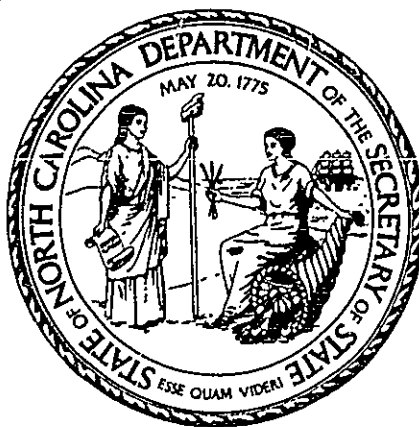


RECEIVED
P.O. Box 1420
Lexington, N.C. 27292



336

State of North Carolina

55
Department
of the
Secretary of State

To all to whom these presents shall come, Greeting:

I, Thad Eure, Secretary of State of the State of North Carolina, do hereby certify the following and hereto attached (5 sheets) to be a true copy of

ARTICLES OF INCORPORATION

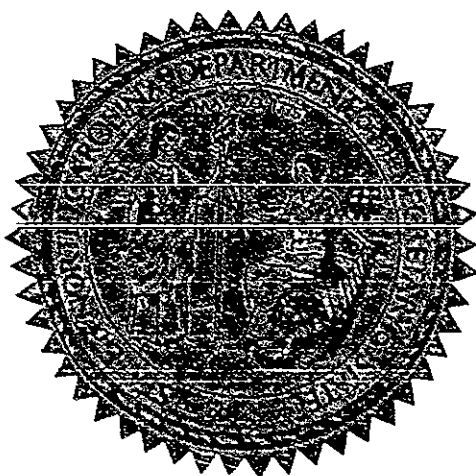
OF

SALEM SQUARE OWNERS ASSOCIATION

and the probates thereon, the original of which was filed in this office on the 20th day of October, 1981, after having been found to conform to law.

In Witness Whereof, I have hereunto set my hand and affixed my official seal.

Done in Office, at Raleigh, this 20th day of October in the year of our Lord 1981.



FILED 336
BOOK 596 PAGE

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RONALD W. CALLICUTT
REGISTER OF DEEDS
DAVIDSON CO., N.C.

Thad Eure
Secretary of State

[Signature]
By Deputy Secretary of State
BULK 1347P0881

FILED
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THAD EURE
SECRETARY OF STATE
NORTH CAROLINA

291122

ARTICLES OF INCORPORATION
OF
SALEM SQUARE OWNERS ASSOCIATION

In compliance with the requirements of Chapter 55A of the North Carolina General Statutes, the undersigned natural person of full age has this day executed these Articles of Incorporation for the purpose of forming a non-profit corporation and hereby certifies:

ARTICLE I

The name of the corporation is Salem Square Owners Association, hereinafter called "the Corporation".

ARTICLE II

The principal and registered office of the Corporation is located at 15 East Center Street, Lexington, North Carolina, 27292, Davidson County.

ARTICLE III

Robert L. Grubb, whose address is 15 East Center Street, Lexington, North Carolina, 27292, is hereby appointed the initial registered agent of the Corporation.

ARTICLE IV

The Corporation does not contemplate pecuniary gain or profit to the members thereof, and no part of the Corporation's net income shall inure to the benefit of any of its officers, directors, or members or any other private individual. The purpose and objects of the Corporation shall be to administer the operation and management of Salem Square Condominiums (hereinafter called "the Condominium"), a condominium to be established in accordance with the laws of the State of North Carolina upon the property situate, lying, and being in the City of Winston-Salem, Forsyth County, North Carolina, and more particularly described in Exhibit "E" of the formal Declaration of Condominium which will be recorded in the Public Records of Forsyth County, North Carolina, said Exhibit and Declaration of Condominium being incorporated herein by reference; to undertake the performance of the acts and duties incident to the administration of the operation and management of said Condominium in accordance with the terms, provisions, conditions, and authorization contained in these Articles of Incorporation and the Declaration of Condominium at the time said property, and the improvements now or hereafter situate thereon, are submitted to the plan of Condominium Ownership; and to own, operate, lease, sell, trade, and otherwise deal with such property, whether real or personal, as may be necessary or convenient in the administration of said Condominium.

ARTICLE V

The Corporation shall have the following powers:

1. The Corporation shall have all of the powers and privileges granted to Non-Profit Corporations under the law pursuant to which this Corporation is chartered and all of the powers and privileges which may be granted unto said Corporation under any other applicable laws of the State of North Carolina, including the Unit Ownership Act.

(a) To make and establish reasonable rules and regulations governing the use of Condominium Units and Common Property.

GRUBB, PENRY & PENRY
ATTORNEYS AT LAW
P. O. BOX 1420
LEXINGTON, NC 27292

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in the Condominium as said terms may be defined in said Declaration of Condominium to be recorded.

(b) To levy and collect assessments against members of the Corporation to defray the common expenses of the Condominium as may be provided in said Declaration of Condominium and the By-Laws of this Corporation which may be hereafter adopted, including the right to levy and collect assessments for the purposes of acquiring, operating, leasing, managing and otherwise trading and dealing with such property, whether real or personal, including Condominium Units in the Condominium, which may be necessary or convenient in the operation and management of the Condominium and in accomplishing the purposes set forth in said Declaration of Condominium.

(c) To maintain, repair, replace, operate, and manage the Condominium and the property comprising same, including the right to reconstruct improvements after casualty and to make further improvements of the Condominium property, and to make and enter into any and all contracts necessary or desirable to accomplish said purposes.

(d) To contract for the management of the Condominium and to delegate to such contractor all of the powers and duties of the Association except those which may be required by the Declaration of Condominium to have approval of the Board of Directors or membership of the Corporation.

(e) To acquire and enter into, now or at any time hereafter, leases and agreements whereby the Association acquires leaseholds, memberships, and other possessory or use interests in land or facilities, including, but not limited to, swimming pools, tennis courts, and other recreation facilities, whether or not contiguous to the lands of the Condominiums, to provide enjoyment, recreation, or other use or benefit to the owners of Condominium Units.

(f) To enforce the provisions of the Declaration of Condominium, these Articles of Incorporation, the By-Laws of the Corporation which may be hereafter adopted, and the rules and regulations governing the use of the Condominium as the same may be hereafter established.

(g) To exercise, undertake and accomplish all of the rights, duties, and obligations which may be granted to or imposed upon the Corporation pursuant to the Declaration of Condominium aforementioned.

ARTICLE IV

The qualification of the members, the manner of their admission to membership and termination of such membership, and voting by members shall be as follows:

1. The Owners of all Condominium Units in the Condominium shall be members of the Corporation, and no other person or entities shall be entitled to membership, except as provided in item (5) of this Article IV.

2. Membership shall be established by the acquisition of fee title to a Condominium Unit in the Condominium, or by acquisition of a fee ownership interest therein, whether by conveyance, devise, judicial decree or otherwise, and the membership of any party shall be automatically terminated upon his being divested of all title to or his entire fee ownership interest in any Condominium Unit, except that nothing herein contained shall be construed as terminating the membership of any party who may own two or more Condominium Units or who may own a fee ownership interest in two or more Condominium Units, so long as such party shall retain title to or a fee ownership interest to any Condominium Unit.

3. The interest of a member in the funds and assets of the Corporation cannot be assigned, hypothecated, or transferred in any manner, except as an appurtenance to his Condominium Unit. The funds and assets of the Corporation shall belong solely to the Corporation subject to the limitation that the same be expended, held, or used for the benefit of the membership and for the purposes authorized herein, in the Declaration of Condominium, and in the By-Laws which may be hereafter adopted.

4. On all matters which the membership shall be entitled to vote, each Condominium Unit shall have a vote equal to its appurtenant undivided interest in the Common Area. The vote of each Unit may be cast or exercised by the Owner or Owners of each Condominium Unit in such manner as may be provided in the By-Laws hereafter adopted by the Corporation. Should any member own more than one Condominium Unit, each member shall be entitled to exercise or cast the votes associated with each Condominium Unit owned in the manner provided by said By-Laws.

5. Until such time as the Declaration of Condominium is recorded in the Office of the Register of Deeds for Forsyth County, North Carolina, the membership of the Corporation shall be comprised of the three individuals named in Article XI hereof as the initial Board of Directors of the Corporation.

ARTICLE VII

The Corporation shall have perpetual existence.

ARTICLE VIII

The affairs of the Corporation shall be managed by the President of the Corporation, assisted by the Vice President, Secretary, and Treasurer, subject to the directions of the Board of Directors. The Board of Directors, or the President with the approval of the Board of Directors, may employ a Managing Agent and/or such other managerial and supervisory personnel or entities to administer or assist in the operation and management of the Condominium, and any such person or entity may be so employed without regard to whether such person or entity is a member of the Corporation or a Director or Officer of the Corporation, as the case may be.

ARTICLE IX

The number of members of the first Board of Directors of the Corporation shall be three (3). The number of members of succeeding Boards of Directors shall be as provided from time to time by the By-Laws of the Corporation. The members of the Board of Directors shall be elected by the members of the Corporation at the Annual Meeting of the membership as provided by the By-Laws of the Corporation, and at least a majority of the Board of Directors shall be members of the Corporation or shall be authorized representatives, officers, or employees of a corporate member of the Corporation.

ARTICLE X

The Board of Directors shall elect a President, Vice-President, Secretary, and Treasurer. The President shall be elected from among the membership of the Board of Directors, but no other officer need be a Director. The same person may hold two offices, the duties of which are not incompatible; provided, however, that the office of President and Vice-President shall not be held by the same person, nor shall the office of President and Secretary be held by the same person.

ARTICLE XI

The names and post office addresses of the initial Board of Directors who, subject to the provisions of these Articles of Incorporation, the By-Laws, and the laws of the State of North Carolina, shall hold office until the first Annual Meeting of the Membership (or until their successors are elected and qualified) are as follows:

Robert L. Grubb
15 East Center Street
Lexington, North Carolina 27292

Dan Grif Smith
127 West Center Street
Lexington, North Carolina 27292

Stella M. Cappel
15 East Center Street
Lexington, North Carolina 27292

ARTICLE XII

Every Director and every Officer of the Corporation shall be indemnified by the Corporation against all expense 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 Corporation, 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 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 of Directors approves such settlement and reimbursement as being in the best interests of the Corporation. 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.

ARTICLE XIII

An amendment or amendments to these Articles of Incorporation shall require the assent of seventy-five (75) percent of the membership.

ARTICLE XIV

The name and address of the incorporator are as follows:

Robert L. Grubb
15 East Center Street
Lexington, North Carolina 27292

IN WITNESS WHEREOF, I, being the incorporator, have hereunto set my hand and seal, this the 14 day of October, 1981.

Robert L. Grubb (SEAL)

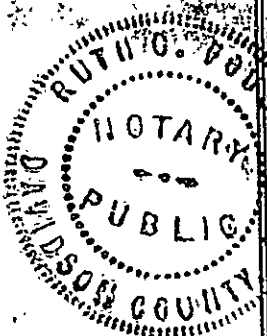
NORTH CAROLINA

DAVIDSON COUNTY

I, the undersigned Notary Public of the above state and county do hereby certify that Robert L. Grubb personally appeared before me this day and, being by me first duly sworn, declared that he signed the foregoing document in the capacity indicated and that the statements therein contained are true.

WITNESS my hand and notarial seal, this the 14 day of October, 1981.

Robert D. Foust
Notary Public



My Commission Expires:
May 5, 1985

GRUBB, PENRY & PENRY
ATTORNEYS AT LAW
P. O. BOX 1420
LEXINGTON, NC 27292

PRESENTED FOR
REGISTRATION
AND RECORDED
OCT 23 2 22 PM '81
EUNICE AYERS
REGISTER OF DEEDS
FORSYTH CTY, N.C.
JB. #11.50 pd.

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