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Elaine F. Marshall
North Carolina Secretary of State
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ARTICLES OF INCORPORATION
OF
SPENCERS TRACE HOMEOWNERS ASSOCIATION, INC.

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ARTICLE I

NAME

The name of the corporation shall be Spencers Trace Homeowners Association, Inc.

ARTICLE II

**NONPROFIT QUALIFICATIONS AND
APPLICABILITY OF NORTH CAROLINA
PLANNED COMMUNITY ACT**

This corporation does not contemplate pecuniary gain or profit to the members thereof and it is organized for nonprofit purposes. It is intended that this corporation (i) qualify as an exempt organization under the provisions of Chapter 55A of the North Carolina General Statutes, (ii) qualify as a homeowners association under the provisions of Section 528 of the Internal Revenue Code, and (iii) be bound by and comply with the terms and provisions of Chapter 47F of the North Carolina General Statutes (the "PCA"). No part of the net earnings of this corporation shall inure to the benefit of any private member or individual.

ARTICLE III

PURPOSE AND POWERS

This corporation is a not for profit corporation organized under the North Carolina Nonprofit Corporation Code. The purpose of this corporation is to engage in any lawful act or activity for which a corporation may be organized under the North Carolina Nonprofit Corporation Code, subject to the terms and limitations of the PCA. Its specific and primary purposes are to provide for the enforcement of the declaration of covenants, conditions and restrictions relating to, and the care, maintenance, preservation and architectural control of, certain real property in or about the planned development to be known as Spencers Trace which will be located in Guilford County, North Carolina, and to promote the health, safety and welfare of persons residing in said development. In furtherance of these purposes, but subject to the PCA, any restrictions in the declaration of covenants, conditions and restrictions (the "declaration") to be recorded upon the real property comprising the development and in the duly adopted bylaws of this corporation, this corporation shall have all powers granted and permitted pursuant to the terms of the Act, including the following:

(a) to exercise all of the powers and privileges and to perform all of the duties and obligations of this corporation as set forth in the aforesaid declaration;

(b) to fix, levy, collect and enforce payment by any lawful means of charges and assessments;

(c) to pay all expenses of the business of this corporation, including all license and permit fees, taxes and other governmental charges levied or imposed against this corporation or the property of this corporation;

(d) to 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 this corporation;

(e) to borrow money, and mortgage, pledge, deed in trust or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(f) to compromise, settle, release and otherwise adjust claims, demands, causes of actions and liabilities in favor of the corporation and the owners, or on behalf of the corporation and owners, as the case may be, provided any such claim, demand, causes of action or liability arises out of or relates to a condition or defect common to all or a majority of the lots or improvements constructed thereon, or to the development, design, construction, condition, repair or maintenance of or damage or injury to or defect in the common area of the development or part thereof, and to make an receive all payment or other consideration necessary therefor or in connection therewith; and

(g) to have an to exercise any and all powers, rights and privileges which a corporation organized under the North Carolina Nonprofit Corporation Code, and the PCA, by law may now or hereafter have or exercise.

No substantial part of the activities of this corporation shall consist of carrying on propaganda, or of otherwise attempting to influence legislation, and this corporation shall not participate or intervene in any political campaign (including the publishing or distribution of statements) on behalf of any candidate for public office.

ARTICLE IV

FINANCE

Notwithstanding any of the above statements of purposes and powers, this corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the specific purpose of this corporation.

ARTICLE V

INITIAL AGENT/REGISTERED AND PRINCIPAL OFFICE

The name of the corporation's initial agent for service of process is Jeff Jackson, and the address of the registered and principal office of the corporation is 935 East Mountain Street, Suite I, Kernersville, Forsyth County, North Carolina, 27284.

ARTICLE VI

BOARD OF DIRECTORS

The affairs of the corporation shall be managed by a board of up to five (5) directors.

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>
Jeff Jackson	556 Arbor Road, Suite L, Kernersville, NC 27284
Wes Patterson	556 Arbor Road, Suite L, Kernersville, NC 27284
Christopher Eng	556 Arbor Road, Suite L, Kernersville, NC 27284

ARTICLE VII

MEMBERS, VOTING RIGHTS AND ASSESSMENTS

This is a non-stock corporation. The authorized number and qualifications of members of this corporation, the different classes of membership, if any, the property, voting rights and privileges of members, the liability of members for assessments, and the method of collection thereof shall be as set forth in the declaration referenced in Article III hereof and in bylaws to be adopted by the directors of this corporation.

ARTICLE VIII

BYLAWS

The first directors of this corporation shall have the power to adopt bylaws for this corporation.

ARTICLE IX

DURATION

The term of existence of this corporation shall be perpetual. Its principal place of business is 556 Arbor Road, Suite L, Kernersville, Forsyth County, North Carolina, 27284.

ARTICLE X

DISSOLUTION AND AMENDMENT

This corporation may be dissolved only in strict compliance with the provisions of the PCA. Any amendment of these Articles shall require the approval of the Board of Directors, and (i) if a two-class voting structure is in effect, the vote or written consent of not less than sixty-seven percent (67%) of each class of members of this corporation and written approval of the Federal Housing Administration; or (ii) if a two-class voting structure is not in effect, the vote or written consent of both sixty-seven percent (67%) of the voting power of this corporation and sixty-seven percent (67%) of the voting power of this corporation residing in members other than declarant under the aforesaid declaration; provided, however, that the percentage of the voting power of this corporation and of members other than said declarant necessary to amend a specific provision of these Articles of Incorporation shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that provision. Upon dissolution of this corporation, 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 corporation was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust or other organization to be devoted such similar purposes.

ARTICLE XI

INCORPORATOR

The name and address of the incorporator is R. Brandt Deal, and the address of the registered and principal office of the corporation is 556 Arbor Road, Suite L, Kernersville, Forsyth County, North Carolina, 27284.

IN WITNESS WHEREOF, I, the undersigned incorporator have hereunto set my hand and seal this 14 day of May, 2003.

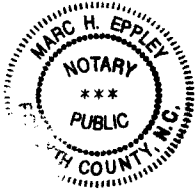
R. Brandt Deal (SEAL)
R. Brandt Deal, Incorporator

STATE OF NORTH CAROLINA

COUNTY OF FORSYTH

I, Marc H. Eppley, a Notary Public for the County and State aforesaid, do hereby certify that R. Brandt Deal personally appeared before me this day and acknowledged the execution of the foregoing instrument.

WITNESS my hand and official seal this 14 day of May, 2003.



M
Notary Public

My Commission Expires:

5-13-06