

**ARTICLES OF INCORPORATION
OF
BETHANY TRACE
HOMEOWNERS ASSOCIATION, INC.**

The undersigned, being of the age of eighteen (18) 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 the laws of the State of North Carolina.

ARTICLE I

NAME

The name of the corporation is **BETHANY TRACE HOMEOWNERS ASSOCIATION, INC.**, hereinafter called the "Association."

ARTICLE II

DURATION

The duration of the Association is perpetual.

ARTICLE III

PURPOSE

The purposes for which the Association is organized and the powers it will possess are:

- a. To operate without contemplating 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.
- b. To provide for architectural control of the construction, erection and installation of any improvements on Lots located in that residential development known as Bethany Trace, which development is located in Forsyth County, North Carolina.
- c. To exercise all the powers and privileges and to perform all of the duties and obligations of the Association as set forth in that certain Declaration of Covenants, Conditions and Restrictions for Bethany Trace, hereinafter called the "Declaration," applicable to the property and recorded in Book 2384, Page 4329, in the Office of the Register of Deeds of Forsyth County, North Carolina, as the same may be amended from time to time. The capitalized terms used in these Articles of Incorporation shall have those same meanings as defined in the Declaration.

d. To maintain the regular or decorative street lighting, entrances to Bethany Trace, Common Areas and any amenities and improvements that might be located on the Common Areas such as playgrounds, open spaces, and walking trails as provided in the Declaration.

e. To collect assessments from its Members as provided in the Declaration.

f. To do and perform all acts, services, functions and duties directly or indirectly connected with the commencement and continued operation of the affairs of an association of owners.

g. To engage in any lawful act or activity and to have and to exercise any and all powers, rights and privileges which a corporation organized under the Non-Profit Corporation Act of the State of North Carolina (Chapter 55A, North Carolina General Statutes) by law may now or hereafter exercise.

ARTICLE IV

MEMBERSHIP

The membership of the Association shall consist of the Declarant for so long as it shall be an Owner of a Lot in Bethany Trace, and every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject by covenants of record to assessments by the Association, but excluding persons who hold an interest merely as security for performance of an obligation. Ownership of such interest shall be the sole qualification of membership. When any Lot is owned of record in tenancy by the entirety, joint tenancy, or tenancy in common or by some other legal form of multiple ownership, the membership (including the voting power arising therefrom) shall be exercised only as stipulated in Article VI below. The Association may make reasonable rules relating to the proof of ownership of a Lot in Bethany Trace.

ARTICLE VI

VOTING RIGHTS

Section 1. Classes of Memberships.

a. The voting rights of the membership shall be appurtenant to the ownership of Lots. The ownership of each Lot by a person other than Declarant shall entitle its owner to one vote. The Association shall have two classes of voting membership:

- (1) **Class A.** Class A members shall be all Owners, other than Declarant and the Initial Builder, as provided hereinafter. However, Declarant and the Initial Builder shall be a Class A member to the extent provided in paragraph (2) hereinafter. Class A members shall be entitled to one vote for each Lot owned.

- (2) **Class B.** The Class B member shall be the Declarant, its successors and assigns, and it shall be entitled to three (3) votes for each Lot in which it holds a fee or undivided fee interest; provided that upon the closing of the sale of an unimproved Lot to the Initial Builder, the three votes for said Lot shall be automatically transferred to the Initial Builder without further action by the Declarant, and the said Initial Builder shall have all of the voting rights of the Declarant as to said Lot or Lots; and provided further that 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: four (4) months after the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership or on January 1, 2012.

b. When two or more persons hold an interest, other than a leasehold or security interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised by one of such persons as proxy and nominee for all persons holding an interest in a Lot and in no event shall more than one (1) vote be cast with respect to any lot (except with respect to Lots owned by Declarant and/or the Initial Builder), nor shall any fractional vote be cast.

ARTICLE VI

BOARD OF DIRECTORS

Section 1. Initial Board: The affairs of the Association shall be managed by a Board of Directors, as set out in the Bylaws, who need not be Members of the Association. The initial Board shall consist of three (3) Directors. The names and addresses of the persons who are to act in the capacity of and constitute the initial Board of Directors, until the election and qualification of their successors, are:

<u>Name</u>	<u>Address</u>
Mark D. Hassett	4406 Old Well Place Greensboro, NC 27406
Charles Lindsey McAlpine JOE NOTTOLI	7817 NATIONAL SERVICE ROAD GREENSBORO, NC 27409 1329 E. Morehead Street Charlotte, NC 28204
Carol Linowitch	1329 E. Morehead Street Charlotte, NC 28204

Section 2. Election and Term: At the first annual meeting, the Directors shall be elected as required by the Bylaws. The term of the Directors elected shall be as provided in the Bylaws. All Directors shall serve until their successors have been duly qualified and elected.

Section 3. Subsequent Elections: The method of election of Directors after the first election held pursuant to Section 2 hereof shall be as provided in the Bylaws.

ARTICLE VII

MERGERS AND CONSOLIDATION

To the extent permitted by the law, the Association may participate in mergers and consolidations with other non-profit corporations organized for the same or similar purposes; provided, no merger or consolidation may be effectuated unless two-thirds (2/3) of each class of all the votes entitled to be cast by the membership are cast in favor of merger or consolidation at an election held for such purpose. In such event the holder of Class B voting rights shall be entitled to one vote for each Lot which it owns.

ARTICLE VIII

PRINCIPAL AND REGISTERED AGENT AND OFFICE

The principal and initial registered office of the Association is located at 4406 Old Well Place, Greensboro, Guilford County, North Carolina, 27406; Mark D. Hassett is the initial registered agent of the Association at that address.

ARTICLE IX

DISSOLUTION OR INSOLVENCY

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. In the event that the Association is dissolved or becomes insolvent or for any reason whatsoever loses the ownership of any of the private streets, if any, or Common Areas, the Owners of Lots having an interest in such Common Areas and private streets may, at their election as determined by majority vote of those affected, form a nonprofit corporation as provided in the Bylaws of the Association and assign to it the duty and authority to assess on a per Lot basis all Lots having an interest in such Common Areas and private streets whereupon such corporation shall maintain such Common Areas and private streets in the same manner that the Association is empowered to do by this instrument with the same right of lien for assessments provided for herein.

ARTICLE X

AMENDMENTS

Section 1. Amendment by Membership: Except as herein provided, any amendment to these Articles may be accomplished with the assent of seventy five (75%) percent of all Lot Owners in Bethany Trace, voting in person or by proxy; provided, however, that any amendment which shall materially and adversely affect the validity or priority of the lien of or the rights of Institutional Lenders (as hereinafter defined) holding first mortgage loans on property located within Bethany Trace shall be required to have the prior approval of such Institutional Lenders. "Institutional Lender" shall mean and refer to banks, savings and loan associations, insurance companies, other

firms or entities customarily affording loans secured by first liens on residences, and other eligible insurers and governmental guarantors. Should additional property later be brought within the jurisdiction of this Association, pursuant to the Declaration, it shall not be necessary to amend these Articles to annex such additional property.

Section 2. Recordation: No amendment made pursuant to this section shall be effective until duly recorded in the Office of the Secretary of State of North Carolina.

ARTICLE XI

INCORPORATOR

The name and address of the incorporator is as follows:

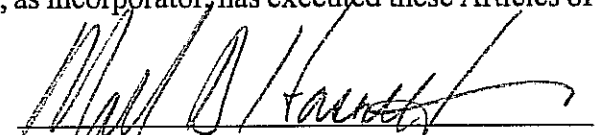
Mark D. Hassett
4406 Old Well Place
Greensboro, NC 27406

ARTICLE XII

INDEMNIFICATION

To the fullest extent permitted by the North Carolina Nonprofit Corporation Act as it exists or may hereafter be amended, no person who is serving or who has served as a director of the corporation shall be personally liable for monetary damages for breach of any duty as a director. No amendment or repeal of this Article, nor the adoption of any other amendment 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.

IN WITNESS WHEREOF, for the purposes of forming this non-profit corporation under the laws of the State of North Carolina, the undersigned, as incorporator, has executed these Articles of Incorporation this 28 day of April, 2004.

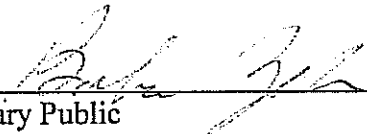

Mark D. Hassett

NORTH CAROLINA

GUILFORD COUNTY

I, BARBARA Zeller, a Notary Public, do hereby certify that Mark D. Hassett personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

This 28th day of April, 2004.



Notary Public

My Commission Expires:

6-30-07