

Prepared by: John A. Northen
Return to: Northen Blue, LLP, P. O. Box 2208, Chapel Hill, N. C. 27515-2208

ARTICLES OF INCORPORATION
OF
HOPE VALLEY GREEN HOMEOWNERS' ASSOCIATION, INC.

In compliance with the requirements of Chapter 55A of the General Statutes of North Carolina, the undersigned, being more than twenty-one years of age, has this day voluntarily associated himself for the purpose of forming a corporation not for profit and does hereby certify:

ARTICLE I

The name of the corporation is HOPE VALLEY GREEN HOMEOWNERS' ASSOCIATION, INC. (hereinafter called the "Association").

ARTICLE II

The initial registered and principal office of the Association is located at 209 Providence Road, Chapel Hill, Orange County, North Carolina, 27514.

ARTICLE III

J. Michael Adair whose address is 209 Providence Road, Chapel Hill, Orange County, North Carolina, 27514, is hereby appointed the initial registered agent of this Association. John A. Northen, whose address is 100 Europa Drive, Suite 550, Chapel Hill, Orange County, North Carolina, 27514, is the incorporator of this Association.

ARTICLE IV

PURPOSE AND POWERS OF THE ASSOCIATION

This Association does not contemplate pecuniary gain or profit to the members thereof, and the specific purposes for which it is formed are to provide for maintenance, preservation and

architectural control of the residential Lots, any improvements thereof and Common Area within that certain tract of property as described on the attached Exhibit A, 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 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 that certain Declaration of Covenants, Conditions and Restrictions for the Hope Valley Green Subdivision (hereafter called the "Declaration"), applicable to the property and recorded or to be recorded in the Office of the Register of Deeds of Durham County, North Carolina, and as the same may be amended from time to time as therein provided, said Declaration being incorporation 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 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) 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 the affairs of the Association;

(d) Borrow money, and with the assent of two-thirds (2/3) of each class of 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 or utility for such purposes and subject to such conditions as may be agreed to by the

members, provided that 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 nonprofit corporations organized for the same or similar purposes, or annex additional properties and Common Area, provided that any such merger, consolidation, or annexation shall be effected as provided in the Declaration;

(g) Have and to exercise any and all powers, rights, and privileges which a corporation organized under the Nonprofit Corporation Act of the State of North Carolina by law may now or hereafter have or exercise.

The powers of the Association shall be subject to and shall be exercised in accordance with the provisions of the Declaration.

ARTICLE V

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. 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 membership:

Class A. Class A members shall be all Owners with the exceptions 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. Class B member(s) shall be the Declarant (as defined in the Declaration), and shall be entitled to three 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 January 1, 1999.

ARTICLE VII
BOARD OF DIRECTORS

The affairs of this Association shall be managed by a Board of Three (3) Directors, who need not be members of the Association. The names and addresses of the persons who are to act in the capacity of directors until the selection of their successors are:

Name:	Address:
J. Michael Adair	209 Providence Road, Chapel Hill, NC 27514
Mary Bryan Adair	209 Providence Road, Chapel Hill, NC 27514
Rachel Graham	209 Providence Road, Chapel Hill, NC 27514

At the first annual meeting, the members shall elect one director for a term of one year, one director for a term of two years, and one director for a term of three years; and at each annual meeting thereafter the members shall elect one director for a term of three years.

ARTICLE VIII

NON-PROFIT STATUS; 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 any appropriate public agency to be used for the 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 nonprofit corporation, association, trust or other organization to be devoted to such similar purposes.

ARTICLE IX

INDEMNIFICATION

Each director and officer of this Association shall be indemnified by the Association against all costs and expenses reasonably incurred or imposed upon him in connection with or arising out of any action, suit or proceeding in which he may be involved or to which he may be made a party by reason of his having been a director or officer of this Association, such expense to include the cost of reasonable settlements (other than amounts paid to this Association itself) made with a view of curtailment of costs and litigation. The Association shall not, however, indemnify such director or an

officer with respect to matters as to which he shall be finally adjudged in any action; suit or proceeding to be liable for gross negligence or misconduct in the performance of his duty as such director or officer, or in respect to any matter in which any settlement or compromise is effected if the total expense including the cost of such settlement, shall substantially exceed the expense which might reasonably be incurred by such director or officer in conducting such litigation to final conclusion, and in no event shall anything herein contained be construed as authorizing this Association to indemnify any such director or officer against any liability of the Association to which he would otherwise be subject by reason of willful malfeasance, bad faith, gross negligence or reckless disregard of these duties involved in the conduct of his office. The foregoing right of indemnification shall be in addition to any other rights to which any such director or officer may be entitled as a matter of law or otherwise.

ARTICLE X

DURATION

The corporation shall exist perpetually.

ARTICLE XI

AMENDMENTS: SPECIAL PROVISIONS FOR INSTITUTIONAL LENDERS

(a) Amendment of these Articles shall require the affirmative vote of three-fourths (3/4) of the membership, that is three-fourths (3/4) of the total votes of both the Class A membership and Class B membership, if any.

(b) So long as any lot is the subject of an institutional mortgage and unless at least 100% of the institutional lenders (based upon one vote for each such lender) on the individual lots have

given their prior written approval, the association shall not be entitled to:

- (i) amend these Articles of Incorporation;
- (ii) participate in mergers or consolidations with other corporations;
- (iii) mortgage, pledge or otherwise encumber all or part of the Common Area;
- (iv) dedicate all or part of the Common Area to any public agency, authority, on utility; or
- (v) dissolve this corporation.

IN WITNESS WHEREOF, for the purpose of forming this corporation under the laws of the State of North Carolina, the undersigned, has executed these Articles of Incorporation this the _____ day of September, 1997.

John Northen, Incorporator
100 Europa Drive, Suite 550
Orange County
Chapel Hill, N. C. 27514

STATE OF NORTH CAROLINA
COUNTY OF LEE

I, Mary B. Fitzhugh, a Notary Public of the County of

Lee, State of North Carolina, do hereby certify that John A. Northen personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and notarial seal, this the 5th day of Sept., 1997

Notary Public

My Commission expires: May 30, 2001

EXHIBIT A

DESCRIPTION OF PROPERTY

SUBJECT TO DECLARATION

Being all of that certain property shown and described as "Hope Valley Green, Phase I" on plat recorded in Plat Book 138, Page 190, Durham County Registry.