

ARTICLES OF INCORPORATION

HOMEOWNERS ASSOCIATION OF STONEGATE, INC.

I.

The name of the corporation (the "Corporation") is:

Homeowners Association of Stonegate, Inc.

II.

The initial registered office of the Corporation shall be:
The principle office address of the Corporation is:

2209 Century Drive, Suite 575
Raleigh, NC 27612

III.

The mailing address of the initial registered office of the Corporation is:

2209 Century Drive, Suite 575
Raleigh, NC 27612

IV.

The initial registered agent of the Corporation shall be Matt H. Kirkpatrick.

V.

The name and address of the incorporator is:

Keith D. Burns
Morris, Manning & Martin, LLP
1000 Park 40 Plaza, Suite 350
Durham, North Carolina 27713

VI.

The Corporation shall have two (2) classes of Members as provided in the bylaws of the Corporation (the "Bylaws"). Members shall have the voting rights as provided in the Bylaws.

VII.

The Corporation shall have perpetual duration.

VIII.

The purposes for which the corporation is organized are to provide for the ownership, management and operation of the "Common Areas" (as that term is defined in the Declaration of Covenants, Restrictions and Easements for Stonegate which is or will be recorded with the Wake County Register of Deeds (the "Declaration"); the enforcement of the covenants and restrictions set forth in the Declaration, and to levy assessments against the members of the Corporation in accordance with the terms and provisions of the Declaration in order to raise the funds required by the Corporation to defray expenses which the Corporation shall incur in carrying out such purposes.

IX.

The Corporation is organized as a nonprofit, nonstock, membership corporation for the sole purpose of performing certain functions for the common good and general welfare of the residents of that certain residential subdivision development (the "Development") in Wake County, North Carolina, commonly known as "Stonegate." The Corporation shall have no power or duty to do or perform any act or thing other than those acts and things which will promote in some way the common good and general welfare of the residents of the Development. To the extent, and only to the extent, necessary to carry out such purpose, the Corporation (a) shall have all of the powers of a corporation organized under the North Carolina Nonprofit Corporation Code and (b) shall have the power and duty to exercise all of the rights, powers and privileges and to perform all of the duties and obligations of the Corporation as set forth in the Bylaws and in the Declaration. Unless otherwise defined herein, all capitalized terms

in these Articles of Incorporation shall have the same meaning as ascribed to such capitalized terms in the Bylaws.

No part of the net earnings, gains or assets of the Corporation shall inure to the benefit of or be distributable to its directors, officers, other private individuals, or organizations organized and operated for a profit (except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes of the Corporation as herein stated). No substantial part of the activities of the Corporation shall be the direct or indirect participation or intervention in political campaigns on behalf of or in opposition to any candidate for public office. Notwithstanding any other provision of these Articles of Incorporation, the Corporation shall not carry on any activities not permitted to be carried on by a corporation exempt from federal income tax under Section 501(c)(6) and Section 528 of the Internal Revenue Code, or corresponding section of any future federal tax code.

Upon the dissolution of the corporation, the Board of Directors shall, after paying or making provision for the payment of all of the liabilities of the corporation, dispose of all of the assets of the corporation exclusively for the purposes of the corporation in such manner, or to such organization or organizations organized and operated exclusively for religious, charitable, educational, scientific or literary purposes as shall at the time qualify as an exempt organization or organizations under the Code as the Board of Directors shall determine or to federal, state, or local governments to be used exclusively for public purposes. The Board of Directors shall first offer to dedicate the Common Areas to the Town of Wake Forest (the "Town"), and may offer the Common Areas to another entity only if the Town fails to accept such dedication. Any such assets not so disposed of shall be disposed of by the Superior Court of the county in which the

principal office of the corporation is then located, exclusively for such purposes or to such organizations, as such court shall determine, which are organized and operated exclusively for such purposes, or to such governments for such purposes. In making such determination the Court shall give preference to the Town when the Court considers distribution of title to the Common Areas.

X.

No director of the Corporation shall be personally liable to the Corporation or its members for monetary damages for breach of fiduciary duty of care or other duty as a director, except that this Article X shall not eliminate or limit the liability of a director: (i) for any appropriation, in violation of his duties, of any business opportunity of the Corporation; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; or (iii) for any transaction from which the director derives an improper personal benefit. Neither the amendment nor repeal of this Article X, nor the adoption of any provision of these Articles of Incorporation inconsistent with this Article X, shall eliminate or reduce the effect of this Article X regarding any act or failure to act, or any cause of action, suit or claim that, but for this Article X, would accrue or arise prior to any amendment, repeal or adoption of such an inconsistent provision. If the North Carolina Nonprofit Corporation Code is subsequently amended to provide for further limitations on the personal liability of directors of corporations for breach of duty of care or other duty as a director, then the personal liability of the directors of the Corporation shall be so further limited to the greatest extent permitted by the North Carolina Nonprofit Corporation Code.

XI.

These Articles of Incorporation may be amended only upon a resolution, duly adopted by the Board of Directors, the affirmative vote of members other than the Declarant who own at least two-thirds (2/3rds) of the Lots, and the consent of the Declarant, so long as the Declarant owns any Lot.

IN WITNESS WHEREOF, the undersigned has executed these Articles of Incorporation on April 15, 2005.


Keith D. Burns, Incorporator