

C200618700248

SOSID: 855453

Date Filed: 7/7/2006 10:33:00 AM

Elaine F. Marshall

North Carolina Secretary of State

C200618700248

**ARTICLES OF INCORPORATION
OF
DAVIDSON BAY TOWNHOMES
HOMEOWNERS ASSOCIATION, INC.**

In compliance with the requirements of Chapter 55A 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 nonprofit corporation and does hereby certify:

ARTICLE I

The name of the Corporation is **DAVIDSON BAY TOWNHOMES HOMEOWNERS ASSOCIATION, INC.**, hereafter called the "Association".

ARTICLE II

The principal and registered office of the Association is located at 404 Armour Street, Davidson, North Carolina 28036.

ARTICLE III

Philip S. Runkel, whose address is c/o Womble Carlyle Sandridge & Rice, PLLC, 3500 One Wachovia Center, 301 South College Street, Charlotte, North Carolina 28202, is hereby appointed the initial registered agent of the Association.

ARTICLE IV

The Association is the "Association" contemplated by that certain Declaration of Covenants, Conditions and Restrictions for Davidson Bay Townhomes, executed by Bera Development, LLC as Declarant therein, and recorded, or to be recorded, in the Office of the Register of Deeds of Mecklenburg County, North Carolina, (as the same may be modified, amended or supplemented from time to time, the "Declaration"). All capitalized terms herein not defined herein shall have the meanings ascribed to such terms in the Declaration.

ARTICLE V

PURPOSES AND POWERS OF THE ASSOCIATION

The Association shall not operate for pecuniary gain or profit, shall not issue capital stock, and no part of the net earnings of the Association shall inure to the benefit of any Member or individual (except that reasonable compensation may be paid for services rendered), and the specific purposes for which it is formed are to provide for: (i) the use, improvement, maintenance, operation and repair of the Common Areas, including any improvements and amenities located thereon; (ii) the establishment of rules and regulations for the use of the Common Areas, including any improvements and amenities located thereon; (iii) the distribution

C200618700248

among the Owners of the Lots of the costs of the use, improvement, maintenance, and repair of the Common Areas, including any improvements and amenities located thereon; and (iv) the promotion of the health, safety, pleasure, recreation, and welfare of the residents of the Dwelling Units within the Property. In furtherance of these purposes, the Association, (by action of its Board unless otherwise noted in these Articles of Incorporation or in the Declaration) shall have full power 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 and the Bylaws as the same may be amended from time to time as therein provided, the Declaration being incorporated herein by reference as if set forth at length;

(b) fix, levy, collect, and enforce payment by any lawful means of all charges or assessments pursuant to the terms of the Declaration and the Bylaws; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the affairs 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 at least two-thirds (2/3) of the votes of the Class A Members and eighty percent (80%) of all Members, unless otherwise provided in the Declaration, mortgage, pledge, convey by deed of trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred (but the rights of the mortgagee shall be subordinate to the rights of the Owners and the Association);

(e) dedicate, sell, or transfer all or any part of the Common Areas to any public agency, authority, or utility with the assent of the Declarant and seventy-five percent (75%) of the votes of the Class A Members as provided in the Declaration, subject, however, to the requirements of the Declaration and to such conditions as may be agreed to by the Members and provided that, notwithstanding the foregoing, the Association and the Declarant shall have the right to grant easements and rights-of-way as provided in the Declaration;

(f) participate in mergers and consolidations with other nonprofit corporations organized for the same purposes or annex additional property and open space, provided that, except as otherwise provided in the Declaration, any such merger, consolidation or annexation shall have the assent of seventy-five percent (75%) of the votes of the Class A Members and the Class B Members; and

(g) have and to exercise any and all powers, rights and privileges which a non-profit corporation organized under the corporation law of the State of North Carolina by law may now or hereafter have or exercise.

C200618700248

ARTICLE VI

Every Owner shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot.

ARTICLE VII

The Association shall have two classes of voting memberships (Class A and Class B), as provided in the Declaration. The voting rights of each Member shall be as set forth in the Declaration.

ARTICLE VIII**BOARD OF DIRECTORS**

The affairs of this Association shall be managed by a Board of Directors, a majority of whom shall be Members of the Association after the termination of the Declarant Control Period specified in the Bylaws of the Association. The number of directors shall be as provided in the Bylaws of the Association and may be changed by amendment of the Bylaws of the Association.

ARTICLE IX**AMENDMENT AND DISSOLUTION**

Amendment of these Articles shall require the assent of the holders of sixty-seven percent (67%) of the votes of Members present in person or by proxy at the meeting at which the vote is taken. The Association shall be dissolved upon the termination of the Declaration, or upon the written assent given in writing and signed by not less than sixty-seven percent (67%) of the Members of each class of Members, or upon such more restrictive or additional conditions and in such manner as otherwise provided by the laws of the State of North Carolina. Upon dissolution or insolvency of the Association or upon loss of ownership of the Common Area (once such ownership has been acquired) by the Association for any reason whatsoever (except for exchange or dedication or conveyance of any part or all of the Common Area as allowed by the Declaration or by reason of merger and/or consolidation with any other association as allowed by the Declaration), any portion of the Common Area not under the jurisdiction and being maintained by the Association, shall be offered to the Town of Davidson, North Carolina, or to some other appropriate governmental entity or public agency (as determined by the Board) to be dedicated for public use for purposes similar to those to which the Common Area and such assets were required to be devoted by the Association. If the Town of Davidson or such other appropriate governmental entity or public agency accepts the offer of dedication, such portion of the Common Area and assets shall be conveyed by the Association to the Town of Davidson or such other appropriate governmental entity or public agency, subject to the superior right of the Owner of each Lot to an easement (if necessary) for reasonable ingress and egress to and from such Owner's Lot and the public or private street(s) on which such Lot is located, and subject to

C200618700248

all other applicable rights of way and easements and subject to ad valorem property taxes subsequent to the date of such conveyance.

In the event that the Town of Davidson or such other appropriate governmental entity or public agency refuses the offer of dedication and conveyance, the Association may transfer and convey such Common Area and assets to any nonprofit corporation, association, trust or other entity which is or shall be devoted to purposes and uses that would most nearly conform to the purposes and uses to which the Common Area was required to be devoted by the Declaration, such conveyance to be made subject to the rights of Owners and other matters set forth in the immediately preceding paragraph.

ARTICLE X

The Association shall exist perpetually.

ARTICLE XI

Every director and every officer of the Association shall be indemnified by the Association against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been a director or officer of the Association, whether or not he is a director or officer at the time such expenses are incurred, except in such cases wherein the director or officer is found to be or adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided that, in the event of any claim for reimbursement or indemnification hereunder based upon a settlement by the director or officer seeking such reimbursement or indemnification, the indemnification herein shall only apply if the Board approves such settlement and reimbursement as being in the best interest of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such director or officer may be entitled, but shall not relieve any director or officer who is an Owner of any obligation it has to pay assessments as a Member of the Association.

ARTICLE XII

In the event that any Member finances its Lot through a loan guaranteed by the United States Department of Veterans Affairs or insured by the Federal Housing Authority of the United States Department of Housing and Urban Development, then, if either the United States Department of Veterans Affairs or the United States Department of Housing and Urban Development requires that its approval be obtained, the following actions will require the prior approval of the applicable Department: annexation of additional properties, mergers and consolidations, mortgaging of Common Areas, dedication of additional Common Areas, dissolution of the Association and amendment of these Articles.

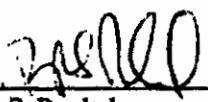
C200618700248

ARTICLE XIII

The name and address of the incorporator is as follows:

Philip S. Runkel
Womble Carlyle Sandridge & Rice, PLLC
3500 One Wachovia Center
301 South College Street
Charlotte, North Carolina 28202

IN TESTIMONY WHEREOF, I, being the incorporator, have hereunto set my hand and seal, this the 1st day of July, 2006.



Philip S. Runkel

C200618700248

STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

I, the undersigned Notary Public hereby certify that Philip S. Runkel personally appeared before me, and being by me first duly sworn, declares that he signed the foregoing document in the capacity indicated.

WITNESS my hand and notarial seal, this the 6th day of July, 2006.

Melba D. Merritt
Notary Public

My Commission Expires:

10/16/2010

[Notary Seal]

