

**ARTICLES OF INCORPORATION  
OF  
PADDINGTON HOMEOWNERS ASSOCIATION, INC.**

In compliance with the requirements of Chapter 55A 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 hereafter certifies:

**ARTICLE I**

**Name**

The name of the corporation is **PADDINGTON HOMEOWNERS ASSOCIATION, INC.**, hereinafter called the "Association".

**ARTICLE II**

**Office**

The principal and registered office of the Association is located at 7200 Falls of Neuse Road, Ste 300, Raleigh, NC 27615, in Wake County, North Carolina.

**ARTICLE III**

**Registered Agent**

Debra J. Conaway, whose address is 7200 Falls of Neuse Road, Ste. 300, Raleigh, North Carolina 27615, in Wake County, North Carolina is hereby appointed Registered Agent of this Association.

**ARTICLE IV**

**Purposes**

This 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, directors or members or any other private individual. The purposes and objectives of the Association shall be for maintenance, preservation and architectural control of the resident lots and common areas within that certain development known as Paddington Subdivision, to be constructed in accordance with the laws of the State of North Carolina upon the property situated, lying and being in Granville County, North Carolina, and described in Exhibit "A" attached to the Declaration of Covenants, Conditions and Restrictions for Paddington Subdivision (hereinafter "Declaration") recorded or to be recorded in the Granville County Registry.

Such purposes shall include the following:

- 1) To 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 applicable to the property and recorded or to be recorded in the Office of the Granville County Register of Deeds 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;
- 2) To 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;
- 3) 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 the limitations and restrictions imposed by applicable law;
- 4) To borrow money, and with the assent of members entitled to cast two-thirds (2/3) of the votes of the entire Class B membership, if any, mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, subject always to the provisions and requirements of the Declaration. The rights of such mortgagee in said properties shall be subordinate to the rights of the members;
- 5) 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, subject to the provisions and requirements of the Declaration. 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. The certifications by the secretary of the Association that the required number of members have executed instruments in conformity with this provision shall be conclusive as to the fact recited by such certification;
- 6) To the extent permitted by law, the Association may participate in mergers and consolidations with other non-profit corporation organized for the same or similar purposes or annex additional residential property and common area, subject to the provision and requirements of the Declaration; and further provided that any such merger or

consolidation 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.

- 7) 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;
- 8) To contract for the management of the Association and to delegate to such contractor all of the powers and duties of the Association, except those which may be required by the Declaration to have approval of the membership.

## **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. Ownership of such Lot shall be the sole qualification for membership.

## **ARTICLE VI**

### **Voting Rights**

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

Class A. Class A members shall be all owners as defined in Article III 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 in Article III. 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. Fractional voting is prohibited.

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 III, provided that the Class B membership shall cease and be converted to Class A membership in the happening of either of the following events, which ever occurs earlier:

- (1) December 31, 2014;
- (2) When the total number of votes held by the Class A Members equals the total

number of votes held by the Class B Member; *provided, however, that*, Declarant may acquire additional votes and thereby reinstate the Declarant Control Period if additional Lots within the Properties are formed by the creation and subjection to this Declaration of new Lots as set forth in Article II hereof, thus making Declarant the Owner, by virtue of its ownership of the newly-annexed Lots and of other Lots owned by it, of a sufficient number of votes (at the 3-to-1 ratio) to cast a majority of the votes of the membership (it being hereby stipulated that the termination and rejuvenation of Declarant Control shall occur automatically as often as the foregoing shall occur); or

- (3) Relinquishment or transfer of all Special Declarant Rights as provided in §47F-3-104 of the Act.

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 Directors consisting of not less than three (3) Directors and not more than five (5), and the initial Board of Directors shall consist of three (3) persons, who shall serve until the first annual meeting of the membership of the Association. The exact number of directors shall be fixed by the Board of Directors as provided for in the Bylaws of the Association. Directors need not be members of the Association. The names and addresses of the two persons who are to serve as Directors until the organizational meeting of the membership of the Association, or until their successors are elected and qualified are:

<u>Name</u>	<u>Address</u>
Debra J. Conaway	7200 Falls of Neuse Road, Ste. 300 Raleigh, NC 27615
Laura B. Glasgow	7200 Falls of Neuse Road, Ste. 300 Raleigh, NC 27615
Mary Beth Sewell	7200 Falls of Neuse Road, Ste. 300 Raleigh, NC 27615

## ARTICLE VIII

### Dissolution

The Association may be dissolved with the assent given in writing and 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. Upon dissolution of the Association, other than incident to a merger or consolidation, a dedication of the Common Areas of the Association shall be offered to Granville County and the areas thus dedicated shall be conveyed to Granville County, provided that such dedication shall be subject to the superior right of the owner of each Lot to an easement for reasonable ingress and egress between his Lot and the public street as well as any easement for the exclusive use of Limited Common Areas assigned to such owners's Lot and for a reasonable off-street parking area to accompany his Lot; and further provided that the Association may in its discretion designate the boundaries of said easement for off-street parking and said area for ingress and egress which shall accompany each Lot. In the event that Granville County 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. The corporation shall have not 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 IX

### Duration

The corporation shall exist perpetually.

## ARTICLE X

### Meetings for Actions

In order to take action under Articles IV (4), (5), (6) and VIII, there must be a duly held meeting. Written notice, setting forth the purpose of the meeting, shall be given to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. The presence of members or proxies entitled to cast twenty-five (25%) of the votes of each class of membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirement set forth above, and the required quorum at such subsequent meeting shall be one-half (1/2) of the required quorum of the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting. In the event that two-thirds (2/3) of the Class A membership or two-thirds (2/3) of the Class B membership, if any, are not present in person or by proxy, members not present may give their written assent to the action taken thereat.

Notwithstanding the foregoing, if any action may be taken by Class B members without approval

of Class A members, the meeting may be held without notice to Class A members and notice to Class B members may be waived.

## **ARTICLE XI**

### **Amendments**

Amendment of these Articles shall require the assent of two-thirds (2/3) of the entire membership. Provided, however, and notwithstanding the foregoing, the Declarant, as that term is defined in the Declaration, may at any time and from time to time amend these Articles of Incorporation without obtaining the consent or approval of the members or any other person or entity if such amendment is necessary for any one of the following purposes: to correct an obvious typographical or clerical error; to cause these Articles of Incorporation to comply with the requirement of FHA (Federal Housing Administration), VA (U.S. Department of Veterans Affairs), FNMA (Federal National Mortgage Association) or other such similar agency; or as may be necessary to establish or maintain the tax exempt status of the Association under the laws of the United States or the State of North Carolina.

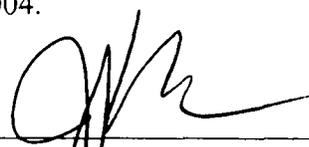
## **ARTICLE XII**

### **Incorporation**

The name and address of the incorporator is as follows:

J. Kenneth Edwards  
5909 Falls of Neuse Rd, Ste 200  
Raleigh, NC 27609

IN WITNESS WHEREOF, for the purposes of forming this corporation under the laws of the State of North Carolina, the undersigned, constituting the incorporator of this Association, has executed these Articles of Incorporation this 30<sup>th</sup> day of October, 2004.

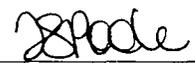
  
\_\_\_\_\_  
J. Kenneth Edwards  
**INCORPORATOR**

NORTH CAROLINA  
WAKE COUNTY

THIS IS TO CERTIFY that on the 30<sup>th</sup> day of October, 2004, before me, a Notary Public, personally appeared, J. Kenneth Edwards, 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 purposed therein expressed.

IN TESTIMONY WHEREOF, I have hereunder set my hand and affixed my official seal, this 20 day of October, 2004.

**OFFICIAL SEAL**  
**T.S. POOLE**  
**NOTARY PUBLIC**  
**WAKE COUNTY, N.C.**  
My Commission Expires: 2-14-2009

  
\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_