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ARTICLES OF INCORPORATION

OF

NORTH BEECH ASSOCIATION, INC.

ID # 0519311

FILED

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FEB 1 2000

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:

ARTICLE I

The name of the corporation is NORTH BEECH ASSOCIATION, INC., hereinafter sometimes called the "Association."

ARTICLE II

The principal and initial registered office of the Association is located at 300 Parkway Drive, Guilford County, Greensboro, North Carolina, 27401.

ARTICLE III

Donald O. Smith, whose address is 300 Parkway Drive, Guilford County, Greensboro, North Carolina, 27401, is hereby appointed the initial Registered Agent of this Association.

ARTICLE IV

This 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 purposes and objects of the corporation shall be to provide for administration, maintenance, operation and management of the Common Elements and other Maintained Improvements ("Common Elements") in North Beech subdivision, a planned community to be established in accordance with the laws of the State of North Carolina upon the property situate, lying and being in Morehead Township, Guilford County, North Carolina, and shown on **Schedule "A"** attached hereto and incorporated herein by reference (the "Property"); to undertake the performance of the acts and duties incident to the administration, operation and management of the planned community in accordance with the terms, provisions, conditions and authorizations contained in these Articles of Incorporation and which may be contained in the formal Declaration of Covenants, Conditions and Restrictions which will be recorded in the Public Records of Guilford County, North Carolina (the "Declaration"), at the time the Property, and the improvements now or hereafter situate thereon, are submitted to planned community ownership; to own, operate, lease, sell, trade and otherwise deal with property,

whether real or personal, as may be necessary or convenient in the administration of the planned community; and to promote the health, safety and welfare of the residents within the Property and any addition thereto as may be brought within the jurisdiction of the Association. Except as otherwise stated herein or as is clearly evident by the content of these Articles, defined terms used in these Articles will have the meanings given such terms in Section 47F-1-103 of the North Carolina General Statutes and in the Declaration.

ARTICLE V

The Association shall have the following powers:

1. The Association shall have all of the powers and privileges granted to Non-Profit Corporations under the laws of the State of North Carolina, including the North Carolina Planned Community Act.

2. The Association shall have all of the powers reasonably necessary to implement and effectuate the purposes of the Association, including but not limited to the following:

(a) To make and establish reasonable rules and regulations governing the use of Lots and Common Elements in North Beech.

(b) To levy and collect assessments against Members of the Association to defray the common expenses of North Beech as may be provided in the Declaration and in the Bylaws of this Association which may be hereafter adopted, including the right to levy and collect assessments for the purposes of acquiring, operating, leasing, managing and otherwise trading and dealing with such property, whether real or personal, including Lots, which may be necessary or convenient in the operation and management of North Beech and in accomplishing the purposes set forth in said Declaration.

(c) To maintain, repair, replace, operate and manage the Common Elements, including the right to reconstruct improvements after casualty and to make further improvement of the Common Elements, and to make and enter into any and all contracts necessary or desirable to accomplish said purposes.

(d) To contract for the management of the Association and to delegate to such manager all of the powers and duties of the Association except those which may be required by the Declaration to have approval of the Executive Board or the membership of the Association.

(e) To acquire and enter into, now or at any time hereafter, leases and agreements whereby the Association acquires leaseholds, memberships and other possessory or use interests in lands or facilities, whether or not contiguous to the lands of the planned community, to provide enjoyment, recreation or other use or benefit to the owners of Lots.

(f) To enforce the provisions of the Declaration, these Articles of Incorporation, the Bylaws of the Association which may be hereafter adopted, and the rules and regulations governing the use of the Common Elements as the same may be hereafter established.

(g) To exercise, undertake and accomplish all of the rights, duties and obligations which may be granted to or imposed upon the Association pursuant to the Declaration.

ARTICLE VI

The qualification of the Members, the manner of their admission to membership and termination of such membership, and voting by Members shall be as follows:

1. The Owners of all Lots in North Beech shall be Members of the Association, and no other person or entity shall be entitled to membership, except as provided in item (5) of this Article VI.

2. Membership shall be established by the acquisition of record fee title to or an ownership interest in a Lot in North Beech, whether by conveyance, devise, judicial decree or otherwise, and the membership of any party shall be automatically terminated upon being divested of all title to or the entire fee ownership interest in any Lot, except that nothing herein contained shall be construed as terminating the membership of any party who may own two or more Lots, or who may own a fee ownership interest in two or more Lots, so long as such party shall retain title to or a fee ownership interest in any Lot. The foregoing is not intended to include persons or entities who hold an interest in a Lot merely as security for the performance of an obligation.

3. The interest of a Member in the funds and assets of the Association cannot be assigned, hypothecated or transferred in any manner, except as an appurtenance to such Member's Lot. The funds and assets of the Association shall belong solely to the Association subject to the limitation that the same be expended, held or used for the benefit of the membership and for the purposes authorized herein, in the Declaration and in the Bylaws which may be hereafter adopted.

4. On all matters which the membership shall be entitled to vote, each Lot shall have a vote as set forth in the Declaration. The Association shall have two (2) classes of voting membership:

Class A. Class A Members shall be all Owners other than Lake Brandt Ventures, LLC, a North Carolina limited liability company, ("LBV"). 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.

Class B. The Class B Member shall be the LBV and shall be entitled to four (4) 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 earlier:

(a) when the total votes outstanding in the Class A Membership equals the total votes outstanding in the Class B Membership, provided, however, that the Class B Membership shall be reinstated if after such conversion and before the time stated in subparagraph (b) below, additional lands are annexed to the Property pursuant to the provisions of Article XI, Section 4, of the Declaration, containing a sufficient number of Lots to give the Class B Member a total number of votes in excess of the Class A Members; or,

(b) on December 31, 2007.

The vote of each Lot may be cast or exercised by the Owner of each Lot in such manner as may be provided in the Bylaws hereafter adopted by the Association. Should any Member own more than one Lot, such Member shall be entitled to exercise or cast the votes associated with each Lot owned by such Member, in the manner provided by said Bylaws.

5. Until such time as the Property, or some portion thereof, and the improvements constructed thereon, are submitted to planned community ownership by the recordation of the Declaration, the membership of the Association shall be comprised of the three (3) individuals named in Article XI hereof as the initial Executive Board of the Association, and each such individual shall be entitled to cast one vote on all matters on which the membership shall be entitled to vote.

ARTICLE VII

The Association shall have perpetual existence.

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, if any, the Assistant Secretaries and Assistant Treasurers, subject to the directions of the Executive Board. The Executive Board, or the President with the approval of the Executive Board, 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, and any such person or entity may be so employed without regard to whether such person or entity is a Member of the Association or a director or officer of the Association, as the case may be.

ARTICLE IX

The number of members of the first Executive Board of the Association shall be three (3). The number of members of succeeding Executive Boards shall be as provided from time to time in the Bylaws of the Association. The members of succeeding Executive Boards shall be elected by the Members of the Association at the Annual Meeting of the membership

as provided by the Bylaws of the Association, and at least a majority of the Executive Board shall be Members of the Association or shall be authorized representatives, officers or employees of a corporate Member of the Association. Notwithstanding the foregoing, LBV shall have the right to designate and select all of the persons who shall serve as members of each Executive Board of the Association until the earlier to occur of (i) the initial sale of all Lots within the subdivision (including Lots added pursuant to Article XII, Section 4 of the Declaration), or (ii) December 31, 2007.

ARTICLE X

The Executive Board shall elect a President, Vice-President, Secretary and Treasurer, and as many Assistant Secretaries and Assistant Treasurers as the Executive Board shall determine. The President shall be elected from among the membership of the Executive Board, but no other officer need be a Board member. The same person may hold two offices, the duties of which are not incompatible; provided, however, that the office of President and Vice-President shall not be held by the same person, nor shall the office of President and Secretary or Assistant Secretary be held by the same person.

ARTICLE XI

The names and addresses of the initial Executive Board who, subject to the provisions of these Articles of Incorporation, the Bylaws, and the laws of the State of North Carolina, shall hold office until the first Annual Meeting of the membership (or until their successors are elected and qualified) are as follows:

<u>Names</u>	<u>Addresses</u>
Donald O. Smith	300 Parkway Drive Greensboro, N. C. 27401
James M. Millican	2 Deerwood Court Greensboro, N.C. 27410
Elizabeth M. Graham	P. O. Box 1025 Summerfield, N.C. 27358

ARTICLE XII

The original Bylaws of the Association shall be adopted by a majority vote of the members of the Executive Board present at a meeting at which a majority of the Executive Board members are present, and thereafter, such Bylaws may be altered or rescinded only in such manner as said Bylaws may provide.

ARTICLE XIII

The Association shall indemnify any Board member or former Board member and any officer or former officer of the Association against all expenses and liabilities, including

attorneys' fees, reasonably incurred by or imposed upon him or her in connection with any action, suit or proceeding to which he or she is made a party or threatened to be made a party by reason of being or having been a Board member or officer of the Association, except in relation to matters as to which he or she shall be adjudged in such action, suit or proceeding to have acted in bad faith or to have been liable or guilty by reason of willful misconduct in the performance of duty. Expenses incurred by any person indemnified hereunder in defending an action may be paid by the Association in advance of the final disposition of such action if authorized by the Executive Board in the specific case, upon receipt of an undertaking by or on behalf of the indemnified person to repay such amount if it shall be ultimately determined that he is not entitled to be indemnified by the Association pursuant to this Article or otherwise. Notwithstanding any other provision of this Article or the Bylaws, in the event of a claim for reimbursement or indemnification based upon a settlement by the Board member or officer seeking reimbursement or indemnification, the indemnification shall apply only if the Executive Board approves in advance such settlement and reimbursement as being in the best interests of the Association. This indemnification shall be in addition to any other indemnification to which Board members and officers are entitled, by law or under these Articles. The indemnifications provided herein may not be reduced retroactively, but any reduction or limitation shall have prospective effect only.

ARTICLE XIV

An amendment or amendments to these Articles of Incorporation shall require the approval of a majority of the Executive Board members and the assent of seventy-five percent (75%) of the Members of the Association.

Material amendments to these Articles of Incorporation must be approved by Institutional Lenders as set forth in Article X of the Declaration.

No amendment to these Articles which shall abridge, amend or alter the voting rights of LBV or the right of LBV to designate and select members of the Executive Board of the Association, as provided in Article IX hereof, may be adopted or become effective without the prior written consent of LBV.

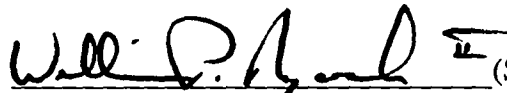
ARTICLE XV

The Association may be dissolved upon approval of a majority vote of the Executive Board members and with the assent given in writing and signed by Members holding not less than three-fourths (3/4) of the voting interest of the Association. Dissolution must also be approved by Institutional Lenders, as set forth in Article X of the Declaration. In the event of dissolution of the Association, other than incident to a merger or consolidation, the residual assets of the Association shall be transferred to one or more organizations devoted to purposes similar to the Association's purposes, which organizations are exempt organizations described in Section 501(c) of the Internal Revenue Code or to an appropriate public agency to be used for purposes similar to those for which the Association was created.

ARTICLE XVI

The name and address of the incorporator is as follows: William P. Aycock II, Schell Bray Aycock Abel & Livingston P.L.L.C., P. O. Box 21847, Greensboro, North Carolina, 27420.

IN WITNESS WHEREOF, I, the undersigned incorporator, have hereunto set my hand and seal, this 27th day of December, 1999.

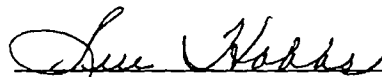
 (SEAL)
William P. Aycock II, Incorporator

NORTH CAROLINA

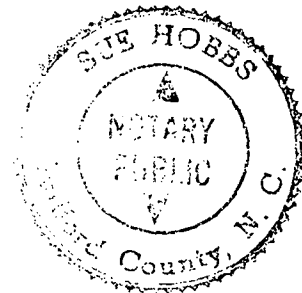
GUILFORD COUNTY

This is to certify that on this 27th day of December, 1999, before me, Sue Hobbs, a Notary Public of said County and State, personally appeared WILLIAM P. AYCOCK II, who I am satisfied is the person named in and who executed the foregoing Articles of Incorporation of North Beech Association, Inc., and I having first made known to him the contents thereof, he did acknowledge that he signed, sealed and delivered the same as his voluntary act and deed for the uses and purposes therein expressed.

IN WITNESS WHEREOF, I have hereunto set my hand and seal, this 27th day of December, 1999.


Notary Public

My Commission Expires:
January 21, 2003



SCHEDULE "A"

North Beech Association, Inc.

Articles of Incorporation

BEGINNING at a new iron pin in the western margin of Lake Brandt Road (SR 2347) and the northeast margin of the property, now or formerly, of Dennis L. Torney and wife, Catherine R. Torney, Deed Book 3880, Page 631, of the Guilford County Registry; thence with the line of Torney, North 75 degrees 17 minutes 58 seconds West 760.70 feet to an existing iron pin; thence continuing with Torney's line, South 87 degrees 37 minutes 16 seconds West 227.83 feet to an existing iron pin in the northeastern corner of Lot 37 Lake Brandt Estates, Plat Book 79, Page 44; thence South 87 degrees 59 minutes 18 seconds West 1247.18 feet to a new iron pin, a common corner with the property, now or formerly, of the City of Greensboro; thence continuing with the line of the City of Greensboro the following courses and distances: North 32 degrees 54 seconds 48 minutes East 285.28 feet to a new iron pin; North 01 degrees 59 minutes 18 seconds West 289.20 feet to a new iron pin; North 22 degrees 45 minutes 07 seconds West 148.77 feet to a new iron pin; North 46 degrees 26 minutes 04 seconds East 488.46 feet to a new iron pin; North 18 degrees 22 minutes 54 seconds East 235.81 feet to a new iron pin; North 01 degrees 33 minutes 08 seconds East 388.23 feet to an existing iron pin; North 28 degrees 34 minutes 02 seconds West 328.82 feet to an existing iron pin; North 42 degrees 43 minutes 10 seconds East 159.34 feet to an existing iron pin; North 70 degrees 00 minutes 50 seconds East 316.64 feet to an existing iron pin; North 48 degrees 04 minutes 52 seconds East 175.38 feet to an existing iron pin; North 88 degrees 27 minutes 07 seconds East 64.53 feet to a existing iron pin in the northwestern line of the Guilford County Board of Education; thence with the Board of Education the following courses and distances: South 29 degrees 08 minutes 07 seconds West 730.71 feet to an existing iron pin; thence South 88 degrees 50 seconds 01 minutes East 828.22 feet to a new iron pin; South 64 degrees 40 minutes 01 seconds East 345.00 feet to a new iron pin; thence South 86 degrees 20 minutes East 600.05 feet to an existing iron pin in the western right-of-way of Lake Brandt Road (SR 2347): thence with the right-of-way of Lake Brandt Road, South 10 degrees 00 minutes 12 seconds East 340.85 feet to a new iron pin; thence continuing with the right-of-way of Lake Brandt Road along a curve to the right having a radius of 1259.43 feet and a chord bearing and distance of South 01 degrees 11 minutes 17 seconds East 386.08 feet to a new iron pin; thence South 07 degrees 37 minutes 43 seconds West 106.03 feet to a new iron pin; thence along a curve to the right having a radius of 2669.84 and a chord bearing and distance of South 13 degrees 50 minutes 14 seconds West 577.47 feet to a new iron pin; thence South 20 degrees 02 minutes 29 seconds West 168.64 feet to a new iron pin, the point and place of **BEGINNING**.