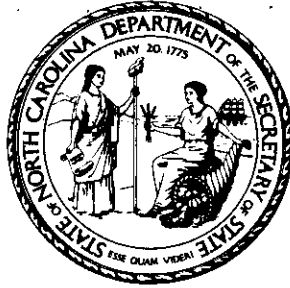


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BOOK 3138 PAGE 742

005651

State of North Carolina



Department
of the
Secretary of State

GEORGE E. TITUM
REGISTER OF DEEDS
CUMBERLAND COUNTY NC

To all to whom these presents shall come, Greeting:

I, Thad Eure, Secretary of State of the State of North Carolina, do hereby certify the following and hereto attached (5 sheets) to be a true copy of

ARTICLES OF INCORPORATION

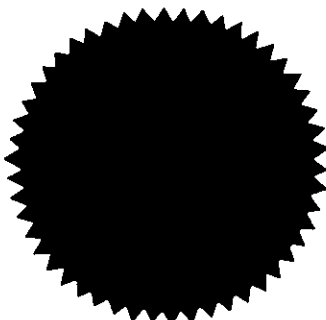
OF

KAREN LAKE TOWNHOMES, INC.

and the probates thereon, the original of which was filed in this office on the 21st day of February 1986, after having been found to conform to law.

In Witness Whereof, I have hereunto set my hand and affixed my official seal.

Done in Office, at Raleigh, this 21st day of February in the year of our Lord 1986.



Thad Eure
Secretary of State
By *[Signature]*
Deputy Secretary of State

ARTICLES OF INCORPORATION

OF

DOCUMENT #375743

KAREN LAKE TOWNHOMES, INC.
A NON-PROFIT CORPORATION

DATE 02/21/86 TIME 13:18

We, the undersigned natural persons being of the age of eighteen years or more, acting as incorporators for the purpose of creating 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, do hereby set forth:

ARTICLE I

NAME

The name of the Corporation is:

KAREN LAKE TOWNHOMES, INC., hereinafter called "Association".

ARTICLE II

The principal and registered office of the Association is located at:

6448 Yadkin Road, Fayetteville, Cumberland County, North Carolina 28303.

ARTICLE III

REGISTERED AGENT

JOHN KOENIG, whose address is 6448 Yadkin Road, Fayetteville, North Carolina 28303, is hereby appointed the initial registered agent of this Association being in Cumberland County, North Carolina.

ARTICLE IV

DURATION

The period of duration of the Association shall be perpetual.

ARTICLE V

PURPOSES

The purposes for which the Association is organized are:

This Association does not contemplate pecuniary gain or profit to the members thereof, and the specific purposes for which it is formed are to provide for maintenance, preservation and architectural control of the residence lots and Common Area described in the Declaration of Covenants, Conditions and Restrictions by Prestige Homes of Fayetteville, Inc. as the "Declarant", said

("DECLARATIONS") dated the 5th day of February, 1986, and recorded or to be recorded in the office of the Register of Deeds for Cumberland County, North Carolina (such Declarations as the same may be amended from time to time being hereinafter referred to as the "Declarations"); and to promote the health, safety and welfare of the residents within the above-described property and any additions thereto as may hereafter be brought within the jurisdiction of this Association 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 that certain Declaration hereinabove referred to, said Declaration being incorporated herein as if set forth at length;
- (b) fix, levy, collect and enforce payment 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 with the assent of two-thirds (2/3) of each class of members 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, 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 to by the members. No such dedication or transfer shall be effective unless an instrument has been signed by two-thirds (2/3) of each class of members, agreeing to such dedication, sale or transfer;

(f) participate in mergers and consolidations with other non-profit corporations organized for the same purposes or annex additional residential property and Common Area, provided that any such merger, consolidation or annexation shall have the assent of two-thirds (2/3) of each class of members;

(g) 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. (b) To engage in any lawful activity or activities for which corporations may be organized under Chapter 55 of the General Statutes of North Carolina.

ARTICLE VI

MEMBERS

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 (as defined in the Declaration), 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 June 1, 1990.

ARTICLE VII

DIRECTORS

The affairs of this Association shall be managed by a Board of seven (7) Directors, who need not be members of the Association. The number of directors may be changed by amendment of the By-Laws of the

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

<u>NAME</u>	<u>ADDRESS</u>
JOHN KOENIG	6448 Yadkin Road Fayetteville, NC 28303
JOHN STEVEN KOENIG	6448 Yadkin Road Fayetteville, NC 28303
MARGARET KOENIG	6448 Yadkin Road Fayetteville, NC 28303
RICHARD M. WIGGINS	500 N. McPherson Church Rd. Fayetteville, NC 28303
DONALD STEVEN BUNCE	500 N. McPherson Church Rd. Fayetteville, NC 28303
CONSTANCE MCGIFFERT	500 N. McPherson Church Rd. Fayetteville, NC 28303
PATRICIA NUTTALL	6318 Greyfield Rd. Fayetteville, NC 28303

At the first annual meeting the members shall elect two directors for a term of one year, two directors for a term of two years and three directors for a term of three years; and at each annual meeting thereafter the members shall elect directors to fill vacancies for a term of three years.

ARTICLE VIII

DISSOLUTION

The Association may be dissolved with the 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 assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust or other organization to be devoted to such similar purposes.

ARTICLE IX
INCORPORATORS

The name and addresses of the incorporators are as follows:

NAME	ADDRESS AND POST OFFICE
RICHARD M. WIGGINS	500 N. McPherson Church Rd. Fayetteville, NC 28303
JOHN KOENIG	6448 Yadkin Road Fayetteville, NC 28303


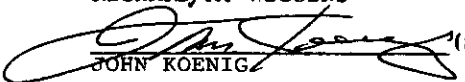
ARTICLE X
AMENDMENTS

Amendment to these Articles shall require the assent of 75 percent (75%) of the entire membership.

ARTICLE XI
FHA/VA APPROVAL

As long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: annexation of additional properties, mergers and consolidations, mortgaging of Common Area, dedication of Common Area, dissolution and amendment of these Articles.

IN WITNESS WHEREOF, for the purpose of forming this corporation under the laws of the State of North Carolina, we, the undersigned, constituting the incorporators of this Association, have executed these Articles of Incorporation this 14th day of February, 1986.

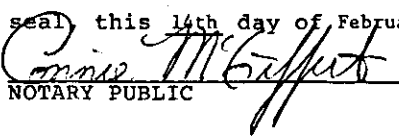
 (SEAL)
 RICHARD M. WIGGINS
 (SEAL)
 JOHN KOENIG

NORTH CAROLINA
CUMBERLAND COUNTY

I, Connie McGiffert, a Notary Public of said County and State do hereby certify that RICHARD M. WIGGINS and JOHN KOENIG personally appeared before me this day and acknowledged the due execution of the foregoing Articles of Incorporation of KAREN LAKE TOWNHOMES, INC.

WITNESS my hand and notarial seal, this 14th day of February, 1986.

My Commission Expires:
9-20-88


 NOTARY PUBLIC

North Carolina, Cumberland County
 Received 4 day of March 19 86 at 8:10 A.M.
 Recorded 4 day of March 19 86 Book 3138 Page 742
 Deane E. Turner, Register of Deeds