

SOSID: 1114524  
Date Filed: 9/8/2009 12:04:00 PM  
Elaine F. Marshall  
North Carolina Secretary of State  
C200924700260

ARTICLES OF INCORPORATION  
OF  
THE VILLAGE AT CROATAN HOMEOWNERS' ASSOCIATION, INC.  
A Non-Profit Corporation

Pursuant to Chapter 55A-2-02 of the General Statutes of North Carolina, the undersigned does hereby submit these Articles of Incorporation for the purpose of forming a nonprofit corporation:

ARTICLE I

The name of the corporation is THE VILLAGE AT CROATAN HOMEOWNERS' ASSOCIATION, INC., hereinafter called the "Association".

ARTICLE II

The principal and registered office of the Association is located at 203 Pine Road, New Bern, Craven County, North Carolina 28560. The mailing address of the Association is Post Office Box 162, New Bern, North Carolina 28563.

ARTICLE III

Hovey E. Aiken, III, whose address is 203 Pine Road, New Bern, Craven County, North Carolina 28560 is hereby appointed the initial registered agent of this Association. The mailing address of the initial registered agent of the Association is Post Office Box 162, New Bern, North Carolina 28563.

ARTICLE IV  
PURPOSE AND POWERS OF THE ASSOCIATION

The 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 residence Lots and Common Area within that certain tract of property described as:

THE VILLAGE AT CROATAN SUBDIVISION

and to promote the health, safety and welfare of the residents within the above-described property and any additions 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 The Village at Croatan Subdivision, hereinafter called the "Declaration", applicable to the property and recorded or to be recorded in the Office of the Register of Deeds of Craven

County, North Carolina, by LRH Development, LLC, hereinafter called the "Declarant", 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 shares 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 or personal property in connection with the affairs of the Association;

(d) borrow money, and, after Class B Lots cease to exist, with the assent of Members entitled to at least eighty percent (80%) of the votes of the entire membership of the Association and at least two-thirds (2/3's) of the votes appurtenant to each Class of Lots, mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, provided that the rights of any mortgagee in said properties shall be subordinate to the rights of the homeowners as set forth in the Declaration;

(e) dedicate, sell or transfer all or any part of the Common Area to any public or quasi-public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Members. After Class B Lots cease to exist, no such dedication or transfer shall be effective unless the Members entitled to at least eighty percent (80%) of the votes of the entire membership of the Association and at least three-fourths (3/4's) of the votes appurtenant to each Class of Lots agree to such dedication, sale or transfer and signify their agreement by a signed document recorded in the applicable public registry for Craven County, North Carolina. Nothing herein shall be deemed to prohibit the Board of Directors of the Association, without consent of the Members, from granting easements over and across the Common Area to any public agency, authority or utility for the installation and maintenance of sewerage, utility (including telephone, electrical, water, gas, sewer and cable television) or drainage facilities when, in the opinion of the Board, such easements are necessary for the convenient use and enjoyment of properties within the Subdivision. Notwithstanding anything herein to the contrary, the Common Area shall be preserved for the perpetual benefit of the owners of Lots within the Subdivision and shall not be conveyed except to a

governmental entity or another non-profit corporation organized for similar purposes.

(f) annex additional properties in such manner and upon such terms as set out in a Declaration of Covenants, Conditions, and Restrictions which is recorded, or to be recorded in the Office of the Register of Deeds of Craven County, North Carolina.

(g) 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 may be paid for services rendered to or for the corporation 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 the 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 intendment of Section 528 of the Internal Revenue Code of 1986 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 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 1986 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.

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 (2) classes of Membership:

Class A Members. Every person, group of persons, or entity which is a record Owner of a fee interest in any Lot upon which a Dwelling Unit has been erected within the Property, shall automatically be a Class A Member of the Association except the Declarant during the Development Period; provided, however, that any such person, group of persons or entity who holds such interest solely as security for the performance of an obligation shall not be a Member. A Class A Membership shall be appurtenant to and may not be separated from ownership of any Lot upon which a Dwelling Unit has been constructed that is subject to Assessment. Class A Members shall be entitled to one (1) vote for each Lot in which they hold the interest required for membership. In the event that more than one person, group of persons or entity is the record Owner of a fee interest in any Lot, then the vote for the membership appurtenant to such Lot portion shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot. In the event agreement is not reached, the vote attributable to such Lot shall not be cast.

Class B Members. The Class B Member during the Development Period shall be the Declarant. The Class B Membership shall cease and be converted to Class A membership upon the expiration of the Development Period.

Voting. Each Member shall have one vote with respect to each Lot owned by such Member, but a Class A Member shall not be entitled to exercise any vote until the expiration of the Development Period.

ARTICLE VII  
BOARD OF DIRECTORS

The affairs of this Association shall be managed by a Board of Directors whose number shall be not less than three (3) nor more than nine (9). The number of directors may be changed by amendment of the By-Laws of the Association. The Directors shall be elected in the manner as provided in the By-Laws. The Directors shall be members of the Association as set forth in the By-Laws. The names and addresses of the persons who are to act in the capacity of initial directors until the selection of their successors are:

<u>NAME</u>	<u>ADDRESS</u>
Hovey E. Aiken, III	203 Pine Road New Bern, N.C. 28560
Ernest L. Reason, Jr.	Post Office Box 12386 New Bern, N.C. 28561
Rickie L. Scheper	3940 U.S. Highway 70 E New Bern, N.C. 28560

ARTICLE VIII  
DISSOLUTION

The Association may be dissolved with the assent given in writing and signed by not less than two-thirds (2/3's) 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 the 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  
DURATION

The corporation shall exist perpetually.

ARTICLE X  
AMENDMENTS

Amendment of these Articles shall require the lesser of two-thirds (2/3's) of the members' votes cast or a majority of the members' votes entitled to be cast on the amendment, at a meeting of members or by written consent or by written ballot obtained after

furnishing a copy or summary of the amendment. Provided, however, any such amendment shall also require the written approval of the Declarant.

ARTICLE XI  
INCORPORATOR

The name and address of the incorporator is as follows:

Brian Z. Taylor  
White & Allen, P.A.  
P.O. Drawer U  
New Bern, NC 28563

This the 27<sup>th</sup> day of August, 2009.



A handwritten signature in black ink, appearing to read 'BZT', is written over a horizontal line.

BRIAN Z. TAYLOR, Incorporator

BZT/tcm #1  
100957-00001