

FILED
MAY 20 1963
RECORDED
MORGANTON, N. C.

ARTICLES OF INCORPORATION

OF

PINE MOUNTAIN LAKES PROPERTY OWNERS ASSOCIATION, INC.

The undersigned natural person being more than twenty-one years of age does hereby make and acknowledge these Articles of Incorporation of Pine Mountain Lakes Property Owners Association for the purpose of forming and organizing a non-profit corporation pursuant to Chapter 55A of the North Carolina General Statutes:

ARTICLE I

NAME

The name of the corporation is Pine Mountain Lakes Property Owners Association, Inc..

ARTICLE II

DURATION

The corporation shall exist perpetually.

ARTICLE III

PURPOSES AND POWERS

The corporation, (sometimes referred to herein as "Association") (1) does not contemplate pecuniary gain or profit, direct or indirect, to its members, (2) shall have no capital stock, and (3) shall distribute none of its income to its members, directors, or officers.

The specific purposes for which this corporation is organized are, for the use and benefit of its members to:

(1) Exercise those certain rights, powers, and privileges granted to the corporation by the provision of Chapter 55A of the North Carolina General Statutes;

(2) Provide for the administration, management, control, supervision, operation, preservation, expansion, and protection of value of those certain real, personal, tangible, and intangible properties which shall, from time to time, belong

to or otherwise become subject to the jurisdiction and control of this corporation within a developed real estate area to be situate primarily in Burke County, North Carolina, and known as Pine Mountain Lakes (hereinafter referred to as "PML");

(3) If authorized by majority vote of the Class A Members only, conducted in accordance with a resolution of the Board of Directors of the Association permitting such a vote, act as rental or leasing agent for Class A Members;

(4) Promote the health, safety and welfare of owners and occupants of residential, commercial, and other properties within PML and any additions to such properties and, to that end, to:

(a) Exercise all of the powers and privileges to perform all of the duties and obligations of the corporation as set forth in the Pine Mountain Lakes Declaration of Covenants and Restrictions applicable to PML properties and recorded by South Mountain Properties, Inc., Pine Mountain Lakes Property Owners Association, Inc., and Village Commons Association, Inc., in Book 430, page 278, office of the Register of Deeds of Burke County, North Carolina, together with subsequent amendments and modifications thereto hereinafter recorded; said Declaration is incorporated herein as if fully set forth;

(b) Own, acquire, build, operate, maintain and expand greenways, recreational parks, playgrounds, swimming pools, golf courses, private ways, private roads, private lanes, utilities, water system, sewer system, lakes, buildings, structures, together with food, lodging, and commercial facilities incident to PML, and personal properties incident thereto, (hereinafter referred to as "the common properties and facilities");

(c) Provide for services including, but not limited to, garbage and trash collections, fire and police protection and maintenance of unkept lands and trees;

(d) Fix, levy, collect and enforce payment by any lawful means, all charges and assessments pursuant to the terms of the Declaration and the By-Laws, Rules and

Regulations of the Association; to pay all 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 corporation;

(e) Pursuant to the terms of the Declaration, to convey, sell, lease, transfer, dedicate for public or other use, or otherwise dispose of real or personal property in connection with the affairs of the corporation;

(f) Pursuant to the terms of the Declaration, borrow money; and, with the assent of 51% of the voting members, mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property in connection with the affairs of the corporation;

(g) Pursuant to the terms of the Declaration, dedicate, sell or transfer all or any part of the common properties and facilities to any public or private agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the voting members. No such dedication or transfer shall be effective unless approved by 51% of the voting members;

(h) Participate in mergers and consolidations with other nonprofit corporations organized for the same or similar purposes, provided that any such merger shall have the assent of 51% of the voting members;

(i) Insofar as permitted by the laws of the State of North Carolina, to do any other thing that will promote the common benefit and enjoyment of the residents upon and owners of the PML properties;

(j) Enforce any and all covenants, restrictions, and agreements applicable to the PML properties.

ARTICLE IV

MEMBERSHIP

(1) Members: (a) Every person or entity who is the record owner of a fee, or undivided fee, interest in any Unit of PML Property (which shall mean one (1) Lot or Village Interest, or

one (1) of any other category of PML property restricted to residential use) which is subject, by Declaration of record, to being assessed by the corporation, and who shall have paid the Developer in full for the purchase price of the Unit of PML Property shall be a member of the corporation; provided that any such person or entity (except the Developer) who holds such interest only as security for the performance of an obligation shall not be a member.

(b) South Mountain Properties, Inc. (hereinafter referred to as the Developer), its successors and assigns, shall, except as may be provided to the contrary by resolution of the Board of Directors of the Association, be the only voting member of the corporation for a period of time (hereinafter called "Development Period") extending (1) for ten (10) years from the date of sale of the first Unit of PML Property or (2) to the date of completion of all common properties and facilities to be provided by Developer which shall serve existing PML properties and those hereafter added thereto or, (3) until Developer is paid in full for all PML properties which it shall sell, whichever shall later occur; provided, that Developer may, in its discretion shorten said period.

(2) Associate Members: Every person or entity who has entered into a contract of purchase with the Developer covering a Unit of PML Property which is subject by Declaration of record to being assessed by the corporation and who has not paid the Developer in full for the purchase price of said Unit of PML Property shall be an associate member of the corporation. An associate member shall be entitled to all the privileges of a member except the right to vote. Rescission of a contract of purchase by the Developer shall terminate the associate membership.

ARTICLE V

VOTING RIGHTS

There shall be two classes of voting memberships:

(1) Class A: Class A members shall have no voting rights during the Development Period, except as may be provided to the contrary by resolution of the Board of Directors of the Association, and shall be all those persons or entities as defined in ARTICLE IV, with the exception of the Developer, who have paid the Developer in full for the purchase price of a Unit of PML Property.

When more than one person holds such interest or interests in any Unit of PML Property, the vote for such Unit of PML Property shall be exercised as they shall determine; provided, however, that in no event shall more than one vote be cast with respect to any such Unit of PML Property.

(2) Class B: The Class B member shall be Developer, and the only voting member during the Development Period, except as may be provided to the contrary by resolution of the Board of Directors of the Association. The Class B member shall be entitled to one vote for each Unit of PML Property which is offered for sale by Developer until such time as it shall cease to be a record owner thereof, and shall have been paid in full for such Unit of PML Property. The Developer shall continue to have the right to cast votes as aforesaid even though it may have contracted to sell the Unit of PML Property or may have same under a mortgage or deed of trust.

ARTICLE VI

ADDITION TO PROPERTIES AND MEMBERSHIP

Additions to the PML properties may be made only in accordance with the provisions of the Declaration. When additions to the PML properties are properly made, the Declaration shall extend the jurisdiction, functions, duties, memberships, and associate memberships of this corporation to such properties and the Owners as defined in the Declaration.

ARTICLE VII

DEDICATION OF PROPERTIES OR TRANSFER OF FUNCTIONS TO PUBLIC OR PRIVATE AGENCY OR UTILITY

The corporation shall have power to dispose of its real properties as authorized under the Declaration and as provided herein.

ARTICLE VIII

AMENDMENTS

These articles may be amended by the majority vote of the Board of Directors and the approval of members having voting rights. Any proposed amendment shall be adopted upon

receiving at least two-thirds of the votes entitled to be cast by voting members present or represented by proxy at a meeting lawfully called and conducted.

ARTICLE IX

DISSOLUTION

The corporation may be dissolved only with the assent given by the members entitled to vote as provided by the laws of the State of North Carolina. Dissolution shall not divest or diminish any right or title of any Owner, as defined in the Declaration vested in him under the Declaration and deeds applicable to his property unless made in accordance with the provisions of such Declaration and deeds.

ARTICLE X

DISPOSITION OF ASSETS UPON DISSOLUTION

Upon dissolution of the corporation, the assets, both real and personal of the corporation, shall be dedicated to an appropriate public or private non-profit agency or utility to be devoted to purposes, to the extent practicable, identical to those to which they were required to be devoted by this corporation. In the event the offer of such dedication is declined, such assets shall be granted, conveyed and assigned to any one or more non-profit corporations, associations, trusts, or other organizations, to be devoted to purposes, to the extent practicable, identical to those to which they were required to be devoted by this corporation. No such disposition of corporate properties shall be effective to divest or diminish any right or title of any Owner, as defined in the Declaration, vested in him under the Declaration, with the provisions of such Declaration and deeds.

ARTICLE XI

REGISTERED OFFICE AND REGISTERED AGENT

The address of the registered office of the corporation is Connelly Springs, North Carolina. The initial registered office of the corporation and the name of its initial registered agent at that address are:

Thomas M. Starnes
Wachovia Bldg.
102 West Union Street
City of Morganton
Burke County
North Carolina

ARTICLE XII

DIRECTORS

The affairs of the corporation shall be managed by a Board of not less than three (3) nor more than fifteen (15) Directors, who need not be members of the corporation. The number and term of directors shall be , from time to time, determined by the By-Laws and, in no event, shall be less than three (3). The names and addresses of the persons constituting the initial Board of Directors to serve until the first annual meeting of the members are as follows:

<u>NAMES</u>	<u>ADDRESSES</u>
Thomas A. Perine	Rt. 1, Horseshoe Road Millneck Long Island, New York
Steven K. Fair	5209 Holatee Trail Ft. Lauderdale, Florida
G. Robert Livsey, Jr.	Mimosa Hills Drive Morganton, North Carolina
Roger G. Hussey	P.O. Box 197 Connelly Springs, North Carolina
Thomas M. Starnes	P.O. Drawer 629 West Union Street Morganton, North Carolina

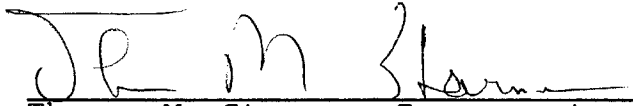
ARTICLE XIII

NAME AND ADDRESS OF INCORPORATOR

The name and address of the incorporator of this corporation is as follows:

Thomas M. Starnes
Patton, Starnes & Thompson
Attorneys at Law
Wachovia Bank Building
102 West Union Street
Morganton, North Carolina

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 19 day of April, 1973.


Thomas M. Starnes, Incorporator

NORTH CAROLINA

BURKE COUNTY

This is to certify that Thomas M. Starnes did personally appear before me on this 19 day of April, 1973, and being by me first duly sworn, deposed and said that he signed the foregoing Articles of Incorporation and that the statements therein contained were true and correct.

J. Elizabeth Williams

Notary Public

My commission expires: 4-7-76