

ARTICLES OF INCORPORATION
OF
WATERFORD LOT OWNERS ASSOCIATION

The undersigned, being of the age of eighteen years or more, does hereby make and acknowledge these Articles of Incorporation for the purpose of forming a non-profit corporation under and by virtue of Chapter 55A of the General Statutes of North Carolina and the laws of the State of North Carolina.

ARTICLE I
NAME

The name of the corporation is Waterford Lot Owners Association.

ARTICLE II
DURATION

The period of duration of the corporation is perpetual.

ARTICLE III
PURPOSES AND POWERS

The purposes and powers for which the corporation is organized are as follows:

(1) To operate and manage a commercial development known as WATERFORD located in Cumberland County, North Carolina.

(2) To undertake the performance of, and carry out the acts and duties incident to the administration of the operation and management of Waterford Lot Owners Association in accordance with the terms, provisions, conditions and authorization contained in both these Articles and in the Declaration of Covenants, Restrictions, and Easements which shall be recorded in the Public Records of Cumberland County, North Carolina, at such time as the real property and the improvements thereon are submitted to said Declaration;

(3) To make, establish and enforce reasonable rules and regulations governing the use of the common elements, land, and other real and personal property which may be owned by the Association itself;

(4) To make, levy and collect assessments against lot owners; to provide the funds to pay for common expenses of the Association as provided in the Declaration and to use and expend the proceeds of assessments in the exercise of the powers and duties of the Association; to use

said assessments to promote the recreation, acquisition, improvement and maintenance of the common properties, services and facilities devoted to this purpose and related to the use and enjoyment of the common properties, including but not limited to the cost of repair, replacement and additions thereto, the cost of labor, equipment, materials, management, supervision thereof, the maintenance of insurance in accordance with the Bylaws, including the employment of attorneys to represent the Association when necessary for such other needs as may arise;

(5) To maintain, repair, replace and operate the properties for which the Association is responsible;

(6) To enforce by any legal means, the provisions of the Declaration, the Bylaws of the Association, and the rules and regulations for the use of the Association property;

(7) To contract for the management of the recreational property and to delegate to such manager or managers all powers and duties of the Association except those powers and duties which are specifically required to have approval of the Board of Directors or the membership of the Association;

(8) To have all of the common law and statutory powers of a non-profit corporation and also those powers as set out in the Declaration and all powers reasonably necessary to implement the purposes of the Association.

ARTICLE IV MEMBERSHIP

A. The membership of the Association shall consist of the owners of lots in Waterford subdivision, a planned unit commercial development. Membership shall be established by acquisition of fee title to a lot whether by conveyance, devise, descent, or judicial decree. A new owner designated in such deed or other instrument shall thereupon become a member of the Association, and the membership of the prior owner as to a lot designated shall be terminated. Each new owner shall deliver to the Association a true copy of such deed or instrument of acquisition of title.

B. Neither one's membership in the Corporation nor a member's share in the funds and assets of the Corporation may be assigned, hypothecated or transferred in any manner except as an appurtenance to Cotton Square.

C. As stated herein, the term "Declarant" shall mean HUFF-CAVINESS, LLC, its successors or assigns.

ARTICLE V
BOARD OF DIRECTORS

A. The number of members of the Board of Directors and the method of election of same shall be fixed by the Bylaws. Board members shall be elected at large from the membership.

B. Except as provided by N.C. Gen. Stat. Section 55A-8-60, no officer of the Corporation or member of the Board of Directors shall be personally liable for money damages as a result of any action for breach of his duty as an officer or as a member of the Board of Directors, whether by or in the right of the Corporation or otherwise.

C. The provisions of N.C. Gen. Stat. Sec. 55A-2-02(4) shall fully apply without restriction or limitation as to indemnification of members of the Board of Directors and officers, employees or agents of the Corporation.

ARTICLE VI
INITIAL BOARD OF DIRECTORS

The number of members constituting the initial Board shall be three and the names and addresses of the persons who are to serve as the first Board of Directors are as follows:

| NAME | ADDRESS |
|--------------------|---|
| Watson G. Caviness | 639 Executive Place, Suite 400 Fayetteville, NC 28305 |
| D. Ralph Huff, III | 2919 Breezewood Avenue, Suite 400 Fayetteville, NC 28303 |
| Thomas L. Bradford | 2919 Breezewood Avenue, Suite 200 Fayetteville, NC 28303 |

ARTICLE VII
TAX STATUS

The Corporation shall have all the powers granted non-profit corporations under the laws of the State of North Carolina. Notwithstanding any other provision of these Articles, this Corporation hereby elects tax-exempt status under Section 528 of the Internal Revenue Code of 1986. This Corporation shall not carry on any activities prohibited by a Corporation electing tax-exempt status under Section 528, or any corresponding sections or provisions of any future United States Internal Revenue law. It is further provided that no distributions of income of the

Corporation are to be made to members, directors or officers of the corporation; provided, however, that members of the Corporation may receive a rebate of any excess dues and assessments previously paid.

ARTICLE VIII
REGISTERED OFFICE AND AGENT

The address of the principal office and initial registered office of the corporation in the State of North Carolina is 639 Executive Place, Suite 400, Fayetteville, Cumberland County, North Carolina, 28305 and the name of its initial registered agent at such address is Watson G. Caviness.

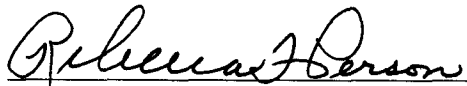
ARTICLE IX
INCORPORATOR

The name and address of the incorporator is Rebecca F. Person, 1308 Ft. Bragg Road, Suite 101, Fayetteville, Cumberland County, North Carolina, 28305.

ARTICLE X
DISSOLUTION

Upon dissolution of the Corporation, the Board of Directors shall, after paying or making provision for the payment of all of the liabilities of the corporation, and the return, transfer or conveyance of all assets held by the corporation upon conditions requiring return, transfer or conveyance, which condition occurs by reason of the dissolution, subject to these articles and the bylaws, distribute the remaining assets of the corporation as provided in the plan of dissolution.

IN WITNESS WHEREOF, the incorporator has hereunto set his hand and seal this 15th day of August, 2008.

 (SEAL)
Rebecca F. Person, Incorporator