

ARTICLES OF INCORPORATION
OF
GRANDALE PLACE HOMEOWNERS ASSOCIATION
(A North Carolina Nonprofit Corporation)

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Elaine F. Marshall
North Carolina Secretary of State

In compliance with the requirements of Chapter 55A and Chapter 47F 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 hereby certifies as follows:

ARTICLE I
DEFINITIONS

The following words and phrases when used in these Articles of Incorporation (unless the context clearly reflects another meaning) shall have the following meanings:

1. "Articles" mean these Articles of Incorporation and any amendments hereto.
2. "Association" means Grandale Place Homeowners Association, Inc., a North Carolina nonprofit corporation.
3. "Association Documents" mean in the aggregate the Protective Covenants, these Articles, the Bylaws and all of the instruments and documents referred to or incorporated therein including, but not limited to, amendments to any of the foregoing, as applicable.
4. "Association Property" means the property more particularly described in Article II of the Protective Covenants.
5. "Board" means the Board of Directors of the Association.
6. "Subdivision" or "Grandale Place" means the planned residential community planned for development upon the Property committed to land use under the Protective Covenants and which is intended to be comprised of, including, but not limited to, residential Lots and the Association Property located within the Property.
7. "Bylaws" mean the Bylaws of the Association and any amendments thereto.
8. "County" means Durham County, North Carolina.
9. "Declarant" means Centex Homes, a Nevada general partnership, and any successor or assign thereof, which acquires any Lot from Declarant for the purpose of development and to which Centex Homes specifically assigns all or part of the rights of Declarant hereunder by an express written assignment recorded in the Public Records of the County.

10. "Director" means a member of the Board.

11. "Home" mean a residential dwelling unit in the Subdivision intended as an abode for one family constructed on the Property.

12. "Lot" means a portion of the Property as shown on a Final Plat (as defined in the Protective Covenants).

13. "Member" means a member of the Association.

14. "Operating Expenses" mean the expenses for which Contributing Lot Owners (as defined in the Protective Covenants) are liable to the Association as described in the Association Documents and includes, but is not limited to, the costs and expenses incurred by the Association in administering, operating, reconstructing, maintaining, repairing and replacing the Association Property as more particularly described the Protective Covenants.

15. "Owner" means the owner(s) of the fee simple title to a Lot and includes Declarant for so long as it is the owner of the fee simple title to a Lot.

16. "Property" means the real property which is now or hereafter submitted to the terms and provisions of the Protective Covenants.

17. "Protective Covenants" means the Declaration of Covenants, Restrictions and Easements for Grandale Place which is intended to be recorded amongst the Public Records of the County, and any amendments and supplements thereto.

The terms defined in the Bylaws and the Protective Covenants are incorporated herein by reference and shall appear in initial capital letters each time such terms appear in these Articles.

ARTICLE II NAME

The name of this corporation shall be GRANDALE PLACE HOMEOWNERS ASSOCIATION, INC., a North Carolina nonprofit corporation, whose principal and mailing address is 3739 National Drive, Suite 101, Raleigh, Wake County, North Carolina 27612.

ARTICLE III PURPOSES

The purpose for which this Association is organized is to take title to, operate, administer, manage, lease and maintain the Association Property in accordance with the terms of, and purposes set forth in the Association Documents and to carry out the covenants and enforce the provisions of the Association Documents.

ARTICLE IV
POWERS

The Association shall have the following powers and shall be governed by the following provisions:

A. The Association shall have and exercise any and all powers, rights and privileges which corporations organized under the provisions of the Non-Profit Corporation Act and the Planned Community Act of the State of North Carolina by law may now or hereinafter have or exercise.

B. The Association shall have all of the powers to be granted to the Association in the Association Documents. All of the provisions of the Protective Covenants and Bylaws which grant powers to the Association are incorporated into the Articles.

C. The Association shall have all of the powers reasonably necessary to implement the purposes of the Association, including, but not limited to, the following:

1. To perform any act required or contemplated by it under the Association Documents.

2. To make, establish, amend and enforce reasonable rules and regulations governing the use of the Association Property and the Property.

3. To make, levy and collect assessments for the purpose of obtaining funds from its Members to pay Operating Expenses and costs of collection, including the operational expenses of the Association and to use and expend the proceeds of assessments in the exercise of the powers and duties of the Association.

4. To maintain, repair, replace and operate the Association Property in accordance with the Association Documents.

5. To enforce by legal means the obligations of the Members and the provisions of the Association Documents.

6. To employ personnel, retain independent contractors and professional personnel and enter into service contracts to provide for the maintenance, operation, administration and management of the Association Property and to enter into any other agreements consistent with the purposes of the Association, including, but not limited to, granting and modifying easements for public, utility, drainage and cable television purposes, agreements with respect to professional management of the Association Property and to delegate to such professional management certain powers and duties of the Association.

7. To enter into the Protective Covenants and any amendments thereto and instruments referred to therein.

8. To provide, to the extent deemed necessary by the Board, any and all services and do any and all things which are incidental to or in furtherance of things listed above or to carry out the Association mandate to keep and maintain the Subdivision in a proper and aesthetically pleasing condition and to provide the Owners with services, amenities, controls and enforcement which will enhance the quality of life in the Subdivision.

9. Notwithstanding anything contained herein to the contrary, the Association shall be required to obtain the approval of three-fourths (3/4) of all Members (at a duly called meeting of the Members at which a quorum is present) prior to the payment of legal or other fees to persons or entities engaged by the Association for the purpose of suing, or making, preparing or investigating any lawsuit, or commencing any lawsuit other than for the following purposes:

- (a) the collection of assessments;
- (b) the collection of other charges which Owners are obligated to pay pursuant to the Association Documents;
- (c) the enforcement of any applicable use and occupancy restrictions contained in the Association Documents;
- (d) in an emergency where waiting to obtain the approval of the Members creates a substantial risk of irreparable injury to the Association Property or to Member(s) (the imminent expiration of a statute of limitations shall not be deemed an emergency obviating the need for the requisite vote of three-fourths (3/4) of the Members); or
- (e) filing a compulsory counterclaim.

ARTICLE V MEMBERS AND VOTING

Every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject by the Protective Covenants to assessment by the Association, including contract sellers, shall be a Member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot. The qualification of Members of the Association, the manner of their admission to membership, the manner of the termination of such membership and the manner of voting by Members shall be as provided in the Protective Covenants and Bylaws of the Association.

ARTICLE VI
TERM AND DISSOLUTION

The term for which this Association is to exist shall be perpetual. The Association may be dissolved only upon (i) the signed written assent of Members entitled to at least three-fourths (3/4) of the votes appurtenant to each class of Lots, and (ii) the satisfaction of all applicable provisions of the North Carolina Planned Community Act (including the affirmative approval of any higher percentage of votes attributable to the Members or each class thereof or appurtenant to each class of Lots, than the percentage specified herein as may be prescribed by the Planned Community Act). Upon dissolution, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which the Association was created. In the event that such dedication is not accepted, such assets shall be *granted, conveyed and assigned to any non-profit corporation, association, trust or other organization devoted to similar purposes in compliance with and subject to the applicable requirements (if any) of the Planned Community Act of the State of North Carolina and all other applicable governing laws.* Notwithstanding anything herein to the contrary, the Association Property shall be preserved to the perpetual benefit of the owners of Lots within the Subdivision and shall not be conveyed except to the City of Durham or another non-profit corporation organized for similar purposes.

ARTICLE VII
INCORPORATOR

The name and address of the Incorporator of these Articles are:

Megan L. Farris
5400 Glenwood Avenue, Suite 100
Raleigh, North Carolina 27612-3228

ARTICLE VIII
OFFICERS

The affairs of the Association shall be managed by the President of the Association, assisted by the Vice President(s), Secretary and Treasurer, and, if any, by the Assistant Secretary(ies) and Assistant Treasurer(s), subject to the directions of the Board.

The Board shall elect the President, Secretary and Treasurer, and as many Vice Presidents, Assistant Secretaries and Assistant Treasurers as the Board shall, from time to time, determine. The President shall be elected from amongst the membership of the Board, but no other officer need be a Director. The same person may hold two offices, the duties of which are not incompatible; provided, however, the office of President and a Vice President shall not be held by the same person, nor shall the office of President and Secretary or Assistant Secretary be held by the same person.

ARTICLE IX
FIRST OFFICERS

The names of the officers who are to serve until the first election of officers by the Board are as follows:

President	Joseph T. Jenkins
Vice President	Thomas Gill
Secretary & Treasurer	Pamela Saunders

ARTICLE X
BOARD OF DIRECTORS

A. The number of Directors on the first Board of Directors of the Association ("First Board") and the "Initial Elected Board" (as hereinafter defined) shall be three (3). The number of Directors elected by the Members subsequent to the "Declarant's Resignation Event" (as defined in the Bylaws) shall be not less than three (3) nor more than five (5), as the Board shall from time to time determine prior to each meeting at which Directors are to be elected, but in any event these shall always be an odd number of Directors. Except for Declarant-appointed Directors, Directors must be Members or the parents, children or spouse of Members. There shall be one (1) vote for each Director.

B. The names and addresses of the persons who are to serve as Directors on the First Board are as follows:

NAMES	ADDRESSES
Joseph T. Jenkins	Centex Homes 3739 National Drive, Suite 101 Raleigh, North Carolina 27612
Thomas Gill	Centex Homes 3739 National Drive, Suite 101 Raleigh, North Carolina 27612
Pamela Saunders	Centex Homes 3739 National Drive, Suite 101 Raleigh, North Carolina 27612

Declarant reserves the right to replace and/or designate and elect successor Directors to serve on the First Board for so long as the First Board is to serve, as hereinafter provided.

C. Declarant anticipates the Subdivision will ultimately contain an aggregate of one hundred eighty (180) Lots. The number of Lots is subject to change if the "Site Plan" (as defined in the Protective Covenants) is modified as provided in the Protective Covenants. For the purposes hereof, the term "Total Planned Lots" shall mean one hundred thirty-six (136) Lots, as such number may be adjusted to reflect changes in the Site Plan. As provided in the Protective Covenants, the "Turnover Date" means the earlier of (i) three (3) months after seventy-five percent (75%) of the Total Planned Lots have been improved with a Home and conveyed to an Owner other than a successor Declarant for use as a primary residence, (ii) the date on which Declarant records in the Public Records a document relinquishing its control of the Association to the members at large, or (iii) the date that is seven (7) years following the date the Protective Covenants are first recorded in the Public Records.

D. Upon the Turnover Date, the Members other than Declarant ("Purchaser Members") shall be entitled to elect not less than a majority of the Board. The election of the Board by the Purchaser Members and if applicable, the designation of Directors shall be conducted in accordance with the Bylaws

ARTICLE XI BYLAWS

The Bylaws shall be adopted by the First Board, and thereafter may be altered, amended or rescinded in the manner provided for in the Bylaws. In the event of any conflict between the provisions of these Articles and the provisions of the Bylaws, the provisions of these Articles shall control.

ARTICLE XII AMENDMENTS

A. Prior to the conveyance by Declarant of a Lot to an Owner, these Articles may be amended only by an instrument in writing signed by the incorporator of these Articles and filed in the Office of the Secretary of State of the State of North Carolina.

B. Until the Turnover Date, all amendments or modifications to these Articles and adoption or repeal of Bylaws shall only be made by action of the First Board as described herein, which First Board shall have the power to amend or modify these Articles and to amend, modify, adopt and repeal any Bylaws without the requirement of any consent, approval or vote of the Members.

Notwithstanding the foregoing, as long as there is a "Class B" membership, the following actions require the prior written approval of the Federal Housing Administration ("FHA") and if applicable, the Veteran's Administration: annexation of additional properties, mergers and

consolidations, mortgaging or dedication of the Association Property, dissolution and amendment to these Articles, except for an amendment to correct errors or omissions, or required by any "Institutional Mortgagee" (as such term is defined in the Protective Covenants) so that such Institutional Mortgagee will make, insure or guarantee mortgage loans for the Lots, or is required by any governmental authority. Such approval shall be deemed given if FHA/VA fails to give written notice of its disapproval of any such action to Declarant or the Association within twenty (20) days after a request for such approval is delivered to FHA/VA by certified mail, return receipt requested, or equivalent delivery, and such approval may be conclusively evidenced by a certificate of Declarant or the Association that the approval was given or deemed given.

C. After the Turnover Date, these Articles may be amended in the following manner:

1. (a) The Board shall adopt a resolution setting forth the proposed amendment and directing that it be submitted to a vote at a meeting of the Members, which may be at either the Annual Members' Meeting or a special meeting. Any number of proposed amendments may be submitted to the Members and voted upon by them at one meeting.

(b) Written notice setting forth the proposed amendment or a summary of the changes to be effected thereby shall be given to each Member within the time and in the manner provided in the Bylaws for the giving of notice of meetings ("Required Notice").

(c) At such meeting, a vote of the Members shall be taken on the proposed amendment(s). The proposed amendment(s) shall be adopted upon receiving the affirmative vote of the Members entitled to cast two-thirds (2/3) of the votes of the Members.

2. An amendment may be adopted by a written statement (in lieu of a meeting) signed by all Members and all members of the Board setting forth their intention that an amendment to the Articles be adopted.

D. These Articles may not be amended without the written consent of a majority of the members of the Board.

E. Notwithstanding any provisions of this Article XII to the contrary, these Articles shall not be amended in any manner which shall prejudice the rights of: (i) Declarant, without the prior written consent thereto by Declarant, for so long as Declarant holds at least one (1) Lot for sale in the ordinary course of business; and (ii) any Institutional Mortgagee without the prior written consent of such Institutional Mortgagee.

F. Notwithstanding the foregoing provisions of this Article XII, no amendment to these Articles shall be adopted which shall abridge, amend or alter the rights of Declarant hereunder including, but not limited to, Declarant's right to designate and select members of the First Board or otherwise designate and select Directors as provided in Article X hereof and in the Bylaws, nor shall any amendment be adopted or become effective without the prior written consent of Declarant.

G. Any instrument amending these Articles shall identify the particular article or articles being amended and shall provide a reasonable method to identify the amendment being made. A certified copy of each of such amendment shall be attached to any certified copy of these Articles.

ARTICLE XIII
REGISTERED OFFICE AND REGISTERED AGENT

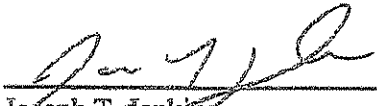
The street address of the initial registered office of the Association is 3739 National Drive, Suite 101, Raleigh, Wake County, North Carolina 27612 and the initial registered agent of the Association at that address shall be Michael S. Reynolds.

IN WITNESS WHEREOF, I, the undersigned incorporator have hereunto set my hand this 26th day of May, 2000.



Megan L. Farris

IN WITNESS WHEREOF, we being all the Directors of Grandale Place Homeowners Association, Inc. have hereto set our hands this 26th day of May, 2000.



Joseph T. Jenkins



Thomas Gill



Pamela Saunders

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