

ARTICLES OF INCORPORATION

OF

PENNMARKE PLACE TOWNHOME OWNERS ASSOCIATION, INC.

These Articles of Incorporation are made and acknowledged for Penmark Place Townhome Owners Association, Inc. and shall govern a nonprofit corporation under and by virtue of the laws of the State of North Carolina.

Article 1. Name and Address. The name of the corporation is Penmark Place Townhome Owners Association, Inc. For convenience, the corporation shall be referred to in this instrument as the "Association."

The initial principal office of The Association is:

2939 Breezewood Ave, Suite 100
Fayetteville, NC 28304
Cumberland County

with a mailing address of:

P.O. Box 87209
Fayetteville, NC 28304-7209
Cumberland County

Article 2. Duration. The Association shall have perpetual duration.

Article 3. Applicable Statute. The Association is organized pursuant to the provisions of the North Carolina Nonprofit Corporation Act.

Article 4. Definitions. All capitalized terms used herein which are not defined shall have the meaning set forth in the Declaration of Covenants, Conditions and Restrictions for

Pennmark Place Townhomes, recorded or to be recorded in the Office of the Register of Deeds of Cumberland County, North Carolina, by 300 BLOCK INVESTORS LLC, a North Carolina limited liability company ("300 Block"), said Declaration, as amended from time to time in accordance with its terms, herein referred to as the "Declaration."

Article 5. Purposes and Powers. The Association does not contemplate pecuniary gain or benefit, direct or indirect, to its members. By way of explanation and not of limitation, the purposes for which it is formed are:

(a) to be and constitute the Association to which reference is made in the Declaration, to perform all obligations and duties of the Association, and to exercise all rights and powers of the Association, as set forth in the Declaration, the Bylaws, and as provided by law; and

(b) to provide an entity for the furtherance of the interests of the Owners of property subject to the Declaration.

In furtherance of its purposes, the Association shall have the following powers, which, unless indicated otherwise by the Declaration or Bylaws of the Association, may be exercised by the Executive Board:

(a) all of the powers conferred upon nonprofit corporations by common law and the North Carolina statutes in effect from time to time;

(b) all of the powers necessary or desirable to perform the obligations and duties and to exercise the rights and powers set out in these Articles, the Bylaws, and the Declaration, including, without limitation, the following:

(i) to fix, levy, collect, and enforce payment of all charges or assessments authorized by the Declaration by any lawful means; to pay all expenses in connection therewith and all administrative 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;

(ii) to manage, control, operate, maintain, repair, and improve any Common Elements, or any other property for which the Association, by rule, regulation, declaration, or contract, has a right or duty to provide such services;

(iii) to enforce covenants, conditions, or restrictions affecting any property to the extent the Association may be authorized to do so under the Declaration;

(iv) to engage in activities which will actively foster, promote, and advance the common interests of all Owners of property subject to the Declaration;

(v) to buy or otherwise acquire, sell, or otherwise dispose of, mortgage, or otherwise encumber, exchange, lease, hold, use, operate, and otherwise deal in and with real,

personal, and mixed property of all kinds and any right or interest therein for any purpose of the Association;

(vi) to borrow money for any purpose subject to such limitations as may be contained in the Declaration or the Bylaws;

(vii) to enter into, make, perform, and enforce contracts of every kind and description, and to do all other acts necessary, appropriate, or advisable in carrying out any purpose of the Association, with or in association with any other corporation, or other entity or agency, public or private;

(viii) to act as agent, trustee, or other representative of other corporations, firms, or individuals, and as such to advance the business or ownership interests in such corporations, firms, or individuals; and

(ix) to provide any and all supplemental municipal services to the Condominium as may be necessary or desirable.

The foregoing enumeration of powers shall not limit or restrict in any manner the exercise of other and further rights and powers which may now or hereafter be allowed or permitted by law; and the powers specified in each of the paragraphs of this Article 5 are independent powers, not to be restricted by reference to or inference from the terms of any other paragraph or provision of this Article 5.

Article 6. Membership. The Association shall be a membership corporation without certificates or shares of stock. Prior to the recording of the Declaration in the Office of the Register of Deeds, Cumberland County, North Carolina, 300 Block shall be the sole member of the Association. Following the recording of the Declaration, membership and voting rights shall be as specified in the Declaration.

Article 7. Executive Board. The business and affairs of the Association shall be conducted, managed, and controlled by an Executive Board. The Board may delegate its operating authority to such companies, individuals, or committees as it, in its discretion, may determine. The method of election and removal of Executive Board members and filling of vacancies and the term of office of Executive Board members shall be as set forth in the Declaration and the Bylaws. The initial Executive Board of the Association shall consist of one (1) member, Dr. Menno Pennick, who shall serve at the discretion of Declarant for so long as Declarant has the right to appoint Executive Board members of the Association pursuant to the Declaration and otherwise until his successor is chosen and qualified.

Article 8. Liability of Executive Board members. No person who is serving or who has served as an Executive Board member of the Association shall be personally liable to the Association or any of its members for monetary damages for breach of duty as an Executive Board member, except for liability with respect to (a) acts or omissions that the Executive Board member at the time of such breach knew or believed were clearly in conflict with the best

interests of the Association, (b) any transaction from which the Executive Board member derived an improper personal benefit or (c) acts or omissions with respect to which the North Carolina Nonprofit Corporation Act does not permit the limitation of liability. As used herein, the term "improper personal benefit" does not include an Executive Board member's reasonable compensation or other reasonable incidental benefit for or on account of his service as an Executive Board member, officer, employee, independent contractor, attorney, or consultant of the Association. No amendment or repeal of this Article, nor the adoption of any provision to these Articles of Incorporation inconsistent with this Article, shall eliminate or reduce the protection granted herein with respect to any matter that occurred prior to such amendment, repeal, or adoption.

Article 9. Dissolution. The Association may be dissolved only as provided in the Declaration, Bylaws, and by the laws of the State of North Carolina. If the Association is dissolved, the net assets of the Association shall be dedicated to a public body or conveyed to another nonprofit organization with a purpose similar to that of the Association.

Article 10. Merger and Consolidation. The Association may merge or consolidate only upon a resolution duly adopted by the Executive Board and the affirmative vote of not less than two-thirds (2/3rds) of the votes of the Association cast at a meeting duly called for such purpose; provided, however, during Declarant's Development Period, Declarant must also consent to such merger or consolidation.

Article 11. Amendments. Prior to the recording of the Declaration in the office of the Register of Deeds, Cumberland County, North Carolina, these Articles may be amended unilaterally by 300 Block. Following the recording of the Declaration, these Articles may be amended by the approval of at least two-thirds (2/3rds) of the votes cast at a meeting of the Members of the Association duly called for such purpose, or with the written consent of the Members entitled to cast at least two-thirds (2/3rds) of the votes of the Association, provided that (i) no amendment shall be in conflict with the Declaration, (ii) during Declarant's Development Period, any amendment to these Articles must also be approved by Declarant, and (iii) provided further that no amendment shall be effective to impair or dilute any rights of members that are governed by the Declaration.

Article 12. Registered Agent and Office. The initial registered agent of the Association is Little & Young, Inc., and the initial registered office of the Association is:

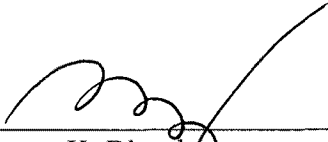
2939 Breezewood Ave, Suite 100
Fayetteville, NC 28304
Cumberland County

with a mailing address of:

P.O. Box 87209
Fayetteville, NC 28304-7209
Cumberland County

Article 13. Incorporator. The incorporator of the Association is Donna K. Blumberg, Ellis & Winters LLP, 1100 Crescent Green, Suite 200, Cary, North Carolina 27518.

IN WITNESS WHEREOF, the undersigned Incorporator has executed these Articles of Incorporation.



Donna K. Blumberg
Ellis & Winters LLP
1100 Crescent Green, Suite 200
Cary, North Carolina 27511