

STATE OF NORTH CAROLINA  
DEPARTMENT OF THE SECRETARY OF STATE

ARTICLES OF INCORPORATION  
OF

MORGAN RIDGE HOMEOWNERS' ASSOCIATION, INC.

[A North Carolina Nonprofit Corporation]

The undersigned corporation hereby submits these Articles of Incorporation for the purpose of forming a nonprofit corporation, as follows:

Pursuant to §§ 55A-1-01 et seq. of the General Statutes of North Carolina, the undersigned corporation does hereby submit these Articles of Incorporation for the purpose of forming a nonprofit corporation.

1. *Name.* The name of the corporation (hereinafter also referred to as "The Association") is:

**Morgan Ridge Homeowners' Association, Inc.**

2. The corporation is not a charitable or religious corporation as defined in N.C. General Statute § 55A-1-40(4).

3. *Duration.* The period of the duration of the corporation is perpetual.

4. *Initial Registered Office.* The street and county of the initial registered office is:

4421 Manns Chapel Road  
Chapel Hill, North Carolina 27516  
Chatham County

5. *Initial Registered Agent.* The name of the initial registered agent is:

E. Wesley Lloyd

6. *Incorporator.* The name and address of the incorporator is:

Warren D. Mitchell  
104 Amber Wood Run  
Chapel Hill, North Carolina 27516

7. *Principal Office.* The street address of the initial principal office is:

4421 Manns Chapel Road  
Chapel Hill, North Carolina 27516  
Chatham County

8. *Purposes and Powers.*

The purposes for which the Association is organized are:

- (a) As described in the Declaration of Covenants, Conditions and Restrictions, Easements, Charges and Liens for Morgan Ridge Homeowners' Association, Inc., which Declaration is to be recorded in the office of the Register of Deeds for Chatham County, North Carolina (such Declaration as the same may be amended from time to time being hereinafter referred to as the "Declaration"); to enforce the covenants, restrictions, easements, charges and liens provided in the Declaration to be enforced by the Association; to fix, levy, assess, collect, enforce and disburse the charges and assessments created under the Declaration; and to exercise all powers and privileges and to perform all duties and obligations of the Association under the Declaration;
- (b) To do any and all other lawful things and acts that the Association from time to time in its discretion may deem to be for the benefit of the Lot and the owners and inhabitants thereof or advisable, proper or convenient for the promotion of the peace, health, comfort, safety and general welfare of the owners and inhabitants thereof.

To these ends, the Association shall exercise all the powers provided in Chapter 55A of the General Statutes of North Carolina in furtherance of the above-stated purposes.

9. *Nonprofit Corporation.*

The Association is not organized for pecuniary profit, nor is it organized to engage in any activity ordinarily carried on for profit, nor shall it have any power to issue certificates of stock or pay dividends.

10. *Distributions.*

No part of the net earnings of the Association shall inure to the benefit of, or be distributable to, its members, directors, trustees, officers, and other elected or appointed representatives, or other private persons (other than by acquiring, constructing or providing management, maintenance, and care of the Association property, and other than by a rebate of excess membership dues, fees, or assessments), except that the Association shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article 8 of these Articles (entitled "Purposes and Powers") and in a manner set forth in its Bylaws.

In the event of dissolution of the Association and/or corporation, all funds held in either the capital account or the operating account will be used to pay any and all outstanding expenses/debts of the Association and/or corporation. After said payments, the remaining funds, if any, will be distributed per capita per Lot to Owners of Morgan Ridge Homeowners' Association, Inc. in accordance with the Declaration.

11. *Membership Corporation.*

The corporation will have members. Any person who or entity which holds record title to any Lot within Morgan Ridge Subdivision shall be and remain a member of the Corporation for so long as such person or entitle shall hold record title to such Lot. The Association shall have two (2) classes of members. The qualification of the members, the manner of their

admission to membership, termination of such membership, and voting rights shall be as follows:

- (a) Class A Members. Class A Members shall be the Owners of all Lots except those owned by the Class B Member (as hereinafter defined). When more than one person owns an interest (other than a leasehold or security interest) in any Lot, all such persons shall be Members and the voting rights appurtenant to their Lot shall be exercised as they, among themselves, determine; but fractional voting shall not be allowed, and in no event shall more than one (1) vote be cast with respect to any Lot. Class A Members shall be entitled to one (1) vote for each Lot owned. Lots owned by Class A Members shall be "Class A Lots".
- (b) Class B Member. The Class B Member shall be the Declarant. Subject to the provisions of this subsection, Declarant shall be entitled to ten (10) votes for each Lot that it owns or controls by virtue of a valid purchase option contract, memorandum of which contract shall be recorded in the office of the Chatham County Register of Deeds (each a "Class B Lot").
- (c) The interest of a member in the funds and assets of the Association cannot be assigned, hypothecated or transferred in any manner. The funds and assets of the Association shall belong solely to the Association subject to the limitations that the same be expended, held, or used for the benefit of the membership and for the purposes authorized herein, in the Declaration and in the Bylaws which shall be hereafter adopted.
- (d) The members of the Association shall have the right to vote for the election and removal of directors and upon such other matters with respect to which the right to vote is given to members under the By-Laws, or the Declaration or under the provisions of Chapter 55A of the General Statutes of North Carolina, the voting rights of the members being more particularly described in the Declaration and the Bylaws; provided, however, that certain rights may be reserved to Declarant in the Declaration and Bylaws of the Association with respect to the election of the initial Board of Directors and amendment of the Declaration and Bylaws.
- (f) Membership in the Association shall be appurtenant to and may not be separated from ownership of a Lot.

## 12. *Governance and Initial Board of Directors.*

The business and conduct of the Association shall be regulated by a Board of Directors. Directors of the Association shall be elected or appointed or designated ex officio in the manner and for the terms provided in the Bylaws of the Association as such shall from time to time be amended. The number of directors constituting the initial Board or Directors shall be three (3). The number of directors may be changed by amendment to the Bylaws of the Association. The names and addresses of persons who are to serve on such initial Board of Directors are:

<u>Name</u>	<u>Address</u>
E. Wesley Lloyd	4421 Manns Chapel Road Chapel Hill, NC 27516
Nina Lloyd	4421 Manns Chapel Road Chapel Hill, NC 27516
Warren D. Mitchell	104 Amber Wood Run Chapel Hill, NC 27516

13. *Indemnification.*

To the fullest extent possible as permitted by law as may be in effective at the applicable time, no member, director or officer shall be liable for any injury, loss, judgment, transgression, demand, damage, penalty, fine, cost, liability or other claim or cause of action, arising out of an action whether by or in the right of the corporation or otherwise for monetary damages for breach of any duty as a member, director or officer of the corporation, unless due to an act or omission that such member, director or officer knew or believed at the time that the acts or omissions were clearly in conflict with the best interests of the corporation; or, any transaction from which the member, director or officer derived an improper personal benefit. As used herein, "improper personal benefit" does not include reasonable compensation or other reasonable incidental benefit for, or on account of, services as a member, director, employee, independent contractor, attorney, consultant or agent of the corporation.

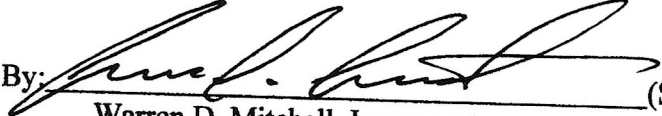
Each member, director or officer shall be indemnified by the corporation against any claims, judgments, transgressions, losses, demands, damages, injuries, penalties, fines, costs and liabilities, (including sums paid in settlement of claims), or causes of action of any kind, character or nature, known or unknown, at law or in equity, in contract, tort or under statute or otherwise, including any and all costs, expenses and liability, including reasonable attorney's fees, consultant fees and expert fees incurred or imposed upon the member, director or officer in connection with any claim, proceeding or cause of action to which he or she may be a party or in which the member, director or officer becomes involved by reason of having been a member, director or officer of the corporation, whether or not he or she was a member, director or officer of the corporation at the time such expenses or liabilities are incurred, except in such cases where such member, director or officer is adjudged to be guilty of an act or omission that such member, director or officer knew or believed was clearly in conflict with the best interests of the corporation or from which the member, director or officer derived an improper personal benefit, as such term is limited above. Provided, however, that in the event of settlement or compromise, the indemnification of the member, director or officer shall apply only when the members of the corporation approve such settlement or compromise and reimbursement as being in the best interests of the corporation.

14. *Effective.*

These articles will be effective upon filing.

This the 21 day of September, 2020.

**Morgan Ridge  
Homeowners' Association, Inc.**

By:  (Seal)  
Warren D. Mitchell, Incorporator