

FORM CORP

CORPORATION	Development Name: <u>West Yard Lofts</u> City: <u>North Charleston</u> , S.C.	
Name of Corporation: <u>Southeastern Housing Preservation Inc</u> Corporation is <input type="checkbox"/> For Profit <input checked="" type="checkbox"/> Non-Profit Address: <u>1515 Mockingbird Ln Suite 1010</u> City: <u>Charlotte</u> State: <u>NC</u> Zip: <u>28209</u> Tax ID Number: <u>56-1856590</u> or date applied for: _____		
Officers		
President: <u>Ira Slomka</u> Vice-President: <u>Robert Nettles</u> Secretary: <u>Tami Fossum</u> Treasurer: <u>Casey Stansbury</u>		
Shareholders	Percentage of Ownership	
1. Name: _____ Address: _____ City, State, Zip: _____	_____%	
2. Name: _____ Address: _____ City, State, Zip: _____	_____%	
3. Name: _____ Address: _____ City, State, Zip: _____	_____%	
4. Name: _____ Address: _____ City, State, Zip: _____	_____%	
5. Name: _____ Address: _____ City, State, Zip: _____	_____%	

NOTE: This form must be completed for **each** Corporation that is involved in the proposed development.



NORTH CAROLINA

Department of the Secretary of State

CERTIFICATE OF EXISTENCE

I, ELAINE F. MARSHALL, Secretary of State of the State of North Carolina, do hereby certify that

SOUTHEASTERN HOUSING PRESERVATION, INC.

is a corporation duly incorporated under the laws of the State of North Carolina, having been incorporated on the 21st day of January, 1994 , with its period of duration being Perpetual.

I FURTHER certify that the said corporation's articles of incorporation are not suspended for failure to comply with the Revenue Act of the State of North Carolina; that the said corporation is not administratively dissolved for failure to comply with the provisions of the North Carolina Nonprofit Corporation Act; and that the said corporation has not filed articles of dissolution as of the date of this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at the City of Raleigh, this 8th day of October, 2024.

Elaine F. Marshall

Secretary of State



Scan to verify online.

94 018 9047

ARTICLES OF INCORPORATION
OF
SOUTHEASTERN HOUSING PRESERVATION, INC.
Non-Profit Corporation

0-0337041
FILED
9:00 AM
JAN 21 1994
EFFECTIVE
RUFUS L. EDMISTEN
SECRETARY OF STATE
NORTH CAROLINA

THE UNDERSIGNED, a natural person of the age of eighteen years or more, acting as incorporator for the purpose of creating a non-profit corporation under the laws of the State of North Carolina, as contained in Chapter 55A of the General Statutes of North Carolina, entitled "Non-Profit Corporation Act", and the several amendments thereto, does hereby set forth the following Articles of Incorporation:

ARTICLE I

Name of the Corporation

The name of the Corporation is SOUTHEASTERN HOUSING PRESERVATION, INC.

ARTICLE II

Period of Existence

The period of existence of the Corporation shall be perpetual.

ARTICLE III

Registered Office and Agent

The location of the principal and registered office of the Corporation shall be at 1809 C Cross Beam Drive in the City of Charlotte, County of Mecklenberg, State of North Carolina. The name of the initial registered agent of the Corporation is Gary D. Ellis.

ARTICLE IV

Nature of Corporation

The Corporation is a non-profit, charitable corporation, and has no members and no capital stock.

ARTICLE V

Objects and Purposes

The Corporation is organized and will be operated exclusively for charitable purposes as contemplated under Section 501(c)(3) of the Internal Revenue Code of 1986 (or the corresponding provisions of any future United States Internal Revenue Laws). Among its activities the Corporation will seek to provide relief to the poor and distressed and may acquire, by purchase or otherwise, own, lease, maintain, manage, transfer or otherwise deal with housing for low and/or moderate income families or persons.

ARTICLE VI

Powers

In order to carry out the objects and purposes herein set forth, the Corporation shall have full powers:

- A. To acquire property (real, personal or mixed) by gift, bequest, devise, endowment, lease, purchase, or otherwise; to own, hold, manage, sell, convey, transfer, lease, mortgage, exchange, and dispose of such property; to encumber such property when deemed necessary or desirable; to use such property, or the proceeds or income therefrom, for the objects and purposes of the Corporation as set forth in Article V;
- B. To lease property as lessee or lessor; to build, erect, construct, and equip buildings and other improvements upon the land of the Corporation or upon the lands of others; to purchase or lease equipment;
- C. To invest in, acquire, hold, pledge, resell, exchange, transfer, or otherwise dispose of securities of any nature and to exercise all the rights, powers and privileges of ownership thereof, including the right to vote thereon for any and all purposes;

- D. To be named as and to become the beneficiary of insurance policies and annuities;
- E. To borrow money and secure the same, or to lend money with or without security therefor and on such terms as the Board of Directors may determine;
- F. To enter into, make, and perform contracts of every kind for any lawful purpose without limit as to amount, with any person, firm, association, corporation, town, city, county, district, state, territory or government;
- G. To make donations to organizations: (i) which are organized and operated exclusively for religious, charitable, scientific, literary or educational purposes, (ii) which are exempt under the provisions of Internal Revenue Code Section 501(c)(3), and (iii) contributions to which are deductible under Internal Revenue Code Sections 170(b)(1)(A), 170(c), 2522(a), and 2055(a);
- H. To exercise any and all powers which may be conferred upon non-profit corporations under the North Carolina Non-Profit Corporation Act including, but not limited to, those specified in North Carolina General Statutes Section 55A-15 and which may be deemed necessary or expedient for the achievement of the objects and the purposes of the Corporation as set forth in Article V;
- I. To take any and all actions necessary and appropriate to qualify the Corporation as exempt under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated pursuant thereof.

ARTICLE VII

Board of Directors

The management of the Corporation and its properties and affairs shall be vested in a Board of Directors. Said Board, in addition to its other

powers and authority contained in the By-Laws and as otherwise conferred upon it by law, shall have full power and authority from time to time to sell, expend, or otherwise dispose of any and all property of the Corporation in furtherance of any of the objects and purposes for which the Corporation is formed.

The number of members constituting the initial Board of Directors shall be three (3) and shall be composed of the following persons:

<u>Name</u>	<u>Address</u>
Timothy L. Gunderman	4033 Quailview Road Charlotte, NC 28226
Gary D. Ellis	6756 Benning Wood Drive Charlotte, NC 28270
Melvin B. Melton	53 Love Valley Court Chapin, SC 29036

Subsequent Board of Directors, the number of directors, their terms of office, and the method of their selection shall be provided for and determined by the By-Laws of the Corporation.

The initial Board of Directors shall serve until the first meeting of the Directors of the Corporation and/or until their successors are duly elected and qualified.

ARTICLE VIII

Indemnification of Directors, Officers and Employees

To the fullest extent allowed by law, the Corporation shall indemnify the members of the Board of Directors, its officers, and employees against any and all expense, including attorney's fees and liability expense, sustained by them, or any of them, in connection with any suit or suits which may be brought against said members of the Board of Directors, officers or employees, involving or pertaining to any of their official acts or duties (whether it be alleged that same are ultra vires or otherwise) in which suit or suits no personal liability is finally established against them incident to any act of malfeasance; and this provision shall not be deemed to prevent compromise of

any such litigation where the compromise is deemed advisable in order to prevent greater expense or cost in the defense of any such litigation.

ARTICLE IX

Activities Not Permitted by the Corporation

The Corporation is not organized and shall not be operated for pecuniary gain or profit. No part of the property or net earnings of the Corporation shall inure or be payable to or for the benefit of any individual except as reasonable compensation for services actually rendered by such individual or as payments and distributions in furtherance of the purposes set forth in Article V hereof. It is intended that the Corporation will qualify at all times as an organization exempt from Federal Income Tax under Sections 501(a) and 501(c)(3) of the Internal Revenue Code of 1986, as amended, or the corresponding provisions of any future United States Internal Revenue Laws (referred to in these Articles of Incorporation as the "Code"), and that it will qualify at all times as an organization to which deductible contributions may be made pursuant to Sections 170, 642, 2055, and 2522 of the Code; therefore, notwithstanding any other provision in these articles, the Corporation shall never be authorized to engage in any activity except in furtherance of the purposes for which the Corporation is organized, and the Corporation shall not carry on any activities not permitted to be carried on (i) by a corporation exempt from Federal income tax under Sections 501(a) and 501(c)(3) of the Code, (ii) by a corporation, contributions to which are deductible under Sections 170, 642, 2055, and 2522 of the Code, and (iii) by a non-profit corporation created under Chapter 55A of the General Statutes of North Carolina. The Corporation shall never directly or indirectly participate or intervene in (including the publishing or distributing of statements) any political campaign on behalf of any candidates for public office. No substantial part of the activities of the Corporation shall be devoted to attempting to influence legislation by propaganda or otherwise within the meaning of the proscriptive provisions of the Code, except as otherwise provided in Section 501(h) of the Code, and its expenditures to

influence legislation shall not exceed the permissible limits of Sections 501(h) and 4911 of the Code, to the extent applicable, and shall not be of the type or magnitude which would subject the Corporation to tax under Section 4911 of the Code. To the extent that Section 4942 of the Code is applicable to the Corporation, the directors shall cause the Corporation to distribute amounts for each taxable year at such time and in such manner as not to become subject to the tax imposed by such section. Notwithstanding any other provisions of these Articles of Incorporation, to the extent that the following provisions of the Code are applicable, the Corporation and its directors and officers shall not engage in any act or self-dealing as defined in Section 4941(d) of the Code, shall not retain any excess business holdings as defined in Section 4943(c) of the Code, shall not make any investments in such manner as to subject the Corporation to tax under Section 4944 of the Code, and shall not make any taxable expenditures as defined in Section 4945(d) of the Code.

ARTICLE X

Nondiscrimination

The Corporation shall not discriminate against any person on the basis of race, color, sex or national or ethnic origin.

ARTICLE XI

Disposition of Assets on Dissolution

In the event of dissolution of the Corporation, any net assets remaining after the satisfaction of its liabilities shall be transferred and delivered to one or more qualifying charitable organizations (as hereinafter defined) as shall be selected by the Board of Directors of the Corporation. For the purposes of these Articles, the term "qualifying charitable organization" shall mean an organization or organizations which are organized and operated exclusively for religious, charitable, scientific, literary or educational purposes as shall at that time qualify as an exempt organization or organizations under Section 501(c)(3) of the Internal Revenue Code of 1986, as

amended, and which shall also be then described in each of Sections 170(b)(1)(A), 170(c), 2055(a) and 2522(a) of the Internal Revenue Code of 1986, as amended, and which shall also be then described in Section 509(a)(1), Section 509(a)(2) or Section 509(a)(3) of the Internal Revenue Code of 1986 (or the corresponding provisions of any future United States Internal Revenue Laws). Any net assets not disposed of as above provided shall be distributed in accordance with the order of the Superior Court of the County in which the principal office of the Corporation is located, exclusively for religious, charitable, scientific, literary or educational purposes or to such organization or organizations as said Court shall determine, which are organized and operated exclusively for such purposes.

ARTICLE XII

No Liability

No officer or member of the Board of Directors shall be personally liable in any manner whatsoever for debts of the Corporation, nor shall the individual property of any such officer or director be subject to payment of the Corporation's debts.

ARTICLE XIII

Amendment

These Articles of Incorporation may be amended at any time in the manner provided in the North Carolina Non-Profit Corporation Act (or the corresponding provisions of any future North Carolina non-profit corporation law); provided, however, that no amendment may be made which would cause the organization no longer to be described as a qualifying charitable organization.

ARTICLE XIV

Incorporator

The name and address of the incorporator is:

Name

David D. Dahl

Address

Manning, Fulton & Skinner, P.A.
3605 Glenwood Avenue
UCB Plaza
P. O. Box 20389
Raleigh, NC 27619-0389

IN WITNESS WHEREOF, the undersigned incorporator has executed these
Articles of Incorporation, this the 14th day of January,
1994.

David D. Dahl (SEAL)
DAVID D. DAHL

NORTH CAROLINA :

WAKE COUNTY :

I, Anne J. Hardin, Notary Public, certify that DAVID
D. DAHL, personally came before me this day and acknowledged that he is the
Incorporator of the SOUTHEASTERN HOUSING PRESERVATION, INC., and personally
signed the foregoing instrument in my presence.

Witness my hand and official seal, this 14th day of January,
1994.



Anne J. Hardin
Notary Public
My Commission expires: 6-22-96

BYLAWS
OF
SOUTHEASTERN HOUSING PRESERVATION, INC.

ARTICLE I

Purposes of the Corporation

The Corporation is a nonprofit corporation organized exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). The Corporation's purposes are to provide relief to the poor and distressed by making available housing for low and/or moderate income families. The Corporation anticipates operating in the southeast region of the United States.

ARTICLE II

Offices

1. The PRINCIPAL OFFICE of the Corporation shall be located at 1809 C Cross Beam Drive, Coffey Creek Business Center, Charlotte, North Carolina 28217.

2. The REGISTERED OFFICE of the Corporation required by law to be maintained in the State of North Carolina may be, but need not be, identical with the principal office.

3. OTHER OFFICES: The Corporation may have offices at such other places, either within or without the State of North Carolina, as the Board of Directors may from time to time determine or, as the affairs of the Corporation may require.

ARTICLE III

Membership

The Corporation shall have no members.

ARTICLE IV

Directors

1. GENERAL POWERS: The management of the Corporation shall be vested in the Board of Directors. The Board may delegate all or part of the management functions to an Executive Committee established by the Board

pursuant to these Bylaws. Members of the Board shall serve without pay. The Board of Directors shall have the power to make and amend rules and regulations pertaining to the operation of the Corporation, and shall have the responsibility for the entire management of the affairs of the Corporation, except as may be otherwise provided in the Bylaws.

2. NUMBER, TERM: There shall be no less than two (2) and no more than three (3) Directors. The exact number of Directors shall be established by resolution of the Board of Directors from time to time. Directors may be re-elected for consecutive terms.

3. ELECTION: New Directors shall be elected by majority vote of the Board members present at a meeting at which a quorum is present, as provided in ARTICLE V, Section 4, hereof.

4. REMOVAL: Board members may be removed from office with or without cause by a vote of two-thirds (2/3) of the members of the Board at the annual meeting or a special meeting called for that purpose. If any member is so removed, a new member may be elected at the same meeting.

5. VACANCIES: A vacancy occurring on the Board may be filled by a majority of the remaining Board, though less than a quorum, or by the sole remaining Board member. Any member who shall be absent from three (3) consecutive meetings of the Board, without excuse satisfactory to the Board, shall be deemed to have resigned from the Board, and the vacancy thus created shall be immediately filled as provided herein. A Director elected to fill a vacancy shall have the same term as the Director that he replaces. Any Directorship to be filled by reason of an increase in the authorized number of Directors shall be filled by a majority of the remaining Directors, though less than a quorum, or by the sole remaining Director.

6. CHAIRMAN OF THE BOARD: There may be a Chairman of the Board of Directors elected by the Directors from their number at any meeting of the Board. The Chairman shall preside at all meetings of the Board of Directors and perform such other duties as may be directed by the Board.

ARTICLE V

Meetings of Board of Directors

1. ANNUAL MEETINGS: The annual meeting of the Board shall be held in April of each year. In addition, the Board may provide, by resolution, the time and place, either within or without the State of North Carolina, for the holding of additional regular meetings.

2. SPECIAL MEETINGS: Special meetings of the Board may be called by or at the request of the Chairman of the Board or President of the Corporation or by any two (2) Board members. Such meetings may be held either within or without the State of North Carolina.

3. NOTICE OF MEETINGS: The Chairman of the Board or President of the Corporation may call a regular meeting of the Board by giving at least five (5) days' advance notice thereof by any usual means of communication. The person or persons calling a special meeting of the Board shall, at least twenty-four (24) hours prior to the meeting, give notice thereof by any usual means of communication. Such notice need not specify the purpose for which the meeting is called. Attendance by a Board member at a meeting shall constitute a waiver of notice of such meeting, except where a Board member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called.

4. QUORUM: A majority of the members of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board.

5. VOTING: Except as otherwise provided in this Section, the act of the majority of the Board members present at a meeting at which a quorum is present shall be the act of the Board. The vote of a majority of the number of Board members fixed pursuant to these Bylaws shall be required to adopt a resolution constituting an Executive Committee. The vote of a majority of the Board members then holding office shall be required to adopt, amend or repeal a Bylaw.

6. INFORMAL ACTION BY MEMBERS: Action taken by the Directors without a meeting is nevertheless Board action if written consent to the action in question is signed by all the Directors and filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

ARTICLE VI

Executive Committee and Other Committees

1. CREATION: The Board of Directors by resolution may designate two (2) or more Directors to constitute an Executive Committee, which Committee, to the extent provided in such resolution, shall have and may exercise all of the authority of the Board of Directors in the management of the Corporation, except that the Executive Committee shall not have any authority to alter or amend the Bylaws.

2. VACANCY: Any vacancy occurring in the Executive Committee shall be filled by the Directors at a regular or special meeting of the Board of Directors.

3. REMOVAL: Any member of the Executive Committee may be removed at any time with or without cause by the Board of Directors.

4. MINUTES: The Executive Committee shall keep regular minutes of its proceedings and report the same to the Board when required.

5. RESPONSIBILITY OF DIRECTORS: The designation of an Executive Committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any member thereof, of any responsibility or liability imposed upon it or him by law. If action taken by the Executive Committee is not thereafter formally considered by the Board, a Director may dissent from such action by filing his written objection with the Secretary with reasonable promptness after learning of such action.

6. OTHER COMMITTEES: Other committees not having and exercising the authority of the Board in the management of the Corporation may be designated by a resolution adopted by a majority of the members present at a meeting at which a quorum is present. Any member thereof may be removed by the person or

persons authorized to appoint such member whenever in their judgment the best interests of the Corporation shall be served by such removal.

7. TERM OF OFFICE: Each member of a committee shall continue as such until resignation or removal with or without cause by the Board, or until such member shall cease to qualify as a member thereof.

8. CHAIRMAN: One member of each committee shall be appointed chairman by the person or persons authorized to appoint the members thereof.

9. VACANCIES: Vacancies in the membership of any committee may be filled by appointment made in the same manner as provided in the case of the original appointments.

10. QUORUM: Unless otherwise provided in the resolution of the Board designating a committee, a majority of the whole committee shall constitute a quorum and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee.

11. RULES: Each committee may adopt rules for its own government not inconsistent with these Bylaws or with rules adopted by the Board.

ARTICLE VII

Officers

1. NUMBER: The officers of the Corporation shall consist of a President, a Secretary, a Treasurer, and such Vice Presidents, Assistant Secretaries, Assistant Treasurers and other officers as the Board of Directors may from time to time elect. Any two or more offices may be held by the same person. In no event, however, may an officer act in more than one capacity where action of two or more officers is required.

2. ELECTION AND TERM: The officers of the Corporation shall be elected by the Board of Directors. Such election may be held at any regular or special meeting of the Board. Each officer shall hold office until his death, resignation, retirement, removal, disqualification, or his successor is elected and qualifies.

3. REMOVAL: Any officer or agent elected or appointed by the Board of Directors may be removed by the Board with or without cause; but such removal

shall be without prejudice to the contract rights, if any, of the person so removed.

4. PRESIDENT: The President shall be the principal Executive Officer of the Corporation, and, subject to the control of the Board of Directors, shall supervise and control the management of the Corporation in accordance with these Bylaws. He shall, when present, preside at all meetings. He shall sign, with any other proper officer, any deeds, mortgages, bonds, contracts, or other instruments which may be lawfully executed on behalf of the Corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be delegated by the Board of Directors to some other officer or agent; and, in general, he shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

5. VICE PRESIDENTS: The Vice-Presidents in the order of their election, unless otherwise determined by the Board of Directors, shall, in the absence or disability of the President, perform the duties and exercise the powers of that office. In addition, they shall perform such other duties and have such other powers as the Board of Directors shall prescribe.

6. SECRETARY: The Secretary shall keep accurate records of the acts and proceedings of all meetings of Directors. He shall give all notices required by law and by these Bylaws. He shall have general charge of the corporate books and records and of the corporate seal, and he shall affix the corporate seal to any lawfully executed instrument requiring it. He shall sign such instruments as may require his signature, and, in general, shall perform all duties incident to the office of Secretary and such other duties as may be assigned him from time to time by the President or by the Board of Directors.

7. TREASURER: The Treasurer shall have custody of all funds and securities belonging to the Corporation and shall receive, deposit or disburse the same under the direction of the Board of Directors. He shall keep full

and accurate accounts of the finances of the Corporation in books especially provided for that purpose; and he shall cause a true statement of its assets and liabilities as of the close of each fiscal year and of the results of its operations and of changes in fund balance for such fiscal year, all in reasonable detail, to be made and filed at the registered or principal office of the Corporation within three months after the end of such fiscal year. The Treasurer shall, in general, perform all duties incident to his office and such other duties as may be assigned to him from time to time by the President or by the Board of Directors.

8. ASSISTANT SECRETARIES AND TREASURERS: The Assistant Secretaries and Assistant Treasurers shall, in the absence or disability of the Secretary or the Treasurer, respectively, perform the duties and exercise the powers of those offices, and they shall, in general, perform such other duties as shall be assigned to them by the Secretary or the Treasurer, respectively, or by the President or by the Board of Directors.

9. BOND: The Board of Directors may, by resolution, require any or all officers, agents and employees of the Corporation to give bond to the Corporation, with sufficient sureties, conditioned on the faithful performance of the duties of their respective offices or positions, and to comply with such other conditions as may from time to time be required by the Board of Directors.

ARTICLE VIII

Indemnification

1. EXPENSES AND LIABILITIES: Except as provided below, to the extent and upon the terms and conditions provided by the North Carolina Business Corporation Act as it exists or may hereafter be amended, the Corporation shall indemnify any and all of its officers and Directors against liability and litigation expense, including reasonable attorneys' fees, arising out of their status as such. Said officers and Directors shall be entitled to recover from the Corporation, and the Corporation shall pay, all reasonable costs, expenses, and attorneys' fees in connection with the enforcement of

rights to indemnification provided herein. Such right shall inure to the benefit of the legal representatives of any such person and shall not be exclusive of any other right to which such person may be entitled apart from the provisions of this By-Law. Such indemnification rights shall not apply for liability or litigation expense which any officer or Director may incur (i) on account of his activities which were (at the time taken) known or believed by him to be clearly in conflict with the best interest of the Corporation or (ii) in connection with any claim that the Corporation may make against such officer or Director unless he ultimately shall prevail against the Corporation in respect to such claim.

The Corporation also shall have the power, in its sole discretion, to indemnify any present or former Director, officer, employee or agent or any person (who has served or is serving (i) in such capacity at the request of the Corporation in any other corporation, partnership, joint venture, company, trust or other enterprise or (ii) as a trustee or administrator under an employee benefit plan), with respect to any liability or litigation expenses, including reasonable attorneys' fees (incurred in such capacity by any such person) to the extent and upon the terms and conditions provided by the North Carolina Business Corporation Act as it exists or may hereafter be amended.

2. ADVANCE PAYMENT OF EXPENSES: Expenses incurred by a Director, officer, employee or agent in defending a civil or criminal action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding as authorized by the Board of Directors in the specific case or as authorized or required under any charter or Bylaw provision or by any applicable resolution or contract upon receipt of an undertaking by or on behalf of the Director, officer, employee or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Corporation against such expenses.

Notwithstanding the provisions of the preceding paragraph, the Corporation shall, upon receipt of an undertaking by or on behalf of the Director or officer involved to repay the expenses described in the second

paragraph of the preceding Section 1 of ARTICLE VIII unless it shall ultimately be determined that he is entitled to be indemnified by the Corporation against such expenses, pay expenses incurred by such Director or officer in defending a civil or criminal action, suit or proceeding in advance of the final disposition of such action, suit or proceeding.

3. INSURANCE: The Corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as Director, officer, employee, trustee or agent of another nonprofit corporation or trust against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability.

ARTICLE IX

Contracts, Loans and Deposits

1. CONTRACTS: The Board may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument on behalf of the Corporation, and such authority may be general or confined to specific instances.

2. LOANS: No loans shall be contracted on behalf of the Corporation and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board. Such authority may be general or confined to specific instances. In no event shall loans be made by the Corporation to its Board members or officers.

3. CHECKS AND DRAFTS: All checks, drafts or other orders for the payment of money issued in the name of the Corporation shall be signed by such officer or officers, agent or agents, of the Corporation and in such manner as shall from time to time be determined by resolution of the Board.

4. DEPOSITS: All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such depository or depositories as the Board shall direct.

5. GIFTS: The Board may accept on behalf of the Corporation any contribution, gift, bequest, or devise for the general purposes or for any special purpose of the Corporation.

ARTICLE X

Forbidden Activities

The Corporation is organized as a nonprofit Corporation exclusively for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 (the "Code"). No part of the net earnings of the Corporation shall inure to the benefit of or be distributable to its officers, Directors, or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of its charitable purposes. No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office. Notwithstanding any other provision of this Article X, the Corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from Federal Income Tax under Section 501(c)(3) of the Code, or the corresponding provision of any future United States Internal Revenue Law or (b) by a corporation the contributions to which are deductible under Section 170(c)(2) of the Code.

ARTICLE XI

General Provisions

1. SEAL: The corporate seal of the Corporation shall consist of two concentric circles between which is the name of the Corporation and in the center of which is inscribed "SEAL"; and such seal, as impressed on the margin hereof, is hereby adopted as the corporate seal of the Corporation.

2. WAIVER OF NOTICE: Whenever any notice is required to be given to any Board member under the provisions of the North Carolina Nonprofit


Corporation Act or under the provisions of the charter or Bylaws of this Corporation, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice.

3. AMENDMENTS: Except as otherwise provided herein, these Bylaws may be amended or repealed and new Bylaws may be adopted by the affirmative vote of a majority of the Board members then holding office at any regular or special meeting of the Board.

The Board of Directors shall have no power to adopt a Bylaw providing for the management of the Corporation otherwise than by the Board or its Executive Committee.

4. BOOKS AND RECORDS: The Corporation shall keep correct and complete books and records of accounts and shall also keep minutes of the proceedings of its Board members and committees having any of the authority of the Board.

5. FISCAL YEAR: The fiscal year of the Corporation shall begin on the 1st day of January and end on the 31st day of December in each year.

 (SEAL)
GARY D. ELLIS, PRESIDENT

**UNANIMOUS WRITTEN CONSENT
OF THE DIRECTORS OF
SOUTHEASTERN HOUSING PRESERVATION, INC.
TO ACTION WITHOUT MEETING**

Pursuant to Section 55A-8-21 of the North Carolina General Statutes, we, the undersigned, constituting all of the directors of SOUTHEASTERN HOUSING PRESERVATION, INC., a North Carolina nonprofit corporation (the "Corporation"), do hereby consent to the following resolutions by acknowledging in writing our consent thereto.

WHEREAS, pursuant to Section 3 of Article XI of the Bylaws of the Corporation, the Bylaws of the Corporation may be amended by the affirmative vote of a majority of the Board of Directors; and

WHEREAS, the Board of Directors desires to amend Section 2 of Article IV of the Bylaws to provide that the number of Directors shall be no less than two (2) and no more than four (4).

NOW, THEREFORE, BE IT RESOLVED, that Section 2 of Article IV of the Bylaws is deleted and replaced with the following new section:

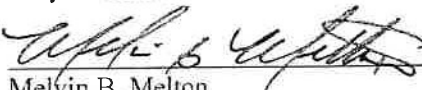
NUMBER, TERM: There shall be no less than two (2) and no more than four (4) Directors. The exact number of Directors shall be established by resolution of the shareholders from time to time. Directors may be re-elected for consecutive terms.

The foregoing resolutions shall become effective as of the 1st day of October, 2006.

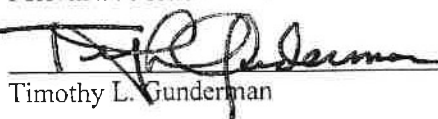
ALL OF THE DIRECTORS:



Gary D. Ellis



Melvin B. Melton



Timothy L. Gunderman

FORM CORP

CORPORATION	Development Name: <u>West Yard Lofts</u> City: <u>North Charleston</u> , S.C.
Name of Corporation: <u>Fitch Irick Corporation</u> Corporation is <input checked="" type="checkbox"/> For Profit <input type="checkbox"/> Non-Profit Address: <u>1515 Mockingbird Ln Suite 1010</u> City: <u>Charlotte</u> State: <u>NC</u> Zip: <u>28209</u> Tax ID Number: <u>47-2224429</u> or date applied for: _____	
Officers	
President: <u>Robert Lampher</u> Vice-President: <u>Charles F. Irick Jr.</u> Secretary: <u>Ira Slomka</u> Treasurer: <u>Dennis Quick</u>	
Shareholders	Percentage of Ownership
1. Name: <u>Hollis Fitch</u> Address: <u>1515 Mockingbird Ln Suite 1010</u> City, State, Zip: <u>Charlotte, NC 28209</u>	<u>30.36</u> %
2. Name: <u>Charles F. Irick Jr.</u> Address: <u>1515 Mockingbird Ln Suite 1010</u> City, State, Zip: <u>Charlotte, NC 28209</u>	<u>30.36</u> %
3. Name: _____ Address: _____ City, State, Zip: _____	_____ %
4. Name: _____ Address: _____ City, State, Zip: _____	_____ %
5. Name: _____ Address: _____ City, State, Zip: _____	_____ %

NOTE: This form must be completed for **each** Corporation that is involved in the proposed development.



NORTH CAROLINA

Department of the Secretary of State

CERTIFICATE OF EXISTENCE

I, ELAINE F. MARSHALL, Secretary of State of the State of North Carolina, do hereby certify that

FITCH IRICK CORPORATION

is a corporation duly incorporated under the laws of the State of North Carolina, having been incorporated on the 23rd day of July, 2021, with its period of duration being Perpetual.

I FURTHER certify that, as of the date set forth hereunder, the said corporation's articles of incorporation are not suspended for failure to comply with the Revenue Act of the State of North Carolina; that the said corporation is not administratively dissolved for failure to comply with the provisions of the North Carolina Business Corporation Act; that its most recent annual report required by N.C.G.S. 55-16-22 has been delivered to the Secretary of State; and that the said corporation has not filed articles of dissolution as of the date of this certificate.



Scan to verify online.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at the City of Raleigh, this 4th day of April, 2025.

Elaine F. Marshall

Secretary of State

SOSID: 1410010
Date Filed: 7/23/2021 7:40:00 AM
Elaine F. Marshall
North Carolina Secretary of State
C2021 203 01821

State of North Carolina
Department of the Secretary of State
**ARTICLES OF INCORPORATION
INCLUDING ARTICLES OF CONVERSION
FOR BUSINESS CORPORATION**

Pursuant to §55-2-02 and §55-11A-03 of the General Statutes of North Carolina, the undersigned converting business entity does hereby submit these Articles of Incorporation including Articles of Conversion for the purpose of forming a business corporation.

1. The name of the resulting corporation is: Fitch Irick Corporation.
2. The name of the converting business entity is Fitch Irick Partners, LLC and the organization and internal affairs of the converting business entity are governed by the laws of the State of North Carolina. A plan of conversion has been approved by Fitch Irick Partners, LLC as required by law.
3. The converting business entity is a domestic limited liability company.
4. The number of shares the corporation is authorized to issue is: 20,000,000. These shares shall be divided into classes or series within a class as provided in the attached Articles of Incorporation, with the information required by N.C.G.S. Section 55-6-01.
5. The name of the initial registered agent is Corporation Service Company.
6. The street address and county of the initial registered office of the corporation is
2626 Glenwood Ave.
Raleigh, NC 27608
Wake County
7. The mailing address, if different from the registered address, is

8. The corporation has a principal office.

The principal office telephone number is: 704-335-9112

The street address and county of the principal office of the corporation is:

1515 Mockingbird Lane, Ste. 1010
Charlotte, NC 28209
Mecklenburg County

The mailing address, *if different from the street address*, of the principal office of the corporation is:

9. The attached Articles of Incorporation includes each additional provision the corporation elects to include.

10. The name and address of each incorporator is as follows:

Carolyn P. Meade
100 N. Tryon Street, Ste. 4700
Charlotte, NC 28202

11. (Optional): Please provide a business email address:

The Secretary of State's office will email the business automatically at the address provided at no charge when a document is filed. The email provided will not be viewable upon the website. For more information on why this service is being offered, see instructions for this document.

12. These articles will be effective upon filing, unless a delayed date and/or time is specified.

This the 22nd day of July, 2021

By: Carolyn P. Meade
Name: Carolyn P. Meade
Title: Incorporator

ARTICLES OF INCORPORATION
OF
FITCH IRICK CORPORATION

FIRST: The name of the corporation is Fitch Irick Corporation (the "Corporation").

SECOND: The period of duration of the Corporation is perpetual.

THIRD: The purpose for which the Corporation is organized is to engage in any lawful act or activity for which corporations may be organized under the North Carolina Business Corporation Act including without limitation (i) the creation of affordable housing properties and other real property through acquisition and development, (ii) management and operation of affordable housing properties and other real property, (iii) ownership and management of affordable housing properties and other real property through direct or indirect ownership of general partnership and managing member interests and (iv) disposition and repositioning of residential housing properties.

FOURTH: The Corporation shall have authority to issue (i) Fifteen Million (15,000,000) shares of Common Stock, \$0.0001 par value per share ("**Common Stock**") and (ii) Five Million (5,000,000) shares of Preferred Stock, \$0.0001 par value per share ("**Preferred Stock**"). The following is a statement of the designations, preferences, limitations, and relative rights in respect of each class of capital stock of the Corporation.

A. COMMON STOCK

1. General. The voting, dividend and liquidation rights of the holders of the Common Stock are subject to and qualified by the rights, powers and preferences of the holders of the Preferred Stock set forth herein. The "**Common Original Issue Price**" shall mean \$0.002 per share, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Common Stock.

2. Voting. The holders of the Common Stock are entitled to one vote for each share of Common Stock held at all meetings of stockholders (and written actions in lieu of meetings); provided, however, that, except as otherwise required by law, holders of Common Stock, as such, shall not be entitled to vote on any amendment to the Articles of Incorporation that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to the Articles of Incorporation or pursuant to the North Carolina Business Corporation Act. There shall be no cumulative voting. To the maximum extent permitted by law, the number of authorized shares of Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by (in addition to any vote of the holders of one or more series of Preferred Stock that may be required by the terms of the Articles of Incorporation) the affirmative vote of the holders of shares of capital stock of the Corporation representing a majority of the votes represented by all outstanding shares of capital stock of the Corporation entitled to vote.

B. PREFERRED STOCK

FIVE MILLION (5,000,000) shares of the authorized and unissued Preferred Stock of the Corporation are hereby designated "**Series A Convertible Preferred Stock**" with the following rights, preferences, powers, privileges and restrictions, qualifications and limitations. Unless otherwise indicated, references to "sections" or "subsections" in this Part B of this Article Fourth refer to sections and subsections of Part B of this Article Fourth.

1. Dividends. The Corporation shall not declare, pay or set aside any dividends on shares of Common Stock (other than dividends on shares of Common Stock payable in shares of Common Stock) unless (in addition to the obtaining of any consents required elsewhere in the Articles of Incorporation) the holders of the Series A Convertible Preferred Stock then outstanding shall first (or simultaneously) receive a dividend on each outstanding share of Series A Convertible Preferred Stock in an amount at least equal to a cumulative, non-compounded rate of four percent (4%) per year (prorated for periods of less than one year) computed on the Series A Original Issue Price, in each case calculated on the record date for determination of holders entitled to receive such dividend. The "**Series A Original Issue Price**" shall mean \$11.20 per share, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series A Convertible Preferred Stock.

2. Liquidation, Dissolution or Winding Up; Certain Mergers, Consolidations and Asset Sales.

2.1 Preferential Payments to Holders of Series A Convertible Preferred Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation or Deemed Liquidation Event, the holders of shares of Series A Convertible Preferred Stock then outstanding shall be entitled to be paid out of the assets of the Corporation available for distribution to its stockholders before any payment shall be made to the holders of Common Stock by reason of their ownership thereof, an amount per share equal to the greater of (i) the Series A Original Issue Price, plus any dividends declared but unpaid thereon, or (ii) such amount per share as would have been payable had all shares of Series A Convertible Preferred Stock been converted into Common Stock pursuant to Section 4 immediately prior to such liquidation, dissolution, winding up or Deemed Liquidation Event (the amount payable pursuant to this sentence is hereinafter referred to as the "**Series A Liquidation Amount**"). If upon any such liquidation, dissolution or winding up of the Corporation or Deemed Liquidation Event, the assets of the Corporation available for distribution to its stockholders shall be insufficient to pay the holders of shares of Series A Convertible Preferred Stock the full amount to which they shall be entitled under this Subsection 2.1, the holders of shares of Series A Convertible Preferred Stock shall share ratably in any distribution of the assets available for distribution in proportion to the respective amounts which would otherwise be payable in respect of the shares held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full.

2.2 Payments to Holders of Common Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation or Deemed Liquidation Event, after the payment of all preferential amounts required to be paid to the holders of shares of Series A Convertible Preferred Stock, the Corporation shall pay to the holders of

Common Stock, by reason of their ownership thereof, an amount per share equal to the Common Original Issue Price, pro rata based on the number of shares held by each such holder.

2.3 Distribution of Remaining Assets. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation or Deemed Liquidation Event, after the payment of all preferential amounts required to be paid to the holders of shares of Series A Convertible Preferred Stock and after the payment of all amounts required to be paid to the holders of shares of Common Stock pursuant to Section 2.2, the remaining assets of the Corporation available for distribution to its stockholders shall be distributed among the holders of the shares of Series A Convertible Preferred Stock and Common Stock, pro rata based on the number of shares held by each such holder, treating for this purpose all such securities as if they had been converted to Common Stock pursuant to the terms of the Certificate of Incorporation immediately prior to such liquidation, dissolution or winding up of the Corporation.

2.4 Deemed Liquidation Events.

2.4.1 Definition. Each of the following events shall be considered a **"Deemed Liquidation Event"** unless the holders of at least a majority of the outstanding shares of Series A Convertible Preferred Stock elect otherwise by written notice sent to the Corporation at least ten (10) days prior to the effective date of any such event:

- (a) a merger or consolidation in which
 - (i) the Corporation is a constituent party or
 - (ii) a subsidiary of the Corporation is a constituent party and the Corporation issues shares of its capital stock pursuant to such merger or consolidation,

except any such merger or consolidation involving the Corporation or a subsidiary in which the shares of capital stock of the Corporation outstanding immediately prior to such merger or consolidation continue to represent, or are converted into or exchanged for shares of capital stock that represent, immediately following such merger or consolidation, at least a majority, by voting power, of the capital stock of (1) the surviving or resulting corporation; or (2) if the surviving or resulting corporation is a wholly owned subsidiary of another corporation immediately following such merger or consolidation, the parent corporation of such surviving or resulting corporation; or

- (b) the sale, lease, transfer, exclusive license or other disposition, in a single transaction or series of related transactions, by the Corporation or any subsidiary of the Corporation of all or substantially all the assets of the Corporation and its subsidiaries taken as a whole, or the sale or disposition (whether by merger, consolidation or otherwise) of one or more subsidiaries of the Corporation if substantially all of the assets of the Corporation and its subsidiaries taken as a whole are held by such subsidiary or subsidiaries, except where such sale, lease, transfer, exclusive license or other disposition is to a wholly owned subsidiary of the Corporation.

2.4.2 Effecting a Deemed Liquidation Event

(a) The Corporation shall not have the power to effect a Deemed Liquidation Event referred to in Subsection 2.4.1(a)(i) unless the agreement or plan of merger or consolidation for such transaction (the “**Merger Agreement**”) provides that the consideration payable to the stockholders of the Corporation shall be allocated among the holders of capital stock of the Corporation in accordance with Subsections 2.1 and 2.2.

(b) In the event of a Deemed Liquidation Event referred to in Subsection 2.4.1(a)(ii) or 2.4.1(b), if the Corporation does not effect a dissolution of the Corporation under the North Carolina Business Corporation Act within ninety (90) days after such Deemed Liquidation Event, then (i) the Corporation shall send a written notice to each holder of Series A Convertible Preferred Stock no later than the ninetieth (90th) day after the Deemed Liquidation Event advising such holders of their right (and the requirements to be met to secure such right) pursuant to the terms of the following clause; (ii) to require the redemption of such shares of Series A Convertible Preferred Stock, and (iii) if the holders of at least a majority of the then outstanding shares of Series A Convertible Preferred Stock so request in a written instrument delivered to the Corporation not later than one hundred twenty (120) days after such Deemed Liquidation Event, the Corporation shall use the consideration received by the Corporation for such Deemed Liquidation Event (net of any retained liabilities associated with the assets sold or technology licensed, as determined in good faith by the Board of Directors of the Corporation), together with any other assets of the Corporation available for distribution to its stockholders, all to the extent permitted by North Carolina law governing distributions to stockholders (the “**Available Proceeds**”), on the one hundred fiftieth (150th) day after such Deemed Liquidation Event, to redeem all outstanding shares of Series A Convertible Preferred Stock at a price per share equal to the Series A Liquidation Amount. Notwithstanding the foregoing, in the event of a redemption pursuant to the preceding sentence, if the Available Proceeds are not sufficient to redeem all outstanding shares of Series A Convertible Preferred Stock, the Corporation shall ratably redeem each holder’s shares of Series A Convertible Preferred Stock to the fullest extent of such Available Proceeds, and shall redeem the remaining shares as soon as it may lawfully do so under North Carolina law governing distributions to stockholders. Prior to the distribution or redemption provided for in this Subsection 2.4.2(b), the Corporation shall not expend or dissipate the consideration received for such Deemed Liquidation Event, except to discharge expenses incurred in connection with such Deemed Liquidation Event.

2.4.3 Amount Deemed Paid or Distributed. If the amount deemed paid or distributed under this Subsection 2.4.3 is made in property other than in cash, the value of such distribution shall be the fair market value of such property, determined as follows:

(a) For securities not subject to investment letters or other similar restrictions on free marketability,

(i) if traded on a securities exchange, the value shall be deemed to be the average of the closing prices of the securities on such exchange or market over the thirty (30) day period ending three (3) days prior to the closing of such transaction;

(ii) if actively traded over-the-counter, the value shall be deemed to be the average of the closing bid prices over the thirty (30) day period ending three (3) days prior to the closing of such transaction; or

(iii) if there is no active public market, the value shall be the fair market value thereof, as determined in good faith by the Board of Directors of the Corporation.

(b) The method of valuation of securities subject to investment letters or other similar restrictions on free marketability (other than restrictions arising solely by virtue of a stockholder's status as an affiliate or former affiliate) shall take into account an appropriate discount (as determined in good faith by the Board of Directors of the Corporation) from the market value as determined pursuant to clause (a) above so as to reflect the approximate fair market value thereof

2.4.4 Allocation of Escrow and Contingent Consideration. In the event of a Deemed Liquidation Event pursuant to Subsection 2.4.1(a)(i), if any portion of the consideration payable to the stockholders of the Corporation is payable only upon satisfaction of contingencies (the "Additional Consideration"), the Merger Agreement shall provide that (a) the portion of such consideration that is not Additional Consideration (such portion, the "Initial Consideration") shall be allocated among the holders of capital stock of the Corporation in accordance with Subsections 2.1 and 2.2 as if the Initial Consideration were the only consideration payable in connection with such Deemed Liquidation Event; and (b) any Additional Consideration which becomes payable to the stockholders of the Corporation upon satisfaction of such contingencies shall be allocated among the holders of capital stock of the Corporation in accordance with Subsections 2.1 and 2.2 after taking into account the previous payment of the Initial Consideration as part of the same transaction. For the purposes of this Subsection 2.4.4, consideration placed into escrow or retained as holdback to be available for satisfaction of indemnification or similar obligations in connection with such Deemed Liquidation Event shall be deemed to be Additional Consideration.

3. Voting.

3.1 General. On any matter presented to the stockholders of the Corporation for their action or consideration at any meeting of stockholders of the Corporation (or by written consent of stockholders in lieu of meeting), each holder of outstanding shares of Series A Convertible Preferred Stock shall be entitled to cast the number of votes equal to the number of whole shares of Common Stock into which the shares of Series A Convertible Preferred Stock held by such holder are convertible as of the record date for determining stockholders entitled to vote on such matter. Except as provided by law or by the other provisions of the Certificate of Incorporation, holders of Series A Convertible Preferred Stock shall vote together with the holders of Common Stock as a single class. If the vote is tied on any matter, the deadlock may be broken by the independent director appointed pursuant to any stockholders' agreement among the holders of the Corporation's capital stock as in effect from time to time.

3.2 Election of Directors. The holders of record of the shares of Series A Convertible Preferred Stock, exclusively and as a separate class, shall be entitled to elect five

directors of the Corporation (the "Series A Directors") and the balance of the board of directors shall be determined subject to the provisions of any stockholders' agreement in effect among the holders of the Corporation's capital stock from time to time. At such time as there are no outstanding shares of Series A Convertible Preferred Stock, the members of the board of directors shall be selected in accordance with such stockholders' agreement or, in the absence of such an agreement, the holders of the majority of the outstanding shares of Common Stock. At any meeting held for the purpose of electing a director, the presence in person or by proxy of the holders of a majority of the outstanding shares of the class or series entitled to elect such director shall constitute a quorum for the purpose of electing such director. A vacancy in any directorship filled by the holders of any class or series shall be filled only by vote or written consent in lieu of a meeting of the holders of such class or series.

3.3 Series A Convertible Preferred Stock Protective Provisions. At any time when shares of Series A Convertible Preferred Stock are outstanding, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, do any of the following without (in addition to any other vote required by law or the Certificate of Incorporation) the written consent or affirmative vote of the holders of at least a majority of the then outstanding shares of Series A Convertible Preferred Stock, given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class, and any such act or transaction entered into without such consent or vote shall be null and void *ab initio*, and of no force or effect:

3.3.1 liquidate, dissolve or wind-up the business and affairs of the Corporation, effect any merger or consolidation, any other Deemed Liquidation Event, reorganization, recapitalization, or reclassification, or consent to any of the foregoing, in each case, where the value to be received in such transaction is less than \$50,000,000;

3.3.2 amend, alter or repeal any provision of this Certificate of Incorporation of the Corporation in a manner that would alter the rights of the Series A Convertible Preferred Stock or materially adversely affect the economic rights thereof;

3.3.3 create, or authorize the creation of, or issue or obligate itself to issue any shares of capital stock or other securities whose rights to dividends or rights in the event of the dissolution and liquidation of the Corporation are senior to, or *pari passu* with, the Series A Convertible Preferred Stock;

3.3.4 borrow funds in excess of \$5,000,000; or

3.3.5 enter into or revise any agreement with a member of the Corporation's board of directors, its officers or its or their affiliates (including payment of any guaranty fee to such individual or his or her affiliates) where the terms thereof are not equivalent to, or more favorable to the Corporation than, the terms which would be available for the services or other contractual items set forth in such agreement were such an agreement entered into with an independent third party.

4. Optional Conversion.

The holders of the Series A Convertible Preferred Stock shall have conversion rights as follows (the "Conversion Rights"):

4.1 Right to Convert; Conversion Ratio. Each share of Series A Convertible Preferred Stock shall be convertible, at the option of the holder thereof, at any time and from time to time, and without the payment of additional consideration by the holder thereof, into such number of fully paid and non-assessable shares of Common Stock as is determined by dividing the Series A Original Issue Price by the Series A Conversion Price (as defined below) in effect at the time of conversion. The "**Series A Conversion Price**" shall initially be equal to \$11.20. Such initial Series A Conversion Price, and the rate at which shares of Series A Convertible Preferred Stock may be converted into shares of Common Stock, shall be subject to adjustment as provided below.

4.2 Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of the Series A Convertible Preferred Stock. In lieu of any fractional shares to which the holder would otherwise be entitled, the Corporation shall pay cash equal to such fraction multiplied by the fair market value of a share of Common Stock as determined in good faith by the Board of Directors of the Corporation. Whether or not fractional shares would be issuable upon such conversion shall be determined on the basis of the total number of shares of Series A Convertible Preferred Stock the holder is at the time converting into Common Stock and the aggregate number of shares of Common Stock issuable upon such conversion.

4.3 Mechanics of Conversion.

4.3.1 Notice of Conversion. In order for a holder of Series A Convertible Preferred Stock to voluntarily convert shares of Series A Convertible Preferred Stock into shares of Common Stock, such holder shall (a) provide written notice to the Corporation's transfer agent at the office of the transfer agent for the Series A Convertible Preferred Stock (or at the principal office of the Corporation if the Corporation serves as its own transfer agent) that such holder elects to convert all or any number of such holder's shares of Series A Convertible Preferred Stock and, if applicable, any event on which such conversion is contingent and (b), if such holder's shares are certificated, surrender the certificate or certificates for such shares of Series A Convertible Preferred Stock (or, if such registered holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate), at the office of the transfer agent for the Series A Convertible Preferred Stock (or at the principal office of the Corporation if the Corporation serves as its own transfer agent). Such notice shall state such holder's name or the names of the nominees in which such holder wishes the shares of Common Stock to be issued. If required by the Corporation, any certificates surrendered for conversion shall be endorsed or accompanied by a written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or his, her or its attorney duly authorized in writing. The close of business on the date of receipt by the transfer agent (or by the Corporation if the Corporation serves as its own transfer agent) of such notice and, if applicable, certificates (or lost certificate affidavit and agreement) shall be the time of conversion (the "**Conversion Time**"), and the shares of Common Stock issuable upon conversion of the specified shares shall be deemed to be outstanding of record as of such date. The Corporation shall, as soon as practicable after the Conversion Time (i) issue and deliver to such holder of Series A Convertible Preferred Stock, or to his, her or its nominees, a certificate or certificates for the number of full shares of Common Stock issuable upon such conversion in accordance with the

provisions hereof and a certificate for the number (if any) of the shares of Series A Convertible Preferred Stock represented by the surrendered certificate that were not converted into Common Stock, (ii) pay in cash such amount as provided in Subsection 4.2 in lieu of any fraction of a share of Common Stock otherwise issuable upon such conversion and (iii) pay all declared but unpaid dividends on the shares of Series A Convertible Preferred Stock converted.

4.3.2 Reservation of Shares. The Corporation shall at all times when the Series A Convertible Preferred Stock shall be outstanding, reserve and keep available out of its authorized but unissued capital stock, for the purpose of effecting the conversion of the Series A Convertible Preferred Stock, such number of its duly authorized shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding Series A Convertible Preferred Stock; and if at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Series A Convertible Preferred Stock, the Corporation shall take such corporate action as may be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging in best efforts to obtain the requisite stockholder approval of any necessary amendment to the Certificate of Incorporation. Before taking any action which would cause an adjustment reducing the Series A Conversion Price below the then par value of the shares of Common Stock issuable upon conversion of the Series A Convertible Preferred Stock, the Corporation will take any corporate action which may, in the opinion of its counsel, be necessary in order that the Corporation may validly and legally issue fully paid and non-assessable shares of Common Stock at such adjusted Series A Conversion Price.

4.3.3 Effect of Conversion. All shares of Series A Convertible Preferred Stock which shall have been surrendered for conversion as herein provided shall no longer be deemed to be outstanding and all rights with respect to such shares shall immediately cease and terminate at the Conversion Time, except only the right of the holders thereof to receive shares of Common Stock in exchange therefor, to receive payment in lieu of any fraction of a share otherwise issuable upon such conversion as provided in Subsection 4.2 and to receive payment of any dividends declared but unpaid thereon. Any shares of Series A Convertible Preferred Stock so converted shall be retired and cancelled and may not be reissued as shares of such series, and the Corporation may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of shares of Series A Convertible Preferred Stock accordingly.

4.3.4 No Further Adjustment. Upon any such conversion, no adjustment to the Series A Conversion Price shall be made for any declared but unpaid dividends on the Series A Convertible Preferred Stock surrendered for conversion or on the Common Stock delivered upon conversion.

4.3.5 Taxes. The Corporation shall pay any and all issue and other similar taxes that may be payable in respect of any issuance or delivery of shares of Common Stock upon conversion of shares of Series A Convertible Preferred Stock pursuant to this Section 4. The Corporation shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of shares of Common Stock in a name other than that in which the shares of Series A Convertible Preferred Stock so converted

were registered, and no such issuance or delivery shall be made unless and until the person or entity requesting such issuance has paid to the Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid.

4.4 Adjustments to Series A Conversion Price for Diluting Issues.

4.4.1 Special Definitions. For purposes of this Article Fourth, the following definitions shall apply:

(a) **“Option”** shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire Common Stock or Convertible Securities.

(b) **“Series A Original Issue Date”** shall mean the date on which the first share of Series A Convertible Preferred Stock was issued.

(c) **“Convertible Securities”** shall mean any evidences of indebtedness, shares or other securities directly or indirectly convertible into or exchangeable for Common Stock but excluding Options.

(d) **“Additional Shares of Common Stock”** shall mean all shares of Common Stock issued (or, pursuant to Subsection 4.4.3 below, deemed to be issued) by the Corporation after the Series A Original Issue Date, other than (1) the following shares of Common Stock and (2) shares of Common Stock deemed issued pursuant to the following Options and Convertible Securities (clauses (1) and (2), collectively, **“Exempted Securities”**):

(i) shares of Common Stock, Options or Convertible Securities issued as a dividend or distribution on Series A Convertible Preferred Stock;

(ii) shares of Common Stock, Options or Convertible Securities issued by reason of a dividend, stock split, split-up or other distribution on shares of Common Stock that is covered by Subsection 4.5, 4.6, 4.7 or 4.8;

(iii) shares of Common Stock or Convertible Securities actually issued upon the exercise of Options or shares of Common Stock actually issued upon the conversion or exchange of Convertible Securities, in each case provided such issuance is pursuant to the terms of such Option or Convertible Security;

(iv) shares of Common Stock, Options or Convertible Securities issued to banks, equipment lessors or other financial institutions, or to real property lessors, pursuant to a debt financing, equipment leasing or real property leasing transaction approved by the Board of Directors of the Corporation, including the Series A Director; or

(v) shares of Common Stock, Options or Convertible Securities issued pursuant to the acquisition of another corporation by

the Corporation by merger, purchase of substantially all of the assets or other reorganization or to a joint venture agreement, provided that such issuances are approved by the Board of Directors of the Corporation, including a majority of the Series A Directors.

4.4.2 No Adjustment of Series A Conversion Price. No Adjustment of Series A Conversion Price. No adjustment in the Series A Conversion Price shall be made as the result of the issuance or deemed issuance of Additional Shares of Common Stock if (a) the consideration per share (determined pursuant to Section 4.4.5) for such Additional Shares of Common Stock is equal to or greater than the applicable Series A Conversion Price in effect immediately prior to the issuance or (b) the Corporation receives written notice from the holders of at least a majority of the then outstanding shares of Series A Convertible Preferred Stock agreeing that no such adjustment shall be made as the result of the issuance or deemed issuance of such Additional Shares of Common Stock.

4.4.3 Deemed Issue of Additional Shares of Common Stock.

(a) If the Corporation at any time or from time to time after the Series A Original Issue Date shall issue any Options or Convertible Securities (excluding Options or Convertible Securities which are themselves Exempted Securities) or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of shares of Common Stock (as set forth in the instrument relating thereto, assuming the satisfaction of any conditions to exercisability, convertibility or exchangeability but without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares of Common Stock issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date.

(b) If the terms of any Option or Convertible Security, the issuance of which resulted in an adjustment to the Series A Conversion Price pursuant to the terms of Subsection 4.4.4, are revised as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Option or Convertible Security (but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Option or Convertible Security) to provide for either (1) any increase or decrease in the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any such Option or Convertible Security or (2) any increase or decrease in the consideration payable to the Corporation upon such exercise, conversion and/or exchange, then, effective upon such increase or decrease becoming effective, the Series A Conversion Price computed upon the original issue of such Option or Convertible Security (or upon the occurrence of a record date with respect thereto) shall be readjusted to such Series A Conversion Price as would have obtained had such revised terms been in effect upon the original date of issuance of such Option or Convertible Security. Notwithstanding the foregoing, no readjustment pursuant to this clause (b) shall have the effect of increasing the Series A Conversion Price to an amount which exceeds the lower of (i) the Series A Conversion Price in effect immediately prior to the original adjustment made as a result of the issuance of such Option or Convertible Security, or (ii) the Series A Conversion Price that would

have resulted from any issuances of Additional Shares of Common Stock (other than deemed issuances of Additional Shares of Common Stock as a result of the issuance of such Option or Convertible Security) between the original adjustment date and such readjustment date.

(c) If the terms of any Option or Convertible Security (excluding Options or Convertible Securities which are themselves Exempted Securities), the issuance of which did not result in an adjustment to the Series A Conversion Price pursuant to the terms of Subsection 4.4.4 (either because the consideration per share (determined pursuant to Subsection 4.4.5) of the Additional Shares of Common Stock subject thereto was equal to or greater than the Series A Conversion Price then in effect, or because such Option or Convertible Security was issued before the Series A Original Issue Date), are revised after the Series A Original Issue Date as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Option or Convertible Security (but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Option or Convertible Security) to provide for either (1) any increase in the number of shares of Common Stock issuable upon the exercise, conversion or exchange of any such Option or Convertible Security or (2) any decrease in the consideration payable to the Corporation upon such exercise, conversion or exchange, then such Option or Convertible Security, as so amended or adjusted, and the Additional Shares of Common Stock subject thereto (determined in the manner provided in Subsection 4.4.3(a)) shall be deemed to have been issued effective upon such increase or decrease becoming effective.

(d) Upon the expiration or termination of any unexercised Option or unconverted or unexchanged Convertible Security (or portion thereof) which resulted (either upon its original issuance or upon a revision of its terms) in an adjustment to the Series A Conversion Price pursuant to the terms of Subsection 4.4.4, the Series A Conversion Price shall be readjusted to such Series A Conversion Price as would have obtained had such Option or Convertible Security (or portion thereof) never been issued.

(e) If the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any Option or Convertible Security, or the consideration payable to the Corporation upon such exercise, conversion and/or exchange, is calculable at the time such Option or Convertible Security is issued or amended but is subject to adjustment based upon subsequent events, any adjustment to the Series A Conversion Price provided for in this Subsection 4.4.3 shall be effected at the time of such issuance or amendment based on such number of shares or amount of consideration without regard to any provisions for subsequent adjustments (and any subsequent adjustments shall be treated as provided in clauses (b) and (c) of this Subsection 4.4.3). If the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any Option or Convertible Security, or the consideration payable to the Corporation upon such exercise, conversion and/or exchange, cannot be calculated at all at the time such Option or Convertible Security is issued or amended, any adjustment to the Series A Conversion Price that would result under the terms of this Subsection 4.4.3 at the time of such issuance or amendment shall instead be effected at the time such number of shares and/or amount of consideration is first calculable (even if subject to subsequent adjustments), assuming for purposes of calculating such adjustment to the Series A Conversion Price that such issuance or amendment took place at the time such calculation can first be made.

4.4.4 Adjustment of Series A Conversion Price Upon Issuance of Additional Shares of Common Stock. In the event the Corporation shall at any time after the Series A Original Issue Date issue Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Subsection 4.4.3), without consideration or for a consideration per share less than the Series A Conversion Price in effect immediately prior to such issue, then the Series A Conversion Price shall be reduced, concurrently with such issue, to a price (calculated to the nearest one-hundredth of a cent) determined in accordance with the following formula:

$$CP_2 = CP_1 * (A + B) \div (A + C).$$

For purposes of the foregoing formula, the following definitions shall apply:

(a) "CP₂" shall mean the Series A Conversion Price in effect immediately after such issue of Additional Shares of Common Stock

(b) "CP₁" shall mean the Series A Conversion Price in effect immediately prior to such issue of Additional Shares of Common Stock;

(c) "A" shall mean the number of shares of Common Stock outstanding immediately prior to such issue of Additional Shares of Common Stock (treating for this purpose as outstanding all shares of Common Stock issuable upon exercise of Options outstanding immediately prior to such issue or upon conversion or exchange of Convertible Securities (including the Series A Convertible Preferred Stock) outstanding (assuming exercise of any outstanding Options therefor) immediately prior to such issue and treating the number of authorized but unissued Options under the Corporation's incentive plan as outstanding for purposes of such determination);

(d) "B" shall mean the number of shares of Common Stock that would have been issued if such Additional Shares of Common Stock had been issued at a price per share equal to CP₁ (determined by dividing the aggregate consideration received by the Corporation in respect of such issue by CP₁); and

(e) "C" shall mean the number of such Additional Shares of Common Stock issued in such transaction.

4.4.5 Determination of Consideration. For purposes of this Subsection 4.4, the consideration received by the Corporation for the issue of any Additional Shares of Common Stock shall be computed as follows:

(a) Cash and Property: Such consideration shall:

(i) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Corporation, excluding amounts paid or payable for accrued interest;

(ii) insofar as it consists of property other than cash, be computed at the fair market value thereof at the time of such issue, as determined in good faith by the Board of Directors of the Corporation; and

(iii) in the event Additional Shares of Common Stock are issued together with other shares or securities or other assets of the Corporation for consideration which covers both, be the proportion of such consideration so received, computed as provided in clauses (i) and (ii) above, as determined in good faith by the Board of Directors of the Corporation.

(b) Options and Convertible Securities. The consideration per share received by the Corporation for Additional Shares of Common Stock deemed to have been issued pursuant to Subsection 4.4.3, relating to Options and Convertible Securities, shall be determined by dividing:

(i) The total amount, if any, received or receivable by the Corporation as consideration for the issue of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Corporation upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, by

(ii) the maximum number of shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities.

4.4.6 Multiple Closing Dates. In the event the Corporation shall issue on more than one date Additional Shares of Common Stock that are a part of one transaction or a series of related transactions and that would result in an adjustment to the Series A Conversion Price pursuant to the terms of Subsection 4.4.4 then, upon the final such issuance, the Series A Conversion Price shall be readjusted to give effect to all such issuances as if they occurred on the date of the first such issuance (and without giving effect to any additional adjustments as a result of any such subsequent issuances within such period).

4.5 Adjustment for Stock Splits and Combinations. If the Corporation shall at any time or from time to time after the Series A Original Issue Date effect a subdivision of the outstanding Common Stock, the Series A Conversion Price in effect immediately before that subdivision shall be proportionately decreased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be increased in proportion to such increase in the aggregate number of shares of Common Stock outstanding. If the Corporation shall at any

time or from time to time after the Series A Original Issue Date combine the outstanding shares of Common Stock, the Series A Conversion Price in effect immediately before the combination shall be proportionately increased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be decreased in proportion to such decrease in the aggregate number of shares of Common Stock outstanding. Any adjustment under this subsection shall become effective at the close of business on the date the subdivision or combination becomes effective.

4.6 Adjustment for Certain Dividends and Distributions. In the event the Corporation at any time or from time to time after the Series A Original Issue Date shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable on the Common Stock in additional shares of Common Stock, then and in each such event the Series A Conversion Price in effect immediately before such event shall be decreased as of the time of such issuance or, in the event such a record date shall have been fixed, as of the close of business on such record date, by multiplying the Series A Conversion Price then in effect by a fraction:

(1) the numerator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and

(2) the denominator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend or distribution.

Notwithstanding the foregoing (a) if such record date shall have been fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the Series A Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter the Series A Conversion Price shall be adjusted pursuant to this subsection as of the time of actual payment of such dividends or distributions; and (b) that no such adjustment shall be made if the holders of Series A Convertible Preferred Stock simultaneously receive a dividend or other distribution of shares of Common Stock in a number equal to the number of shares of Common Stock as they would have received if all outstanding shares of Series A Convertible Preferred Stock had been converted into Common Stock on the date of such event.

4.7 Adjustment for Merger or Reorganization, etc. Subject to the provisions of Subsection 2.3, if there shall occur any reorganization, recapitalization, reclassification, consolidation or merger involving the Corporation in which the Common Stock (but not the Series A Convertible Preferred Stock) is converted into or exchanged for securities, cash or other property (other than a transaction covered by Subsections 4.4, 4.6 or 4.7), then, following any such reorganization, recapitalization, reclassification, consolidation or merger, each share of Series A Convertible Preferred Stock shall thereafter be convertible in lieu of the Common Stock into which it was convertible prior to such event into the kind and amount of securities, cash or other property which a holder of the number of shares of Common Stock of the Corporation issuable upon conversion of one share of Series A Convertible Preferred Stock immediately prior to such reorganization, recapitalization, reclassification, consolidation or merger would have been

entitled to receive pursuant to such transaction; and, in such case, appropriate adjustment (as determined in good faith by the Board of Directors of the Corporation) shall be made in the application of the provisions in this Section 4 with respect to the rights and interests thereafter of the holders of the Series A Convertible Preferred Stock, to the end that the provisions set forth in this Section 4 (including provisions with respect to changes in and other adjustments of the Series A Conversion Price) shall thereafter be applicable, as nearly as reasonably may be, in relation to any securities or other property thereafter deliverable upon the conversion of the Series A Convertible Preferred Stock.

4.8 Adjustments for Other Dividends and Distributions. In the event the Corporation at any time or from time to time after the Series A Original Issue Date shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in securities of the Corporation (other than a distribution of shares of Common Stock in respect of outstanding shares of Common Stock) or in other property and the provisions of Section 1 do not apply to such dividend or distribution, then and in each such event the holders of Series A Convertible Preferred Stock shall receive, simultaneously with the distribution to the holders of Common Stock, a dividend or other distribution of such securities or other property in an amount equal to the amount of such securities or other property as they would have received if all outstanding shares of Series A Convertible Preferred Stock had been converted into Common Stock on the date of such event.

4.9 Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the Series A Conversion Price pursuant to this Section 4, the Corporation at its expense shall, as promptly as reasonably practicable but in any event not later than thirty (30) days thereafter, compute such adjustment or readjustment in accordance with the terms hereof and furnish to each holder of Series A Convertible Preferred Stock a certificate setting forth such adjustment or readjustment (including the kind and amount of securities, cash or other property into which the Series A Convertible Preferred Stock is convertible) and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, as promptly as reasonably practicable after the written request at any time of any holder of Series A Convertible Preferred Stock (but in any event not later than thirty (30) days thereafter), furnish or cause to be furnished to such holder a certificate setting forth (i) the Series A Conversion Price then in effect, and (ii) the number of shares of Common Stock and the amount, if any, of other securities, cash or property which then would be received upon the conversion of Series A Convertible Preferred Stock.

4.10 Notice of Record Date. In the event:

(a) the Corporation shall take a record of the holders of its Common Stock (or other capital stock or securities at the time issuable upon conversion of the Series A Convertible Preferred Stock) for the purpose of entitling or enabling them to receive any dividend or other distribution, or to receive any right to subscribe for or purchase any shares of capital stock of any class or any other securities, or to receive any other security; or

(b) of any capital reorganization of the Corporation, any reclassification of the Common Stock of the Corporation, or any Deemed Liquidation Event; or

(c) of the voluntary or involuntary dissolution, liquidation or winding-up of the Corporation,

then, and in each such case, the Corporation will send or cause to be sent to the holders of the Series A Convertible Preferred Stock a notice specifying, as the case may be, (i) the record date for such dividend, distribution or right, and the amount and character of such dividend, distribution or right, or (ii) the effective date on which such reorganization, reclassification, consolidation, merger, transfer, dissolution, liquidation or winding-up is proposed to take place, and the time, if any is to be fixed, as of which the holders of record of Common Stock (or such other capital stock or securities at the time issuable upon the conversion of the Series A Convertible Preferred Stock) shall be entitled to exchange their shares of Common Stock (or such other capital stock or securities) for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, transfer, dissolution, liquidation or winding-up, and the amount per share and character of such exchange applicable to the Series A Convertible Preferred Stock and the Common Stock. Such notice shall be sent at least ten (10) days prior to the record date or effective date for the event specified in such notice.

5. Mandatory Conversion.

5.1 Trigger Events. Upon either (a) the closing of the sale of shares of Common Stock to the public in a firm-commitment underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, resulting in at least \$100,000,000 of gross proceeds to the Corporation or (b) the date and time, or the occurrence of an event, specified by vote or written consent of the holders of at least a majority of the then outstanding shares of Series A Convertible Preferred Stock (the time of such closing or the date and time specified or the time of the event specified in such vote or written consent is referred to herein as the “**Mandatory Conversion Time**”), then (i) all outstanding shares of Series A Convertible Preferred Stock shall automatically be converted into shares of Common Stock, at the then effective conversion rate as calculated pursuant to Subsection 4.1.1. and (ii) such shares may not be reissued by the Corporation.

5.2 Procedural Requirements. All holders of record of shares of Series A Convertible Preferred Stock shall be sent written notice of the Mandatory Conversion Time and the place designated for mandatory conversion of all such shares of Series A Convertible Preferred Stock pursuant to this Section 5. Such notice need not be sent in advance of the occurrence of the Mandatory Conversion Time. Upon receipt of such notice, each holder of shares of Series A Convertible Preferred Stock in certificated form shall surrender his, her or its certificate or certificates for all such shares (or, if such holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate) to the Corporation at the place designated in such notice. If so required by the Corporation, any certificates surrendered for conversion shall be endorsed or accompanied by written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or by his, her or its attorney duly authorized in writing. All rights with respect to the Series A Convertible Preferred Stock converted pursuant to Subsection 5.1. including the rights, if any, to receive notices and vote (other than as a holder of Common Stock), will terminate at the Mandatory Conversion Time

(notwithstanding the failure of the holder or holders thereof to surrender any certificates at or prior to such time), except only the rights of the holders thereof, upon surrender of any certificate or certificates of such holders (or lost certificate affidavit and agreement) therefor, to receive the items provided for in the next sentence of this Subsection 5.2. As soon as practicable after the Mandatory Conversion Time and, if applicable, the surrender of any certificate or certificates (or lost certificate affidavit and agreement) for Series A Convertible Preferred Stock, the Corporation shall (a) issue and deliver to such holder, or to his, her or its nominees, a certificate or certificates for the number of full shares of Common Stock issuable on such conversion in accordance with the provisions hereof, and (b) pay cash as provided in Subsection 4.2 in lieu of any fraction of a share of Common Stock otherwise issuable upon such conversion and the payment of any declared but unpaid dividends on the shares of Series A Convertible Preferred Stock converted. Such converted Series A Convertible Preferred Stock shall be retired and cancelled and may not be reissued as shares of such series, and the Corporation may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of shares of Series A Convertible Preferred Stock accordingly.

6. Redeemed or Otherwise Acquired Shares. Any shares of Series A Convertible Preferred Stock that are redeemed or otherwise acquired by the Corporation or any of its subsidiaries shall be automatically and immediately cancelled and retired and shall not be reissued, sold or transferred. Neither the Corporation nor any of its subsidiaries may exercise any voting or other rights granted to the holders of Series A Convertible Preferred Stock following redemption.

7. Waiver. Any of the rights, powers, preferences and other terms of the Series A Convertible Preferred Stock set forth herein may be waived on behalf of all holders of Series A Convertible Preferred Stock by the affirmative written consent or vote of the holders of at least a majority of the shares of Series A Convertible Preferred Stock then outstanding.

8. Notices. Any notice required or permitted by the provisions of this Article Fourth to be given to a holder of shares of Series A Convertible Preferred Stock shall be mailed, postage prepaid, to the post office address last shown on the records of the Corporation, or given by electronic communication in compliance with the provisions of the North Carolina Business Corporation Act, and shall be deemed sent upon such mailing or electronic transmission.

FIFTH: The address of the registered office of the Corporation in the State of North Carolina is 2626 Glenwood Ave., Raleigh, North Carolina 27608, County of Wake, and the name of its registered agent at such address is Corporation Service Company.

SIXTH: The principal office of the Corporation is 1515 Mockingbird Lane, Suite 1010, Charlotte, North Carolina 28209, County of Mecklenburg.

SEVENTH: To the extent that there ever may be any inconsistency between these Articles of Incorporation and the bylaws of the Corporation as may be adopted or amended from time to time, the Articles of Incorporation shall always control.

EIGHTH: Action required or permitted by the North Carolina Business Corporation Act to be taken at a shareholders' meeting may be taken without a meeting and without prior notice if

the action is taken by all the shareholders entitled to vote on the action or by shareholders having not less than the minimum number of votes that would be necessary to take the action at a meeting at which all shareholders entitled to vote were present and voted.

NINTH: No director of the Corporation shall have personal liability arising out of an action whether by or in the right of the Corporation or otherwise for monetary damages for breach of his or her duty as a director; provided, however, that the foregoing shall not limit or eliminate the personal liability of a director with respect to those acts, omissions, or transactions for which the personal liability of a director may not be limited or eliminated as set forth in North Carolina General Statute Section 55-2-02 as it is currently enacted or as it may be amended, modified or rewritten from time to time in the future or as otherwise set forth in the North Carolina General Statutes as they are currently or as they may be enacted, modified or rewritten from time to time in the future. Furthermore, notwithstanding the foregoing provision, in the event that Section 55-2-02 or any other provision of the North Carolina General Statutes is amended, modified or rewritten to permit further limitation or elimination of the personal liability of the director, the personal liability of the corporation's directors shall be limited or eliminated to the fullest extent permitted by the applicable law. This Article shall not affect a charter or bylaw provision or contract or resolution of the corporation indemnifying or agreeing to indemnify a director against personal liability. Any repeal or modification of this Article shall not adversely affect any limitation hereunder on the personal liability of the director with respect to acts or omissions occurring prior to such repeal or modification.

TENTH: Subject to any additional vote required by these Articles of Incorporation, the Corporation reserves the right to amend, alter, change or repeal any provision contained in these Articles of Incorporation in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

ELEVENTH: The Corporation shall, to the fullest extent permitted from time to time by law, indemnify its directors and officers against all liabilities and expenses in any suit or proceeding, whether civil, criminal, administrative or investigative, and whether or not brought by or on behalf of the Corporation, including all appeals therefrom, arising out of their status as such or their activities in any of the foregoing capacities. The Corporation shall likewise and to the same extent indemnify any person who, at the request of the Corporation, is or was serving as a director, officer, partner, trustee, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise, or as a trustee or administrator under any employee benefit plan. The right to be indemnified hereunder shall include, without limitation, the right of a director or officer to be paid expenses in advance of the final disposition of any proceeding upon receipt of an undertaking to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified hereunder. A person entitled to indemnification hereunder shall also be paid reasonable costs, expenses and attorneys' fees (including expenses) in connection with the enforcement of rights to the indemnification granted hereunder. The foregoing rights of indemnification shall not be exclusive of any other rights to which those seeking indemnification may be entitled and shall not be limited by the provisions of Section 55-8-51 of the General Statutes of North Carolina or any successor statute. The Board of Directors may take such action as it deems necessary or desirable to carry out these indemnification provisions, including adopting procedures for determining and enforcing the rights guaranteed hereunder, and the Board of Directors is expressly empowered to adopt, approve and amend from time to time such bylaws.

resolutions or contracts implementing such provisions or such further indemnification arrangement as may be permitted by law. Neither the amendment or repeal of this Article, nor the adoption of any provision of these Articles of Incorporation inconsistent with this Article, shall eliminate or reduce any right to indemnification afforded by this Article to any person with respect to their status or any activities in their official capacities prior to such amendment, repeal or adoption.

TWELFTH: The Corporation renounces, to the fullest extent permitted by law, any interest or expectancy of the Corporation in, or in being offered an opportunity to participate in, any Excluded Opportunity. An "Excluded Opportunity" is any matter, transaction or interest that is presented to, or acquired, created or developed by, or which otherwise comes into the possession of (i) a member of the Board of Directors, or (ii) any holder of Series A Convertible Preferred Stock or any partner, member, director, stockholder, employee or agent of any such holder (collectively, "Covered Persons"), unless such matter, transaction or interest is presented to, or acquired, created or developed by, or otherwise comes into the possession of, a Covered Person expressly and solely in such Covered Person's capacity as a director of the Corporation.

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