

**ARTICLES OF INCORPORATION
OF
THE GATES ASSOCIATION, INC.**

In compliance with the requirements of Chapter 55-A 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:

ARTICLE I

The name of the corporation is The Gates Association, Inc., hereinafter called the "Association."

ARTICLE II

The principal and registered office of the Association is located at 2904 Lawndale Drive, Greensboro, Guilford County, North Carolina, 27408.

ARTICLE III

Dwight Stone, whose address is 2904 Lawndale Drive, Greensboro, Guilford County, North Carolina, 27408, is hereby appointed the initial registered agent of this Association.

ARTICLE IV

Unless expressly noted otherwise in these articles of incorporation, capitalized terms enclosed within quotation marks appearing herein shall be deemed to be terms defined in the "Declaration" (that is itself defined herein after). The Association does not contemplate pecuniary gain or profit to the "Members" thereof and no part of the Association's net income shall inure to the benefit of any of its "Officers", "Directors" or Members or any other private individual. The Association shall provide for the administration, maintenance and preservation of the "Common Elements" within such portions of the tract described on **Exhibit A** attached hereto and incorporated herein by reference as shall be subjected to the terms of the Declaration (herein after referred to as the "Subject Property") together with any land which may be added to such tract pursuant to subparagraph (g) hereinafter and to promote the health, safety and welfare of the occupants within the above described property and any additions thereto as may hereafter be brought within the jurisdiction of this Association. For that purpose and for such other purposes and objectives as may be established in the Declaration the Association shall be authorized to perform the following:

- (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 The Gates, hereinafter called the "Declaration," applicable to the Subject Property and recorded in Book 7136, Page 1614 in the Office of the Register of Deeds of Guilford County, North Carolina, and as the same may be amended from time to time as therein provided, said Declaration being

incorporated herein as if set forth at length;

- (b) fix, levy, collect and enforce payment of, by any lawful means, all charges, assessments and fines pursuant to the terms of the Declaration; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes or governmental charges levied or imposed against the property of the Association;
- (c) acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association;
- (d) borrow money, and with the assent of sixty-seven percent (67%) of each class of Members, mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;
- (e) dedicate, sell or transfer all or any part of the "Common Elements" other than such portions lying within any "Water Quality Conservation Easements," to any public agency, authority, or utility (including any entity authorized by the City of Greensboro) for such purposes and subject to such conditions as may be agreed to by the "Board of Directors." No such dedication or transfer shall be effective unless an instrument has been signed by a majority of the Board of Directors agreeing to such dedication, sale or transfer;
- (f) 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 assent of sixty-seven percent (67%) of each class of Members;
- (g) annex additional land and/or Common Elements pursuant to the provisions of the Declaration; and
- (h) have and to exercise any and all powers, rights and privileges which a corporation by law may now or hereafter have or exercise that is organized under the Non-Profit Corporation Law of the State of North Carolina, together with the powers granted to associations under the North Carolina Planned Community Act as amended from time to time.
- (i) properly maintain any facility located within the Common Elements designed and constructed to control storm water runoff as regulated by any governmental authority having jurisdiction of such matters.

ARTICLE V

Every person or entity who or which is a record owner of a fee or undivided fee interest in

any "Lot" which is subjected by covenants of record to assessment by the Association shall be a voting Member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Such membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association.

ARTICLE VI

The Association shall have two classes of voting membership:

Class A. Class A Members shall be all "Owners" other than the "Declarant," its successors and assigns in such capacity as may be more fully referenced in the Declaration. Class A Members shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote or votes for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot and in no event shall the vote with respect to any Lot be split.

Class B. The Class B Member shall be the Declarant and its successors and assigns in such capacity as may be more fully referenced in the Declaration, and the Class B Member shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership, as the case may be, on the happening of either of the following events, whichever occurs earliest:

- (a) when the Declarant has conveyed to an Owner each and every Lot within the Subject Property; or
- (b) on December 31, 2017.

Notwithstanding anything to the contrary herein, pursuant to the limitations provided in Article III, Section 2 and Section 3 of the Declaration, Declarant shall have the right to designate and select the Board of Directors of the Association. Whenever Declarant shall be entitled to designate and select any person or persons to serve on any Board of Directors of the Association, the manner in which such person or persons shall be designated shall be as provided in these Articles of Incorporation and/or the By-Laws of the Association. Declarant shall have the right to remove any person or persons selected by it to act and serve on said Board of Directors and to replace such person or persons with another person or other persons to act and serve in the place of any Director or Directors so removed for the remainder of the unexpired term of any Director or Directors so removed. Any Director designated and selected by Declarant need not be the Owner of a Lot in the Subject Property. Any representative of Declarant serving on the Board of Directors shall not be required to disqualify himself from any vote upon any contract or matter between Declarant and the Association where Declarant may have a pecuniary or other interest. Similarly, Declarant, as a Member of the Association, shall not be required to disqualify itself upon any contract or matter between Declarant and the Association where Declarant may have a pecuniary or other interest.

ARTICLE VII

Initially, the affairs of this Association shall be determined by a Board of three (3) Directors who need not be Members of the Association. The number of Directors may be changed by amendment of the By-Laws of the Association. After the termination of the Class B membership the Owners shall select the Board, a majority of whom must be owners. The names and addresses of the persons who are to act in the capacity of Directors until the selection of their successors are:

<u>Name</u>	<u>Address</u>
Dwight D. Stone	2904 Lawndale Drive, Greensboro, Guilford County, North Carolina, 27408
Joseph Gonzales	2904 Lawndale Drive, Greensboro, Guilford County, North Carolina, 27408
Teresa W. Jarrett	2904 Lawndale Drive, Greensboro, Guilford County, North Carolina, 27408

Subject to the right of Declarant to select and designate the Board of Directors, at the first annual meeting the Members shall select two (2) Directors for a term of two (2) years and one (1) Director for a term of one (1) year; and at each annual meeting following the expiration of such initial terms the Members shall elect Directors for a term of two (2) years.

ARTICLE VIII

The Affairs of the Association shall be managed by the President of the Association, assisted by the Vice President, Secretary, and Treasurer and the Assistant Secretaries, and Assistant Treasurers, if any, subject to the directives of the Board of Directors. The President, subject to the approval of the Board of Directors, shall employ a managing agent and/or such other managerial and supervisory personnel or entities to administer or assist in the administration of the operation and management of the planned community and the affairs of the Association.

ARTICLE IX

The Association may be dissolved with the assent given in writing and signed by not less than eighty percent (80%) of each class of voting Members. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted to such similar purposes.

ARTICLE X

The corporation shall exist perpetually.

ARTICLE XI

Except as provided herein to the contrary or to amend any provision herein that requires a higher voting percentage than sixty-seven percent (67%) (in which case the higher percentage must be utilized to effect an amendment thereto), amendment of these Articles shall require the assent of sixty-seven percent (67%) of each class of membership.

ARTICLE XII

Every Director and every officer of the Association shall be indemnified by the Association against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been a Director or officer of the Association, whether or not he is a Director or officer at the time such expenses are incurred, except in such cases wherein the Director or officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided that, in the event of any claim for reimbursement or indemnification hereunder based upon a settlement by the Director or officer seeking such reimbursement or indemnification, the indemnification herein shall only apply if the Board of Directors approves such settlement and reimbursement as being in the best interests of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such Director or officer may be entitled.

ARTICLE XIII

The name and address of the incorporator is as follows:

Name

Address

John T. Higgins, Jr.

Suite 500 Bank of America Building
101 West Friendly Avenue
Greensboro
Guilford County
North Carolina 27401

IN WITNESS WHEREOF, I, the undersigned incorporator, have hereunto set my hand and seal this 28th day of June 2010.

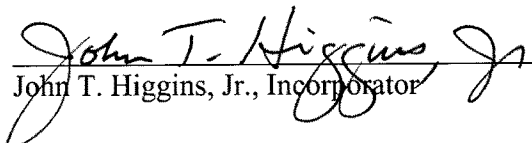

John T. Higgins, Jr., Incorporator

EXHIBIT A

All of that tract lying in Greensboro, Guilford County, North Carolina and being identified as the Final Plat of The Gates, Section 1 of Brassfield Station, a plat of which is recorded in Plat Book 179, Page 18 of the Guilford County Registry.