

AMENDED AND RESTATED ARTICLES OF INCORPORATION
OF
HIGHLANDS FALLS COMMUNITY ASSOCIATION, INC.

ARTICLE 1
NAME

The name of the corporation is Highlands Falls Community Association, Inc.

ARTICLE 2
PURPOSE

The purpose of the corporation is to act as the homeowners association of Highlands Falls Subdivision, also known as Highlands Falls Country Club Subdivision, in Macon and Jackson counties, North Carolina and to provide for the acquisition, construction, management and care of the common properties of the association.

ARTICLE 3
NONPROFIT NATURE

The corporation is a nonprofit corporation. Except as permitted by law, the corporation shall not pay any dividend or make any distribution. The corporation shall not cause any part of its net earnings to inure to the benefit of any person in a manner that would disqualify the corporation from taxation as a “homeowners association” as defined by Section 528 of the Internal Revenue Code, as amended, or disqualify it from similar taxation under a successor provision.

ARTICLE 4
MEMBERS

The corporation shall have members. The bylaws may provide for the qualifications, rights, and obligations of members, and may create classes of members with different qualifications, rights, and obligations.

ARTICLE 5
VOTING RIGHTS OF MEMBERS

At least one class of the members of the corporation shall have full voting rights. The bylaws may create other classes with limited or no voting rights. Members have full voting rights if the bylaws give them voting rights without stating any subject matter limitation on the rights. Members with full voting rights are entitled to vote for directors and on all of the following acts: (a) an amendment, other than a technical amendment, of the articles of incorporation, (b) an amendment of the bylaws, (c) a merger or plan of merger, (d) a sale of substantially all the corporation's assets, (e) a dissolution or plan of dissolution, (f) any act for which the law requires the approval of members if the corporation has members entitled to vote on the act, and (g) any act submitted to a vote of the members by the board of directors. An amendment of the articles of incorporation is a technical amendment if the law permits the amendment without member approval even if the affected corporation has members generally entitled to vote on amendments of the articles of incorporation.

ARTICLE 6
PROTECTION OF DIRECTORS AND OFFICERS FROM LIABILITY;
ADVANCEMENT OF DEFENSE EXPENSES; INDEMNIFICATION

To the extent allowed by law: (a) the personal liability of a director or officer to the corporation for any breach of duty as a director or officer is eliminated; (b) the corporation shall advance the expenses incurred by an individual in defending any proceeding in which the individual is made a party because the individual is or was a director or officer; and (c) the corporation shall indemnify an individual against any liability incurred in a proceeding described in clause (b). The terms used in this article shall be construed as broadly as permitted by law to maximize the protections and benefits provided by the article to individuals who are serving or have served as officers or directors of the corporation.

ARTICLE 7
DISTRIBUTION OF ASSETS ON DISSOLUTION

The distribution of assets by the corporation on its dissolution shall be made in accordance with law.

ARTICLE 8
DURATION

The duration of the corporation is perpetual.

ARTICLE 9
PRINCIPAL OFFICE

The principal office of the corporation is located at 290 Sky Lake Drive, Highlands, North Carolina.

ARTICLE 10
REGISTERED OFFICE AND REGISTERED AGENT

The registered office of the corporation is 9 West Main Street, Franklin, North Carolina 28734. The registered agent of the corporation is Orville D. Coward, Jr., an individual who resides in North Carolina and whose business address is identical with the registered office.