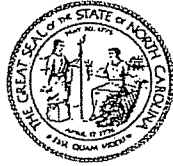


STATE OF
NORTH
CAROLINA



Department of The
Secretary of State

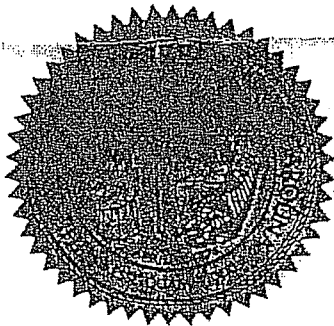
To all whom these presents shall come, Greetings:

I, ELAINE F. MARSHALL, *Secretary of State of the State of North Carolina*, do hereby certify the following and hereto attached to be a true copy of

ARTICLES OF INCORPORATION
OF
CHADSTONE HOMEOWNERS ASSOCIATION, INC.

the original of which was filed in this office on the 9th day of September, 1997.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at the City of Raleigh, this 9th day of September, 1997.



Elaine F. Marshall

Secretary of State

972459061

ARTICLES OF INCORPORATION

OF

CHADSTONE HOMEOWNERS ASSOCIATION, INC.

C-0436908
FILED
8:25 am
SEP 09 1997

EFFECTIVE
ELAINE F. MARSHALL
SECRETARY OF STATE
NORTH CAROLINA

In compliance with the requirements of Chapter 55A of the North Carolina General Statutes, the undersigned, a natural person of full age, has this day executed these Articles of Incorporation for the purpose of forming a non-profit corporation and hereby certifies as follows:

ARTICLE I

NAME

The name of the corporation is CHADSTONE HOMEOWNERS ASSOCIATION, INC. (hereinafter the "Homeowners Association" or the "Association").

ARTICLE II

REGISTERED OFFICE AND INITIAL AGENT and PRINCIPAL OFFICE

The registered office of the Homeowners Association is located at 4098 Barrett Drive, Raleigh, Wake County, NC 27609. The location of the registered office may be changed by a majority vote of the Board of Directors. The name of the initial registered agent at the above address is Richard H. Stockett. The principal office is 4098 Barrett Drive, Raleigh, Wake County, NC 27609.

ARTICLE III

PURPOSE AND POWERS OF THE ASSOCIATION

The Homeowners Association does not contemplate a pecuniary gain or profit to the members thereof. The specific purposes for which the Association is formed are: (1) to own and maintain the Homeowners Association Property within the subdivision known as CHADSTONE; (2) to provide for maintenance of the property within CHADSTONE and for architectural control of residences constructed thereon; and (3) to promote the health, safety and welfare of the residents within CHADSTONE and any additions thereto as may hereafter be brought within the jurisdiction of the Association, and for this purpose to:

(a) exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in that certain Declaration of Covenants, Conditions and Restrictions for CHADSTONE, to be recorded in the Wake County Public Registry, as the same, may from time to time be amended, said Declaration and any amendments thereto hereinafter individually and collectively referred to as "Declaration" being incorporated herein as if set forth at length;

(b) fix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration;

(c) pay all expenses incurred in connection with collection of the charges and assessments set forth in subparagraph (b) above, and pay all office and other expenses incident to the conduct of the business of the Homeowners Association, including all license, taxes or governmental charges levied or imposed against property owned by the Association;

(d) acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or

personal property in connection with the affairs of the Association; all in accordance with the laws of the City of Raleigh;

(e) The right of the Homeowners Association to dedicate or transfer all or any part of the Homeowners Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless at least three-quarters (3/4) of each Class of members agree to such dedication or transfer and signify their agreement by a signed and recorded document, provided that this subsection shall not preclude the Board of Directors of the Homeowners Association from granting easements for the installation and maintenance of sewage, utility (including CATV) and drainage facilities upon, over, under and across the Homeowners Common Area without the assent of the Members when, in the opinion of the Board, such easements are necessary for the convenient use and enjoyment of the Properties. Notwithstanding anything herein to the contrary, the Homeowners Common Area shall be preserved to the perpetual benefit of the Owners or of the public in general and shall not be conveyed except to the City of Raleigh or to another non-profit corporation with purposes similar to those of this Association;

(f) The right of the Homeowners Association, with the written assent of Members entitled to a least two-thirds (2/3) of the votes of each Class of member to mortgage, pledge, deed of trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, subject to the property rights of the Homeowners Association and owners as set forth herein in the Declaration.

(g) participate in mergers and consolidations with other non-profit corporations organized for the same purposes provided that any such merger or consolidation shall have the consent of the members as provided in paragraph (f) above and the Raleigh City Attorney or his or her deputy;

(h) have and to exercise any and all powers, rights and privileges which a corporation organized under the Non-Profit Corporation Act of the State of North Carolina by law may now or hereinafter have or exercise.

ARTICLE IV

FINANCE

The Homeowners Association is a non-stock corporation and no part of the profits (if any) of the Association shall inure to the pecuniary benefit of its members or to any other person.

ARTICLE V

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a subdivision lot which is subject to assessment by the Homeowners Association shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 2. The voting rights of the membership shall be appurtenant to the ownership of the Lots. There shall be two (2) classes of Lots with respect to voting rights:

(a) Class A Lots. Class A shall be all Lots except Class B Lots as the same are hereinafter defined. Each Class A Lot shall entitle the Owners of said Lot to one (1) vote. When more than one person owns an interest (other than a leasehold or a

security interest) in any Lot, all such persons shall be Members and the voting rights appurtenant to their Lot shall be exercised as they among themselves, determine, but fractional voting shall not be allowed.

(b) Class B Lots. Class B Lots shall be all Lots owned by Declarant which have not been converted to Class A Lots as provided in subparagraphs (1) or (2) below. The Declarant shall be entitled to three (3) votes for each Class B Lot.

The Class B Lots shall cease to exist and shall be converted to Class A Lots:

(1) When the total number of votes appurtenant to the Class A Lots equals the total number of votes appurtenant to the Class B Lots; or

(2) On January 1st, 1999, whichever event shall first occur.

When the Class B Lots are converted to Class A Lots, Declarant shall have the same voting rights and maintenance assessments as other Owners of Class A Lots.

ARTICLE VI

BOARD OF DIRECTORS

The affairs of the Association shall be managed by an initial Board of three (3) Directors, who need not be members of the Association. The persons who are to act in the capacity of Director until the section of their successors are:

<u>Name</u>	<u>Address</u>
Richard H. Stockett	4098 Barrett Drive Raleigh, NC 27609
Mary R. Stockett	4098 Barrett Drive Raleigh, NC 27609
Larry B. Bragg	4098 Barrett Drive Raleigh, NC 27609

At the first annual meeting the number of directors shall be increased to five. At that meeting, the members shall elect one director for a term of one year, two directors for a term of two years, and two directors for a term of three years. At each annual meeting thereafter the members shall elect the number of directors needed to fill the vacancy or vacancies created by the director or directors whose term(s) is/are expiring to serve a term of three (3) years. The number of directors may be changed by amendment of the By-Laws of the Association.

No part of the net earnings of the organization shall inure to the benefit of, its members, directors, officers, or other persons except that the organization shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the exempt purposes of the organization.

ARTICLE VII

DISSOLUTION

The Association may be dissolved only upon the signed written assent of the members entitled to not less than three-fourths (3/4) of the votes appurtenant to the Class A and Class B

Lots. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which the Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust, or other organization to be devoted to such similar purposes.

ARTICLE VIII

DURATION

The period of existence of this corporation is perpetual.

ARTICLE IX

AMENDMENTS

Amendment of these Articles shall require the assent of the members entitled to at least three-fourths (3/4) of the votes appurtenant to the Class A and Class B Lots.

ARTICLE X

FHA/VA APPROVAL

As long as there is Class B membership, the following actions require the prior approval of the Federal Housing Administration or the Veterans Administration: mergers and consolidations, dissolution, mortgaging of Common Area, dedication of or otherwise deeding of a Common Area to persons other than the Association, and amendment of these Articles.

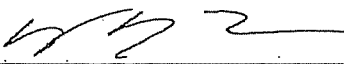
ARTICLE XI

INCORPORATOR

The name and address of the incorporator is as follows:

William R. Titchener 4934 Windy Hill Drive
Raleigh, North Carolina 27609

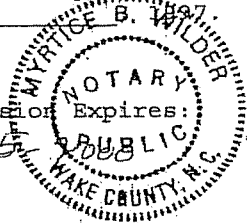
IN WITNESS WHEREOF, I, the undersigned incorporator have hereunto set my hand and seal this 28th day of August, 1997.

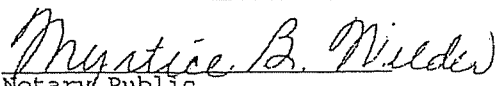

(SEAL)
William R. Titchener INCORPORATOR

STATE OF NORTH CAROLINA,
COUNTY OF WAKE.

I, Myrtice B. Wilder, Notary Public for said County and State, do hereby certify that William R. Titchener, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and notarial seal, this 28th day of August

My Commission Expires: 6-5-97



Notary Public