

ARTICLES OF INCORPORATION
OF
VALLE CAY PROPERTY OWNERS ASSOCIATION, INC.
A NON-PROFIT CORPORATION

The undersigned natural person of the age of eighteen (18) years or more hereby forms a non-profit corporation under the laws of the State of North Carolina, as contained in Chapter 55A of the General Statutes of North Carolina, entitled "Non-Profit Corporation Act", and the several amendments thereto, and to that end does hereby set forth:

1. The name of the Corporation is VALLE CAY PROPERTY OWNERS ASSOCIATION, INC. (hereinafter referred to as the "Association").

2. The period of duration of the Association shall be perpetual.

3. The purposes of which the Association is organized are:

(a) To manage, maintain, operate, care for and administer the Property known as Valle Cay as described in the Declaration of Restrictions recorded in Book 84, Page 757, Watauga County, North Carolina, Public Registry; to enforce the covenants, restrictions, easements, charges and liens provided in the deed for all properties described on the recorded plats referred to above; to fix, levy, assess, collect, enforce and disburse the charges and assessments provided for in the deeds for the above-described properties; to maintain, preserve and improve the common roadways and keep and maintain Valle Cay in a clean, safe and sanitary condition, including the removal of weeds and rubbish from vacant property and the streets; and to exercise all powers and privileges and to perform all duties and obligations of the Association pursuant to restrictions contained in each of the deeds for the above-described properties;

(b) To do any and all other lawful things and acts that the Association from time to time, in its discretion, may deem to be for the benefit of the subject properties and the owners and inhabitants thereof or advisable, proper or convenient for the promotion of the peace, health, comfort, safety and general welfare of the owners and inhabitants thereof; and

(c) To exercise all powers provided in Chapter 55A of the General Statutes of North Carolina in furtherance of the above-stated purposes.

4. The Association is not organized for pecuniary profit, nor shall it have any power to issue certificates of stock or pay dividends, and no part of the net earnings or assets of the Association shall be distributed, upon dissolution or otherwise, to any member, director or officer of the Association.

5. Provisions relating to the members of the Association are:

(a) Every owner of a lot in Valle Cay Subdivision as described in the Declaration of Restrictions recorded in Book 84, Page 757, Watauga County, North Carolina, Public Registry, shall be entitled to membership. In addition, by approval of the Board of Directors, owners of properties

that subsequently become subject to the Declaration of Restriction for Valle Cay shall be entitled to membership.

(b) There shall be only one class of members in the Association.

(c) The members 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 provisions of Chapter 55A of the General Statutes of North Carolina.

(d) Membership in the Association shall be appurtenant to and may not be separated from ownership of a Lot in the subdivision. Restrictions on the transfer of lots are set forth in the deeds for said lots.

6. No part of the net earnings of the corporation shall inure to the benefit of, or be distributable to, its members, directors, officers, or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of purposes set forth in these articles of incorporation. No substantial part of the activities of the corporation shall be the carrying on of propaganda or otherwise attempting to influence legislation, and the corporation shall not participate in or intervene in (including the publishing or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office. Notwithstanding any other provisions of these articles, the corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from Federal Income Tax under Section 501(c)(3) of the Code or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Code.

7. Upon the dissolution of the corporation, the Board of Directors shall, after paying or making provision for the payment of all of the liabilities of the corporation, dispose of all of the assets of the corporation exclusively for the purposes of the corporation in such manner, or to such organization or organizations organized and operated exclusively for religious, charitable, educational, scientific or literary purposes as shall at the time qualify as an exempt organization or organizations under Section 501(c)(3) of the Code as the Board of Directors shall determine, or to federal, state or local governments to be used exclusively for public purposes. Any such assets not so disposed of shall be disposed of by the Superior Court of the county in which the principal office of the corporation is then located, exclusively for such purposes or to such organizations, such as court shall determine, which are organized and operated exclusively for such purposes, or to such governments for such purposes.

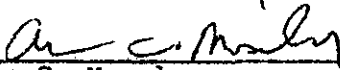
8. The address of the initial registered office of the Association is N.C. Highway 194, P. O. Box 551, Watauga County, Valle Crucis, North Carolina 28691 and the initial registered agent of the Association at such address is Francis Mignano.

9. The business and conduct of the Association shall be regulated by a Board of Directors who shall be elected in the manner and for the terms provided in the Bylaws. The number of directors constituting the initial Board of Directors shall be three (3); and the names and addresses of the persons who are to serve as the initial directors are:

<u>Name</u>	<u>Address</u>
Francis Mignano	N.C. Highway 194 P. O. Box 551 Valle Crucis, NC 28691
Thomas Barry	N.C. Highway 194 P. O. Box 128 Sugar Grove, NC 28679
Robert Wilson	N.C. Highway 194 Valle Cay Box 3 Vilas, NC 28692

10. The incorporator of this Association is Allen C. Moseley and his address is 766 West King Street, P. O. Box 49, Boone, Watauga County, North Carolina 28607.

IN TESTIMONY WHEREOF, the undersigned has set his hand and affixed his seal, this 29 day of May, 1996.


 _____ (SEAL)
 Allen C. Moseley
 Incorporator

STATE OF NORTH CAROLINA

COUNTY OF WATAUGA

I, a Notary Public of said County and State, do hereby certify that Allen C. Moseley personally appeared before me this day and acknowledged the execution of the foregoing instrument.

WITNESS my hand and official seal this the 29 day of May, 1996.

My commission expires:


 Notary Public

NOTARIAL

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