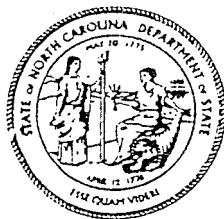


# STATE OF NORTH CAROLINA



Department of The  
Secretary of State

To all whom these presents shall come, Greetings:

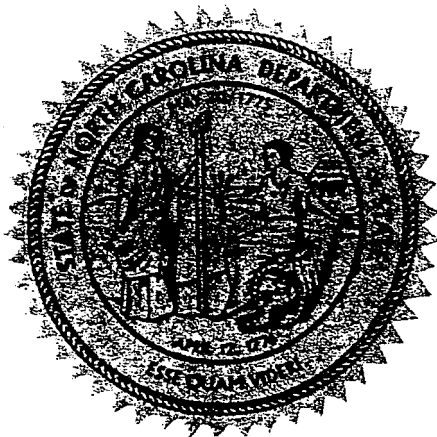
I, ELAINE F. MARSHALL, Secretary of State of the State of North Carolina, do hereby certify the following and hereto attached to be a true copy of

## ARTICLES OF INCORPORATION

OF

MEADOW CREEK SUBDIVISION OWNERS' ASSOCIATION, INC.

the original of which was filed in this office on the 28th day of June, 2000.



IN WITNESS WHEREOF, I have hereunto  
set my hand and affixed my official seal at the  
City of Raleigh, this 28th day of June, 2000.

*Elaine F. Marshall*

Secretary of State

20 175 5114

ARTICLES OF INCORPORATION  
OF  
MEADOW CREEK SUBDIVISION OWNERS' ASSOC  
A NON-PROFIT CORPORATION

SOSID: 555569  
Date Filed: 6/28/2000 11:14 AM  
Elaine F. Marshall  
North Carolina Secretary of State

The undersigned, being of the age of eighteen years or more, does hereby make and acknowledge these Articles of Incorporation for the purpose of forming a non-profit corporation under and by virtue of Chapter 55A of the General Statutes of North Carolina and the laws of the State of North Carolina.

ARTICLE I  
NAME

The name of the corporation is MEADOW CREEK SUBDIVISION OWNERS' ASSOCIATION, INC. (hereafter referred to as the "Association").

ARTICLE II  
DURATION

The period of duration of the corporation is perpetual.

ARTICLE III  
PURPOSES AND POWERS

The purposes and powers for which the corporation is organized are as follows:

1. To operate and manage a planned unit subdivision development known as MEADOW CREEK, located in Guilford County, North Carolina (hereinafter referred to as the "Subdivision").
2. To undertake the performance of, and carry out the acts and duties incident to the administration of the operation and management of the Association in accordance with the terms, provisions, conditions and authorizations contained in both these Articles and in the Declaration of Covenants, Conditions and Restrictions for Meadow Creek (the "Declaration") which have been or will be recorded in the Public Records of Guilford County, North Carolina, at such time as the real property and the improvements thereon are submitted to said Declaration.
3. To make, establish and enforce reasonable rules and regulations governing the use of the subdivision development common elements, land, and other real and personal property which may be owned by the Association itself.
4. To make, levy and collect assessments against lot owners; to provide the funds to pay for common expenses of the Association as provided in the Declaration and to use and

expend the proceeds of assessments in the exercise of the powers and duties of the Association; to use said assessments to promote the recreation, acquisition, improvement and maintenance of properties, services and facilities devoted to this purpose and related to the use and enjoyment of the common areas and facilities thereon, including, but not limited to, the cost of repair, replacement and additions thereto, the cost of labor, equipment, materials, management, supervision thereof, the maintenance of insurance in accordance with the Bylaws of the Association (the "Bylaws"), including the employment of attorneys to represent the Association when necessary for such other needs as may arise.

5. To maintain, repair, replace and operate the properties for which the Association is responsible.

6. To enforce by any legal means, the provisions of the Declaration, the Bylaws and the rules and regulations for the use of the Association property.

7. If deemed in the best interest of the Association by the Board of Directors, to contract for the management of the recreational property and to delegate to such manager or managers all powers and duties of the Association except those powers and duties which are specifically required to have approval of the Board of Directors or the membership of the Association.

8. To have all of the common law and statutory powers of a non-profit corporation and also those powers as set out in the Declaration and all powers reasonably necessary to implement the purposes of the Association.

9. To 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.

10. To borrow money, and with the assent of two-thirds (2/3) of each class of members, mortgage, pledge or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred.

11. To 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 Association's members. No such dedication or transfer shall be effective unless an instrument has been signed by eighty percent (80%) of each class of members, agreeing to such dedication, sale or transfer.

12. To participate in mergers and consolidations with other non-profit corporations organized for the same purposes or annex additional residential property and Common Area which is not provided for in the Declaration, provided that any such merger, consolidation or additional annexation shall have the assent of two-thirds (2/3) of each class of members;

13. The Association is not organized for pecuniary profit, nor shall it have any power to issue certificates of stock or pay dividends, and no part of the net earnings or assets of the Association shall be distributed, upon dissolution or otherwise, to any member, director or officer of the Association. If the Association is dissolved, the assets shall be dedicated to a public body, or conveyed to a non-profit organization with similar purposes.

#### **ARTICLE IV MEMBERSHIP**

1. The membership of the Association shall consist solely of the owners of lots in the Subdivision, and the owners of any other lands which may be added thereto pursuant to the Declaration. Membership shall be established by acquisition of fee title to a lot in the Subdivision whether by conveyance, devise, descent, or judicial decree. A new owner designated in such deed or other instrument shall thereupon become a member of the Association, and the membership of the prior owner as to a lot designated shall be terminated. Membership shall be appurtenant to, and inseparable from, ownership of a lot. Each new owner shall deliver to the Association a true copy of such deed or instrument of acquisition of title.

2. Neither one's membership in the Association nor a member's share in the funds and assets of the Association may be assigned, hypothecated or transferred in any manner except as an appurtenance to the applicable lot owned by a member in the Subdivision.

3. The members of the Association shall have the right to vote for the election and removal of directors and upon such other matters with respect to which the right to vote is given to members under the Declaration or under the provisions of Chapter 55A of the General Statutes of North Carolina, the voting rights of the members being more particularly described in the Declaration and in the Bylaws of the Association.

#### **ARTICLE V VOTING RIGHTS**

The voting rights of the Membership shall be appurtenant to the ownership of Lots (as defined in the Association's Bylaws) and shall be divided into two classes of voting membership as follows:

(a) Class A Members. Class A members shall be all owners of Lots with the exception of those Lots owned by a Declarant, as hereafter defined. Each Class A lot shall entitle the Owner(s) of said Lot to one vote. When more than one person holds an interest in any Lot, all such persons or entities shall be considered members. The vote for such Lot shall be exercised as such parties determine, but in no event shall more than one vote be cast with respect to any such Lot.

(b) Class B Members. The Class B member shall be the Declarant. The Class B memberships shall be converted to Class A memberships on the happening of any of the following events, whichever occurs earlier: (i) when the total votes outstanding in the Class A membership equals the total votes outstanding in the Class B membership, or (ii) December 31, 2003. The Declarant shall be entitled to three (3) votes for each Class B Lot owned by it.

## ARTICLE VI DIRECTORS

1. The number of Directors and the method of election of the Directors shall be fixed by the Bylaws; however, the number of Directors shall not be less than three.

2. The first election by the members of the Association for Directors shall not be held until after the Declarant has relinquished control of the Association as set out in the Declaration. Thereafter, the election of Directors shall take place at the annual meeting of the membership as provided in the Bylaws. After the Declarant has relinquished control, there shall be a special meeting of the membership for the purpose of electing a Board of Directors to serve until the next annual meeting and until new Directors are elected and qualified.

## ARTICLE VII INITIAL BOARD OF DIRECTORS

The number of Directors constituting the initial Board of Directors shall be three and the names and addresses of the persons who are to serve as the first Board of Directors are as follows:

	<u>NAME</u>	<u>ADDRESS</u>
1.	Lana C. Hathaway	Landcraft Properties, Inc. 201 North Tryon Street Suite 2650 Charlotte, North Carolina 28202
2.	Scott A. Stover	Landcraft Properties, Inc. 201 North Tryon Street Suite 2650 Charlotte, North Carolina 28202
3.	Dawn Powell Tullock	Landcraft Properties, Inc. 201 North Tryon Street Suite 2650 Charlotte, North Carolina 28202

**ARTICLE VII  
TAX STATUS**

The Association shall have all the powers granted non-profit corporations under the laws of the State of North Carolina. Notwithstanding any other provision of these Articles, the Association hereby elects tax-exempt status under Section 528 of the Internal Revenue Code of 1986. The Association shall not carry on any activities prohibited by a corporation electing tax-exempt status under Section 528, or any corresponding sections or provisions of any future United States Internal Revenue law. It is further provided that no distributions of income of the Association are to be made to members, directors or officers of the Association; provided, however, that members of the Association may receive a rebate of any excess dues and assessments previously paid.

**ARTICLE IX  
REGISTERED OFFICE AND REGISTERED AGENT**

The address of the initial registered office of the corporation in the State of North Carolina is Landcraft Properties, Inc., 201 North Tryon Street, Suite 2650, Charlotte, Mecklenburg County, North Carolina 28202 and the name of its initial registered agent at such address is Lana C. Hathaway.

**ARTICLE X  
PRINCIPAL OFFICE**

The address of the principal office of the Association is Landcraft Properties, Inc., 201 North Tryon Street, Suite 2650, Charlotte, Mecklenburg County, North Carolina 28202.

**ARTICLE XI  
INCORPORATOR**

The name and address of the incorporator is William B. Kirk, Jr., Kirk Palmer & Thigpen, P.A., 1045 Providence Road, Suite 200, Charlotte, Mecklenburg County, North Carolina 28207.

**ARTICLE XII  
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.

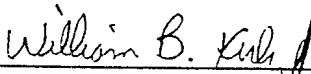
### ARTICLE XIII AMENDMENTS

Any amendment to these Articles shall require the assent of seventy-five percent (75%) of each class of membership.

### ARTICLE XIV FHA/VA APPROVAL

As long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration or the Department of Veterans Affairs, as applicable, if either of said Administrations is insuring mortgage loans to purchasers of Lots in the Subdivision: (i) annexation of additional properties other than those defined as "Additional Properties" in the Declaration, (ii) mergers and consolidations, (iii) mortgaging of any portion of the Common Area, (iv) dedication of any Common Areas for public use, (v) dissolution of the Association, or (vi) amendment of these Articles.

**IN WITNESS WHEREOF**, the incorporator has hereunto set his hand and seal this 20<sup>th</sup> day of June, 2000.

  
\_\_\_\_\_  
William B. Kirk, Jr., Incorporator

**LEGAL CERTIFICATION FOR  
MEADOW CREEK  
PLANNED UNIT DEVELOPMENT**

I am an attorney licensed to practice in the State of North Carolina. I am not an employee, principal or officer of MEADOW CREEK, LLC. I hereby certify that the legal documents for the above Planned Unit Development are in compliance with all of the following HUD legal requirements.

**I. Articles of Incorporation.**

1. Every person or entity who is a record owner of any lot is entitled to membership and voting rights in the owners association (the "Association"). Membership is appurtenant to, and inseparable from, ownership of the lot.
2. If the association is dissolved, the assets shall be dedicated to a public body, or conveyed to a nonprofit organization, with similar purposes.
3. Amendment of the Articles of Incorporation requires the approval by at least seventy-five percent (75%) of each class of members.
4. Annexation of additional properties, other than those defined as "Additional Properties" in the Declaration, mergers and consolidations, mortgaging of any portion of the common area, dedication of any common areas for public use, dissolution of the Association and amendment of the Articles of Incorporation, requires prior approval of the Federal Housing Administration ("FHA") or the Department of Veterans' Affairs ("VA") as long as there is a Class B membership.

**II. Declaration of Covenants.**

1. A legal description of the Planned Unit Development is contained in the Declaration of Covenants, Conditions and Restrictions for MEADOW CREEK, LLC (the "Declaration").
2. All lots in the Planned Unit Development are subject to the covenants in the Declaration.
3. Every owner has a right and easement of enjoyment to the common area, which is appurtenant to the title to the owner's lot.
4. The lien of any assessment is subordinate to the lien of any first mortgage on a lot.
5. Mortgagees are not required to collect assessments under the Declaration.



6. Annexation of additional properties, other than those described in the Declaration, dedication of any common areas for public use and amendment of the Declaration requires the prior approval of FHA or VA as long as there is a Class B Membership. The Declaration does include a provision requiring the prior approval of FHA or VA to a merger, consolidation or dissolution of the Association.
7. The Declaration includes a provision stating that the failure to pay assessments does not constitute a default under an insured mortgage.
8. The Declaration assures lot owners of automatic membership and voting rights in the Association.
9. Each lot owner is empowered to enforce the covenants in the Declaration.
10. Prior to January 1, 2020, the approval of not less than ninety percent (90%) of the lot owners and the Declarant (so long as long as any Declarant still owns any lots) is required to amend the Declaration. After January 1, 2020, the approval of not less than seventy-five percent (75%) of the lot owners is required to amend the Declaration.
11. The common area cannot be mortgaged, dedicated or transferred without the consent of at least two-thirds (2/3) of each class of Members.
12. Ingress and egress to all lots is provided by roads constructed by the developer which will be dedicated to the public and accepted for maintenance by the applicable governmental authorities at a future date. Until such roads become public roads, each lot will be conveyed with a perpetual non-exclusive right to use the roads for ingress and egress purposes.
13. There is no provision in the Declaration which conflicts with the HUD requirement that the common area shall be conveyed to the Association free and clear of all encumbrances before HUD insures the first mortgage in the Planned Unit Development.
14. Absolute liability is not imposed on lot owners for damage to common area or lots in the Planned Unit Development.
15. The Class B membership (Declarant's weighted vote) ceases and converts to Class A membership upon the earlier of the following:
  - A. When the total votes outstanding in the Class A membership equals the total votes outstanding in the Class B membership.
  - B. December 31, 2004.

III. **By-Laws**

1. The By-Laws are consistent with the Articles of Incorporation and Declaration of Covenants.
2. The FHA and VA have the right to veto amendments to the By-Laws while there is a Class B membership.

KIRK PALMER & THIGPEN, P.A.

By: William B. Kuh, Jr.  
Attorney

Date: August 31, 2000