

**ARTICLES OF INCORPORATION**  
**OF**  
**DURHAM KRESS CONDOMINIUM ASSOCIATION**  
**A Nonprofit Corporation**

**PREAMBLE:**

Durham Kress, LLC, hereinafter referred to as Declarant, owns or will own certain property in Durham County, North Carolina. Declarant intends to record a Declaration of Durham Kress Condominium (the "Declaration") which will encumber the property. This Association is being formed to administer the Declaration and, among other things, to perform the duties and exercise the powers of the Association pursuant to the Declaration, as and when the Declaration is recorded in the office of the Durham County Register of Deeds, North Carolina. All of the definitions contained in the Declaration shall apply to these Articles, and to the bylaws of the Association. Until such time as the Declaration is so recorded, the incorporator shall be the sole member of the Association.

The undersigned hereby submits these Articles of Incorporation for the purpose of forming a nonprofit corporation under the laws of the State of North Carolina.

**ARTICLE I**

The name of the corporation is: Durham Kress Condominium Association (hereinafter called the "Association").

**ARTICLE II**

The street and mailing address of the initial registered office of the Association in the State of North Carolina is: 101 West Main Street, Durham, Durham County, North Carolina 27701. The Association's initial registered agent at such address is: Michael Lemanski.

**ARTICLE III**

The name and address of the incorporator are: William A. Anderson, III; Kennon, Craver, Belo, Craig & McKee, PLLC; 4011 University Drive, Suite 300; Durham, NC 27707.

**ARTICLE IV**

The Association will have members, the designations, qualifications, rights and obligations of whom are set forth in or authorized by the bylaws of the Association (the "Bylaws"). The members of the Association shall be limited solely to the owners of units in

Durham Kress Condominium (the “Condominium”). Membership shall be automatically established by acquisition of fee title to a Condominium unit whether by conveyance, devise, descent, judicial decree, foreclosure or deed in lieu of foreclosure. A new owner designated in such deed or other instrument shall thereupon become a member of the Association, and the membership of the prior owner as to a designated Condominium unit shall be terminated. Each new owner shall deliver to the Association a true copy of such deed or instrument of acquisition of title.

Neither one’s membership in the Association nor a member’s share in the funds and assets of the Association may be assigned, hypothecated or transferred in any manner except as an appurtenance to the Condominium unit.

## **ARTICLE V**

The purposes and powers for which the Association is organized are as follows:

a. To operate and manage a condominium known as Durham Kress Condominium organized pursuant to Chapter 47C of the North Carolina General Statutes and located in Durham, Durham County, North Carolina.

b. To undertake the performance of, and carry out the acts and duties incident to the administration of the operation and management of the Association in accordance with the terms, provisions, conditions and authorizations contained in both these Articles and in the Declaration;

c. To make, establish and enforce reasonable rules and regulations governing the use of the common elements, land, and other real and personal property which may be owned by the Association;

d. To make, levy and collect assessments against Condominium unit owners; to provide the funds to pay for common expenses of the Association as provided in the Declaration and to use and expend the proceeds of assessments in the exercise of the powers and duties of the Association; to use said assessments to promote the acquisition, improvement and maintenance of the common elements, services and facilities devoted to this purpose and related to the use and enjoyment of the common elements, including, but not limited to, the cost of repair, replacement and additions thereto, the cost of labor, equipment, materials, management, supervision thereof, the maintenance of insurance in accordance with the Bylaws, including the employment of attorneys to represent the Association when necessary for such other needs as may arise;

e. To maintain, repair, replace, and operate the properties for which the Association is responsible;

f. To enforce by any legal means, the provisions of the Declaration, the Bylaws and the rules and regulations for the use of the Association’s property;

g. To delegate to such manager or managers powers and duties of the Association

except those powers and duties which are specifically required to have approval of the Association's Board of Directors or the membership of the Association; and

h. To have all of the common law and statutory powers of a nonprofit corporation and also those powers as set out in the Declaration and the North Carolina Condominium Act and all powers reasonably necessary to implement the purposes of the Association.

## **ARTICLE VI**

Upon dissolution of the Association, the assets thereof, both real and personal, shall, after all liabilities and obligations of the Association have been paid, or adequate provision made therefor, in the manner set forth in the Declaration, be dedicated to a public body, or conveyed to a nonprofit corporation or organization with purposes similar to those set forth hereinabove. 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 purposes as nearly as practicable to those to which they were required to be devoted by the Association.

No part of the net earnings or assets of the Association shall inure to the benefit of or be distributed, upon dissolution or otherwise, to any member of the Association, director, officers or other private person. The Association may enter into contracts with the Declarant or with any other person (including any member, officer, or director), and may pay compensation in reasonable amounts for services rendered.

Notwithstanding anything herein contained to the contrary, these Articles of Incorporation, their enforcement and interpretation shall be subject to the City and County of Durham, North Carolina, ordinances and regulations and the General Statutes of the State of North Carolina.

## **ARTICLE VII**

The street and mailing address and county of the principal office of the Association is: 101 West Main Street, Durham, Durham County, North Carolina 27701.

## **ARTICLE VIII**

The Association shall have a board of directors (hereinafter the "Board of Directors") whose number and manner of election shall be fixed by the Bylaws; provided, however, the number of members of the Board of Directors shall not be less than three (3). All corporate powers of the Association shall be exercised by or under the authority of, and the affairs of the Association managed under the direction of its Board of Directors. Not later than sixty (60) days after conveyance of twenty-five percent (25%) of the units in the Condominium (including units which may later be created pursuant to special Declarant rights) to unit owners other than Declarant, at least one member and not less than twenty-five percent (25%) of the members of the Board of Directors shall be elected by unit owners other than the Declarant. Not later than

sixty (60) days after conveyance of fifty percent (50%) of the units (including units which may be created pursuant to special Declarant rights) to unit owners other than Declarant, not less than thirty-three percent (33%) of the members of the Board of Directors shall be elected by unit owners other than the Declarant. Not later than the termination of the Period of Declarant Control (as defined in the Declaration), the unit owners shall elect a Board of Directors of at least three (3) members, a majority of whom must be unit owners. Thereafter, the election of members of the Board of Directors shall take place at the annual meeting of the members as provided in the Bylaws.

#### **ARTICLE IX**

The Association shall have all the powers granted nonprofit corporations under the laws of the State of North Carolina. Notwithstanding any other provision of these Articles, the Association may elect tax status under Section 528 of the Internal Revenue Code of 1986. The Association shall not carry on any activities prohibited by a corporation electing tax status under Section 528, or any corresponding sections or provisions of the Internal Revenue Code. It is further provided that no distributions of income of the Association are to be made to members, directors or officers of the Association; provided, however, that members of the Association may receive a rebate of any excess dues and assessments previously paid.

#### **ARTICLE X**

No director of the Association shall be personally liable for monetary damages for breach of any duty as a director arising out of an action whether by or in the right of the Association or otherwise, except with respect to (i) acts or omissions that the director at the time of such breach knew or believed were clearly in conflict with the best interests of the Association; (ii) any liability under N.C.G.S. 55A-8-32 or N.C.G.S. 55A-8-33; (iii) any transaction from which the director derived an improper personal benefit; or (iv) acts or omissions occurring prior to the date on which this provision became effective. As used herein, the term "improper personal benefit" does not include a director's reasonable compensation or other incidental benefit for or on account of his service as a director, officer, employee, independent contractor, attorney, or consultant of the Association. 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. The provisions of this Article shall not be deemed to limit or preclude indemnification of a director by the Association.

#### **ARTICLE XI**

The number of Directors constituting the initial Board of Directors shall be three (3). The initial directors' names and address are: Michael Lemanski, David Beidler, and Summer Steverson; 101 West Main Street; Durham, NC 27701.

**ARTICLE XII**

To the extent provided by law, the Association may participate in mergers and consolidations with other condominium associations organized for the same or similar purpose, provided, however, that any such merger or consolidation shall require approval by the affirmative vote of at least that percentage of votes held by members which is necessary to terminate the Condominium. Such vote shall take place at a meeting of the members duly called for such purpose. Notwithstanding the foregoing, Declarant shall have the right, but not the obligation, until such time as Declarant no longer elects a majority of the Board of Directors of the Association, to merge or consolidate this Association with any other property owners association.

**ARTICLE XIII**

Amendment to these Articles of Incorporation shall be made upon the affirmative vote of members to whom at least sixty-seven percent (67%) of the votes in the Association are allocated. Any such vote shall take place at a meeting of the members duly called for that particular purpose. Furthermore no amendment shall make any changes which would in any way affect any of the rights, privilege powers or options herein provided in favor of, or reserved to, Declarant, unless Declarant joins in the creation and execution of the Amendment. In addition to the foregoing, so long as Declarant has the right to appoint the majority of the members of the Board of Directors of the Association, Declarant shall be entitled to unilaterally amend these Articles of Incorporation and the Bylaws.

**ARTICLE XIV**

If not defined herein, capitalized terms shall have the meaning as set forth in the Declaration.

These articles will be effective upon filing.

This is the \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_.

\_\_\_\_\_  
William A. Anderson, III, Incorporator

**EXHIBIT E  
TO  
DECLARATION  
OF  
DURHAM KRESS CONDOMINIUM**

**Bylaws of Durham Kress Condominium Association**

[A copy of the current Bylaws for Durham Kress Condominium Association follows this page.]