

STATE OF NORTH CAROLINA



Department of The
Secretary of State

To all whom these presents shall come, Greetings:

I, **ELAINE F. MARSHALL**, Secretary of State of the State of North Carolina, do hereby certify the following and hereto attached to be a true copy of

ARTICLES OF INCORPORATION

OF

ST. ALBAN'S SQUARE NEIGHBORHOOD ASSOCIATION, INC.

the original of which was filed in this office on the 9th day of June, 2000.



IN WITNESS WHEREOF, I have hereunto
set my hand and affixed my official seal at the
City of Raleigh, this 9th day of June, 2000.

Elaine F. Marshall

Secretary of State

ARTICLES OF INCORPORATION
OF

ST. ALBAN'S SQUARE NEIGHBORHOOD ASSOCIATION

20 147 9099

Pursuant to § 55A-2-02 of the General Statutes of North Carolina, the undersigned corporation does hereby submit these Articles of Incorporation for the purpose of forming a nonprofit corporation.

1. Name. The name of the corporation is St. Alban's Square Neighborhood Association, Inc. For convenience, the corporation shall be referred to in this instrument as the "Association."

2. Initial Registered Office. The street address and county of the initial registered office of the Association shall be 857 Concord Road, Davidson, Mecklenburg County, North Carolina 28036.

The mailing address of the initial registered office is P.O. Box 339, Davidson, North Carolina 28036.

3. Initial Registered Agent. the initial registered agent of the Association is Douglas L. Boone.

4. Incorporator. The incorporator of the Association is Amy H. Bray, whose address is c/o Hyatt & Stubblefield, P.C., 225 Peachtree Street, N.E., Suite 1200, Atlanta, Georgia 30303.

5. Membership. The Association shall be a membership corporation without certificates or shares of stock. There shall be two classes of membership as more fully set forth in the Covenant. The members shall be entitled to vote in accordance with the Covenant and the By-Laws.

6. Dissolution. In the event of dissolution, the assets shall be dedicated to a public body or conveyed to a nonprofit organization with similar purposes, unless otherwise approved by at least two-thirds (2/3) of the total Association vote, and by the U.S. Department of Veterans Affairs ("VA"), if VA is guaranteeing any Mortgage in the Development, or the U.S. Department of Housing and Urban Development ("HUD"), if HUD is insuring any Mortgage in the Development.

7. Duration. The Association shall have perpetual duration.

8. Definitions. All capitalized terms used herein which are not defined shall have the meaning set forth in The Covenant for the New Neighborhood Around St. Alban's Square in Davidson, North Carolina, recorded in the Office of the Register of Deeds of Mecklenburg County, North Carolina, as it may be amended or supplemented from time to time ("Covenant").

9. Purposes and Powers. The Association does not contemplate pecuniary gain or benefit, direct or indirect, to its members. In 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 Covenant, to perform all obligations and duties of the Association, and to exercise all rights and powers of the Association, as set forth in the Governing Documents 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 Covenant.

In furtherance of its purposes, the Association shall have the following powers, which, unless indicated otherwise by the Covenant or By-Laws of the Association, may be exercised by the Council of Stewards:

(a) 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;

(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 By-Laws, and the Covenant, including, without limitation, the following:

(i) to fix, levy, collect and enforce payment of all charges or assessments authorized by the Covenant 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 the common areas and facilities, and any property subsequently acquired by the Association, or any property owned by another 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 Covenant;

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

(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 By-Laws;

(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;

(ix) to adopt, alter, and amend or repeal such By-Laws as may be necessary or desirable for the proper management of the affairs of the Association; provided, such By-Laws may not be inconsistent with or contrary to any provisions of the Covenant; and

(x) to provide any and all supplemental municipal services to the Properties 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 9 are independent powers, not to be restricted by reference to or inference from the terms of any other paragraph or provision of this Article 9.

10. Council of Stewards. The business and affairs of the Association shall be conducted, managed, and controlled by a Council of Stewards ("Council"). The Council may delegate its operating authority to such companies, individuals, or committees as it, in its discretion, may determine.

11. Number of Stewards. The Council shall consist of three to seven stewards, as set forth in the By-Laws. The initial Council of Stewards shall consist of three stewards. The names of the initial stewards, who shall hold office until their successors are elected and have qualified, or until removal, are as follows:

Douglas L. Boone
Christine L. Boone
Judith W. Workman

The method of election and removal of stewards and filling of vacancies and the term of office of stewards shall be as set forth in the By-Laws.

12. Liability of Stewards. No person who is serving or who has served as a steward of the Association shall be personally liable to the Association or any of its members for monetary damages for breach of duty as a steward, except for liability with respect to (i)

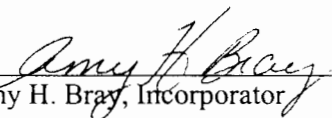
acts or omissions that the steward at the time of such breach knew or believed were clearly in conflict with the best interests of the Association, (ii) any transaction from which the steward derived an improper personal benefit or (iii) acts or omissions with respect to which the North Carolina Nonprofit Corporation Act does not permit the limitation of liability. As used herein, the term "improper personal benefit" does not include a steward's reasonable compensation or other reasonable incidental benefit for or on account of his service as a steward, 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.

13. VA/HUD Approval. During the Class "B" Control Period, the following actions shall require the prior approval of VA or HUD so long as either is guaranteeing or insuring, respectively, the Mortgage on any property subject to the Covenant: merger, consolidation, or dissolution of the Association; or material amendment of these Articles.

14. Amendments. These Articles may be amended only upon a resolution duly adopted by the Council of Stewards, the affirmative vote of members holding at least two-thirds (2/3) of the total Association vote, the consent of VA or HUD if required under Article 13, and the consent of Declarant so long as Declarant owns any property subject to the Covenant or which may be unilaterally subjected to the Covenant by Declarant. No amendment of these Articles shall be in conflict with the Covenant.

15. Principal Office. The street address and county of the principal office of the Association is 857 Concord Road, Davidson, Mecklenburg County, North Carolina 28036.

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



Amy H. Bray, Incorporator

**ACTION OF INCORPORATOR
OF
ST. ALBAN'S SQUARE NEIGHBORHOOD ASSOCIATION, INC.**

The undersigned, being the sole incorporator of St. Alban's Square Neighborhood Association, Inc. ("Association"), under its Articles of Incorporation filed with the North Carolina Secretary of State on June 9, 2000, does hereby take the following action as the action of the incorporator of the Association pursuant to North Carolina Nonprofit Corporation Act, and in accordance therewith and directs that this instrument be filed with the minutes of the proceedings of the Board of Directors of the Association.

RESOLVED, that the following named persons are have been appointed and are named in the Articles of Incorporation as the members of the initial Board of Directors of the Association to serve in such capacity until their successors have been duly elected and qualified or until their earlier, resignation, death or removal from office:

Douglas L. Boone
Christine L. Boone
Judith W. Workman

RESOLVED FURTHER, that the Board of Directors is authorized and directed to complete the organization of the Association.

The undersigned, by affixing her signature hereto does hereby consent to, authorize and approve of the foregoing in his capacity as the sole incorporator of the Association as of the 16th day of June, 2000.



Amy H. Bray, Incorporator

Address of Incorporator:

Hyatt & Stubblefield, P.C.
225 Peachtree Street, N.E., Suite 1200
Atlanta, Georgia 30303

**APPROVAL OF FOUNDER OF
THE NEW NEIGHBORHOOD AROUND ST. ALBAN'S SQUARE
IN DAVIDSON, NORTH CAROLINA REGARDING
ACTION OF INCORPORATOR OF
ST. ALBAN'S SQUARE NEIGHBORHOOD ASSOCIATION, INC.**

WHEREAS, BOONE *ecomunities*/Davidson, LLC, a North Carolina limited liability company, is the "Founder" under the Covenant for The New Neighborhood Around St. Alban's Square in Davidson, North Carolina, dated JUNE 1, 2000, and recorded on JUNE 1, 2000, in Book 11326, Page 875, *et seq.*, in the Office of the Register of Deeds of Mecklenburg County, North Carolina ("Covenant"); and

WHEREAS, the By-Laws of St. Alban's Square Neighborhood Association, Inc. ("By-Laws"), attached as Exhibit "D" to the Covenant authorizes the Founder to appoint and remove the initial members of the Council of Stewards and officers of St. Alban's Square Neighborhood Association, Inc. ("Association") during the Class "B" Control Period as set forth therein; and

WHEREAS, the Class "B" Control Period has not expired under the terms of the Covenant, nor been relinquished by the Founder;

NOW, THEREFORE, the Founder, in accordance with the provisions of the Association's By-Laws, Founder hereby approves and ratifies the following:

(1) Action of Incorporator of the Association naming the persons listed in the Articles of Incorporation to serve as stewards of the initial Council of Stewards of the Association with full authority to select the officers of the Association and conduct the business of the Association in accordance with the terms of the Governing Documents, as such documents may have been or may hereafter be amended.

(2) Action by the initial Council of Stewards electing the officers as set forth in the Organizational Meeting of the Initial Council of Stewards of the Association.

(3) All actions taken and contracts entered into heretofore by any persons acting for the Association, either as promoter, officer or directors, as well as all actions taken and contracts entered into by said persons as individuals, acting for and on behalf of the Association, be and the same are hereby adopted, ratified, approved and confirmed by the Association. Such actions and contracts shall constitute binding obligations of the Association. All reasonable expenses incurred by such individuals in connection with such actions and contracts shall be reimbursed by the Association.

IN WITNESS WHEREOF, the undersigned Founder has set its hand and seal as of
the 1 day of JUNE, 2000.

FOUNDER: BOONE*communities*/Davidson LLC, a North Carolina
limited liability company

By: Boone Communities, L.L.C., a North Carolina
limited liability company, its Manager

By: David Z. Boone
Manager

5284.02/corp



North Carolina Department of Revenue

Michael F. Easley
Governor

E. Norris Tolson
Secretary

March 27, 2001

ST ALBANS SQUARE NEIGHBORHOOD
ASSOCIATION INC
PO BOX 339
DAVIDSON NC 28036

Re: Determination of Tax Status

Ladies and Gentlemen:

Thank you for sending a copy of the creating documents for the above organization.

Based on the information submitted, the above organization qualifies for exemption from franchise tax and corporate income tax under Section 105-125 and 105-130.11(a)(11), respectively, of the General Statutes (G.S.) of North Carolina as a bona fide homeowners' or property owners' association. This determination applies only to the organization's status under the corporate income and franchise tax laws.

If the above organization becomes subject to tax on unrelated business income as provided in G.S. 105-130.11(c), it will be required to complete the income tax schedules of the North Carolina Corporation Franchise and Income Tax Return (Form CD-405), and file the return on or before the 15th day of the fifth month following its year end, subject to any extensions of time which may be granted. Net income may be computed on the same basis that is permitted by the Internal Revenue Service under Section 528 of the Internal Revenue Code.

In the event of changes to either the Articles of Incorporation or in the nature of the functions for which exemption has been granted, this Department should be notified promptly.

Charles R. Craven
Administrative Officer
Examination Division
(919) 715-4468

CRC/dbm

**UNANIMOUS WRITTEN CONSENT IN LIEU OF THE FIRST MEETING
OF THE INITIAL COUNCIL OF STEWARDS OF
ST. ALBAN'S SQUARE NEIGHBORHOOD ASSOCIATION, INC.**

The undersigned, being all of the initial Stewards of St. Alban's Square Neighborhood Association, Inc. ("Association"), as named in the Articles of Incorporation of the Association, hereby unanimously consent to and adopt the following resolutions as the action of the Council of Stewards of the Association in lieu of the organizational meeting and hereby direct that this written consent to such action be filed with the minutes of the proceedings of the Council of Stewards of the Association:

1.

RESOLVED, that the Articles of Incorporation of the Association filed with the Secretary of State of North Carolina on June 9, 2000, together with the Certificate of Incorporation issued by the Secretary of State pursuant thereto, are hereby accepted and approved for and on behalf of the Association.

2.

RESOLVED, that the actions of the Incorporator of the Association in organizing the Association be, and they hereby are, ratified and approved.

3.

RESOLVED, that The Covenant for The New Neighborhood Around St. Alban's Square in Davidson, North Carolina ("Covenant"), recorded on June 1, 2000, in Book 11326, Page 875, et seq., in the Office of the Register of Deeds of Mecklenburg County, North Carolina, is hereby adopted and approved by the Association and the Association accepts its obligations thereunder.

4.

RESOLVED, that those certain By-Laws of the Association, attached to the Covenant as Exhibit "D" thereof, are hereby adopted as the By-Laws of the Association for the regulation and management of its affairs.

5.

RESOLVED, that the following named persons are hereby declared elected to the offices of the Association set forth opposite their respective names to serve as such officers pursuant to the By-Laws:

- President -- DOUGLAS L. BOONE
- Vice President -- CHRISTINE G. BOONE
- Secretary/Treasurer -- JUDITH W. WORKMAN

6.

RESOLVED, that the form of a seal affixed to these minutes is hereby adopted as the official seal of the Association.

7.

RESOLVED, that the officers of the Association be, and they hereby are, authorized, directed, and empowered, in the name and on behalf of the Association, to take all necessary steps and do all things and execute any and all writings required or advisable to open bank accounts and execute and deliver corporate resolutions on forms prepared by banks.

8.

RESOLVED, that the officers of the Association be, and they hereby are, authorized, directed, and empowered, in the name and on behalf of the Association, to take all necessary steps and do all things required to conduct business and accomplish transactions in the ordinary course of business of the Association, and to take all action and do any and all necessary or convenient things in order to effectuate the foregoing resolutions.

9.

RESOLVED, that the principle office for the Association is 857 Concord Road, Davidson, North Carolina 28036.

10.

RESOLVED, that the Association's fiscal year will end on December 31.

11.

RESOLVED, that the initial operating budget be adopted.

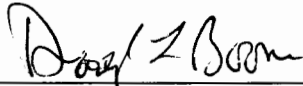
12.

RESOLVED that the duly authorized officers, acting on behalf of the Association, shall take all steps necessary to secure a Federal Employer Identification Number for recording payment of employee wages on federal and state tax returns and related statements.

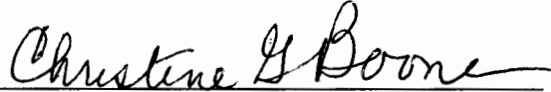
13.

RESOLVED, that the duly authorized officers shall be authorized to investigate and inquire into acquiring insurance on the Association's behalf as required by the Covenant or as the Council of Stewards otherwise deems appropriate.

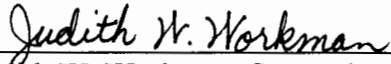
The undersigned, by affixing their signatures hereto, do hereby consent to, authorize, and approve of the foregoing resolutions in their capacity as all of the initial Stewards of the Association this 1 day of JUNE, 2000.



Douglas L. Boone, Steward



Christine G. Boone, Steward



Judith W. Workman, Steward

5284.02/corp

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
MEMPHIS TN 37501

DATE OF THIS NOTICE: 06-16-2000
NUMBER OF THIS NOTICE: CP 575 C
EMPLOYER IDENTIFICATION NUMBER: 56-2198552
FORM: SS-4
4956821968 B

FOR ASSISTANCE CALL US AT:
1-800-829-1040

ST ALBANS SQUARE NEIGHBORHOOD *Assoc, Inc*
% DOUGLAS L BOONE
P O BOX 339
DAVIDSON NC 28036

OR WRITE TO THE ADDRESS
SHOWN AT THE TOP LEFT.

IF YOU WRITE, ATTACH THE
STUB OF THIS NOTICE.

WE ASSIGNED YOU AN EMPLOYER IDENTIFICATION NUMBER (EIN)

Thank you for your Form SS-4, Application for Employer Identification Number (EIN). We assigned you EIN 56-2198552. This EIN will identify your business account, tax returns, and documents, even if you have no employees. Please keep this notice in your permanent records.

Use your complete name and EIN as shown above on all federal tax forms, payments, and related correspondence. If you use any variation in your name or EIN, it may cause a delay in processing, incorrect information in your account, or cause you to be assigned more than one EIN.

Based on the information shown on your Form SS-4, you must file the following forms(s) by the date we show.

Form 1120H

03/15/2001

Please file your Form by the due date shown above. If the due date above has passed and you have not yet filed, please file your Form by 07-03-2000. If we don't receive your form by that date, we will charge additional penalties and interest. We charge penalties and interest from the due date of the return until it is filed.

Your assigned tax classification is based on information obtained from your Form SS-4. It is not a legal determination of your tax classification and is not binding on the Service. If you want a determination on your tax classification, you may seek a private letter ruling from the Service under the procedures set forth in Rev. Proc. 98-01, 1998-1 I.R.B. 7 (or the superceding revenue procedure for the year at issue).

If you need help in determining what your tax year is, you can get Publication 538, Accounting Periods and Methods, at your local IRS office.

If you have any questions about the forms shown or the date they are due, you may call us at 1-800-829-1040 or write to us at the address shown above.

If you're required to deposit for employment taxes (Forms 941, 943, 940, 945, CT-1, or 1042), excise taxes (Form 720), or income taxes (Form 1120), we will send an initial supply of Federal Tax Deposit (FTD) coupon books within six weeks. You can use the enclosed coupons if you need to make a deposit before you receive your supply. Start your business off right - pay your taxes the easy way. Pay through the Electronic Federal Tax Payment System (EFTPS). For information about EFTPS, call 1-800-829-3676 and request Publication 966, EFTPS Answers to the Most Commonly Asked Questions.

Please use the label IRS provided when filing tax documents and FTD coupons when making FTD payments. If that isn't possible, you should use your EIN and complete name and address as shown below to identify your account and to avoid delays in processing.

ST ALBANS SQUARE NEIGHBORHOOD
ASSOCIATION INC
% DOUGLAS L BOONE
P O BOX 339
DAVIDSON NC 28036

If this information isn't correct, please correct it using the bottom part of this notice. Return it to us at the address shown so we can correct your account.

Thank you for your cooperation.

Keep this part for your records.

CP 575 C (Rev. 1-1991)

Return this part with any correspondence so we may identify your account. Please correct any errors in your name or address.

CP 575 C

4956821968

Your Telephone Number () - _____
Best Time to Call _____

DATE OF THIS NOTICE: 06-16-2000
EMPLOYER IDENTIFICATION NUMBER: 56-2198552
FORM: SS-4

INTERNAL REVENUE SERVICE
MEMPHIS TN 37501

ST ALBANS SQUARE NEIGHBORHOOD
ASSOCIATION INC
% DOUGLAS L BOONE
P O BOX 339
DAVIDSON NC 28036