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ARTICLES OF INCORPORATION

DEERFIELD TOWNHOMES HOMEOWNERS ASSOCIATION, INC. ^{EFFECTIVE} ELAINE F MARSHALL
SECRETARY OF STATE
NORTH CAROLINA

The undersigned, being of the age of eighteen years or more, does hereby make and acknowledge these Articles of Incorporation for the purpose of forming a nonprofit corporation under and by virtue of the laws of the State of North Carolina.

ARTICLE I

NAME

1. The name of the corporation is DEERFIELD TOWNHOMES HOMEOWNERS ASSOCIATION, INC.

ARTICLE II

DURATION

2. The period of duration of the corporation is perpetual.

ARTICLE III

PURPOSES

3. The purposes for which the corporation is organized are:

a. To operate without contemplating pecuniary gain or profit to the members thereof, and no part of the Association's net gain shall inure to the benefit of any of its officers, directors or members or any other private individual.

b. To provide for architectural control of the construction, erection and installation of any improvements on lots or plots located in the residential development known as Deerfield Townhouses and more particularly described below.

c. To provide for the beautification and maintenance and to build and maintain facilities and improvements on the common areas within that certain tract of land described as Deerfield Townhomes Phase One on the plat thereof to be recorded, plus additional land and additional phases, or sections, in Declarants' discretion, to be recorded and annexed by M & P Developers, LLC, Declarant, their successors and assigns, without the consent of the Members of the Association within 15 years after the date of incorporation of the Association.

d. To provide the health, safety and welfare of the residents within the Deerfield Townhomes and any additions, phases, or sections thereto, that may hereafter be brought within the jurisdiction of the Association for these purposes.

e. To exercise all the powers and privileges and to perform

all of the duties and obligations of the Association as set forth in the certain Declaration of Covenants, Conditions and Restrictions for Deerfield Townhomes to be recorded in the Office of Register of Deeds of Guilford County, North Carolina as same may be amended from time to time. The terms used herein shall have those meanings as defined in the Declarations.

f. To provide exterior maintenance as provided in the Declarations.

g. To collect assessments from its Members as provided in the Declaration.

h. To do and perform all acts, services, functions and duties directly or indirectly connected with the commencement and continued operation of the affairs of an association of owners.

i. To engage in any lawful act or activity and to have and to exercise any and all powers, rights and privileges which a corporation organized under the Non-Profit Corporation Act of the State of North Carolina may now or hereafter exercise.

ARTICLE IV

MEMBERSHIP

The membership of the Association shall consist of the Declarant, its successors or assigns, for so long as it shall be an Owner of a Lot or plot in said Deerfield Townhomes , and every person or entity who is a record owner of a fee or undivided fee in any Plot or lot which is subject by the covenants or record to assessments by the Association, including contract sellers, but excluding persons who hold an interest merely as security for performance of an obligation. Ownership of such interest shall be the sole qualification of membership. No owner shall have more than one membership, except as expressly provided hereinafter. Membership shall be appurtenant to and may not be separated from ownership of any Lot or Plot which is subject to assessment. The Association may make reasonable rules relating to the proof of ownership of a lot or plot in Deerfield Townhomes. The term "lot" or "plot" referred in these Articles of Incorporation herein are inter-changeable.

ARTICLE V

VOTING RIGHTS

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

a. Class A. Class A Members shall be all Owners as defined in Article V of the Declaration, with the exception of the Declarant during the period Declarant is a Class B Member as defined below. Class A Members shall be entitled to one vote for each Lot or Plot in which they hold the interest required for

membership by said Article V. When more than one person or entity holds such interest in any lot or plot, all such persons shall be Members. The vote for such lot or plot 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 and no fractional vote may be cast with respect any lot or plot.

b. Class B. The Class B Member shall be the Declarant. The Class B Member shall be entitled to three (3) votes for each lot or plot in which it holds a fee or undivided fee interest 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 first:

1. The total votes outstanding in the Class A Membership equals the total votes outstanding in the Class B Membership; or

2. Ten (10) years after the date of the Declaration.

With the recording of new Phases or Sections of Deerfield Townhomes and the annexation of additional lands subject to the jurisdiction of the Association, new Class A and Class B Memberships shall be created and the conversion of Class B Membership to Class A Memberships shall be made separately with respect to each such section of Deerfield Townhomes.

ARTICLE VI

REGISTERED AGENT AND OFFICE

The address of the initial registered office of the corporation in the State of North Carolina is 1716 Trowbridge Court, High Point, Guilford County, North Carolina 27265; and the name of its initial registered agent at such address is Gary E. Peacock. The principal office of the corporation is 1716 Trowbridge Court, High Point, North Carolina, 27265.

ARTICLE VII

BOARD OF DIRECTORS

The number of directors constituting the initial board of directors shall be three (3); and the names and addresses of the persons who are to serve as the initial directors are:

<u>Name</u>	<u>Address</u>
Gary E. Peacock	1716 Trowbridge Court High Point, NC 27265
James M. Marlowe	600 Emerywood Drive High Point, NC 27262
Edward N. Post	516 North Wrenn Street High Point, NC 27262

Section 2. Election and Term. At the first annual meeting, the Directors shall be elected as required by the Bylaws. The

term of the Directors elected shall be as provided in the Bylaws. All Directors shall serve until their successors have been qualified and elected.

Section 3. Subsequent Elections. The method of election of Directors after the first election held pursuant to Section 2 hereof shall be as provided in the Bylaws.

ARTICLE VIII

MERGERS AND CONSOLIDATION

To the extent permitted by the law, the Association may participate in mergers and consolidations with other non-profit corporations organized for the same or similar purposes; provided, no merger or consolidation may be effectuated unless two-thirds (2/3) of each class of all the votes entitled to be cast by the membership are cast in favor of merger or consolidation at an election held for such purpose. In such event the holder of Class B voting rights shall be entitled to one vote for each Lot which it owns.

ARTICLE IX

DISSOLUTION OR INSOLVENCY

The Association may be dissolved with the assent given in writing and signed by not less than two-thirds (2/3) 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 non-profit corporation, trust or other organization to be devoted to such similar purposes.

ARTICLE X

AMENDMENTS

Section 1. Amendment by Membership: Except as herein provided, any amendment to these Articles may be accomplished with the assent of seventy-five (75%) percent of all Lot Owners in Deerfield Townhomes, voting in person or by proxy; provided, however, that any amendment which shall materially and adversely affect the validity or priority of the lien of or the rights of Institutional Lenders (as hereinafter defined) holding first mortgage loans on the property located within Deerfield Townhomes shall be required to have the prior approval of such Institutional Lenders. "Institutional Lender" shall mean and refer to banks, savings and loan associations, insurance companies, other firms or entities customarily affording loans secured by first liens and residences, and other eligible

insurers and governmental guarantors. Notwithstanding anything contained in this Article X, no amendment relating to the maintenance and ownership of any permanent detention ponds on any land in Deerfield Townhomes shall be made without review and approval by the governmental office having jurisdiction for watershed protection. Should additional property later be brought within the jurisdiction of this Association, pursuant to the Declaration, it shall not be necessary to amend these Articles to annex such additional property.

Section 2. Recordation. No amendment made pursuant to this section shall be effective until duly recorded in the Office of the Secretary of State of North Carolina.

ARTICLE XI

INDEMNIFICATION

To the fullest extent permitted by the North Carolina Non Profit Corporation Act as it exists or may hereafter be amended, no person who is serving or who is serving or who has served as a director of the corporation shall be personally liable for monetary damages for breach of any duty as a director. No amendment or repeal of this article, nor the adoption of any other amendment to these Articles of Incorporation inconsistent with this article, shall eliminate or reduce the protection granted herein with respect to any matter that occurred prior to such amendment, repeal or adoption.

ARTICLE XII


HUD/VA APPROVAL

As long as there is a Class B member, the following acts will require the prior approval for compliance with established HUD or VA guidelines: Annexation of additional properties, except annexations of additional phases of Deerfield Homes including common areas which are part thereof as hereinbefore described effected pursuant to Article X of the Declaration, merger, consolidation, mortgaging of Common Area, dissolution and amendment of these Articles.

ARTICLE XIII

The name and address of the incorporator is Edward N. Post of 516 North Wrenn Street, High Point, NC. 27262

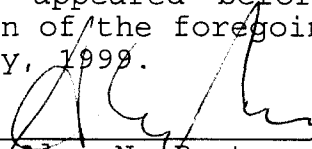
IN WITNESS WHEREOF, for the purposes of forming this non-profit corporation under the laws of the State of North Carolina, the undersigned as incorporator, has executed these Articles of Incorporation this 25th day of February, 1999.


Edward N. Post, Incorporator

NORTH CAROLINA
GUILFORD COUNTY

I, Alan N. Post, a Notary Public, does hereby certify that Edward N. Post personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

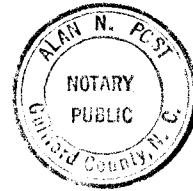
This 25th day of February, 1999.



Alan N. Post

My Commission Expires:

June 16, 2002



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