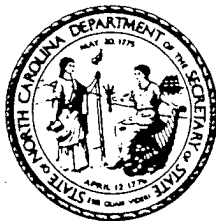


# STATE OF NORTH CAROLINA



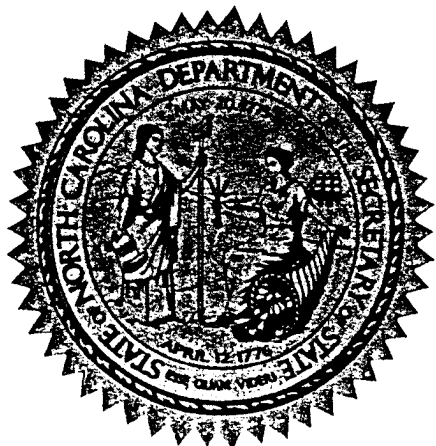
Department of The  
Secretary of State

To all whom these presents shall come, Greetings:

I, Rufus L. Edmisten, *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  
VILLAGE SQUARE HOMEOWNERS' ASSOCIATION, INC.

*the original of which was filed in this office on the 23rd day of February, 1995.*



*IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at the City of Raleigh, this 23rd day of February, 1995.*

*Rufus L. Edmisten*

Secretary of State

94.354 5012

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**FILED**  
9:00 AM

ARTICLES OF INCORPORATION

OF

FEB 23 1995

VILLAGE SQUARE HOMEOWNERS' ASSOCIATION, INC. <sup>EFFECTIVE</sup>  
RUFUS L. EDMISTEN  
SECRETARY OF STATE  
NORTH CAROLINA

In accordance 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 nonprofit corporation and hereby certifies:

ARTICLE I.

The name of the corporation is VILLAGE SQUARE HOMEOWNERS' ASSOCIATION, INC., hereinafter called the "Association".

ARTICLE II.

The address of the initial registered office of the Association is 2002 Eastwood Road, Suite 106, Wilmington, New Hanover County, North Carolina 28403.

ARTICLE III.

BURROWS G. SMITH, whose address is 2002 Eastwood Road, Suite 106, Wilmington, North Carolina 28403, is hereby appointed the initial registered agent of this corporation.

ARTICLE IV.

This Association does not contemplate pecuniary gain or profit to the members thereof and no part of the Association's net income shall inure to the benefit of any of its officers, directors, or members, or any other private individual. The purposes and objects of the Association shall be to administer the operation and management of VILLAGE SQUARE TOWNHOMES, a residential project located in Wilmington, New Hanover County, North Carolina; to undertake the performance of the acts and duties incident to the administration of the operation and management of said project in accordance with the terms, provisions, conditions and authorizations contained in these Articles of Incorporation, and to own, operate, lease, sell, trade, and otherwise deal with such property, whether real or personal, as may be necessary or convenient in the administration of said project.

ARTICLE V.

The Association shall have the following powers:

1. The Association shall have all the powers and privileges granted to nonprofit corporations under the law pursuant to which this Association is chartered, and all of the powers and privileges which may be granted unto said Association under any other applicable laws of the State of North Carolina.

2. The Association shall have all the powers reasonably necessary to implement and effectuate the purposes of the Association, including, but not limited to the following:

(a) To make and establish reasonable By-Laws, and rules and regulations governing the use of the common areas and facilities in the project.

(b) To levy and collect assessments upon members of the Association to defray the common expenses of the Association as may be provided in a Declaration of Articles of Covenants, Conditions and Restrictions relating to VILLAGE SQUARE TOWNHOMES and the By-laws of this Association which may be hereafter adopted, including the right to levy and collect assessments for the purposes of acquiring, operating, leasing, managing and otherwise trading and dealing with such property, whether real or personal, including villas, which may be necessary or convenient in the operation and management of the project and in accomplishing the purposes set forth in said Declaration.

(c) To maintain, repair, replace, operate and manage the common elements of the project, including the right to reconstruct improvements after casualty and to make further improvement of the common elements, and to make and enter into any and all contracts necessary or desirable to accomplish said purposes.

(d) To contract for the management of the project and to delegate to such contractor all of the powers and duties of the Association except those which may be required by the Declaration of Articles of Covenants, By-Laws, Conditions and Restrictions to have approval of the Board of Directors or membership of the Association.

(e) To acquire and enter into, now or at any time hereafter, leases, and agreements whereby the Association acquires

leaseholds, memberships, and other possessory or use interests in lands or facilities whether or not contiguous to the lands of the project to provide enjoyment, recreation or other use or benefit to the owners of the project.

(f) To enforce the provisions of the Declaration of Articles of Covenants, Conditions and Restrictions, these Articles of Incorporation, the By-Laws of the Association which now or may be hereafter adopted, and the Rules and Regulations governing the use of the project as the same may be hereafter established.

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

#### ARTICLE VI.

The qualification of the members, the manner of their admission to membership and termination of such membership, and voting by members shall be as follows:

1. The owners of all lots in VILLAGE SQUARE TOWNHOMES shall be members of the Association, and no other person or entities shall be members, except as provided in Article IX.

2. Membership shall be established by the acquisition of fee title to a lot in the project, or by acquisition of a fee ownership interest therein, whether by conveyance, devise, judicial decree or otherwise, and the membership of any party shall be automatically terminated upon his being divested of all title to or his entire fee ownership interest in any lot, except that nothing herein contained shall be construed as terminating the membership of any party who may own two or more lots, or who may own a fee ownership interest in two or more lots, so long as such party shall retain title to or a fee ownership interest in any lot.

3. The interest of a member in the funds and assets of the Association cannot be assigned, hypothecated or transferred in any manner, except as an appurtenance to his lot. The funds and assets of the Association shall belong solely to the Association subject to the limitation that the same be expended, held or used for the benefit of the membership and for the purposes authorized herein,

in the Declaration and in the By-Laws which may be hereafter adopted.

4. The Association shall have two classes of voting membership:

Class A. Class A members shall be all Owners, with the exception of the Declarant, and shall be entitled to one 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 such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B member(s) shall be the Declarant 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 the Class A membership equal the total votes outstanding in the Class B membership, or
- (b) on January 1, 2004.

#### ARTICLE VII.

The Association shall have perpetual existence.

#### ARTICLE VIII.

The affairs of the Association shall be managed by the President and Secretary of the Association, assisted by the Vice President and Treasurer, if any, subject to the directions of the Board of Directors. The Board of Directors, or the President with the approval of the Board of Directors, may employ a managing agent and/or such other managerial and supervisory personnel or entities to administer or assist in the administration of the operation and management of the project, and the affairs of the Association, and any such person or entity may be so employed without regard to whether such person or entity is a member of the Association or a director or officer of the Association, as the case may be.

ARTICLE IX.

The number of members of the first Board of Directors of the Association shall be three (3). The number of members of succeeding Boards of Directors shall be as provided from time to time by the By-Laws of the Association. The subsequent members of the Board of Directors shall be elected by the members of the Association at the annual meeting of the membership as provided by the By-Laws of the Association. A director need not be a resident of North Carolina or a member of the corporation.

ARTICLE X.

The Board of Directors shall elect a President and a Secretary and such Vice Presidents and a Treasurer, and as many Assistant Secretaries and Assistant Treasurers as the Board of Directors shall determine, if any. The President shall be elected from among the membership of the Board of Directors, but no other officer need be a Director. The same person may hold two offices, the duties of which are not incompatible; provided, however, that the office of the President and Vice President shall not be held by the same person, nor shall the office of the President and Secretary or Assistant Secretary be held by the same person.

ARTICLE XI.

The names and post office addresses of the initial Board of Directors who, subject to the provisions of these Articles of Incorporation, the By-Laws, and the laws of the State of North Carolina, shall hold office until their successors are elected and qualified are as follows:

Burrows G. Smith	2002 Eastwood Road, Suite 106 Wilmington, New Hanover County, North Carolina 28403
Charles L. Sneed, Jr.	2002 Eastwood Road, Suite 106 Wilmington, New Hanover County, North Carolina 28403
Frank D. Carter	2002 Eastwood Road, Suite 106 Wilmington, New Hanover County, North Carolina 28403

ARTICLE XII.

The original By-Laws of the Association shall be adopted by a majority vote of the Board of Directors of the Association present at the first meeting of the Board of Directors and, thereafter, such By-Laws may be altered or rescinded in such manner as said By-Laws may provide.

#### ARTICLE XIII.

Every Director and every officer of the Association shall be indemnified by the Association against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been a Director or officer at the time such expenses and liabilities are incurred, except in such cases wherein the Director or officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided, that, in the event of any claim for reimbursement or indemnification hereunder based upon a settlement by the Director or officer seeking such reimbursement or indemnification, the indemnification herein shall only apply if the Board of Directors approves such settlement and reimbursement as being in the best interests of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such Director or officer may be entitled.

#### ARTICLE XIV.

An amendment or amendments to these Articles of Incorporation shall require the vote of two-thirds (2/3) of each class of members.

#### ARTICLE XV.

The Association may be dissolved with assent given in writing and signed by not less than two-thirds (2/3) of each class of members. Upon dissolution of the Association, 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 this Association was created. In the event that such dedication is refused acceptance, such

