

STATE OF NORTH CAROLINA



Department of The
Secretary of State

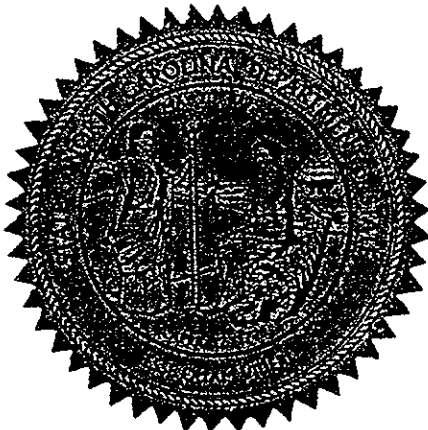
To all whom these presents shall come, Greetings:

I, ELAINE F. MARSHALL, *Secretary of State of the State of North Carolina*, do hereby certify the following and hereto attached to be a true copy of

ARTICLES OF INCORPORATION
OF
ONE FIFTY ST. MARY'S HOMEOWNERS ASSOCIATION, INC.

the original of which was filed in this office on the 15th day of June, 1998.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at the City of Raleigh, this 15th day of June, 1998.



Elaine F. Marshall

Secretary of State

PREPARED BY AND RETURN TO:
Robin M. Hammond, Attorney at Law
The Capital Club Building
16 West Martin Street, Suite 1101
Raleigh, North Carolina 27601-2931

C-0462109
FILED
1:38 PM
JUN 15 1998
EFFECTIVE
ELAINE F. MARSHALL
SECRETARY OF STATE
NORTH CAROLINA

ARTICLES OF INCORPORATION

OF

ONE FIFTY ST. MARY'S HOMEOWNERS ASSOCIATION, INC.

The undersigned, being of the age of eighteen years or more, does hereby make and acknowledge these Articles of Incorporation for the purpose of forming a non-profit corporation under and by virtue of the laws of the State of North Carolina.

ARTICLE I
NAME

The name of the corporation is One Fifty St. Mary's Homeowners Association, Inc., hereinafter called the "Association."

ARTICLE II
DURATION

The Association's period of duration shall be concurrent with the period during which that certain Declaration of Covenants, Conditions and Restrictions for One Fifty St. Mary's, a Townhome Community, recorded in the Wake County Registry (hereinafter referred to as the "Declaration"), shall affect or restrict the use of the Properties described in the Declaration, as the Declaration may be amended and expanded from time to time and which is incorporated herein by this reference, or until the Association shall be sooner terminated pursuant to these Articles. All definitions set forth in the Declaration shall have the same meaning, as set forth therein, in these Articles of Incorporation.

ARTICLE III
REGISTERED OFFICE AND AGENT

The address of the initial registered office and the principal office of the Association is 1900 Cameron Street, Raleigh, Wake County, North Carolina, 27605. The name of the initial registered agent at that address is A. Settle Dockery, III.

ARTICLE IV
PURPOSE AND POWERS OF THE ASSOCIATION

The Association does not contemplate pecuniary gain or profit to the Members, and the specific purposes for which it is formed are to provide for maintenance, management, preservation and architectural control of the Lots and Common Area and to promote the health, safety and welfare of the Owners, and to:

- (a) exercise all of the powers and privileges and to perform all of the duties and obligations of the Association, as set forth in the Declaration, as the same may be amended from time to time as therein provided;
- (b) fix, levy, collect and enforce payment, by any lawful means, of all charges or assessments pursuant to the terms of the Declaration; 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, subject to the ordinances of the City of Raleigh, North Carolina, these Articles, the Bylaws and the Declaration;
- (d) borrow money and, with the written assent of two-thirds (2/3) 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, which mortgage, pledge, deed of trust or hypothecation, if the security is Common Area, shall be subject to the rights and easements of the Owners;
- (e) dedicate, sell or transfer all, or any part, of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members, with the written assent of two-thirds (2/3) of each class of Members;
- (f) participate in mergers and consolidations with other nonprofit corporations organized for the same purposes, or annex additional properties, provided that any such merger, consolidation or annexation shall be effected as provided in the Declaration; and,

(g) have and exercise any and all powers, rights and privileges which a corporation organized under the Non-Profit Corporation Act of the State of North Carolina (GS Chapter 55A) by law may now or hereafter have or exercise.

(h) The powers of the Association shall be subject to and shall be exercised in accordance with the provisions of the Declaration.

ARTICLE V NON-PROFIT ASSOCIATION

No part of the net earnings of the Association shall inure to the benefit of any officer, director or Member of the Association. All funds and property acquired by the Association and the proceeds therefrom shall be held only for the benefit of the Members of the Association in accordance with the provisions of the Declaration.

ARTICLE VI MEMBERSHIP

As provided in the Declaration, every Person who is a record owner of the fee simple, or undivided fee simple, interest in a Lot, which is subject by the Declaration to assessment by the Association, shall be a Member of the Association. The foregoing is not intended to include Persons who hold an interest in any Lot merely as security for the performance of an obligation. Membership shall be appurtenant to, and may not be separated from, ownership of a Lot which is subject to assessment by the Association.

ARTICLE VII VOTING RIGHTS

The Association shall have two classes of voting membership:

Class A. Class A Members shall be all Owners, with the exception of the Declarant; the Declarant shall be a Class A Member following cessation of Class B Membership. The Class A member 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 and the vote for such Lot shall be exercised as they determine, but in no event shall more than one (1) vote be cast with respect to any Lot. Cumulative voting and fractional share voting shall not be permitted.

Class B. The Class B Member shall be the Declarant, who shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

- (a) When the total votes outstanding in Class A membership equal the total votes outstanding in Class B membership; but provided that Class B membership shall be reinstated if thereafter, and before the time stated in subparagraph (b), below, additional lands are annexed to the Property without the assent of the Class A Members on account of the development of such additional lands by the Declarant, all as provided for in the Declaration; or
- (b) January 1, 2005.

ARTICLE VIII
BOARD OF DIRECTORS

Initially, the affairs of the Association shall be managed by a Board of two (2) directors, who need not be Members of the Association. From the initial annual meeting of Members forward, the Board shall consist of five (5) directors, who need not be Members of the Association. The number of directors may be changed by amendment of the Bylaws. The names and addresses of the persons who are to act in the capacity of the initial directors, until the selection of their successors, are:

DIRECTOR

ADDRESS

A. Settle Dockery, III

1900 Cameron Street
Raleigh, NC 27605

G. Smedes York

1900 Cameron Street
Raleigh, NC 27605

At the first annual meeting the Members shall elect one (1) director for a term of one (1) year, two (2) directors for a term of two (2) years and two (2) directors for a term of three (3) years. At each annual meeting thereafter the Members shall elect one (1) or two (2) directors, as the case may be, for a term of three (3) years.

ARTICLE IX
DISSOLUTION

The Association may be dissolved with the written, signed assent of not less than two-thirds (2/3) of each class of Members. Upon dissolution of the Association, other than incident to a merger, the assets of the Association shall first be offered to the public and thereafter if such offer is not accepted, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which the Association 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 to such similar purposes.

ARTICLE X
AMENDMENTS

Amendment of these Articles shall require the assent of seventy-five percent (75%) of each class of Members.

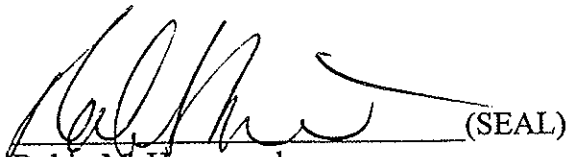
ARTICLE XI
FHA, VA AND CITY APPROVAL

As long as there is a Class B Member, the following actions will require the prior written approval of the Federal Housing Administration, the Veterans Administration or the City of Raleigh, as the case may be, if it has given its prior approval to the plan of development of the Properties: annexation of additional land; merger of the Association; deeding in trust or dedication of the Common Area; and, dissolution of the Association or amendment of these Articles.

ARTICLE XII
INCORPORATOR

The name and address of the incorporator of the Association is Robin M. Hammond, The Capital Club Building, 16 West Martin Street, Suite 1101, Raleigh, Wake County, North Carolina, 27601-2931.

5th IN WITNESS WHEREOF, the undersigned incorporator has set her hand and seal this the day of June, 1998.



Robin M. Hammond (SEAL)
INCORPORATOR