

State of North Carolina

Department of the Secretary of State

To all whom these presents shall come, Greeting: I, Thad Eure,
Secretary of State of the State of North Carolina, do hereby certify
the following and hereto attached (12 sheets) to be a true copy of

Articles of Incorporation
Of
Woodvalley Swim and Racquet Club, Inc.

And the probates thereon, the original of which was filed in this
office on the 22nd day of April 1980, after having been found to
conform to law.

In Witness Whereof, I have hereunto set my hand and affixed my
official seal.

Done in Office, at Raleigh, this 22nd day of April in the year of our
Lord 1980.

Book 2824

267606

ARTICLES OF INCORPORATION OF
WOODVALLEY SWIM AND RACQUET CLUB, INC.

The undersigned, being a natural person of the age of eighteen (18) years or more, does hereby associate himself into a nonprofit corporation under the laws of the State of North Carolina, as contained in Chapter 55A of the General Statutes of North Carolina, entitled "Nonprofit Corporation Act", and the several amendments thereto, does hereby make sign, and acknowledge these Articles of Incorporation, and to that end does hereby set forth:

ARTICLE I
DEFINITIONS

Section 1. "Association" shall mean and refer to Woodvalley Swim and Racquet Club, Inc., its successors and assigns.

Section 2. "Owner" shall mean and refer to the record owner (with the exception of the Developer), whether one or more persons or entities, of fee simple title to any Residential Lot within the Properties, including contract sellers, but excluding those having such interest merely as security for performance of an obligation.

- (a) "Initial Owner" shall mean and refer to the first Owner (with the exception of a Builder or those acquiring fee simple title to any lot by virtue of a prior security interest therein) of fee simple title to each Residential Lot.
- (b) "Builder" shall mean and refer to any owner who acquires any Residential Lot for the purpose of constructing a dwelling thereon and not for occupancy thereof.

Section 3. "Properties" shall mean and refer to approximately 600 acres located in Wake County, North Carolina, and more particularly described on Exhibit A attached hereto and made a part of hereof; provided, however, that notwithstanding anything herein to the contrary, the Developer reserves the right (without further assent of the Association) to include additional real property located within one mile of the boundary of the Property described on Exhibit A referred to above, within the definition of the "properties" as used herein by recording a subdivision plat in the Wake County Registry containing the following statement: "The residential lots reflected on this subdivision plat shall be included within the term 'Properties' as defined in Section 3, Article I, of the Articles of Incorporation of Woodvalley Swim and Racquet Club, Inc., and the term 'Residential Lots' as defined in Section 4, Article I, thereof and the owners of such lots shall be eligible for membership in Woodvalley Swim and Racquet Club, Inc."

Book 2824

Section 4. "Residential Lot" shall mean and refer to (a) residential lot included within the Properties and designated by number on subdivision plats (one or more) heretofore recorded by the Developer in the Wake County Registry and (b) residential lots included within the Properties and designated by number on subdivision plats (one or more) here-after approved by Wake County and recorded in the Wake County Registry if (i) such recorded subdivision plat contains the following statement: "The Owners of the Residential Lots reflected on this subdivision plat are eligible for membership in Woodvalley Swim and Racquet Club, In." duly signed by the Developer or (ii) the original deed from the Developer to the owner for such lot contains a similar statement. The Developer reserves the right (without further assent of the Association) to record such subdivision plats and otherwise perform the following acts.

Section 5. "Club Property" shall mean and refer to approximately 5.915 acres included within the Property and more particularly described on Exhibit B attached hereto, together with all buildings and other improvements now or hereafter constructed thereon; provided, however that the Developer reserves the right (without further assent of the Association) to designate additional real property located within the Properties (provided such additional real property is located within the Properties described on Exhibit A attached hereto, or within additional properties contiguous thereto_ for use as lakes, green belts, amenities or other recreational or related use to include such designated additional real property within the definition of Club Property as used herein by conveying fee simple title to such real property to the Association.

Section 6. "Developer" shall mean and refer to Leesville Development Corporation, a North Carolina corporation, it's successors and assigns.

Section 7. "Member" shall mean and refer to every person or entity holding membership in the Association.

ARTICLE II

NAME

The name of the corporation is Woodvalley Swim and Racquet Club, Inc.

ARTICLE III

REGISTERED OFFICE

The principal and registered office of the Association is located at Post Office Box 17102, 5925 Falls of Neuse Road, Raleigh, North Carolina.

ARTICLE IV

REGISTERED AGENT

Frank L. Robuck, Jr., whose address is 5925 Falls of Neuse Road, Wake County, Raleigh, North Carolina, is hereby appointed the initial registered agent of this Association.

Book 2824

ARTICLE V
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 acquire, own, maintain, improve and operate the Club Property for the benefit of the Association's members and for this purpose, the Association, acting through its Board of Directors, shall have the authority to:

- (a) Determine those individuals or entities eligible for membership in the Association (consistent with the provisions hereof); to offer and accept applications for membership in the Association; establish and revise from time to time membership fees or dues payable by members to permit continued use of the Association's facilities; make rules and regulations relative to the use of the Association's facilities; suspend or terminate and Owner's voting rights and membership for non-payment of dues or other membership charges; suspend or terminate an Owner's membership or right to use the Association's facilities for infraction of its published rules and regulations' and to otherwise regulate membership in the Association (consistent with these Articles of Incorporation and the Association's By-Laws);
- (b) Do all things necessary or appropriate in connection with management of the Association's affairs, including employment of individuals or firms performing services related to maintenance or operation of the Association's facilities or administration of its affairs, whereas employee, independent contractor or otherwise;
- (c) Acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use, mortgage, encumber or otherwise dispose of real or persona property in connection with the Association's affairs; provided, however, that they Associations shall not sell or otherwise convey the Club Property (except as permitted by other provisions hereof) without the assent of two-thirds (2/3) of each class of the Association's Members.
- (d) Borrow money and encumber the Association's Property to secure payment thereof; provided, however, that such loads (except loans connected with the Association's acquisition of the Club Property as permitted hereby, loans from the Developer pursuant to Article IX hereof and other unsecured loans not exceeding \$15,000 to provide funds for operations or capital expenditures) shall have the assent of a majority of each class of the Association's Members;

Book 2824

- (e) Acquire, own, maintain, operate and repair any waste collection system serving the Properties and otherwise perform the Association's obligations under all maintenance or similar agreements with the respect thereto;
- (f) Purchase and maintain insurance covering the Association's properties, as well as public liability or similar insurance;
- (g) Dedicate, sell or transfer all or any part of the Association's real or personal property to any public agency, authority or utility;
- (h) Participate in mergers and consolidations with other non-profit corporations organized for purposes similar to the Association; provided however, that any such merger or consolidation shall have the assent of two-thirds (2/3) of each class of the Association's Members; and
- (i) Have and to exercise any and all powers, rights and privileges which a corporation organized under the Nonprofit Corporation Law of the State of North Carolina by law may now or hereafter have or exercise.

Provided, however, that notwithstanding anything herein to the contrary, the Association, acting by a majority vote of its Board of Directors, shall have authority to acquire the Club Property and in connections therewith, to encumber the same by mortgage or deed of trust to secure the payment of loans not exceeding \$100,000 or in lieu thereof, to acquire the Club Property subject to loans not exceeding \$100,000. The Association's obligation to repay any such loans shall be limited to the carrying charges thereon (interest) and Developer shall repay the principal amount thereof on or before the end of the ten-year period referred to in Article IX, (d) below. The sum of \$1,000 shall be credited to the total principal balance outstanding on such loans at the time of the conveyance by Developers of each subdivided lot within the Properties in any section subsequent to Section Five, Woodvalley recorded in Book of Maps 1979, Page 605 Wake County Registry.

ARTICLE VI
MEMBERSHIP

The Association shall have three classes of membership.

Class A Membership. Class A members shall consist of two categories, and shall be stockholders in the Association:

- (1) Category 1. Every Owner shall be eligible for Class A membership in the Association, and upon application for membership therein, the purchase of one share of stock from the Association at such price set by the Board of Directors in an effect the time of Purchase (or the acquisition from the immediate past owner of stock previously purchased from the Association) and payment to the Association of any initiation fees (provide, however, Owners who has acquired stock from the previous Owner shall not be required to pay any initiation fee), dues (including any dues owing from the past owner or owners) or other membership charges in effect from time to time as

Book 2824

established by the Board, shall be initially accepted as a Member herein; provided however, that membership in the Association (and eligibility therefor) (except as hereinafter provided) shall be appurtenant to and may not be separated from ownership of a Residential Lot. Category 1 members shall also be entitled to a redemption of their stock by the Association on the same terms and in the same manner provided for Category 2 members below.

- (2) Category 2. The Board of Directors of the Association may, from time to time, extend eligibility for Class A membership to persons or entities who are not owners as that term is defined herein, and upon application and approval, the purchase of one share of stock from the Association at such price set by the Board and effect at the time of the approval, and the payment of any initiation fees, dues or other membership charges in the effect from time to time as established by the Board, such person or entity shall become a Class A member in the Association. Stock issued to such "non-owner" member shall not be transferable; provided, however, if such member is in good standing and current on all dues and fees at the time of his membership in the Association is terminated, such member shall be entitled to a redemption of his stock by the Association at the price therefor in effect at the time of redemption. Such redemption shall be effected as soon as possible after such membership is reissued to a new Class A Member.

Only one share of stock shall be issued for each Class A Membership.

Class B Membership. The Class B member shall be the Developer, its successors and assigns. The Class B member shall not be required to apply for membership to purchase stock nor pay initiation fees, dues or other membership charges, and the Association need not issue certificates evidencing Class B membership.

Class C Membership. The Board of Directors of the Association may, from time to time, extend eligibility for membership to persons or entities who are not owners as that term is defined herein, provided that any such membership accepted shall be for periods not exceeding one year, and renewable thereafter for successive periods of one year at the discretion of the Board. Such members shall be considered Class A members in all respects except that such members shall not purchase or be issued stock and shall have no voting rights herein.

ARTICLE VII
VOTING RIGHTS

The Association shall have two classes of voting membership:

Class A. Class A Members shall be entitled to one vote for each share of stock owned. When more than one person holds an interest in any share of stock, all such persons shall be Members. The vote for such share shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any share of stock.

Book 2824

Class B. The Class B Member shall be the Developer, its successors and assigns, and the Class B member shall be entitled to one vote plus one vote for each vote held by a Class A member. The Class B membership shall cease and converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

- (a) When all Residential Lots within the Properties have been conveyed to an Initial Owner entitled to a Class a membership in the Association, or
- (b) When Developer elects that Class B membership shall cease.

Any provision herein pertaining to Class voting shall refer onto to such Class of membership entitled to vote pursuant to this Article VII.

ARTICLE VIII
MEMBERSHIP CHARGES

Until January 1, 1981, there shall be no initiation fee for Class A, Category 1 membership in the Association and the sole charge for Class A, Category 1 membership shall be payment of dues in the amount of \$250.00 per year, and the purchase of stock (the price of which stock to be set from time to time by the Board of Directors). For Class A, Category 2 and Class C membership, and after January 1, 1981 in the case of Class A, Category 1 membership (except as provided in (a) below) initiation fees, dues and other membership charges shall be established (and increased or decreased from time to time) by the Board of Directors of the Association in accordance with the following provisions:

- (a) Each Initial Owner who becomes eligible for Class A, Category 1 membership after January 1, 1981, and who applies for such membership within 90 days after becoming eligible shall be entitled to such membership upon the purchase of one share of stock at the then current price thereof and the payment of the annual dues then in effect.
- (b) Until the Developer's Class B membership in the Association ceases, the annual dues for Class A, Category 1 members may be increased each year by not more than thirty dollars (\$30.00) per Lot above the dues for the previous year without a vote of the membership. Further, annual dues may be increased during any such year by more than thirty (\$30.00) per Lot if such increase has been approved by a vote of a majority of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose.
- (c) After the Developer's Class B membership in the Association ceases, initiation fees, dues, assessments for capital expenditures and other membership charges shall be established (and increased or decreased from time to time) by the Board of Directors of the Association without a vote of the membership.

Book 2824

In addition to the dues authorized above, the Association may levy, in any year, a special assessment applicable to that year only for the purpose of the defraying, in whole or in part the cost of any new constructions approved by a majority of each class of members voting in person or by proxy, reconstruction, repair or replacement of a capital improvement upon the Association's facilities, including fixtures and personal property related thereto. If any such assessment exceeds the total annual dues when being collected from all Members, then such assessment shall have the assent of a majority of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose; otherwise, such assessment shall be approved by the Board of Directors of the Association without a vote of the membership.

Initiation fees, dues, assessments for capital expenditures and other membership charges shall be fixed at a uniform rate for each class of members (or category); provided, however, that so long as any Residential Lot owned by the Developer is unoccupied as a residence, no membership charges shall be charged to the Developer with respect thereto.

If a Member fails to pay any initiation fees, dues, assessments or other membership charges, the Association may terminate such Owner's membership in accordance with its By-Laws and institute legal proceedings to collect such membership charges, but sums owed to the Association shall not constitute a lien on the Owner's Residential Lot until and unless judgment in favor of the Association is rendered in such action.

ARTICLE IX
LOANS FROM DEVELOPER

If the funds available to the Association from dues or other membership charges are not sufficient to defray reasonable expenses incurred by the Association (including debt service or other expenses incurred in connection with acquisition of the Club Property), then subject to the terms, conditions and limitations hereinafter set forth, the Developer may lend sufficient additional funds to the Association to enable it to defray such expense, subject to the following terms, conditions and limitations:

- (a) Type Loan. Such loans (except loans connected with the Association's acquisition of the Club Property) shall be unsecured, shall bear interest, payable annually, at the rate of six percent (6%) per annum, and shall not be repaid (principal or interest) except as provided herein.
- (b) Repayment. Such loans may be partially or completely repaid from time to time when the Association possesses funds in excess of its reasonable needs.
- (c) Maturity Date. Such loans shall in any event become due and payable one year after the Developer's Class B membership in the Association terminates. On or before the due date, the Association shall use all

Book 2824

Funds available to it after payment of reasonable expenses incurred during such year to repay any then outstanding loans made to the Association by the Developer. If the funds available to the Association at that time are not sufficient to repay such loans in full, the balance of such loans, after making payment of all sums available to the Association at that time are not sufficient to repay such loans in full, the balance of such loans, after making payment of all sums available to the Association, shall be paid as follows: for a period of ten years thereafter, the Association shall pay the Developer an amount equal to 20% of the amounts received by it from initiation fees, dues, assessments and other membership charges (with payment thereof being due within 30 days after the end of each fiscal year of the Association during such ten-year period) until such loan has been repaid in full, whereupon no further payments to the Developer will be required. Further, if such loan has not been repaid in full at the end of such ten-year period, then the unpaid balance shall be contributed to the Association's capital by the Developer, and the Association shall not have any further obligation to repay such loans. While such loans are outstanding, the annual dues payable by each Member shall not be reduced below \$250 without the Developer's prior written consent.

- (d) Funds Available. Funds available and funds in excess of its reasonable needs as those terms are used in Subsections (b) and (c) above shall not include funds obtained by the Association through the sale of membership (stock) to Class A members unless an affirmative vote to so include it received from two-thirds (2/3) of each voting class of Membership.

ARTICLE X
BOARD OF DIRECTORS

The affairs of the Association shall be managed by the Board of nine (9) Directors, who need not be members of the Association. The number of directors may be changed 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:

NAME	ADDRESS
John E. Skvarla, III	10404 Boxelder Dr, Raleigh
Peter M. Benda	10009 Bushveld Lane, Raleigh
John B. Morch	10104 Boxelder Dr, Raleigh
Robert W. Wilson, Jr.	615 Oberlin Rd, Raleigh
F.L. Robuck, Jr.	5925 Falls of Neuse Rd, Raleigh
J.Y. Creech	3501 Alleghany Dr, Raleigh
Zack H. Bacon, Jr.	6017 Applewood Lane, Raleigh
R.W. Collins	4208 Yadkin Street, Raleigh
Michael J. Ward	10001 Boxelder Dr, Raleigh

Book 2824

At the first annual meeting of the members shall elect three directors for a term of one year, three directors for a term of two years and three directors for a term of three years; and at each annual meeting thereafter the members shall elect three directors for a term of three years.

ARTICLE XI
DISSOLUTION

The Association may be dissolved with the assent of 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 Associations 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
AMENDMENTS

Amendment of these Articles shall require the assent of a majority of each class of Members.

ARTICLE XIV
INCORPORATOR

The name and address of the incorporator is

Frank L. Robuck, Jr.
P.O. Box 17102
Raleigh, NC 27609

IN WITNESS WHEREOF, for the purposes of forming this corporation under the laws of the State of North Carolina, the undersigned incorporator of this Association has executed these Articles of Incorporation on the 22nd day of April, 1980.

Frank L. Robuck, Jr.

Book 2824

STATE OF NORTH CAROLINA

COUNTY OF WAKE

THIS IS TO CERTIFY, that on the 22nd day of April, 1980, before me, a Notary Public, personally appeared Frank L. Robuck Jr., 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 official seal, this 22nd day of April, 1980.

Notary Public

Book 2824

EXHIBIT "A"

TRACT 1

All those certain tracts or parcels of land described in deed dated September 27th, 1971 and recorded in Book 2002, Page 323, Wake County Registry.

TRACT 2

All those certain tracts or parcels of land described in deed dated January 30, 1973 and recorded in Book 2136, Page 185, Wake County Registry.

TRACT 3

All that tract or parcel of land described in deed dated May 11, 1973 and recorded in Book 2164, Page 291, Wake County Registry.

Book 2824**EXHIBIT "B"**

Being all of that certain tract or parcel of land containing 5.915 acres designated as "recreational Area" on map entitled "Woodvalley Subdivision, Wake County, North Carolina, Revision of Recreational Area", dated December 3, 1979, prepared by Triangle Engineering-Architecture-Planning, Inc., Raleigh, NC and recorded in Book of Maps 1979, Page 992, Wake County Registry.