EXECUTIVE BOARD

The affairs of this Association shall be managed by an Executive Board who need not be Members of the Association. During any Period of Declarant Control, Declarant shall have the right to appoint all of the members of the Executive Board. Declarant shall from time-to-time notify the Association in writing of the names and addresses of the members of the Executive Board appointed by Declarant. Except as otherwise provided in the Bylaws with respect to the filling of vacancies, any members of the Executive Board which Declarant is not entitled to designate or select shall be elected by the Members of the Association. The number of members of the first Executive Board shall be three (3). The number of Executive Board members on subsequent Boards shall be as set forth in the Bylaws of the Association. The names of the persons who are to act in the capacity of Executive Board members until the selection of their successors are:

Eric C. Tillett

Thomas A. Beebe

Becky Gardner

ARTICLE VIII

DISSOLUTION

The Association shall be dissolved upon the termination of the Declaration, or upon the written assent given in writing and signed by not less than eighty percent (80%) of the Members of each Class of Members, or upon such more restrictive or additional conditions and in such manner as otherwise provided by the laws of the State of North Carolina; provided, however, during Declarant's Development Period (as defined in the Declaration) the Association may not be dissolved without Declarant's consent. 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 the Declaration or by reason of merger and/or consolidation with any other association as allowed by the Declaration), any portion of the Common Area not under the jurisdiction and being maintained by the Association, shall be offered to the Town of Wake Forest, North Carolina, 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 Town of Wake Forest 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 Town of Wake Forest or such other appropriate governmental entity or

public agency, subject to the superior right of the Owner of each Lot to an easement (if necessary) for reasonable ingress and egress to and from such Owner's 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 Town of Wake Forest 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 the Declaration, such conveyance to be made subject to the rights of Owners and other matters set forth in the immediately preceding paragraph.

ARTICLE IX

DURATION

The corporation shall exist perpetually.

ARTICLE X

AMENDMENTS

These Articles of Incorporation may be amended only with the affirmative vote or written consent of the Members to which at least sixty-seven percent (67%) of the votes of each Class of Members of the Association are allocated, such consent having been obtained after written notice to all Members of the proposed amendment; provided, however, Declarant may unilaterally terminate or restrict any right herein reserved in favor of Declarant by recording in the Wake County Registry a notice of such termination or restriction; and provided further, during Declarant's Development Period, no Material Amendment to these Articles shall be effective without Declarant's consent, no amendment relating to the maintenance or ownership of any permanent detention or retention pond shall be effective unless reviewed and approved by the governmental office having jurisdiction for watershed protection and no amendment purporting to revoke or curtail any right herein conferred to Declarant shall be effective unless executed by Declarant. Notwithstanding the foregoing, the Declarant, during Declarant's Development Period, and, thereafter, the Executive Board of the Association, may unilaterally amend these Articles as requested by the VA, FHA or the Federal National Mortgage Association ("FNMA") so that purchasers of Lots may qualify for loans under such programs.

ARTICLE XI

FEDERAL HOUSING ADMINISTRATION
AND
DEPARTMENT OF VETERANS AFFAIRS APPROVAL

During the Period of Declarant Control, any Material Amendment (as defined in the Declaration) to these Articles of Incorporation shall require the prior approval of the Federal Housing Administration ("FHA") or the Department of Veterans Affairs ("VA"), provided that FHA or VA insured loans have been obtained to purchase Lots.

ARTICLE XII

INCORPORATOR

The name and address of the incorporator is as follows: **Donna K. Blumberg, 5501 1100 Crescent Green, Suite 200, Cary, North Carolina, 27511.**

IN WITNESS WHEREOF, I, the undersigned incorporator, have hereunto set my hand and seal, this 8th day of April, 2003.



Donna K. Blumberg, Incorporator (SEAL)

NORTH CAROLINA

WAKE COUNTY

THIS IS TO CERTIFY, that on the 8th day of April, 2003, before me, a Notary Public, personally appeared Donna K. Blumberg, who I am satisfied is the person named in and who executed the foregoing Articles of Incorporation, and I having first made known to him the contents thereof, he did acknowledge that he signed and delivered the same as his voluntary act and deed for the uses and purposes therein expressed.

IN TESTIMONY WHEREOF I have hereunto set my hand and seal this the 8th day April, 2003.

Cynthia A. Botting
Notary Public

My Commission Expires:

11/14/06

EXHIBIT A

ALL of that real property located in Wake and Franklin Counties and identified as "Parcel 1," "Parcel 2," and "Parcel 3," on the maps entitled "Final Recombination Plat for Charles W. Gaddy" and recorded in Book 2001, Pages 1161-1163 of the Wake County Registry and Book 2001, Pages 267A, B and C of the Franklin County Registry.