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Elaine F. Marshall
North Carolina Secretary of State

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ARTICLES OF INCORPORATION

OF

DEACON RIDGE TOWNHOME OWNERS ASSOCIATION, INC.

In compliance with the requirements of Chapter 55-A 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 Deacon Ridge Townhome Owners Association, Inc. hereinafter called the "Association."

ARTICLE II

The principal and registered office of the Association is located at 1810 Pembroke Road, Guilford County, Greensboro, North Carolina, 27408.

ARTICLE III

B. John Kavanagh, whose address is 1810 Pembroke Road, Guilford County, Greensboro, North Carolina, 27408, is hereby appointed the initial registered agent of this Association.

ARTICLE IV

PURPOSE AND POWERS OF THE ASSOCIATION

The 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, Executive Board members or Members or any other private individual. The purposes and objects of the Association shall be to provide for administration, maintenance, preservation and architectural control of the Lots and Common Elements within that certain tract of property described as follows:

Lying and being in Forsyth County, North Carolina, and being more particularly described on Exhibit A attached hereto and incorporated herein by reference or so much thereof as may be brought with the jurisdiction of the Association and any additional property which may hereafter be brought within the jurisdiction of this Association (the "Properties");

and to promote the health, safety and welfare of the residents within the above described property, in accordance with the terms and conditions of that certain Declaration of Covenants, Conditions and Restrictions for Deacon Ridge Townhomes (hereinafter called the "Declaration");

unless otherwise defined, capitalized terms shall have the same meaning as set forth in the Declaration), now or hereafter made applicable to the Properties and recorded or to be recorded in the Office of the Register of Deeds of Forsyth County, North Carolina, and as the same may be amended from time to time as therein provided, said Declaration being incorporated herein as if set forth at length and for this purpose to:

(a) exercise all of the 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 of, 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 charges levied or imposed against the property of the Association.

(c) 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) borrow money, and in accordance with the terms and conditions of the Declaration, mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred.

(e) dedicate or transfer non-exclusive easements on, over and upon all or any part of the Common Elements for such purposes and subject to such conditions as may be agreed to by the Association's Executive Board; provided, however, no such dedication or transfer shall be effective unless an instrument executed on behalf of the Association by its duly authorized officers, agreeing to such dedication or transfer, has been recorded.

(f) pursuant to Section 47F-3-112 of the Planned Community Act and with the consent of the Members entitled to cast at least eighty percent (80%) of the votes of each class of Members of the Association, to dedicate or transfer fee title to all or any part of the Common Elements for such purposes and subject to such conditions as may be agreed to by the Members consenting to such dedication or transfer; provided, however, during Declarant's Development Period (as defined in the Declaration), Declarant (as defined in the Declaration), must also consent to such action and, further provided that no such dedication or transfer shall interfere with or obstruct utility service to, or ingress, egress and regress to or from, the Lots or any remaining Common Elements or cause any Lot or any remaining Common Elements to fail to comply with applicable laws, regulations or ordinances.

(g) participate in mergers and consolidations with other non-profit corporations organized for the same purposes provided that any such merger or

consolidation shall have the assent of the Members entitled to cast at least two-thirds (2/3) of all outstanding votes.

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

(i) in the sole discretion of its Executive Board, elect to collect, on behalf of the Master Association (as defined in the Declaration), the assessments levied by the Master Association against the Members of the Association, and to serve as the Master Association's attorney-in-fact for the purpose of enforcing the collection of such assessments and any lien securing the same.

ARTICLE V

MEMBERSHIP

The qualification of the Members and the manner of their admission to Membership and termination of such Membership shall be as follows:

1. All Owners shall be Members of the Association, and no other person or entity shall be entitled to Membership.

2. Membership shall be established by the acquisition of fee title to a Lot, 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 Bylaws which may be hereafter adopted.

ARTICLE VI

VOTING RIGHTS

The Association shall have two classes of voting membership:

Class A: The Class A Members shall be every person or entity who or which 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, except for Declarant or any affiliated entity, including, without limitation, John Kavanagh Company, during

any Period of Declarant Control. Class A Members shall be entitled to one (1) vote for each Lot owned.

Class B: Declarant shall be the Class B Member and Declarant shall be entitled to three (3) votes for each lot shown on the "Master Plan," as defined in the Declaration, as developed or to be developed as a part of Deacon Ridge Townhomes which has not been conveyed by Declarant or any affiliated entity, including John Kavanagh Company, to a Class A Member. 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:

(i) when the total votes outstanding in the Class A membership equal or exceed the total votes outstanding in the Class B membership; however, the Class B membership shall be reinstated if thereafter, and before the time stated in subparagraph (b) below, the Master Plan is amended to add additional lots developed or to be developed as a part of Deacon Ridge Townhomes sufficient to give the Class B membership a total number of votes (with the Class B membership entitled to three (3) votes for each lot shown on the Master Plan as developed or to be developed as a part of Deacon Ridge Townhomes which has not been conveyed by Declarant or an affiliate of Declarant to a Class A Member) greater than those of the Class A membership; or,

(ii) ten (10) years from the date this Declaration is recorded in the Office of the Register of Deeds, Forsyth County, North Carolina.

Except as otherwise provided above, on all matters which the Membership shall be entitled to vote, the Member(s) owning each Lot shall be entitled to one (1) vote. The vote of each Lot may be cast or exercised by the Owner or Owners of each Lot in such manner as may be provided in the Bylaws hereafter adopted by the Corporation.

ARTICLE VII

EXECUTIVE BOARD

The affairs of this Association shall be managed by an Executive Board who need not be Members of the Association. During any Period of Declarant Control (as defined in the Declaration), Declarant shall have the right to appoint all of the members of the Executive Board. Declarant shall from time-to-time notify the Association in writing of the names and addresses of the members of the Executive Board appointed by Declarant. Except as otherwise provided in the Bylaws with respect to the filling of vacancies, any members of the Executive Board which Declarant is not entitled to designate or select shall be elected by the Members of the Association. The number of members of the first Executive Board shall be three (3). The number of Executive Board members on subsequent Boards shall be as set forth in the Bylaws of

the Association. The names and addresses of the persons who are to act in the capacity of Executive Board members until the selection of their successors are:

<u>Names</u>	<u>Addresses</u>
Greg Garrett	1810 Pembroke Road Greensboro, NC 27408
B. John Kavanagh	1810 Pembroke Road Greensboro, NC 27408
Paula McCoy	1810 Pembroke Road Greensboro, NC 27408

ARTICLE VIII

DISSOLUTION

The Association may be dissolved with the assent given in writing and signed by the Members entitled to cast not less than eighty percent (80%) of the votes of the Association; provided, however, the Association may not be dissolved during Declarant's Development Period without Declarant's prior written consent. 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 assets shall be granted, conveyed and assigned to a non-profit corporation, association, trust or other organization to be devoted to such similar purposes.

ARTICLE IX

DURATION

The corporation shall exist perpetually.

ARTICLE X

AMENDMENTS

Amendment of these Articles shall require the affirmative vote of the Members entitled to cast at least seventy-five percent (75%) of the votes of the Association, provided, however, no amendment purporting to revoke or curtail any right herein conferred to Declarant shall be effective unless executed by Declarant, and no amendment relating to the maintenance or ownership of any permanent detention or retention pond shall be effective unless reviewed and approved by the governmental office having jurisdiction for watershed protection.

ARTICLE XI

FEDERAL HOUSING ADMINISTRATION
AND
DEPARTMENT OF VETERANS AFFAIRS APPROVAL

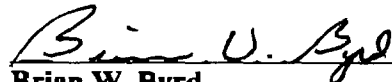
During any Period of Declarant Control, the following actions will require the prior approval of the Federal Housing Administration ("FHA") or the Department of Veterans Affairs ("VA"), provided that FHA or VA insured loans have been obtained to purchase Lots; annexation of additional properties; mergers and consolidations; mortgaging of Common Elements; dissolution of the Association; and amendment of these Articles of Incorporation.

ARTICLE XII

INCORPORATOR

The name and address of the incorporator is as follows: **Brian W. Byrd, 300 North Greene Street, Suite 1400, Greensboro, North Carolina, 27401.**

IN WITNESS WHEREOF, I, the undersigned incorporator, have hereunto set my hand and seal, this 7th day of May, 2002.

 (SEAL)
Brian W. Byrd
Incorporator

NORTH CAROLINA

GUILFORD COUNTY

THIS IS TO CERTIFY, that on the 7th day of May, 2002, before me, a Notary Public, personally appeared Brian W. Byrd, who I am satisfied is the person named in 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 TESTIMONY WHEREOF I have hereunto set my hand and seal this the 7th day May, 2002.

Janet S. Wicker
Notary Public

My Commission Expires:

9-15-2004

(NOTARY STAMP/SEAL)

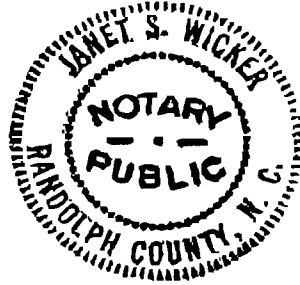


EXHIBIT A**TRACT I****Triplette Property**

BEGINNING at an E.I.P. in the northern margin of the right-of-way of Bethabara Road, said E.I.P. being located North 19° 17' 44" West 60.78 feet from a PK Nail (said PK Nail being located N 5008.6118 and E 5478.7335) in the CL intersection of Bethabara Road and Ranch Drive (unimproved), thence with the northern margin of the right-of-way of Bethabara Road North 50° 19' 56" West 428.94 feet to an E.I.P., said E.I.P. being located North 54° 05' 12" East 30.01 feet from a PK Nail (said PK Nail being located N 5322.1877 and E 5104.1644) in the CL intersection of Bethabara Road and Jimmy James Drive, said E.I.P. also being the southeast corner of property now or formerly owned by Frank & Joan Pribuzio as recorded in Book 1704 at Page 784; thence with the eastern line of Pribuzio the following four bearing breaks: North 06° 19' 06" East 272.81 feet to an E.I.P., North 27° 02' 24" East 128.90 feet to an E.I.P., North 10° 00' 56" West 161.05 feet to an E.I.P., and North 06° 21' 28" East 168.06 feet to an E.I.P. in the northeast corner of the property of Pribuzio and the southeast corner of property now or formerly owned by Gray Lumber Co. as recorded in Book 1792 at Page 2026; thence with the line of Gray Lumber Co. North 06° 23' 51" East 492.65 feet to an E.I.P. in the northeast corner of Gray Lumber Co. and in the southern line of property now or formerly owned by M. M. Fowler, Inc. as recorded in Book 1930 at Page 2123; thence with the southern line of Fowler South 73° 25' 44" East 101.60 feet to a N.I.P. in the southeast corner of Fowler and the southwest corner of property now or formerly owned by Timothy D. Terrell as recorded in Book 1762 at Page 4469; thence with the southern line of Terrell South 81° 03' 30" East 100.09 feet to an E.I.P. (old axle); thence continuing with the line of Terrell North 05° 38' 30" East 40.80 feet to an E.I.P. and continuing with the line of Terrell South 76° 19' 34" East 45.55 feet to an E.I.P. in the southeast corner of Terrell and the southwest corner of property now or formerly owned by Forsyth Veterinary After Hours Emergency as recorded in Book 1755 at Page 1713; thence with the southern line of Forsyth Veterinary South 76° 19' 34" East 144.38 feet to a N.I.P. in the southeast corner of Forsyth Veterinary and the southwest corner of property now or formerly owned by Burger King Corp. as recorded in Book 1282 at Page 154; thence with the line of Burger King South 76° 19' 34" East 47.11 feet to a point; thence South 76° 19' 34" East 56.35 feet to a N.I.P.; thence South 06° 07' 18" West 62.00 feet to a R/W monument; thence South 80° 43' 38" East 25.81 feet to a R/W monument in the margin of the right-of-way of University Parkway (State Project 9.8091830); thence with the western margin of the right-of-way of University Parkway (State Project 9.8091830) the following four bearing breaks: South 06° 10' 20" West 734.86 feet to a N.I.P., South 06° 10' 20" West 72.14 feet to a N.I.P., along a curve to the left having a radius of 1512.39 feet and a chord bearing and distance of South 04° 22' 15" West 87.67 feet to a N.I.P., and along a curve to the left having a radius of 1512.39 feet and a chord bearing and distance of South 01° 24' 02" East 216.82 feet to a N.I.P. in the northern margin of the right-of-way of Ranch Drive (unimproved); thence with the northern margin of the right-of-way of Ranch Drive the following four bearing breaks: along a curve to the left having a radius of 476.90 feet and a chord bearing and distance of South 45° 14' 55" West 22.67 feet to a N.I.P., South 40° 51' 00" West 115.00 feet to an E.I.P., South 40° 51' 00" West 165.11 feet to an E.I.P., and along a curve to the right having a radius of 14.68 feet and a chord bearing and

distance of South 85° 43' 19" West 20.72 feet to an E.I.P., the point and place of BEGINNING, containing 15.71 acres according to a Boundary Survey of Triplette Property for Kavanagh Associates, Inc. (Buyer) prepared by Evans Engineering, Inc. denoted as PROJ: 605-176 and dated 2-11-1999.

TRACT II

Tribuzio Property

BEGINNING at an EIP Control Corner, said EIP Control Corner being located in the southeast corner of property now or formerly owned by Gray Lumber Co. et. al as recorded in Deed Book 1792 at Page 2026 and said EIP Control Corner being located North 50° 29' 34" West 361.05 feet from a PK nail in CL intersection (N 5322.1877 and E 5104.1644); thence with the northern margin of the right-of-way of Bethabara Road the following two bearing breaks: South 56° 14' 35" East 166.80 feet to an EIP and South 53° 58' 26" East 203.02 feet to an EIP Control Corner, said EIP Control Corner being located North 54° 05' 12" East 30.01 feet from a PK nail in CL intersection (N 5322.1877 and E 5104.1644), and said EIP being located in the southwest corner of property now or formerly owned by Kavanagh Associates, Inc. as recorded in Deed Book 2055 at Page 1474-1477; thence with the western line of Kavanagh Associates, Inc. the following four bearing breaks: North 06° 19' 06" East 272.81 feet to an EIP, North 27° 02' 24" East 128.90 feet to an EIP, North 10° 00' 66" West 161.05 feet to an EIP, and North 06° 21' 28" East 168.06 feet to an EIP, said EIP being located in the southeast corner of property now or formerly owned by Gray Lumber Co. et. al as recorded in Deed Book 1792 at Page 2026; thence with the line of Gray Lumber Co. North 79° 58' 47" West 388.89 feet to an EIP; thence continuing with the line of Gray Lumber Co. the following three bearing breaks: South 06° 23' 55" West 60.38 feet to an EIP, South 13° 41' 37" East 260.89 feet to an EIP, and South 12° 03' 08" West 259.41 feet to an EIP Control Corner in the northern margin of the right-of-way of Bethabara Road, the point and place of BEGINNING, containing 5.00 acres according to a Boundary Survey of the Tribuzio Property prepared for Kavanagh Associates, Inc. by Evans Engineering, Inc. denoted as PROJ: 605-176, and dated 6-7-99. Being the same property conveyed to Grantor by deeds recorded in Deed Book 1459, Page 1242 and Deed Book 1704, Page 784, Forsyth County Registry.