

State of North Carolina
Department of the Secretary of State

ARTICLES OF RESTATEMENT
FOR NONPROFIT CORPORATION

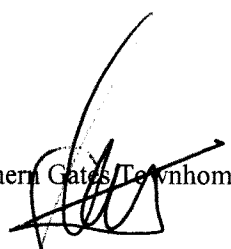
Pursuant to §55A-10-06 of the General Statutes of North Carolina, the undersigned corporation hereby submits the following for the purpose of restating its Articles of Incorporation.

1. The name of the corporation is Southern Gates Townhomes Homeowners Association, Inc. (the "Corporation").
2. The text of the Restated Articles of Incorporation is attached hereto and incorporated herein by reference.
3. (Check a, b, c, and/or d, as applicable.)
 - a. These Restated Articles of Incorporation were adopted by the board of directors and do not contain an amendment.
 - b. These Restated Articles of Incorporation were adopted by the board of directors (known by the Corporation as the Executive Board) and contain an amendment not requiring member approval. (Set forth a brief explanation of why member approval was not required for such amendment.) The Corporation was organized to manage the affairs of the Planned Unit Development to be known as "Southern Gates Townhomes." The original articles of incorporation of the Corporation reflect the terms of a corporation established for a condominium development. However, Southern Gates Townhomes will be a town house development based upon traditional real estate concepts under the Planned Unit Development Act and will not be a condominium development. All of the real estate referenced in the original articles of incorporation continues to be owned by the same entity.
 - c. These Restated Articles of Incorporation contain an amendment requiring member approval, and member approval was obtained as required by Chapter 55A of the North Carolina General Statutes.
 - d. These Restated Articles of Incorporation contain an amendment requiring approval by a person whose approval is required pursuant to N.C.G.S. §55A-10-30, and such approval was obtained.

These articles will be effective upon filing.

This the 11 day of October, 2010.

Southern Gates Townhomes Homeowners Association, Inc.

By: 
Dwight D. Stone, President

**RESTATED ARTICLES OF INCORPORATION OF
SOUTHERN GATES TOWNHOMES HOMEOWNERS
ASSOCIATION, INC.**

In compliance with the requirements of Chapter 55-A of the North Carolina General Statutes, the undersigned, being natural persons of full age and comprising the entire Executive Board of the "Association" (as defined herein after), have this day executed these Restated Articles of Incorporation. The entire contents of Paragraphs 1 through 10 of the Articles of Incorporation filed with the Office of the Secretary of State of North Carolina on February 19, 2009 for the Association and bearing the Identification Number of 1084958 are hereby revoked in their entirety. The following Articles labeled Articles I through XIII are hereby submitted as the Restated Articles of Incorporation of the Association for the purpose of forming a non-profit corporation pursuant to the terms contained herein. Pursuant thereto the undersigned members of the Association's Executive Board certify as follows:

ARTICLE I

The name of the corporation is Southern Gates Townhomes Homeowners 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 D. Stone , whose address is 2904 Lawndale Drive, Greensboro, Guilford County, North Carolina, 27408, is hereby appointed the registered agent of this Association.

ARTICLE IV

Unless expressly noted otherwise in these Restated 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", members of the "Executive Board" 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 Southern Gates Townhomes , hereinafter called the “Declaration,” applicable to the Subject Property and recorded or to be recorded 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 the “Water Quality Conservation Easements,” to any public agency, authority, or utility (including any entity authorized by Guilford County or the City of Greensboro to supply cable television or other broad band service) 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 each and every Lot to Owners within the Subject Property; or
- (b) on December 31, 2020.

Notwithstanding anything to the contrary herein, until December 31, 2020 or until Declarant has conveyed each and every Lot within the Subject Property, Declarant shall have the right to designate and select the Executive Board of the Association. Whenever Declarant shall be entitled to designate and select any person or persons to serve on any Executive Board 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 Bylaws of the Association. Declarant shall have the right to remove any person or persons selected by it to act and serve on said Executive Board and to replace such person or persons with another person or other persons to act and serve in the place of any Board member so removed for the remainder of the unexpired term of any member of the Executive Board so removed. Any member of the Executive Board designated and selected by Declarant need not be the Owner of a Lot in the Subject Property. Any representative of Declarant serving on the Executive Board 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 an Executive Board of three (3) members who need not be Members of the Association. The number of members of the Executive Board may be changed by amendment of the Bylaws of the Association. After the termination of the Class B membership the Owners shall select the Executive Board, a majority of whom must be Owners. The names and addresses of the persons who are to act in the capacity of members of the Executive Board 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
Joe Gonzales	2904 Lawndale Drive, Greensboro, Guilford County, North Carolina, 27408
Teresa Jarrett	2904 Lawndale Drive, Greensboro, Guilford County, North Carolina, 27408

Subject to the right of Declarant to select and designate the Executive Board, at the first annual meeting the Members shall select two (2) members of the Executive Board for a term of two (2) years and one (1) member of the Executive Board for a term of one (1) year; and at each annual meeting following the expiration of such initial terms the Members shall elect members of the Executive Board 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 Executive Board. 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. Notwithstanding any provision herein to the contrary, without the prior written approval of the City of Greensboro neither these Articles of Incorporation nor the Bylaws for the Association may be modified or amended (including the termination of the Association) in any manner that would prevent the continued maintenance in good repair and safe condition of any "Wet Detention Pond" area as may be depicted on any recorded plat of the Subject Property or Properties and all other facilities constructed or installed in connection with the drainage of the Subject Property into such Wet Detention Pond and devoted to this purpose.

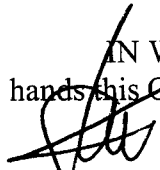
ARTICLE XII

Every member of the Executive Board 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 member of the Executive Board or officer of the Association, whether or not he is a member of the Executive Board or officer at the time such expenses are incurred, except in such cases wherein the member of the Executive Board 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 member of the Executive Board or officer seeking such reimbursement or indemnification, the indemnification herein shall only apply if the Executive Board 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 member of the Executive Board or officer may be entitled.

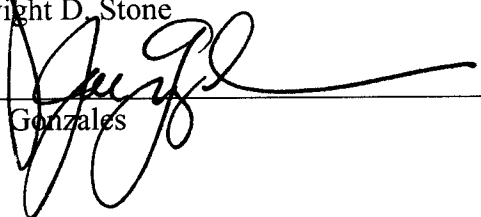
ARTICLE XIII

These Restated Articles of Incorporation are executed by each member of the Executive Board of the Corporation as so authorized and directed pursuant to resolutions adopted at a meeting of the Executive Board on held on October 6, 2010.

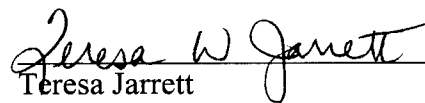
IN WITNESS WHEREOF, the members of the Executive Board have hereunto set their hands this October 11, 2010.



Dwight D. Stone



Joe Gonzales



Teresa Jarrett

EXHIBIT A

All of that property known as Tract 1 and Tract 2 of Southern Gates Townhomes, a plat of which is recorded in Plat Book 178, Page 63 of the Guilford County Registry.