

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
MCCLELLAND TOWNHOMES HOMEOWNERS' ASSOCIATION, INC.

*the original of which was filed in this office on the 15th day of
September, 1998.*

*IN WITNESS WHEREOF, I have hereunto set my
hand and affixed my official seal at the City of
Raleigh, this 15th day of September, 1998.*



Elaine F. Marshall

Secretary of State

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EFFECTIVE
ELAINE F MARSHALL
SECRETARY OF STATE
NORTH CAROLINA

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ARTICLES OF INCORPORATION
OF

McCLELLAND TOWNHOMES HOMEOWNERS' ASSOCIATION, INC.

A NON-PROFIT CORPORATION

In compliance with the requirements of Chapter 55A of the General Statutes of North Carolina, the undersigned resident of New Hanover County, North Carolina, who is of full age, does hereby make and acknowledge these Articles of Incorporation for the purpose of forming a corporation not for profit and does hereby certify:

ARTICLE I.

Corporate Name. The name of the Corporation is McCLELLAND TOWNHOMES HOMEOWNERS' ASSOCIATION, INC. hereinafter called the Corporation or the Association.

ARTICLE II.

Duration. The period of duration of the Corporation shall be perpetual.

ARTICLE III.

Registered Office and Agent. The principal and initial registered office of the Corporation is located at 428 Eastwood Road, New Hanover County, Wilmington, North Carolina 28403; and the name of the initial registered agent of the Corporation at such address is Mark L. Maynard.

ARTICLE IV.

Corporate Purposes. This Corporation does not contemplate pecuniary gain or profit to the Members thereof, and the specific purposes for which it is formed are to provide for the maintenance, management, preservation and architectural control of that certain property known as McClelland Townhomes shown and described on the plat thereof recorded in the Office of the Register of Deeds of New Hanover County, North Carolina, and any additions thereto which may be brought within the jurisdiction of the Corporation; and to promote the health, safety and welfare of the Lot Owners, and for these purposes:

(A) To exercise all of the powers and privileges and to perform all of the duties and obligations of the Corporation set forth in that certain Declaration of Covenants, Conditions and Restrictions for McClelland Townhomes (the "Declaration"), which is recorded or will be recorded in the Office of the Register of Deeds of New Hanover County, North Carolina, and as the same may be amended from time to time as therein provided, said Declaration being incorpo-

rated herein as if set forth at length (all capitalized terms herein shall have the meaning defined in the Declaration);

(B) To fix, levy, collect and enforce payment by any lawful means of all Assessments and other charges pursuant to the terms of the Declaration; to pay all office and other expenses incident to the conduct of the business of the Corporation, including all licenses, taxes or governmental charges levied or imposed against the property of the Corporation;

(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 Corporation;

(D) To borrow money, mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(E) 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;

(F) To participate in mergers and consolidations with other non-profit corporations organized for the same purposes;

(G) To annex Additional Properties to the Development as provided in the Declaration; and

(H) 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. Every person or entity who is a record Owner of a fee or undivided fee interest in any Lot, including contract sellers, shall be a Member of the Corporation. 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.

Voting Rights. The Corporation shall have two classes of voting memberships:

Class A. Class A members shall be all Owners with the exception of the Declarant and shall be entitled to one vote for each Lot owned. 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 with respect to any Lot is hereby prohibited.

Class B. The Class B Member(s) shall be the Declarant (as defined in the Declaration). And shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of any of the following events, whichever occurs earlier:

(a) When the total vote outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or

(b) On December 31, 2001; or

(c) Upon the voluntary surrender of all Class B membership by the holder thereof.

ARTICLE VI.

Initial Board of Directors. There shall be three (3) Directors on the initial Board of Directors whose names and addresses are as follows and who shall serve until their successors are selected and qualified:

Mark L. Maynard

428 Eastwood Rd.
Wilmington, NC 28403

Lim Vallianos

15 Borden Avenue
Wilmington, NC 28403

Walter O. Winter

1633 Pembroke Jones Dr.
Wilmington, NC 28405

ARTICLE VII

Incorporator. The name and address of the incorporator of this Corporation is:

W. Talmage Jones
101 South Third Street
Wilmington, NC 28401

ARTICLE VIII

Dissolution of the Association. In the event of dissolution of the Association, the residual assets of the Association will be dedicated to a public body or conveyed to one or more organizations with purposes similar to those of the Association which are exempt as organizations described in Section 510 (c)(3) of the Internal Revenue Code of 1986.

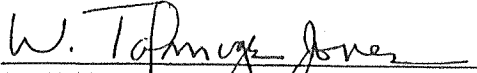
ARTICLE IX

Amendment. These Articles of Incorporation may be amended only upon the vote of not less than two-thirds (2/3rds) of the members of each class.

ARTICLE X

HUD/VA Approval. If HUD or VA has approved the making, insuring or guaranteeing of loans within the Development, then annexation of Additional Property, mergers and consolidations, mortgaging of Common Areas, dissolution of the Association and Amendment of these Articles or the Corporations's Bylaws requires the prior approval of HUD/VA so long as there is Class B members.

IN WITNESS WHEREOF, for the purpose of forming this Corporation under the laws of the State of North Carolina, I, the undersigned, being the incorporator of this Corporation, have executed these Articles of Incorporation this the 9th day of September, 1998.



W. TALMAGE JONES
INCORPORATOR

STATE OF NORTH CAROLINA

COUNTY OF NEW HANOVER

This is to certify that on this 9th day of September 1998, before me, Amy R. Thompson a Notary Public, personally appeared W. TALMAGE JONES 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 purposes therein expressed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my notarial seal, this the 9th day of September, 1998.

Amy R. Thompson
Notary Public

My commission expires:
1-15-2003
(SEAL)

