

ARTICLES OF INCORPORATION

OF

SUGAR CREEK VILLAS RECREATION ASSOCIATION, INC.

In accordance with the applicable statutes of the State of South Carolina, the undersigned, all of whom are residents of the State of South 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 Sugar Creek Villas Recreation Association, Inc., hereafter call the "Association".

ARTICLE II.

The principal and registered office of the Association is located in Greenville County at 105 Sugar Creek Road, Route 4, Greer, South Carolina.

ARTICLE III.

John Cothran, whose address is Route 2, Highway 14, Greenville, South 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 the protection and preservation of the patio home lots and condominium units and maintenance, preservation and control of the common areas, swimming pool, bathhouse, tennis courts and private road within that certain tract of property described as:

ALL that certain piece, parcel or tract of land situate, lying and being in the State of South Carolina, County of Greenville, as is more fully shown on a survey entitled "Sugar Creek Villas", dated September 10, 1980, prepared by C. O. Riddle, R.L.S., and recorded in the B. M. C. Office for Greenville County in Plat Book 7-X, at Page 40, and containing the property submitted to the Sugar Creek Villas Horizontal Property Regime, the property of Sugar Creek Villas Recreation Association, Inc., Tananger Circle, and the Patio Home Lots, and having such metes and bounds as are shown thereon.

and to promote the health, safety and welfare of the residents within the above described property, 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, Conditions and Restrictions, hereinafter called the "Declaration", applicable to the property and recorded or to be recorded in the Office of the Register of Mesne Conveyance of Greenville County, South Carolina, and as the same may be amended from time to time as therein provided, said declaration being incorporated herein as if set forth at length:

(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;

(d) To borrow money, and with the assent of two-thirds (2/3) of members mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(e) To dedicate, sell or transfer all or any part of the property owned by the Association to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members;

(f) 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 South Carolina by law may now or hereafter have or exercise.

ARTICLE V.

MEMBERSHIP

Every person or entity who is a record owner of a fee or undivided fee interest in any lot or condominium unit within the tract referred to in ARTICLE IV hereof, including contract sellers, shall be a member of the Association. The

foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any lot.

ARTICLE VI.

VOTING RIGHTS

Members shall be entitled to one vote for each lot or condominium unit owned. When more than one person holds an interest in any lot or condominium unit, all such persons shall be members. The vote for such lot or condominium unit shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any lot or condominium unit.

ARTICLE VII.

BOARD OF DIRECTORS

The affairs of this Association shall be managed by a Board of five (5) 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:

<u>NAME</u>	<u>ADDRESS</u>
John Cothran	Route 2, Highway 14, Greenville, South Carolina
Ellis L. Darby, Jr.	318 Pimlico Road, Greenville, South Carolina
M. G. Proffitt, III	209 Providence Square, Greenville, South Carolina
Gary Hutcher	Unit 17-B, Tananger Circle, Greer, South Carolina
Pamela Michael	Unit 8-D, Tananger Circle, Greer, South 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.

AUTHORITY TO MORTGAGE

Any mortgage by the Association of the Property owned by the Association as defined in the Declaration shall have the assent of two-thirds (2/3) of the entire membership.

ARTICLE IX.

AUTHORITY TO DEDICATE

The Association shall have power to dedicate, sell or transfer all or any part of the Property owned by the Association to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members.

ARTICLE X.

DISSOLUTION

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

ARTICLE XI.

DURATION

The corporation shall exist perpetually.

ARTICLE XII.

MEETINGS FOR ACTIONS COVERED BY
ARTICLES VIII, X, & XIII

In order to take action under Articles VIII, X and XIII, 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 (60%) percent 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 (1/2) 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 members are not present in person or by proxy, members not present may give their written assent to the action taken thereat.

ARTICLE XIII.

AMENDMENTS

Section 1. The consent of owners of unit estates to which at least two-thirds (2/3) of the votes in the Association are allocated and the approval of eligible holders holding mortgages on unit estates which have at least two-thirds (2/3) of the votes of unit estates subject to eligible holder mortgages, shall be required to terminate the legal status of the project as a PUD project.

Section 2. The consent of the owners of unit estates to which at least two-thirds (2/3) of the votes in the Association are allocated and the approval of eligible holders holding mortgages on unit estates which have at least 51 percent of the votes of unit estates subject to eligible holder mortgages, shall be required to add or amend any material provisions of the constituent documents of the project, which establish, provide for, govern or regulate any of the following:

- a. Voting;
- b. Assessments, assessment liens or subordination of such liens;
- c. Reserves for maintenance, repair and replacement of the common areas;
- d. Insurance or Fidelity Bonds;
- e. Rights to use of the common areas;
- f. Responsibility for maintenance and repair of the several portions of the project;
- g. Expansion or contraction of the project or the addition, annexation or withdrawal of property to or from the project;
- h. Convertibility of common area into lots or units;

i. Imposition of any right of first refusal or similar restriction on the right of a unit estate owner to sell, transfer, or otherwise convey his or her unit estate;

j. Any provisions which are for the express benefit of mortgage holders, eligible mortgage holders or eligible insurers or guarantors of first mortgages on unit estates.

ARTICLE XIV.

RIGHTS OF FIRST MORTGAGEES

Section 1. These Articles of Incorporation and other constituent documents of the Association create a Planned Unit Development, hereinafter referred to as "PUD". "Unit" as the term is used herein shall mean "lot" and "condominium unit". "PUD Homeowners Association" as the term is used herein shall mean "Sugar Creek Villas Recreation Association, Inc."

Section 2. Any "right of first refusal" contained in the PUD constituent documents shall not impair the rights of a first mortgagee to:

(a) foreclose or take title to a PUD unit pursuant to the remedies provided in the mortgage, or

(b) accept a deed (or assignment) in lieu of foreclosure in the event of default by a mortgagor, or

(c) sell or lease a unit acquired by the mortgagee.

Section 3. Any first mortgagee who obtains title to a PUD unit pursuant to the remedies provided in the mortgage or foreclosure of the mortgage will not be liable for such unit's unpaid dues or charges which accrue prior to the acquisition of title to such unit by the mortgagee.

Section 4. Unless at least two-thirds (2/3) of the first mortgagees (based upon one vote for each first mortgage owned) or owners (other than the sponsor, developer or builder) of the individual units in the PUD have given their prior written approval, the PUD homeowners association, corporation or trust shall not be entitled to:

(a) by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the common property owned, directly or indirectly, by such homeowners association, corporation or trust for the benefit of the units in the PUD

(the granting of easements for public utilities or for other public purposes consistent with the intended use of such common property by the PUD shall not be deemed a transfer within the meaning of this clause);

(b) change the method of determining the obligations, assessments, dues or other charges which may be levied against a PUD unit owner;

(c) by act or omission change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the maintenance of the common property;

(d) fail to maintain fire and extended coverage on insurable PUD common property on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based on current replacement cost);

(e) use hazard insurance proceeds for losses to any PUD common property for other than the repair, replacement or reconstruction of such common property.

Section 5. First mortgagees of PUD units may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any PUD common property and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for such common property and first mortgagees making such payments shall be owed immediate reimbursement therefor from the PUD homeowners association, corporation, or trust. Entitlement to such reimbursement is reflected in an agreement in favor of all first mortgagees of units in a PUD duly executed by the PUD homeowners association, corporation or trust, and an original or certified copy of such agreement is possessed by Seller.

Section 6. No provision of the PUD constituent documents gives a PUD unit owner, or any other party, priority over any rights of the first mortgagee of a unit in a PUD pursuant to its mortgage in the case of a distribution to such PUD unit owner of insurance proceeds or condemnation awards for losses to or a taking of PUD common property.

Section 7. A first mortgagee, upon request, is entitled to written notification from the homeowners association of any default in the performance by the individual PUD unit Borrower of any obligation under the PUD constituent documents which is not cured within sixty (60) days.

Section 8. Any agreement for professional management of the PUD, or any other contract providing for services of the developer, sponsor, or builder, may not exceed three (3) years. Any such agreement must provide for termination fee on ninety (90) days or less written notice.

ARTICLE XV.

INCORPORATORS

The names and addresses of the Incorporators are:

<u>NAME</u>	<u>ADDRESS</u>
John Cothran	Route 2, Highway 14, Greenville, South Carolina
Ellis L. Darby, Jr.	318 Pimlico Road, Greenville, South Carolina
M. G. Proffitt, III	209 Providence Square, Greenville, South Carolina

ARTICLE XVI.

TOTAL OR PARTIAL CONDEMNATION
LOSS OR DESTRUCTION

Section 1. The Association shall represent the unit estate owners in any condemnation proceedings or in negotiations, settlements and agreements with the condemning authority for acquisition of the common areas, or part thereof.

Section 2. In the event of a taking or acquisition of part or all of the common areas by a condemning authority, the award or proceeds of settlement shall be payable to the Association for the use and benefit of the unit estate owners and their mortgagees as their interests may appear.

IN WITNESS WHEREOF, for the purpose of forming this corporation under the laws of the State of South Carolina, we, the undersigned incorporators of this Association, have executed these Articles of Incorporation this 17th day of

August, 1981.

In the presence of:

Patrick H. Gray (SEAL) John C. Cothran (SEAL)
B. Carol Kelley (SEAL) Ellis L. Darby, Jr. (SEAL)
M. Graham Proffitt (SEAL)