

ARTICLES OF INCORPORATION

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OF

BACK CREEK CHASE COMMUNITY ASSOCIATION, INC.

Article I. Name. The name of the corporation is **Back Creek Chase Community Association, Inc.** (the "Association").

Article II. Principal Office. The mailing address of initial principal office of the Association is:

4701 Hedgemore Drive, Suite 812
Charlotte, North Carolina 28209-2280

Article III. Duration. The Association shall have perpetual duration, unless terminated by due process of law.

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

Article V. Purposes and Powers.

A. The Association does not contemplate pecuniary gain or profit, direct or indirect, to its members. In way of explanation and not of limitation, the purposes for which it is formed are:

1. to be and constitute the Association to which reference is made in the Declaration of Protective Covenants for Back Creek Chase (hereinafter the "Declaration"), recorded in the Mecklenburg County, North Carolina land records, to perform all obligations and duties of the Association, and to exercise all rights and powers of the Association, as specified in the Declaration, in the Bylaws of the Association ("Bylaws") and as provided by law;

2. to be and constitute a homeowners association within the meaning of Section 528 of the Internal Revenue Code of 1986; and

3. to provide an entity for the furtherance of the interests of the Owners in the development.

B. In furtherance of its purposes, the Association shall have all of the powers conferred upon nonprofit corporations by common law and the statutes of the State of North Carolina in effect from time to time, which, unless indicated otherwise in these Articles, the Declaration or the Bylaws, may be exercised by the board of directors.

Article VI. Membership. The Association shall be a membership corporation without certificates or shares of stock. Each record owner of a Lot subject to the Declaration is a member and shall be entitled to vote as set forth herein, in the Declaration and in the Bylaws. Membership shall be appurtenant to and may not be separated from ownership of a Lot.

Article VII. Board of Directors. The business and affairs of the Association shall be governed by a board of directors, the number, qualification and method of election of which shall be as set forth in the Bylaws.

Article VIII. Indemnification. The Association shall indemnify to the fullest extent permitted by the North Carolina Nonprofit Corporation Act any person who has been made, or is threatened to be made, a party to an action, suit, or proceeding, whether civil, criminal, administrative, investigative, or otherwise (including an action, suit or proceeding by or in the right of the Association), by reason of the fact that the person is or was a director or officer of the Association. In addition, the Association shall pay for or reimburse any expenses incurred by such persons who are parties to such proceedings, in advance of the final disposition of such proceedings, to the full extent permitted by the North Carolina Nonprofit Corporation Act.

Article IX. Liability of Directors. To the fullest extent that the North Carolina Nonprofit Corporation Act, as it exists on the date hereof or as it may hereafter be amended, permits the limitation or elimination of the liability of directors, no director of the Association shall be personally liable to the Association or its members for monetary damages for breach of duty of care or other duty as a director. No amendment to or repeal of this Article shall apply to or have any effect on the liability or alleged liability of any director of the Association for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal. Any repeal or modification of this Article shall be prospective only, and shall not adversely affect any limitation on the personal liability of a director of the Association with reference to any event or events preceding or state of facts existing at the time of such repeal or modification.

Article X. VA/HUD Approval. As long as the Declarant has the right to appoint and remove the directors and officers of the Association as provided in the Bylaws, the following actions shall require the prior approval of the U.S. Department of Veterans Affairs ("VA"), if and for so long as the development is approved by the VA for the guaranteeing of mortgages in the development, and the U.S. Department of Housing and Urban Development ("HUD"), if and so long as the development is approved by HUD for the insuring of mortgages in the development: annexation of additional property to the development, except for annexation by Declarant as provided in the Declaration; mergers and consolidations; mortgaging of Common Property; dissolution; and material amendment of these Articles of Incorporation.

Article XI. Dissolution. The Association may be dissolved only upon a resolution duly adopted by the board of directors and the affirmative vote of members who are Owners of not less than two-thirds of the Lots and the consent of the Declarant. Upon dissolution of the Association, so long as the VA is guaranteeing and/or HUD is insuring any Mortgage in the development, and unless otherwise agreed in writing by HUD and/or VA, as applicable, any remaining 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 acceptance

of such dedication is refused, such assets shall be conveyed to any nonprofit corporation, association, trust or other organization to be devoted to such similar purposes. No such restriction shall exist if VA is not guaranteeing and HUD is not insuring any Mortgage in the development.

Article XII. Merger and Consolidation. The Association may merge or consolidate only upon a resolution duly adopted by the board of directors and the affirmative vote of members who are Owners of not less than two-thirds of the Lots and the consent of the Declarant.

Article XIII. Amendments. These Articles may be amended only upon a resolution duly adopted by the board of directors and the affirmative vote of members who are Owners of not less than two-thirds of the Lots and the consent of the Declarant; provided however, no members shall be entitled to vote on any amendment to these Articles of Incorporation for the sole purpose of complying with the requirements of any governmental (including, without limitation, HUD or VA) or quasi governmental entity or institutional lender authorized to fund, insure or guarantee Mortgages on individual Lots, as such requirements may exist from time to time, which amendments must be approved by a resolution duly adopted by the board of directors with the consent of the Declarant.

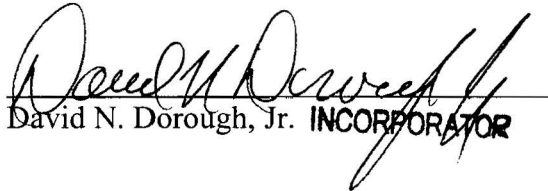
Article XIV. Incorporator. The name and address of the incorporator are as follows: David N. Dorough, Jr., Two Decatur TownCenter, Suite 520, 125 Clairemont Avenue, Decatur, Georgia 30030.

Article XV. Registered Agent and Office. The street address and county of the initial registered office of the Corporation is: 2760 East W. T. Harris Boulevard, Suite 200, Mecklenburg County, Charlotte, North Carolina, 28213, and the initial registered agent at such address is Julie B. Glenn.

Article XVI. Rights of Declarant. The rights of Declarant hereunder shall terminate as provided in the Declaration.

Article XVII. Definitions. Unless otherwise defined herein, the words used in these Articles of Incorporation shall have the same meaning as set forth in the Declaration.

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


David N. Dorough, Jr. INCORPORATOR

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