

NORTH CAROLINA

Department of The Secretary of State

To all whom these presents shall come, Greetings:

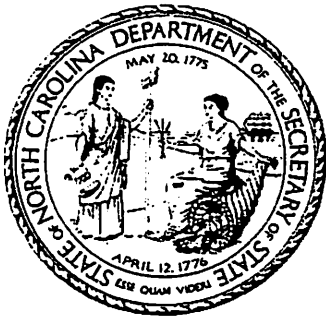
I, **ELAINE F. MARSHALL**, Secretary of State of the State of North Carolina, do hereby certify the following and hereto attached to be a true copy of

ARTICLES OF INCORPORATION

OF

RIVERWALK OF HAYESVILLE PROPERTY OWNERS ASSOCIATION, INC.

the original of which was filed in this office on the 23rd day of March, 2007.



IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at the City of Raleigh, this 23rd day of March, 2007

Elaine F. Marshall

Secretary of State

**ARTICLES OF INCORPORATION
OF
RIVERWALK of HAYESVILLE PROPERTY OWNERS 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 nonprofit corporation and does hereby certify:

Article I

The name of the Corporation is RIVERWALK of HAYESVILLE PROPERTY OWNERS ASSOCIATION, INC., hereafter called the "Association".

Article II

The principal and registered office of the Association is located at 68 Winchester Cove Road, Hayesville, North Carolina 28904, Clay County, North Carolina.

Article III

Tighe White, whose address is 68 Winchester Cove Road, Hayesville, North Carolina 28904, Clay County, North Carolina, is hereby appointed the initial registered agent of the Association.

Article IV

The Association is the "Association" contemplated by that certain Declaration of Covenants, Conditions and Restrictions Relating to the Riverwalk of Hayesville Property Owners Association, Inc., dated July 6, 2006, executed by Tighe White, Robert Alwine and Garland Hogsed and recorded in the Office of the Register of Deeds of Clay County, North Carolina in Deed Book 307 at Page 51, Clay County Registry (as the same may be modified, amended or supplemented from time to time, the "Declaration"). The terms "Common Area", "Expansion Right", "Lots", "Owner" and "Property", as used herein, shall have the meanings ascribed to such terms in the Declaration.

Article V

Purposes and Powers of the Association

The Association shall not operate for pecuniary gain or profit, shall not issue capital stock, and no part of the net earnings of the Association shall inure to the benefit of any member or individual (except that reasonable compensation may be paid for services rendered), and the specific purposes for which it is formed are to provide for: (i) the use, improvement, maintenance, operation and repair of the Common Areas located in the Property including any improvements and amenities located thereon; (ii) the establishment of rules and regulations for the use of the Common Areas including any improvements and amenities located thereon; (iii) the distribution among the Owners

of the Property of the costs of the use, improvements and amenities located thereon; and (iv) the promotion of the health, safety, pleasure, recreation, and welfare of the residents of the Lots within the Property. In furtherance of these purposes, the Association, (by action of its Directors unless otherwise noted in these Articles of Incorporation or in the Declaration) shall have full power to:

(a) exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in the Declaration as the same may be amended from time to time as therein provided, the Declaration being incorporated herein by reference as if set forth at length;

(b) fix, levy, collect, and enforce payment by any lawful means of 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 affairs of the Association, including all licenses, taxes, or governmental charges levied or imposed against the property of the Association;

(c) 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, subject, however, to the requirements of the Declaration;

(d) borrow money and, with the assent of two-thirds (2/3) of the votes of the members of the Association, mortgage, pledge, convey by deed of trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(e) dedicate, sell, or transfer all or any part of the Common Area to any public agency, authority, or utility, subject, however, to the requirements of the Declaration and to such conditions as may be agreed to by the members;

(f) participate in mergers and consolidations with other nonprofit corporations organized for the same purposes or annex additional property and open space, provided that, except as otherwise provided in the Declaration, any such merger, consolidation or annexation shall have the assent of two-thirds (2/3) of the votes of the members; and

(g) have and to exercise any and all powers, rights and privileges which a non-profit corporation organized under the corporation law of the State of North Carolina by law may now or hereafter have or exercise.

Article VI

Every Owner shall be a member of the Association. Membership shall be appurtenant to any may not be separated from ownership of any Lot.

Article VII

The Association shall have two classes of voting membership. The members shall be all Owners and shall be entitled to one vote for each Lot owned. When more than one person holds an

interest in any Lot, all such persons shall be members; however, for purposes of a quorum they shall be treated as a single member. The votes for such Lot shall be exercised as the Owner(s) of such Lot determine, but in no event shall more than one vote be cast with respect to any Lot.

Article VIII

Board of Directors

The affairs of this Association shall be managed by a Board of Three (3) Directors, who need not be members of the Association. The number of Directors may be changed by amendment of the Bylaws of the Association.

Article IX

Dissolution

The Association may be dissolved with the assent given in writing and signed by the holders of not less than two-thirds (2/3) of the votes of each class of the members, provided, however, that the Association may not be dissolved within the Declarants Control Period without the consent of the Declarants; and provided further, as long as the Declaration shall be in effect, the Association shall not be dissolved unless a successor association of unit owners is organized in compliance with applicable law to take over the duties and responsibilities of the Association. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be granted, conveyed, and assigned to any nonprofit corporation, association, trust, or other organization to be devoted to similar purposes.

Article X

The Association shall exist perpetually.

Article XI

Amendment of these Articles shall require the assent of the holders of two-thirds (2/3) of the votes of members present in person or by proxy at the meeting at which the vote is taken, provided, however, that the Articles may not be amended within the Declarant Control Period without the consent of the Declarants.

Article XII

The original Bylaws of the Association shall be adopted by a majority vote of the members of the Board of Directors of the Association present at a meeting of members at which a quorum is present, and thereafter, such Bylaws may be altered or rescinded only in such manner as said Bylaws provide.

Article XIII

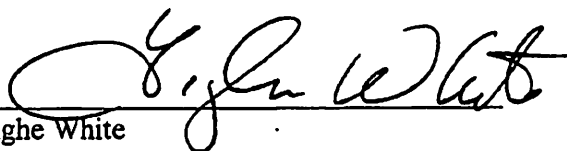
Every Director and every officer of the Association shall be indemnified by the Association against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been a Director or Officer of the Association, 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 found to be or adjudged guilty of willful misfeasance in the performance of his duties; provided that, in the event of any claim for reimbursement of 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 interest of the Association. 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 IV

The name and address of the Incorporator are as follows:

Tighe White
68 Winchester Cove Road
Hayesville, NC 28904

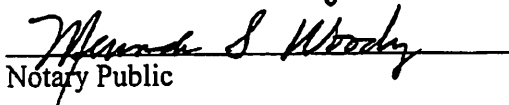
IN TESTIMONY WHEREOF, I, being the incorporator, have hereunto set my hand and seal, this the 28th day of February, 2007.


Tighe White

STATE OF NORTH CAROLINA
COUNTY OF CLAY

I, the undersigned Notary Public hereby certify that Tighe White personally appeared before me, and being by me first duly sworn, declares that she signed the foregoing document in the capacity indicated and that the statements therein contained are true.

WITNESS my hand and notarial seal this the 28th day of February, 2007.


Notary Public

My Commission Expires: 11-07-2011