

STATE OF NORTH CAROLINA



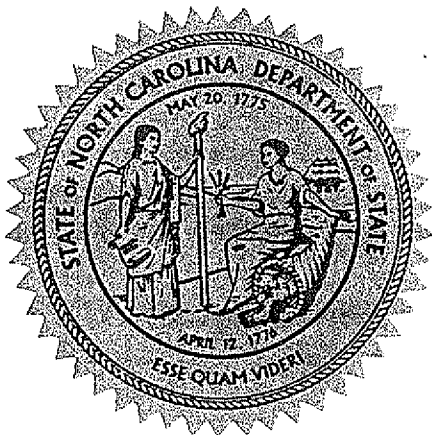
Department of The
Secretary of State

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 ALEXANDRIA SQUARE TOWNHOMES ASSOCIATION, INC.

the original of which was filed in this office on the 26th day of October, 1999.



IN WITNESS WHEREOF, I have hereunto
set my hand and affixed my official seal at the
City of Raleigh, this 26th day of October,
1999.

Elaine F. Marshall

Secretary of State

FILED
12:29 PM
OCT 26 1999

ARTICLES OF INCORPORATION
OF THE
ALEXANDRIA SQUARE TOWNHOMES ASSOCIATION, INC. Effective
ELAINE F. MARSHALL
SECRETARY OF STATE
NORTH CAROLINA

99 298 5039

In compliance with the requirements of Chapter 55A and Chapter 47F 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 as follows:

ARTICLE I

NAME

The name of the corporation is the ALEXANDRIA SQUARE TOWNHOMES ASSOCIATION, INC. (hereinafter the "Association").

ARTICLE II

REGISTERED OFFICE AND INITIAL AGENT; PRINCIPAL OFFICE

The registered office of the Association is located at 3739 National Drive, Suite 101, Raleigh, Wake County, North Carolina 27612. The name of the initial registered agent at such address is Matthew Christensen. The initial principal office of the Association is located at 3739 National Drive, Suite 101, Raleigh, Wake County, North Carolina 27612. The location of the registered and the principal offices of the Corporation may be changed by a majority vote of the Board of Directors.

ARTICLE III

PURPOSE AND POWERS OF THE ASSOCIATION

The Association does not contemplate a pecuniary gain or profit to the Members thereof. The specific purposes for which the Association is formed are to own and maintain the Common Area (as that term is defined in that certain Declaration Of Covenants, Conditions And Restrictions For The Alexandria Square Townhomes to

be recorded in the Wake County Registry, as from time to time amended, said document, together with all amendments thereto, if any, being hereinafter referred to as the "Declaration") within the townhome development referred to as THE ALEXANDRIA SQUARE TOWNHOMES and for these purposes, to:

(a) exercise all powers and privileges and to perform all of the duties and obligations of the Association as set forth in the Declaration;

(b) fix, levy, collect and enforce payment by any lawful means, all charges or assessments made pursuant to the terms of the Declaration;

(c) pay all expenses incurred in connection with collection of the charges and assessments set forth in subparagraph (b) above, and pay all office and other expenses incident to the conduct of the business of the Association, including all taxes, licenses and other governmental charges levied or imposed against property owned by the Association;

(d) acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain and, subject to the provisions of the Raleigh City Code and of subparagraph(s) (f) and (g) below, convey, sell, lease, transfer, dedicate for public use, or otherwise dispose of real or personal property in connection with the affairs of the Association;

(e) borrow money and, with the assent of Members entitled to at least two-thirds (2/3) of the votes appurtenant to each Class of Lots (Class A and Class B, as defined in Article III, Section 2 of the Declaration), and the satisfaction of all the applicable provisions of the North Carolina Planned Community Act (including the affirmative approval of any higher percentage of Members or of votes attributable to the Members or appurtenant to each Class of Lots, than the percentage specified herein as may be prescribed by the Planned Community Act, if any), mortgage, pledge, deed in trust or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, provided that the rights of any such lender or mortgagee shall be subordinate to the property rights of the Members and the Association as provided in Article IV of the Declaration;

(f) 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 upon by the Members. No such dedication or transfer shall be effective unless (i) the Members entitled to at least three-fourths (3/4) of the votes appurtenant to each Class of Lots agree to such dedication, sale or transfer, and signify their agreement by a signed and recorded document, and (ii) the procedures, approvals, and agreements for such dedication or transfer satisfy all of the applicable provisions of the North Carolina Planned Community Act, if any (including the affirmative approval of any higher percentage of Members or of votes attributable to the Members or appurtenant to each Class of Lots, than the percentage specified herein as may be prescribed by the Planned Community Act). Nothing herein shall be deemed to prohibit the Board of Directors of the Association, without consent of the Members, from granting easements over and across the Common Area to any public agency, authority or utility for the installation and maintenance of cable television, water, sewerage, utility or drainage facilities when, in the opinion of the Board, such easements are necessary for the convenient use and enjoyment of properties within the subdivision. Notwithstanding anything herein to the contrary, the Common Area shall be preserved to the perpetual benefit of the owners of Lots within the Subdivision and shall not be conveyed except to the City of Raleigh or another non-profit corporation organized for similar purposes;

(g) as provided by and consistent with the provisions of Section 10-3073(a)(2) of the Raleigh City Code, as same may be amended from time to time, exchange all or part of the Common Area for other property and consideration of like value and utility, which exchange may be approved by the Board of Directors without the consent of the Members, subject to the satisfaction of the applicable provisions of the North Carolina Planned Community Act (if any);

(h) participate in mergers or consolidations with other non-profit corporations organized for the same or similar purposes, provided that any such merger or consolidation shall not be effective unless (i) approved by Members entitled to at least three-fourths (3/4) of the votes appurtenant to each Class of Lots at a regular or special meeting called for the purpose of voting on such merger or consolidation and if required by the Raleigh City Code (as may be amended from time to time), be approved by the

Raleigh City Attorney or his deputy, and (ii) is in compliance with the applicable provisions of the North Carolina Planned Community Act (if any); and

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

ARTICLE IV

FINANCE

The Association is a non-stock corporation and no part of the profits, if any, of the Association shall inure to the pecuniary benefit of its Members, or any of them, or to any other person.

ARTICLE V

MEMBERSHIP AND VOTING RIGHTS

Every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject by the Declaration 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.

The voting rights of the Members shall be provided in the Declaration and By-Laws of the Association.

ARTICLE VI

The affairs of the Association shall be managed by an initial Board of three (3) Directors. The persons who are to act in the capacity of Director until the selection of their successors are:

NameAddress

Macon Foster

3739 National Drive, Suite 101,
Raleigh, Wake County, North Carolina
27612

Peter Alshab

3739 National Drive, Suite 101,
Raleigh, Wake County, North Carolina
27612

Kevin O'Connor

3739 National Drive, Suite 101,
Raleigh, Wake County, North Carolina
27612

The number of directors of the Association shall be three (3) until the first annual meeting of the Association, at which time the number of Directors shall be increased to five (5). At the first annual meeting, the Members shall elect one Director to serve a term of one year, two Directors to serve a term of two years, and two Directors to serve a term of three years.

At each annual meeting thereafter, the Members shall elect the number of directors needed to fill the vacancy or vacancies created by the Director of Directors whose term(s) is(are) expiring, to serve for a term of three years (except in the case of the initial election of a Director, in which case the term of that Director may be shortened to provide for the staggering set forth in this Article, or in the case of the filling of a vacancy, in which case the Director elected to fill the vacancy shall be elected for the unexpired term of the Director whose vacancy is being filled).

The term of office of the Directors shall be staggered so that, except for an election to fill a vacancy or to fill a newly-created directorship, the terms of not less than one (1) nor more than three (3) Directors shall expire at each annual meeting. Each Director shall hold office until his death, resignation, retirement, removal or disqualification, or until his successor is elected and qualified. Directors need not be Members of the Association.

The Members of the Association may, by a majority of the votes cast at any duly called annual or special meeting of the Members at

which a quorum is present, increase or decrease the number of directors of the Association, provided, however, that the number of directors shall not be increased to more than seven (7) or decreased to less than three (3) without amendment of the By-Laws of the Association.

ARTICLE VII

DISSOLUTION

The Association may be dissolved only upon (i) the signed written assent of Members entitled to at least three-fourths (3/4) of the votes appurtenant to each Class of Lots, and (ii) the satisfaction of all applicable provisions of the North Carolina Planned Community Act (including the affirmative approval of any higher percentage of Members or of votes attributable to the Members or appurtenant to each Class of Lots, than the percentage specified herein as may be prescribed by the Planned Community Act, (if any) related to the dissolution of a homeowners association). Upon dissolution, 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 the Association was created. In the event that such dedication is not accepted, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization devoted to similar purposes in compliance with and subject to the applicable requirements (if any) of the Planned Community Act of the State of North Carolina and all other applicable governing laws. Notwithstanding anything herein to the contrary, the Common Area shall be preserved to the perpetual benefit of the owners of Lots within the Subdivision and shall not be conveyed except to the City of Raleigh or another non-profit corporation organized for similar purposes.

ARTICLE VIII

DURATION

The period of existence of the Association is perpetual.

ARTICLE IX

AMENDMENTS

Amendment of these Articles shall require the assent of Members entitled to at least three-fourths (3/4) of the votes of the entire membership.

ARTICLE X

FHA/VA APPROVAL

As long as there is Class B membership, the following actions require the prior approval of the Federal Housing Administration or the Secretary of Veterans Affairs: annexation of additional property, mergers or consolidation, dissolution, mortgaging of Common Area, dedication or otherwise deeding of Common Area to persons other than the Association, and amendment of these Articles of Incorporation.

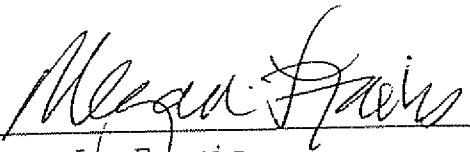
ARTICLE XI.

INCORPORATOR

The name and address of the incorporator is as follows:

Megan L. Farris	5400 Glenwood Avenue, Suite 100 Raleigh, North Carolina 27612
-----------------	---

IN WITNESS WHEREOF, I, the undersigned incorporator, have hereunto set my hand and seal, this the 15th day of October, 1999.

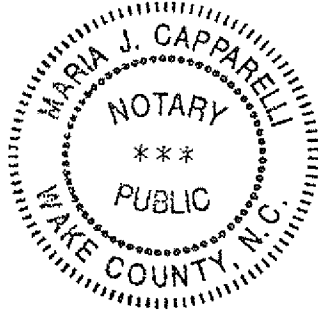


Megan L. Farris (SEAL)
INCORPORATOR

STATE OF NORTH CAROLINA -- WAKE COUNTY:

I, Maria J. Capparelli, a Notary Public for said County and State, do hereby certify that Megan L. Farris personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and official stamp, this the 15th day of October, 1999.



Maria J. Capparelli
Name: Maria J. Capparelli
My commission expires: My Commission Expires 4-1-2002

G:\DIVISION\RALEIGH\ARTICLES\ALEXASQ3.ART