

ARTICLES OF INCORPORATION

OF

MILAN WOODS HOMEOWNERS ASSOCIATION, INC.

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-In compliance with the requirements of the laws of the State of North Carolina, the undersigned, a resident of Wake County, North Carolina, and of full age, does this day form a corporation not for profit and does hereby certify:

DOCUMENT #403498  
DATE 04/15/87 TIME 14:  
FILED  
THAD EURE  
SECRETARY OF STATE  
NORTH CAROLINA

ARTICLE I

The name of the corporation is MILAN WOODS HOMEOWNERS ASSOCIATION, INC., hereafter called the "Association".

ARTICLE II

The principal and initial registered office of the Association is located in Wake County at 3710 Benson Drive, Raleigh, North Carolina 27609.

ARTICLE III

Michael C. Golder, whose address is 3710 Benson Drive, Raleigh, North Carolina 27609, is hereby appointed the initial registered agent 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 and preservation of the common area, and architectural control of the residence Lots and Common Area within that certain tract of property described as follows:

All of lots 53 through 65, inclusive, and all of that area designated as Common Area "A" and "B" as shown on the map recorded in Plat Book 114, Page 10, Durham County Registry,

and any other properties which may be subsequently annexed thereto, and to promote the health, safety and welfare of the residents within the above described property. The Association shall have the following general powers and any other impliedly arising therefrom, to be exercised in the manner provided and in conformity with applicable laws, the Declaration hereinafter referred to, the Bylaws of the Association, and these Articles:

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(a) To 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 Protective Covenants for Milan Woods, hereinafter 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 incorporated herein as if set forth at length;

(b) To fix, levy, collect and enforce payments by any lawful means, of all charges or assessments pursuant to 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, subject always to the provisions and requirements of the Declaration;

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(c) 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, subject always to the provisions and requirements of the Declaration and limitations imposed by law.

(d) To borrow money, and in aid thereof to mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property unless prohibited by law, as security for money borrowed or debts incurred, subject always to the provisions and requirements of the Declaration, and provided that the rights of any such mortgagee in said properties shall be subordinate to the rights of the members herein; and

(e) To 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

HOYING HUFF, INC., its successors and assigns (the "Declarant") for so long as it shall be record owner of a fee simple title to any Lot, and 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. Ownership of such Lot shall be the sole qualification for membership.

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#### ARTICLE VI

#### VOTING RIGHTS

Section 1. The Association shall have two classes of voting membership.

Class A. Class A members shall be all those Owners as defined in Article V with the exception of the Declarant. Class A members shall be entitled to one vote for each Lot in which they hold the interest required for membership by Article V. When more than one person holds such 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, and no fractional vote may be cast with respect to any Lot.

Class B. The Class B member shall be the Declarant as defined in the Declaration. The Class B member shall be entitled to three (3) votes for each Lot in which it holds the interest required for membership by Article V, provided that 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:

426 (a) When the total votes outstanding in Class A membership equal the total votes outstanding in Class B membership, but provided that the Class B membership shall be reinstated if thereafter and before the time stated in Subparagraph (b) below, such additional lands are annexed to the properties without the assent of Class A members as provided in the Declaration, or

(b) On December 31, 1992.

Section 2. The right of any member to vote may be suspended by the Board of Directors for just cause pursuant to its rules and regulations.

#### ARTICLE VII

##### BOARD OF DIRECTORS

The affairs of this Association shall be managed by a Board of not less than three (3) nor more than nine (9) Directors, who need not be members of the Association. The number of Directors may be changed by amendment of the Bylaws of the Association. The names and addresses of the persons who are to act in the capacity of directors until the selection and qualification of their successors are:

<u>NAME</u>	<u>ADDRESS</u>
Mitchell T. Huff	3710 Benson Drive Raleigh, N.C. 27609
Michael C. Golder	3710 Benson Drive Raleigh, N.C. 27609
J. Lamonte Mayes	3710 Benson Drive Raleigh, N.C. 27609

At the first annual meeting the members shall elect one-third of the directors for a term of one year, one-third of the directors for a term of two years and one-third of the directors for a term of three years; and at each annual meeting thereafter the members shall elect one-third of the directors for a term of three years, and until their successors are elected and qualified.

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#### ARTICLE VIII

##### MERGERS AND CONSOLIDATIONS

To the extent permitted by law, the Association may participate in mergers and consolidations with other non-profit corporations organized for the same or similar purposes, provided that any such merger or consolidation shall have the assent of two-thirds (2/3) of the entire Class A membership and two-thirds (2/3) of the entire Class B membership, if any.

#### ARTICLE IX

##### AUTHORITY TO MORTGAGE

Any mortgage by the Association of the Common Area defined in the Declaration shall have the assent of members entitled to cast two-thirds (2/3) of the votes of the entire Class A membership and two-thirds (2/3) of the entire Class B membership, if any.

## ARTICLE X

### AUTHORITY TO DEDICATE

428 The Association shall have power 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 members. No such dedication or transfer shall be effective unless an instrument has been signed by members entitled to cast two-thirds (2/3) of the votes of the entire Class A membership and two-thirds (2/3) of the entire Class B membership, if any, agreeing to such dedication, sale or transfer.

As to lenders and purchasers for value, the certification by the Secretary of the Association that the required number of members have executed instruments in conformity with this Article, shall be conclusive as to the fact recited by such certification and shall be binding upon the Association and all of its members.

## ARTICLE XI

### EXCHANGE OF COMMON AREA

The Association, acting through its Board, with the assent of member or proxies entitled to cast sixty-six and two-thirds percent (66-2/3%) of the entire votes of the Class A and Class B membership, from time to time may exchange with Declarant or any member a portion of the Common Area for a portion of the real property owned by such member within Milan Woods Subdivision, provided that the

real property acquired by the Association in the exchange:  
(a) is free and clear of all encumbrances except the Declaration, and easements for drainage, utilities, and sewers; and (b) has approximately the same area and utility as the portion of the Common Area exchanged. The real property so acquired by the Association shall be a part of the Common Area, and, without further act of the Association or membership, shall be released from any provisions of the Declaration except those applicable to the Common Area. The portion of the Common Area so acquired by the Declarant or a member, without further act of the Association or membership, shall cease to be Common Area and shall be subject to those provisions of the Declaration that were applicable to the real property conveyed to the Association by the member.

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## ARTICLE XII

### DISSOLUTION

The Association may be dissolved with the assent given in writing and signed by not less than seventy percent (70%) of the entire Class A membership and seventy percent (70%) of the entire Class B membership, if any. Upon dissolution of the Association, a dedication of the Common Areas as they then exist for public use for purposes as similar to those to which they were required to be devoted by the Association, shall be offered to the appropriate unit of local government and the areas thus dedicated shall be conveyed to the local governmental unit. In the event that



the local governmental unit refuses to accept such dedication and conveyance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted to purposes and uses that would most nearly reflect the purposes and uses to which they were required to be devoted by the Association. This Corporation shall have no capital stock. In the event of dissolution, no member, director or officer of the Corporation or any private individual shall be entitled to share in the distribution of the assets of this Corporation.

#### ARTICLE XIII

##### DURATION

The corporation shall exist perpetually.

#### ARTICLE XIV

##### AMENDMENTS

Except as herein provided, any amendment of these Articles shall require the assent of members or proxies entitled to cast sixty-six and two-thirds percent (66-2/3%) of the entire vote of the membership.

Furthermore, the Declarant for so long as it controls the Board, and thereafter, the Board of Directors, may amend these Articles without the consent of the owners and hereby reserves the right to act on behalf of the owners to conform these Articles to the requirements of any law or governmental agency having legal jurisdiction over the Property or to qualify the Property or any units therein for

mortgage or improvement loans made, guaranteed or insured by a governmental agency, including, without limitation, Veterans Administration, Federal Housing Administration, Federal National Mortgage Association, Housing and Urban Development and Federal Home Loan Mortgage Corporation, or to comply with the requirements of law or regulations of any governmental corporation or agency regarding purchase of mortgage interests by such agency. A letter from any such agency stating that a change is desired or necessary in order to qualify the Property or any units for loans eligible to be guaranteed by, insured by or purchased by such agency, shall be sufficient authority for the amendment of these Articles.

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Such amendment shall be executed in the name of the Association by the President (or Vice-President) and by the Secretary (or Assistant Secretary) of the Association and recorded in the Office of the Register of Deeds of Durham County. No such amendment shall be effective until recorded as aforesaid.

#### ARTICLE XV

#### FHA/VA APPROVAL

Notwithstanding any provisions in this instrument to the contrary, as long as there is a Class B membership, and if Declarant desires to qualify sections of this subdivision for Federal Housing Administration or Veterans Administration approval (but not otherwise), the following actions will require the prior approval of Federal Housing

Administration or the Veterans Administration: Annexation of additional properties, dedication of Common Areas, amendment of these Articles of Incorporation, mergers and consolidations, mortgaging of Common Area and dissolution.

ARTICLE XVI

ANNEXATION OF ADDITIONAL PROPERTIES

432 (a) Annexation of additional property shall require the assent of two-thirds (2/3) of the Class A membership and two-thirds (2/3) of the Class B membership, if any.

(b) If within five years of the date of incorporation of this Association, the Declarant should develop additional lands as a part of Milan Woods Subdivision within the area described in the Declaration for that purpose, such additional lands may be annexed to said Properties without the assent of the Class A members.

(c) Annexation of additional Properties shall be accomplished by recording in the Durham County Registry a Declaration of Annexation, duly executed by the Declarant if the Declarant has the right to annex pursuant to Subparagraph (b) above (and by the Association if pursuant to Subparagraph (a) above), describing the lands annexed and incorporating the provisions of this Declaration, either by reference or by fully setting out said provisions therein. The additional lands shall be deemed annexed to the Properties on the date of recordation of the Declaration of Annexation, and in the case of an annexation by the

Declarant, no action or consent on the part of the Association or any other person or entity shall be necessary to accomplish the annexation except the City of Durham if required by its ordinances.

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(d) Subsequent to recordation of the Declaration of Annexation by the Declarant, the Declarant shall deliver to the Association one or more deeds conveying any Common Area within the lands annexed as such Common Area is developed, as set forth in Article V, Section 3 of the Declaration.

#### ARTICLE XVII

The name and address of the incorporator is Lisa E. Bennett, 3201 Glenwood Avenue, Raleigh, North Carolina 27612.

IN WITNESS WHEREOF, for the purpose of forming this Corporation under the laws of the State of North Carolina, I, the undersigned, constituting the incorporator of this Association, have executed these Articles of Incorporation this the 14<sup>th</sup> day of April, 1987.

Lisa E. Bennett (SEAL)

NORTH CAROLINA  
WAKE COUNTY

I, the undersigned, a Notary Public in and for said State and County do hereby certify that LISA E. BENNETT personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and notarial seal this the 14<sup>th</sup> of April, 1987.



My Commission Expires:

04-11-91

bkp/leb15

Lisa M. Bell (Spence)  
Notary Public