

ARTICLES OF INCORPORATION

OF

ELKIN RIDGE TOWNHOMES HOMEOWNERS ASSOCIATION II, INC.

A Non-Profit Corporation

I, the undersigned natural person being of the age of eighteen (18) years or older, hereby do form a non-profit corporation under the laws of the State of North Carolina, as contained in Chapter 55A of the General Statutes of North Carolina entitled "Non-Profit Corporation Act", and the several amendments thereto, and to that end do hereby set forth:

1. Name: The name of the Corporation is Elkin Ridge Townhomes Homeowners Association II, Inc.

2. Duration: The period of duration of the Corporation shall be perpetual.

3. Definitions: As used in these Articles of Incorporation ("Articles"), "Common Area" and "Lot" shall have the same meaning as set forth in the Elkin Ridge Townhomes II, Declaration of Covenants, Conditions and Restrictions, recorded in the office of the Register of Deeds of Pitt County, North Carolina. "Declaration" shall mean Elkin Ridge Townhomes II, Declaration of Covenants, Conditions and Restrictions, as recorded in the office of the Register of Deeds of Pitt County, North Carolina.

4. Purposes: The principal purposes for which the Corporation is organized are:

(a) To own, manage, administer and maintain the Common Area lying within the subdivision.

(b) To own, manage, administer and maintain any real estate which may hereafter be acquired by purchase, gift, annexation, dedication or otherwise.

(c) To own, manage, administer, maintain, and operate any improvements now or hereafter located on any portion of the Common Area.

(d) To purchase, own, maintain, manage, repair and replace any and all equipment, facilities, and buildings used in connection with the operation of any facilities located on Common Area.

(e) To undertake the performance of the acts and duties incident to the administration, management, and operation of the above-described facilities in accordance with the terms, provisions, and restrictions contained in these Articles, the

Bylaws of this Corporation hereafter lawfully adopted (Bylaws), and the Declaration, and all lawful amendments to any of these documents.

(f) To promulgate such rules, regulations, restrictions, covenants, and conditions and to perform such acts as are deemed necessary to achieve the aforesaid objectives.

(g) To enforce all restrictions contained in the Declaration.

(h) To sell, trade, buy, lease, and otherwise deal with such property, whether real or personal, as may be necessary or convenient to carry out the provisions of these Articles, the Bylaws, or the Declaration.

(i) To establish an orderly and efficient system of billing to pay for the expenses incurred in the furtherance of the aforesaid purposes.

(j) To engage in any lawful act or activity for which non-profit corporations may be organized under Chapter 55A of the General Statutes of North Carolina and which is permitted to be done or carried on by a corporation exempt from state income and franchise taxes under Section 105-130.11 and 105-125 of the General Statutes of North Carolina, and the several amendments thereto and a corporation electing to be treated as a tax exempt homeowner's association under Section 528 of the 1986 Internal Revenue Code, as amended, in the event and during the tax years of such election.

5. Powers: In connection with carrying out the purposes set out in the preceding paragraph, the Corporation has the powers granted to non-profit corporations under the laws of the State of North Carolina. By way of addition to, and not by way of limitation of, the above powers, the Corporation shall have the following specific powers:

(a) To make, establish, and provide for the enforcement of reasonable rules and regulations governing the use of the Common Area.

(b) To levy and collect assessments against members of the Corporation to defray the expenses of the Corporation.

(c) To enter into any and all contracts necessary or desirable to accomplish the purposes of the Corporation.

(d) To contract for the management of the Corporation's business and to delegate to such manager or professional management service all of the powers and duties of the Corporation except those which may be required by these articles or the Bylaws to be exercised by the Board of Directors or the members of the Corporation.

(e) No part of the net earnings of the organization shall inure to the benefit of its members, directors, officers, or other persons except that the organization shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the exempt purposes of the organization.

(f) In the event of dissolution, the residual assets of the organization will be turned over to one or more organization with similar purposes which are exempt as organizations described in Section 501(c)(3) of the Internal Revenue Code of 1986.

(g) To exercise, undertake, and accomplish all of the rights, duties, and obligations which may be granted to or imposed upon the Corporation.

(h) To do any and all lawful acts.

6. Members: Members shall be of one class. Every person or entity who is a record owner of a fee or undivided fee interest in any Lot within the Subdivision, including contract sellers, shall be a member of the Corporation. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation.

The membership of a member or a member's interest in the funds and assets of the Corporation may not be assigned, hypothecated, or transferred in any manner except as an appurtenance to the Lot upon which that particular membership is based.

7. Voting: Each member shall have one (1) vote on matters submitted to a vote; provided, however, when more than one person holds an interest in any Lot, all such persons shall hold the membership with regard to such Lot in undivided interests. The vote of such multiple owners of a Lot shall be exercised as they, among themselves, shall determine, but in no event shall any fractional vote be counted or more than one (1) vote be cast with respect to any one Lot.

The Corporation shall have the right to suspend the voting rights of a member for any period during which any assessment owed by that member to the Corporation is due and unpaid.

8. Dissolution: The Corporation may be dissolved at any time with the assent given in writing and signed by not less than ninety percent (90%) of the members. Upon dissolution of the Corporation, other than incident to a merger or consolidation, the assets of the Corporation shall be dedicated to an appropriate public agency to be used for such 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 to such similar purposes.

9. Nonprofit: The Corporation shall be conducted as a nonprofit corporation for the benefit of its members.

10. Registered and Principal Office and Agent: The Registered and Principal Office of the Corporation is located in Pitt County at 941 Brandy Creek Drive, Greenville, North Carolina, 27858 and the name of the initial Registered Agent and Principal at such address is W. Scott Browning.

11. Directors:

(a) Any natural person may serve as a director.

(b) The number of directors of the Corporation may be fixed by their Bylaws, but shall not be less than three, and the method of their election shall be fixed by the Bylaws.

(c) The number of directors constituting the initial Board of Directors shall be two (2), and the names and addresses of the persons who are to serve as directors until the first meeting of members or until their successors are elected and qualified are:

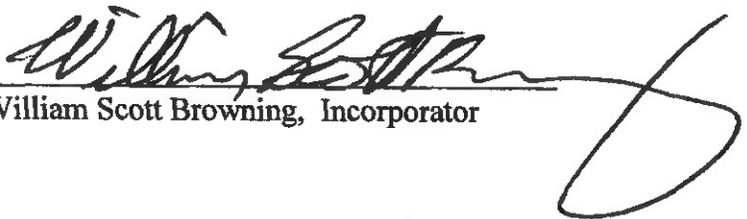
Ashley Elks

941 Brandy Creek Drive
Greenville, North Carolina 27858

12. Incorporator: The name and address of the incorporator is: William Scott Browning, P. O. Box 859, Greenville, Pitt County, North Carolina 27835-0859.

13. Amendments: Amendment of these Articles shall require the written or oral assent of sixty-six percent (66%) of the entire membership.

IN TESTIMONY WHEREOF, I have hereunto set my hand this 3rd day of October, 2006.


William Scott Browning, Incorporator

NORTH CAROLINA
PITT COUNTY

Shannon D. Whitehurst

I, _____, a Notary Public in and for the aforesaid County and State, do hereby certify that William Scott Browning personally appeared before me this day and acknowledged the due execution of the foregoing instrument for the purposes therein expressed.

Witness my hand and notarial seal, this the 3 day of October, 2006.


Notary Public

My Commission Expires:

