

ARTICLES OF INCORPORATION
OF
STONEBRIDGE HOMEOWNERS ASSOCIATION, INC.

In compliance with the requirements of Chapter 55A of the General Statutes of North Carolina, the undersigned, all of whom are residents of the State of 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 Stonebridge Homeowners Association, Inc., hereinafter called the "Association".

ARTICLE II.

The principal and Registered office of the Association is located at 3948 Browning Place, in the City of Raleigh, County of Wake, State of North Carolina.

ARTICLE III.

James R. Rogers, III, whose address is 3948 Browning Place, Raleigh, North Carolina, is hereby appointed the initial registered agent of this Association.

ARTICLE IV.

This Association does not contemplate pecuniary gain or profit to the members thereof, and the specific purpose for which it is formed are to provide for maintenance, preservation and architectural control of residence Lots and Common Area within that certain tract of property described as Stonebridge Subdivision and said other properties as may be annexed thereto, 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 for these purposes 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 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. 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 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. 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 property in connection with affairs of the Association;
- d. Borrow money, and with the assent of two-thirds (2/3) of the Class A Members and two-thirds (2/3) of the Class B Members, 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. Dedicate, sell or transfer all or any part of the Common Area to any public agency, authority, utility or other non-profit corporation 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 two-thirds (2/3) of each class of members, agreeing to such dedication, sale or transfer;
- f. Participate in mergers and consolidations with other non-profit corporations organized for the same purposes or annex additional residential property and Common Area, provided that any such merger, consolidation or annexation shall have the assent of two-thirds (2/3) of each class of members;
- g. To annex additional Properties in such manner and upon such terms as set out in a Declaration of Covenants, Conditions, and Restrictions executed by Sturbridge Development Company, Inc., and which is recorded, or to be recorded, in the Office of the Register of Deeds of Wake County, North Carolina;
- h. 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.

This corporation is organized and shall be operated exclusively as a homeowners association and not for profit. No part of the earnings of this corporation or the funds contributed by any person or corporation shall inure to the benefit of any director, officer, or Member of the corporation, or any private individual (other than by acquiring, constructing, or providing management, maintenance, and care of Association property, and other than by a rebate of excess membership dues, fees, or assessments), except that reasonable compensation affecting one or more of its purposes. In the event of the liquidation or dissolution of the corporation, either voluntary or involuntary, no director or officer of the corporation or any private individual shall be entitled to any distribution or division of its remaining property or its proceeds, and the balance of all money and other property received by the corporation from any source, after payment of all debts and obligations of the corporation, shall be used or distributed exclusively to an entity or entities whose purposes are substantially similar to those set forth in this Article IV and within the intentment of Section 528 of the Internal Revenue Code of 1954 and the regulations thereunder as the same now exist or as they may be hereafter amended from

time to time or to an appropriate public agency to be or used for purposes similar to those stated in this Article IV or to an organization which would then qualify under the provisions of Section 501(c) (3) of the Internal Revenue Code and its regulations as they now exist or as they may hereafter be amended.

Anything to the contrary notwithstanding the corporation shall not possess or exercise any power or authority either expressly, by implication, or by operation of law that will prevent it at any time from qualifying as a “Residential Real Estate Management Association” as defined in Section 528 of the Internal Revenue Code of 1954 as amended and the regulations thereunder, nor shall it engage directly or indirectly in any activity which would cause the loss of such qualification or deny it such election under such section of the Internal Revenue Code.

In order to properly prosecute the objects and purposes set forth, this corporation shall have all the powers vested in corporations by the laws of the State of North Carolina, Chapter 55A, Section 15, and other laws relating to corporations which may appear in the General Statutes of North Carolina, together with all amendments thereto, past and future, which powers shall include, but the inclusion of such powers shall not be deemed as exclusive of other powers vested in the corporation, the following powers:

This corporation shall have full power and authority to acquire real or personal property, tangible or intangible, by gift, contribution, bequest, devise, purchase, lease, exchange, or by any other manner, and to hold legal or equitable title to real and personal property; to borrow money, issue bonds, indentures or other evidences of indebtedness, secured or unsecured; to sell, buy, lease, encumber, mortgage, pledge, donate and otherwise deal with, acquire and, dispose of real and personal property, either one or both, and generally to perform all acts which may be deemed necessary, expedient or proper by the corporation for the successful carrying out of the objects and purposes for which the corporation is formed.

ARTICLE V. MEMBERSHIP

Every person or entity 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, 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. Membership shall be appurtenant to and may not be separated from ownership of any lot which is subject to assessment by the Association.

ARTICLE VI.
VOTING RIGHTS

The Association shall have two classes of voting memberships:

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, 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(s) shall be the Declarant (as defined in the Declaration) and shall be entitled to four (4) votes for each lot owned. 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 the total votes outstanding in the Class B membership; or
- (b) on December 31, 1985; or
- (c) Upon the surrender of all Class B membership by the holder thereof or cancellation by the Association.

ARTICLE VII.
BOARD OF DIRECTORS

The affairs of this Association shall be managed by a Board of not less than three (3) or more than nine (9) 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 election of their successors are:

<u>Name</u>	<u>Address</u>
James R. Rogers, III	3948 Browning Place Raleigh, Wake County North Carolina 27609
Howard L. Perry	6400 Falls of Neuse Road Raleigh, Wake County North Carolina 27609
Susan Holbrook	6400 Falls of Neuse Road Raleigh, Wake County North Carolina 27609

At the first annual meeting, the members shall elect three (3) directors for a term of one (1) year, three (3) directors for a term of two (2) years and three (3) directors for a term of three (3) years, and at each annual meeting thereafter, the members shall elect three (3) directors for a term of three (3) years.

ARTICLE VIII.
DISSOLUTION

The Association may be dissolved with the assent given in writing and signed by not less than two-thirds (2/3) of each class of members. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this 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.

ARTICLE IX.
DURATION

The corporation shall exist perpetually.

ARTICLE X.
AMENDMENTS

Amendment to these Articles shall require the assent of seventy-five percent (75%) of the entire membership.

ARTICLE XI.
FHA/VA/FNMA APPROVAL

As long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration, the Veterans Administration or the Federal National Mortgage Association: annexation of additional properties, mergers, and consolidations, mortgaging of Common Area, dedication of Common Area, dissolution and amendment of these Articles.

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 23rd day of June, 1980.

JAMES R. ROGERS, III
3948 Browning Place
Raleigh, North Carolina 27609

SUSAN HOLBROOK
213 Emerywood Drive
Raleigh, North Carolina 27609

NORTH CAROLINA
WAKE COUNTY