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NORTH CAROLINA
FORSYTH COUNTY

EFFECTIVE
AMENDMENT TO ARTICLES OF INCORPORATION OF THE SHERWOOD ASSOCIATION, INC.
JOHN S. FAULKNER
SECRETARY OF STATE
NORTH CAROLINA

This Amendment to Articles of Incorporation ("Amendment") is made and executed this 1st day of May, 1996 by the Sherwood Association, Inc. ("Association") for itself, its successors, grantees and assigns;

WHEREAS, Sherwood and its individual members are owners of real property located in Winston-Salem, Forsyth County, North Carolina, more particularly described in Article IV of the original Articles of Incorporation as filed on March 21, 1980.

WHEREAS, The Association desires to amend its Articles of Incorporation under North Carolina General Statute Chapter 55A as originally filed on March 21, 1980 in the Office of the Secretary of State of the State of North Carolina and as recorded in Book 1299, page 1158 in the Office of the Register of Deeds of Forsyth County, North Carolina.

NOW, THEREFORE, the Association does hereby amend and modify said Articles of Incorporation as follows:

1. Article IV is amended by adding the following as an additional subsection entitled (h) "To assess and collect for the installation, repair, maintenance and other related expenses of decorative street lights when requested by a two-third (2/3rd) majority of the particular section in which they are to be erected. The owners all lots in such section will be responsible for the cost and maintenance of same through additional assessments to the owners in that particular section. Each individual property owner shall be responsible of his, her, its or their portion of such assessments which assessments shall run with the land."
2. Article VIII is amended to read as follows: "The highest amount of indebtedness or liability, direct or contingent, to which this Association may be subject at any one time shall not exceed 150 percent of its gross income for the previous fiscal year, provided that additional amounts may be authorized by the assent of two-thirds (2/3) of the membership."

That these Amendments have been approved by seventy-five (75%) of the entire membership and by the City of Winston-Salem as required by Article XIV of the original Articles of Incorporation

This the 1st day of May, 1996.

The Sherwood Association, Inc.

By: James B. Whitely
James B. Whitely, President



ATTEST:

Janet L. O'Leary
Secretary

SEAL

STATE OF NORTH CAROLINA - County of Forsyth

This 1st day of May, 1996, personally came before me,

Brian S. DeBerry, a Notary Public,

Jeremy W. DeBerry who, being by me duly sworn, says that

he/she knows the Common Seal of THE SHERWOOD ASSOCIATION, INC. and is acquainted with James B. Whitely who is the President of said

Association, and that he/she, the said Jeremy W. DeBerry is the

Secretary of the said Corporation, and saw the said President sign the foregoing instrument, and saw the Common Seal of said Association affixed to said instrument by

said President, and that he/she, the said Jeremy W. DeBerry signed his/her name in attestation of the execution of said instrument in the presence of said President of said Corporation.

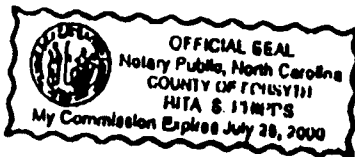
WITNESS my hand and notarial seal or stamp this the 1st day of

May, 1996.

Brian S. DeBerry
Notary Public

My Commission Expires:

7-25-2000



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CLERK OF COURSE
SECRETARY OF STATE
NORTH CAROLINA

266383

ARTICLES OF INCORPORATION
OF
THE SHERWOOD ASSOCIATION, INC.

In compliance with the requirements of G. S. 55A-1, et seq., the undersigned, all of whom are residents of the State of North Carolina and all of whom are of full age, have this day voluntarily associated themselves together for the purpose of forming a corporation not for profit and do hereby certify:

ARTICLE I

The name of the corporation is The Sherwood Association, Inc., hereafter called the "Association."

ARTICLE II

The principal and registered office of the Association is located in Forsyth County at 5446 University Parkway, Winston-Salem, North Carolina.

ARTICLE III

William Mack Batchelor, whose address is 5446 University Parkway, Winston-Salem, Forsyth County, North Carolina, is hereby appointed the initial registered agent of this Association.

ARTICLE IV

PURPOSE AND POWERS OF THE ASSOCIATION

This 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 certain land referred to as "Common Open Space" (as that term is defined in Section 25-9(D)(1)(j) of the Code of the City of Winston-Salem, North Carolina,) said Common Open Space being described more particularly as:

EXK1299P1159

All of that land identified as being not covered by impermeable surfaces nor to be transferred to private ownership within the boundary delineated on the site plan approved by the Board of Aldermen of the City of Winston-Salem on December 4, 1978 in the zoning petition of W. Bryan White and wife (Zoning Docket W-675) and incorporated by reference in Special Use Permit issued by said Board of Aldermen with reference to the Planned Unit Development presented in the aforementioned zoning petition of W. Bryan White, (said planned unit development being referred to hereinafter as the "Planned Unit Development"), which Common Open Space will be more precisely delineated on subdivision plats of subportions of the Planned Unit Development which will be placed of record from time to time in the Office of the Register of Deeds of Forsyth County, North Carolina, and such other land as may be annexed thereto as Common Open Space in the coordinated development of the area,

and to promote the health, safety and welfare of the residents within the Planned Unit Development and any additions thereto as may hereafter be brought within the jurisdiction of this Association by annexation, as provided in Article IX herein, and for this purpose:

(a) To 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 hereinafter called the "Declaration," applicable to the Planned Unit Development and recorded or to be recorded in the office of the Register of Deeds of Forsyth County, North Carolina, and as the same may be amended from time to time as therein provided, said Declaration being incorporated herein as if set forth in full;

(b) To fix, levy, collect and enforce payment by any lawful means, all charges 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) 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 Association provided, however, no sale, lease or transfer or other disposition of real property constituting Common Open Space shall be made which would diminish that area included within the Planned Unit Development without the express approval of the City of Winston-Salem, if such approval would be required under the provisions of the Code of the City of Winston-Salem, North Carolina, at the time such disposition or transfer should take place;

(d) To borrow money, and with the assent of two-thirds (2/3) of each class of members mortgage, pledge, deed in trust, or hypothecate any or all of its personal property or such of its real property as shall not be within the boundaries of the Planned Unit Development and, with express permission of the City of Winston-Salem, Common Open Space 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 and the City of Winston-Salem. No such dedication or transfer shall be effective unless an instrument has been signed by two-thirds (2/3) of each class of members, agreeing to such dedication, sale or transfer;

(f) To annex additional property, provided that any such merger, consolidation or annexation shall have the assent of two-thirds (2/3) of each class of members; and

(g) 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

There shall be no more than five hundred seventy-three (573) members of the Association. Every person or entity who is a record owner in fee of a residential lot (including common law townhouse lot) or condominium unit within the Planned Unit Development - Residential, shall be a member of the Association. The owners of such dwelling units or Lots shall be referred to as the "Owners". The residential lots, townhouse lots or condominium units, shall be referred to as "Lots" and any one of them shall be referred to as a "Lot". The Sherwood Company, a North Carolina General Partnership of Winston-Salem, North Carolina, is the present owner of the Planned Unit Development - Residential. It shall hereafter be referred to herein as the "Declarant".

ARTICLE VI
VOTING RIGHTS

The Association shall have two classes of voting membership divided among the Declarant and all subsequent Owners of Lots (hereinafter referred to as "Owners") as follows:

Class A. Class A members shall be all Owners as defined in the Declaration, 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 the owners of it determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B member shall be the Declarant and shall be entitled to three (3) votes for each Lot owned. Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

- (a) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or
- (b) at such earlier time Declarant shall elect to convert its membership to Class A.

ARTICLE VII

BOARD OF DIRECTORS

The affairs of this Association shall be managed by a Board consisting initially of not fewer than three (3), and as many as five (5) Directors, who need not be members of the Association. The number of directors may be increased to more than 5 by amendment of the By-Laws of the Association. The names and addresses of the persons who are to act in the capacity of Directors until the selection of their successors are:

<u>NAME</u>	<u>ADDRESS</u>
A. T. Williams	5446 University Parkway Winston-Salem, North Carolina
W. Mac Batchelor	5446 University Parkway Winston-Salem, North Carolina
Louis Hubbard	629 Peters Creek Parkway Winston-Salem, North Carolina
Bruce Hubbard	629 Peters Creek Parkway Winston-Salem, North Carolina

The Directors shall be classified with respect to time for which they shall severally hold office by dividing them into three classes, with one class of two (2), a second class of two (2), and a third class of one (1). At the first annual meeting, the members shall

elect the Directors of the first class for a term of one (1) year, the Directors of the second class for a term of two (2) years, and the Director of the third class for a term of three (3) years, and at each annual meeting thereafter, the members shall elect successors to the class of Directors whose term or terms shall expire that year for a term of three (3) years.

ARTICLE VIII

LIABILITIES

The highest amount of indebtedness or liability, direct or contingent, to which this Association may be subject at any one time shall not exceed \$150,000.00 while there is a Class B membership, and thereafter shall not exceed 150 percent of its gross income for the previous fiscal year, provided that additional amounts may be authorized by the assent of two-thirds (2/3) of the membership.

ARTICLE IX

AUTHORITY TO MORTGAGE

Any mortgage by the Association of the Common Open Space shall have the assent of two-thirds (2/3) of the entire Class A membership and all of the Class B membership, if any, and in the instance required by Article IV(d), by the City of Winston-Salem, North Carolina.

ARTICLE X

AUTHORITY TO DEDICATE

The Association shall have power 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. No dedication or transfer shall be effective unless an instrument has been signed by members entitled to cast two-thirds (2/3) of the votes of the entire Class A membership and two-thirds (2/3) of the entire Class B membership, if any, agreeing to such dedication, sale or transfer, and by the City of Winston-Salem, North Carolina.

ARTICLE XI

DISSOLUTION

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 and by the City of Winston-Salem, North Carolina. 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 this 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 XII

DURATION

The corporation shall exist perpetually.

ARTICLE XIII

MEETINGS FOR ACTIONS COVERED
BY ARTICLES VIII THROUGH XI

In order to take action under Articles VIII through XI, there must be a duly held meeting. Written notice, setting forth the purpose of the meeting shall be given to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. The presence of members or of proxies entitled to cast sixty percent (60%) of the votes of each class of membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirement set forth above, and the required quorum at such subsequent meeting shall be one-half of the required quorum of the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting. In the event that two-thirds (2/3) of

the Class A membership or two-thirds (2/3) of the Class B membership, if any, are not present in person or by proxy, members not present may give their written assent to the action taken thereat.

ARTICLE XIV

AMENDMENTS

Amendment of these Articles shall require the assent of seventy-five percent (75%) of the entire membership, and the City of Winston-Salem, North Carolina.

ARTICLE XV

RIGHTS OF FIRST MORTGAGEES

Section 1. Notification of Default by Mortgagor. The holder of any Mortgage or Deed of Trust, under which the interest of any Owner is encumbered and which Mortgage or Deed of Trust has first and paramount priority subject only to the lien of general or ad valorem taxes and assessments (First Mortgagees), on any Lot shall be entitled, upon written request to the Association, to written notification by the Association of any default by the mortgagor of such Lot in the performance of such mortgagor's obligations under these Articles when such default is not cured within thirty (30) days from its occurrence.

ARTICLE XVI

INCORPORATORS

The name and address of the Incorporator is:

<u>NAME</u>	<u>ADDRESS</u>
Richard E. Glaze	610 Reynolds Building Winston-Salem, North Carolina 27101

IN WITNESS WHEREOF, for the purpose of forming this corporation under the laws of the State of North Carolina, I, the

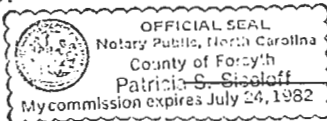
undersigned, incorporator of this Association, have executed these Articles of Incorporation this the 7th day of March, 1980.

Richard E. Glaze (SEAL)
Richard E. Glaze

STATE OF NORTH CAROLINA
COUNTY OF FORSYTH

I, Patricia S. Sicheloff, a Notary Public of the above State and County, do hereby certify that Richard E. Glaze personally appeared before me this day and acknowledged the execution of the foregoing instrument.

WITNESS my hand and notarial seal, this 7th day of March, 1980.



Patricia S. Sicheloff
Notary Public

My Commission Expires:
July 24, 1982

PRESENTED FOR
REGISTRATION
AND RECORDED
MAR 25 11 28 AM '80
EUNICE AYERS
REGISTER OF DEEDS
FORSYTH CO., N.C.

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