

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

THE MARKET LOFTS CONDOMINIUM ASSOCIATION, INC.

the original of which was filed in this office on the 24th day of August, 2001.



IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at the City of Raleigh, this 24th day of August, 2001

Elaine F. Marshall

Secretary of State

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ARTICLES OF INCORPORATION

OF

THE MARKET LOFTS CONDOMINIUM 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 non-profit corporation and hereby certifies:

ARTICLE I

Name

The name of the corporation is THE MARKET LOFTS CONDOMINIUM ASSOCIATION, INC., hereinafter called the "Association."

ARTICLE II

Office

The principal and registered office of the Association is located at 300 Market St., Suite 210-A, Orange County, Chapel Hill North Carolina 27516.

ARTICLE III

Registered Agent

John W. Fugo, whose address is 300 Market St., Suite 210-A, Orange County, Chapel Hill North Carolina 27516, is hereby appointed Registered Agent of the Association.

ARTICLE IV

Purposes

This Association does not contemplate pecuniary gain or profit to the membership thereof and no part of the Association's net income shall inure to the benefit of any of its officers, directors or members or any other private individual. The purposes and objects of the Association shall be to operate and manage The Market Lofts, a mixed-use condominium project containing a minimum of three (3) commercial units on the first floor and nineteen (19) residential units on the second floor to be constructed in accordance with the laws of the State of North Carolina upon the property situated in Chapel Hill Township, Orange County,

North Carolina, as more particularly described in Exhibit "A" attached to The Market Lofts Declaration of Condominium recorded or to be recorded in the Orange County Registry. Such purposes shall include the following:

(a) To exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in that certain Declaration of Condominium, (the "Declaration") applicable to the property and recorded or to be recorded in the Office of the Orange County Register of Deeds and as the same may be amended from time to time as therein provided, said Declaration being incorporated herein as if set forth at length;

(b) To fix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration; to pay all expenses in connection therewith and all office 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;

(c) To 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) To borrow money, and with the assent of Unit Owners owning in the aggregate of at least 80% undivided interest in the common areas and facilities, to mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(e) To dedicate, sell or transfer all or any part of the common area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument has been signed by Unit Owners owning in the aggregate at least an 80% undivided interest in the common areas and facilities.

(f) To participate in mergers and consolidations with other non-profit corporations organized for the same purposes or annex additional residential property and common area, provided that any such merger, consolidation or annexation shall have the assent of Unit Owners owning in the aggregate at least a 80% undivided interest in the common areas and facilities.

(g) To have and to exercise any and all powers, rights and privileges which a corporation organized under the Non-Profit Corporation Law of the State of North Carolina by law may now or hereafter have or exercise;

(h) 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 to have approval of the membership.

ARTICLE V

Membership

There shall be only one class of members in the Association. Every person or entity who is a record owner of a fee or undivided fee interest in any Unit which is subject by

covenants of record 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 Unit which is subject to assessment by the Association.

ARTICLE VI

Voting Rights

The member of the Association shall have the right to vote for the election and removal of Directors and upon such other matters with respect to which the right to vote is given to members under the Declaration or under the provisions of Chapter 55A of the General Statutes of North Carolina, the voting rights of the members being more particularly described in the Declaration and the By-Laws attached thereto; provided, however, that certain rights are reserved to Declarant in the Declaration and By-Laws of the Association with respect to the election of the initial Board of Directors and amendment of the Declaration and By-Laws.

ARTICLE VII

Board of Directors

The affairs of this Association shall be managed by a Board of Directors consisting of at least five (5) Directors, no less than two (2) of which shall be residential unit owners and no less than two (2) of which shall be commercial unit owners. The initial Board of Directors shall consist of five (5) persons, who shall serve until the first annual meeting of the membership of the Association. Directors need not be members of the Association. The names and addresses of the five persons who are to serve as Directors until the organizational meeting of the membership of the Association, or until their successors are elected and qualified are:

- | | |
|--------------------|---|
| D.R. Bryan, Jr. | PO Box 728, Holly Springs NC 27540 |
| James M. Earnhardt | PO Box 728, Holly Springs NC 27540 |
| S. Elaine Hudspeth | PO Box 728, Holly Springs NC 27540 |
| David H. Sprunt | PO Box 728, Holly Springs NC 27540 |
| John W. Fugo | 300 Market St., Suite 210-A, Chapel Hill NC 27516 |

Each director shall hold office for a one year term. No director shall serve more than three consecutive terms. The Directors shall elect such officers of the Association as shall be provided in the By-Laws.

ARTICLE VIII

Dissolution

The Association may be dissolved with the assent given in writing and signed by Unit Owners owning in the aggregate at least a 80% undivided interest in the common areas and facilities. Upon dissolution of the Association, 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 which this Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted to such similar purposes.

ARTICLE IX

Duration

The corporation shall exist perpetually.

ARTICLE X

Amendments

Amendment of these Articles shall require the assent of 80% of the membership.

ARTICLE XI

Incorporation

The name and address of the incorporator is as follows:

James M. Earnhardt , PO Box 728, Holly Springs NC 27540

IN WITNESS WHEREOF, for the purposes of forming this corporation under the laws of the State of North Carolina, the undersigned incorporator has executed these Articles of Incorporation this 16 day of August, 2001.

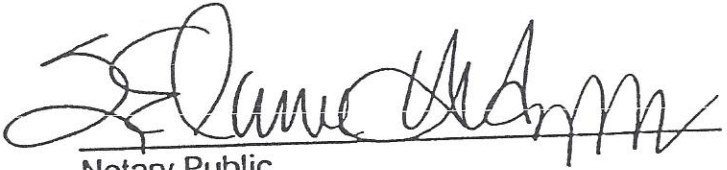

James M. Earnhardt
INCORPORATOR

NORTH CAROLINA, WAKE COUNTY

THIS IS TO CERTIFY that on the 16 day of August, 2001, before me, a Notary Public, personally appeared JAMES M. EARNHARDT, who I am satisfied is the person named in and who executed the foregoing Articles of Incorporation, and I having first made known to him the contents thereof, he did acknowledge that he signed and delivered the same as his voluntary act and deed for the uses and purposes therein expressed.

IN TESTIMONY WHEREOF, I have hereunder set my hand and affixed my official seal, this 16 day of August, 2001.

OFFICIAL SEAL
North Carolina Wake County
S. ELAINE HUDSPETH
Notary Public
My Commission Expires 11-3-01


Notary Public
My commission expires: 11-3-01