

ARTICLES OF INCORPORATION

OF

VILLAS AT NEW GARDEN HOMEOWNER'S ASSOCIATION, INC.

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 VILLAS AT NEW GARDEN HOMEOWNER'S ASSOCIATION, INC., hereinafter sometimes called the "Association."

ARTICLE II

The principal and initial registered office of the Association is located at 308 Parkway, Guilford County, Greensboro, North Carolina 27401.

ARTICLE III

Donald O. Smith, whose address is 308 Parkway, 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 objectives of the corporation shall be to administer the operation and management of The Villas at New Garden (hereinafter called "the Property"), 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; to undertake the performance of the acts and duties incident to the administration of the operation and management of the Property 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 said Property, and the improvements now or hereafter situate thereon, are submitted to a planned community ownership; and to own, operate, lease, sell, trade and otherwise deal with such property, whether real or personal, as may be necessary or convenient in the administration of the Property. 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.

ARTICLE V

The Corporation shall have the following powers:

1. The Corporation 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 Corporation shall have all of the powers reasonably necessary to implement and effectuate the purposes of the Corporation, 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 the Property.

(b) To levy and collect assessments against members of the Corporation to defray the common expenses of the Property as may be provided in the Declaration and in the Bylaws of this Corporation 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 in the Property, which may be necessary or convenient in the operation and management of the Property and in accomplishing the purposes set forth in said Declaration.

(c) To maintain, repair, replace, operate and manage the Property, including the right to reconstruct improvements after casualty and to make further improvement of the Property, 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 Property 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 membership of the Corporation.

(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 Property, 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 Corporation which may be hereafter adopted, and the rules and regulations governing the use of the Property 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 Corporation 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 the Property shall be members of the Corporation, 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 fee title to a Lot in the Property, or by acquisition of a fee ownership interest therein, whether by conveyance, devise, judicial decree or otherwise, and the membership of any party shall be automatically terminated upon his being divested of all title to or his 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.

3. The interest of a member in the funds and assets of the Corporation cannot be assigned, hypothecated or transferred in any manner, except as an appurtenance to his Lot. The funds and assets of the Corporation shall belong solely to the Corporation 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 Olde Towne Guilford Associates, LLC, a North Carolina limited liability company ("Declarant"). 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 Declarant 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, 2010.

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 described in Schedule "A" hereof, and the improvements constructed thereon, are submitted to planned community ownership by the recordation of the Declaration, the membership of the Corporation shall be comprised of the three (3) individuals named in Article XI hereof as the initial Executive Board of the Corporation, 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 Corporation shall have perpetual existence.

ARTICLE VIII

The affairs of the Corporation shall be managed by the President of the Corporation, 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 Property, and the affairs of the Corporation, and any such person or entity may be so employed without regard to whether such person or entity is a member of the Corporation or a Director or Officer of the Corporation, as the case may be.

ARTICLE IX

The number of Members of the first Executive Board of the Corporation 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 Corporation. The Members of succeeding Executive Boards shall be elected by the members of the Corporation at the Annual Meeting of the membership as provided by the Bylaws of the Corporation, and at least a majority of the Executive Board shall be members of the Corporation or shall be authorized representatives, officers or employees of a corporate member of the Corporation. Notwithstanding the foregoing, Declarant shall have the right to designate and select all of the persons who shall serve as members of each Executive Board of the Corporation until the earlier to occur of (i) the initial sale as Dwellings of all Lots

within the Property (including Lots added pursuant to Article XI, Section 4 of the Declaration), or (ii) December 31, 2015.

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	308 Parkway Greensboro, NC 27401
Elizabeth M. Graham	P. O. Box 1025 Summerfield, NC 27358
Daniel A. Cowett	6989 Brandi Wood Circle Summerfield, NC 27358

ARTICLE XII

The original Bylaws of the Corporation 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 Corporation shall indemnify any Board Member or former Board Member and any officer or former officer of the Corporation against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed upon him in connection with any action, suit or proceeding to which he is made a party or threatened to be made a party by reason of his being or having been a Board Member or officer of the Corporation, except in relation to matters as to

which he 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 Corporation 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 Corporation 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 Corporation. 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 membership.

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 right of Declarant to designate and select members of the Executive Board of the Corporation, as provided in Article IX hereof, may be adopted or become effective without the prior written consent of Declarant.

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 Association 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 of 1986 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 8th day of February, 2006.

William P. Aycock II (SEAL)
William P. Aycock II

NORTH CAROLINA

GUILFORD COUNTY

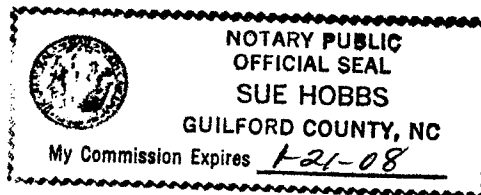
This is to certify that on this 8th day of February, 2006, before me, Sue Hobbs, a Notary Public of said County and State, personally appeared WILLIAM P. AYCOCK II, who I am satisfied is the person named in and who executed the foregoing Articles of Incorporation of Villas at New Garden Homeowner's Association, 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.

WITNESS my hand and official seal, this 8th day of February, 2006.

Sue Hobbs
Notary's Official Signature

(Official Seal)

Sue Hobbs
Notary's Printed or Typed Name
My commission expires: 1/21/08



SCHEDULE "A"

Villas at New Garden Homeowner's Association, Inc.

Articles of Incorporation

All that property situated in the City of Greensboro, Morehead Township, Guilford County, North Carolina, more particularly described as follows:

BEGINNING at an existing iron pipe in the southeastern right-of-way of new Garden Road (60' right-of-way), the northwestern corner of the property of Randy O. and Karen D. Beeninga (see Deed Book 3437, Page 1963), said existing iron pipe also being situate South 36° 53' 10" East 30.31 feet from a point in the center line of New Garden Road; thence from said beginning point along Beeningas' southwest line, South 36° 53' 10" East 588.56 feet to an existing iron pipe located at a common corner of Lots 21 and 20 of Lakeview Hills Subdivision, as per plat thereof recorded in Plat Book 31, Page 42, Guilford County Registry; thence South 37° 18' 18" West 226.47 feet to an existing iron pipe; thence South 51° 20' 53" 206.47 feet to an existing iron pipe in the line of Robert and Reva Semones (Deed Book 2581, Page 224); thence with Semones' line the following three (3) calls: North 36° 53' 20" West 170.02 feet to an existing iron pipe; North 51° 22' 14" East 176.85 feet to an existing iron pipe; North 36° 52' 20" West 445.47 feet to an existing iron pipe in the southeastern right-of-way of New Garden Road; thence along the southeastern right-of-way of New Garden Road, North 44° 53' 34" East 249.97 feet to the point and place of Beginning, containing 4.298± acres and being shown on a survey for Olde Towne Guilford Associates, LLC dated October 18, 2004, and prepared by Borum, Wade and Associates, P.A. (B-3427).