

ARTICLES OF INCORPORATION

OF

DUTCHESS VILLAGE HOMEOWNERS ASSOCIATION, INC.

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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 Dutchess Village Homeowners Association, Inc., hereinafter called the "Association".

ARTICLE II

The period of duration of the Association shall be perpetual.

ARTICLE III

PURPOSE AND POWERS OF THE ASSOCIATION

This Association does not contemplate pecuniary gain or profit to the members thereof, and the specific purposes for which it is formed are to provide for maintenance, preservation and architectural control of the Living Units, Residence Lots and Common Area within that certain tract of property more particularly described on Schedule "A" attached hereto and incorporated herein by reference, and to promote the health, safety and welfare of the residents within the above-described property and any additions thereto as may hereafter be brought within the jurisdiction of this Association by annexation, as provided in Article VIII herein, for this purpose. The Association shall have the following general powers and any other impliedly arising therefrom to be exercised in the manner provided and in conformity with applicable laws, the Declaration hereinafter referred to, the By-Laws of the Association, and these Articles:

(a) To 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 (whether one or more), hereinafter called the "Declaration", applicable to the property and recorded or to be recorded in the Office of the Register of Deeds of Wake County, North Carolina, and as the same may be amended from time to time as therein provided, said Declaration being incorporated herein as if fully set forth;

(b) To fix, levy, collect and enforce payment by any lawful means, all charges or assessments 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 charge levied or imposed against the property of the Association;

(c) 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 the Association;

(d) To borrow money, to mortgage, pledge, convey by deed of trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred subject always to the provisions and requirements of the Declaration;

(e) To have and to exercise any and all powers, rights and privileges which a corporation organized under the Nonprofit Corporation Law of the

State of North Carolina may by law now or hereafter have or exercise.

(f) To do all and everything necessary, suitable, expedient or proper for the accomplishment of any of the purposes, or the attainment of any one or more of the objects herein enumerated or incident to the powers herein named, or which shall at any time appear conducive to or expedient for the protection or benefit of the Association either as holders of, or interest in any property or otherwise; with all the powers now or hereafter conferred by the laws of the State of North Carolina upon corporations of like character.

ARTICLE IV

MEMBERSHIP

B.T.D. Corporation, a North Carolina corporation, its successors and assigns (the "Declarant") for so long as it shall be a record owner of a fee simple title to any Lot, and every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject by covenants of record to assessment by the Association, including contract sellers, shall be a 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. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association. Ownership of such Lots shall be the sole qualification for membership.

ARTICLE V

VOTING RIGHTS

Section 1. The Association shall have two classes of voting membership:

Class A. Class A members shall be (i) the Declarant (as defined in the Declaration), its successors and assigns, as to Lots is Use once rented or leased by it to occupants and as to Lots retained by it upon termination of Class B membership; and (ii) all Owners other than the Declarant as defined in Article IV. 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 for the 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. No fractional vote may be cast with respect to any Lot.

Class B. The Class B member(s) shall be the Declarant (except as to Lots owned by the Declarant, its successors and assigns, and once rented or leased to single family occupants), and 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 the Class B membership shall be reinstated if thereafter and before the time stated in subparagraph (b) below, additional lands are annexed to the Properties without the assent of Class A members on account of the development of such additional lands by the Declarant, all as provided for in Article VIII below, or

(b) On August 31, 1989.

Section 2. The right of any Member to vote may be suspended by the Board of Directors for just cause pursuant to its rules and regulations.

ARTICLE VI

BOARD OF DIRECTORS

The affairs of this Association shall be managed by a Board of Directors of not less than three (3) nor more than nine (9) Directors. The Directors need not be members of the Association. The initial Board of Directors shall be three (3) in number. The number of Directors may be changed by amendment of the By-Laws of the Association. The names and addresses of the persons who are to act in the capacity of the Initial Directors until the first meeting of the members, or until their successors be elected and qualified, are:

George Bailey	301 E. Durham Road Cary, NC 27511
Joseph R. Bailey	301 E. Durham Road Cary, NC 27511
Herbert Bailey	301 E. Durham Road Cary, NC 27511

At the first annual meeting, the Members shall elect one (1) Director for a term of one (1) years, one (1) Director for a term of two (2) years and one (1) Director for a term of three (3) years, except as otherwise provided by the By-Laws.

At such time as the Board of Directors of the Association is increased in number as provided by the By-Laws of the Association, the Directors shall be elected or appointed on a staggered year basis in the same manner as provided for herein.

ARTICLE VII

EXCHANGE OF COMMON AREA

The Association, acting through its Board, from time to time may exchange with any member a portion of the Common Area for a portion of the real property owned by such member within Dutchess Village Townhomes, provided that the real property acquired by the Association in the exchange: (a) is free and clear of all encumbrances except the Declaration, and easements for drainage, utilities, and sewers; (b) is contiguous to other portions of the Common Area; and (c) has approximately the same area and utility as the portion of the Common Area exchanged. The real property so acquired by the Association shall be a part of the Common Area, and, without further act of the Association or membership, shall be released from any provisions of the Declaration except those applicable to the Common Area. The portion of the Common Area so acquired by the member, without further act of the Association or membership, shall cease to be Common Area and shall be subject to those provisions of the Declaration that were applicable to the real property to the Association owned by the member.

ARTICLE VIII

ANNEXATION OF ADDITIONAL PROPERTIES

Section 1. Additional properties and improvements, including Common Area and limited Common Area, may be annexed in the manner provided in this Article to the Property herein described. Additional properties so annexed shall be merged with the Property herein described and any other previously annexed property, and shall be subject to the provisions of this Declaration and to the Articles of Incorporation and By-Laws of the Association.

Section 2. At any time within ten (10) years following the date of incorporation of the Association, the Declarant may annex additional planned unit development properties to the Property herein described. The total number of lots within the Property herein described and that subsequently annexed shall not exceed eighty-six (86). All properties annexed shall be contiguous to the Property herein described or to property previously annexed.

Section 3. Annexation of additional Properties shall be accomplished by recording in the Wake County Registry a Declaration of Annexation, duly executed by the Declarant, describing the lands annexed and incorporating the provisions of this Declaration, either by reference or by fully setting out said provisions therein. The additional lands shall be deemed annexed to the Properties on the date of recordation of the Declaration of Annexation, and in the case of an annexation by the Declarant, no action or consent on the part of the Association or any other person or entity shall be necessary to accomplish the annexation except the Town of Cary, if required by its ordinances.

Section 4. Subsequent to recordation of the Declaration of Annexation by the Declarant, the Declarant shall deliver to the Association one or more deeds conveying any Common Area within the lands annexed as such Common Area is developed.

Section 5. In addition to annexations as provided in Section 2 of this Article, other contiguous planned unit development property may be annexed at any time with the express consent of two-thirds (2/3) of each class of Members.

ARTICLE IX

MERGERS AND CONSOLIDATIONS

To the extent permitted by law, the Association may participate in mergers and consolidations with other non-profit corporations organized for the same or similar purposes, provided that any such merger or consolidation shall have the assent of two-thirds (2/3) of the entire Class B membership if any.

ARTICLE X

AUTHORITY TO MORTGAGE

Any mortgage by the Association of the Common Area defined in the Declaration shall have the assent of Members entitled to cast two-thirds (2/3) of the votes of the entire Class A membership and two-thirds (2/3) of the entire Class B membership, if any.

ARTICLE XI

AUTHORITY TO DEDICATE

The Association shall have power to 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. No such dedication or transfer shall be effective unless an instrument has been signed by Members entitled to cast two-thirds (2/3) of the votes of the entire Class A membership and two-thirds (2/3) of the entire Class B membership, if any, agreeing to such dedication, sale or transfer.

As to lenders and purchasers for value, the certification by the Secretary of the Association that the required number of Members have executed instruments in conformity with this Article shall be conclusive as to the fact recited by such certification and shall be binding upon the Association and all of its Members.

ARTICLE XII

DISSOLUTION

The Association may be dissolved with the asset given in writing and signed by not less than two-thirds (2/3) of the entire Class A membership and two-thirds (2/3) of the entire Class B membership, if any. Upon dissolution of the Association, a dedication of the Common Areas as they then exist for public use for purposes as similar to those to which they were required to be devoted by the Association, shall be offered to the appropriate unit of local government and the areas thus dedicated shall be conveyed to the local governmental unit, provided that such dedication shall be subject to the superior right of the owner of each Lot to an easement for reasonable ingress and egress between his Lot and the public street as well as an easement for the exclusive use of Limited Common Areas assigned to such owner's Lot and for reasonable off-street parking area to accompany his Lot; and provided further, that the Association may in its discretion designate the boundaries of said easement for off-street parking and said area for ingress and egress which shall accompany each Lot. In the event that the local governmental unit refuses to accept such dedication and conveyance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted to purposes and uses that would most nearly reflect the purposes and uses to which they were required to be devoted by the Association. This corporation shall have no capital stock. In the event of dissolution, no Member, Director or officer of the corporation or any private individual shall be entitled to share in the distribution of the assets of this corporation.

ARTICLE XII

AMENDMENTS

Section 1. Amendment by Membership. Except as herein provided, any amendment of these Articles shall require the assent of Members or proxies entitled to cast seventy-five (75%) percent of the entire vote of the Class A and Class B membership. In the event that the Class B membership has been converted to Class A membership, such amendment shall require the assent of Members or proxies entitled to cast seventy-five (75%) percent of the entire Class membership.

ARTICLE XIV

The address of the initial registered office of the corporation in the State of North Carolina is 301 East Durham Road, Cary, Wake County, North Carolina, 27511 and the initial registered agent at such address is George Bailey.

ARTICLE XV

INCORPORATOR

The name and address of the incorporator is as follows:

Greg L. Hinshaw	107 Fayetteville Street Mall Raleigh, NC 27602
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IN WITNESS WHEREOF, I the undersigned incorporator, having hereunto set my hand and seal, this 17 day of October, 1984.

 (SEAL)
Greg L. Hinshaw

STATE OF NORTH CAROLINA

COUNTY OF WAKE

This is to certify that before me, a Notary Public, personally appeared Greg L. Hinshaw, who I am satisfied is the person named and who executed the foregoing Articles of Incorporation and I, having first made known to him the contents thereof, he did acknowledge that he signed 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 notarial seal, the 17th day of October, 1984.

Kathleen H. Perrine (Vitarelli)
Notary Public

My Commission expires: 8/16/86