

**ARTICLES OF INCORPORATION
OF
THE ISLES PROPERTY OWNERS ASSOCIATION, INC.
(A South Carolina Nonprofit Corporation)**

In compliance with the requirements of the South Carolina Code related to nonprofit corporations, the undersigned, a natural person of full age, has this day executed these Articles of Incorporation for the purpose of forming a nonprofit mutual benefit 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 The Isles Property Owners Association, Inc., a South 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. "Project" 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 Charleston County, South Carolina.
9. "Declarant" means Centex Homes, a Nevada general partnership and any successor or assign thereof, which (a) 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; or (b) owns any portion of the "Additional Property" (as such term is defined in the Protective Covenants) 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 Project intended as an abode for one family constructed on the Property or, if submitted to the terms and provisions of the Association Documents, on the Additional Property.

12. "Lot" means a portion of the Property or, if submitted to the terms and provisions of the Association Documents, the Additional 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 Owners 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. "Protective Covenants" means the Declaration of Covenants, Restrictions and Easements for The Isles at RiverTowne Country Club 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 **THE ISLES PROPERTY OWNERS ASSOCIATION, INC.**, a South Carolina nonprofit corporation, whose principal and mailing address is 2430 Mall Drive, Suite 450, North Charleston, Charleston County, South Carolina 29928.

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 South Carolina Code related to nonprofit corporations 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, Property and, if submitted to the terms and provisions of the Association Documents, the Additional 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 Project 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 Project.

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

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 follows:

A. Until such time as the first deed of conveyance of a Lot from Declarant to an Owner is recorded amongst the Public Records of the County ("First Conveyance"), the membership of the Association shall be comprised solely of the incorporator of these Articles ("Incorporator"). The Incorporator shall be entitled to cast one (1) vote on all matters requiring a vote of the membership.

B. Upon the First Conveyance, membership of the Incorporator in the Association shall be automatically terminated and thereupon Declarant shall be a Member as to each of the remaining Lots until each such Lot is conveyed to another Owner, and thereupon and thereafter each and every Owner, including Declarant as to Lots owned by Declarant, shall be Members and exercise all of the rights and privileges of Members.

C. Membership in the Association for Owners other than Declarant shall be established by the acquisition of ownership of fee title to a Lot as evidenced by the recording of an instrument of conveyance amongst the Public Records of the County. Where title to a Lot is acquired by conveyance from a party other than Declarant by means of sale, gift, inheritance, devise, judicial decree or otherwise, the person, persons or entity thereby acquiring such Lot shall not be a Member unless or until such Owner shall deliver a true copy of a deed or other instrument of acquisition of title to the Association.

D. The Association shall have two (2) classes of voting membership:

1. "Class A Members" shall be all Members, with the exception of Declarant, and shall be entitled to one (1) vote for each Lot owned.

2. "Class B Members" shall be Declarant who shall be entitled to two times the total number of votes of the Class A Members plus one. Class B membership shall cease and be converted to Class A membership upon the earliest to occur of the following events ("Turnover Date"):

(i) Three (3) months after seventy-five percent (75%) of the "Total Planned Lots" (as defined in Paragraph X.C hereof) have been improved with a Home and conveyed to an Owner other than a successor Declarant for use as a primary residence as evidenced by the recording of instruments of conveyance of such Lots amongst the Public Records of the County;

(ii) The date that is ten (10) years following the date the Protective Covenants are recorded in the Public Records of the County; or

(iii) the date on which Declarant records in the Public Records of the County a document relinquishing its control of the Association to the members at large.

On the Turnover Date, Class A Members including Declarant shall assume control of the Association and elect the Board.

E. The designation of different classes of membership are for purposes of establishing the number of votes applicable to certain Lots, and, nothing herein shall be deemed to require voting solely by an individual class on any matter which requires the vote of Members, unless otherwise specifically set forth in Association Documents.

F. No Member may assign, hypothecate or transfer in any manner his membership in the Association except as an appurtenance to his Lot.

G. Any Member who conveys or loses title to a Lot by sale, gift, devise, bequest, judicial decree or otherwise shall, immediately upon such conveyance or loss of title, no longer be a Member with respect to such Lot and shall lose all rights and privileges of a Member resulting from ownership of such Lot.

H. There shall be only one (1) vote for each Lot, except for Class B Members as set forth herein. If there is more than one Member with respect to a Lot as a result of the fee interest in such Lot being held by more than one person, such Members collectively shall be entitled to only one (1) vote. The vote of the Owners of a Lot owned by more than two natural persons or by a corporation or other legal entity shall be cast by the person named in a certificate signed by all of the Owners of the Lot, or, if appropriate, by properly designated officers, partners or principals of the respective legal entity, and filed with the Secretary of the Association, and such certificate shall be valid until revoked by a subsequent certificate. If such a certificate is not filed with the Secretary of the Association, the vote of such Lot shall not be considered for a quorum or for any other purpose.

Notwithstanding the foregoing provisions, whenever any Lot is owned by two (2) natural persons ("Co-owners") they may, but shall not be required to, designate a voting member. In the event a certificate designating a voting member is not filed by the Co-owners, the following provisions shall govern their right to vote:

1. Where both are present at a meeting, each shall be regarded as the agent and proxy of the other for purposes of casting the vote for each Lot owned by them. In the event they are unable to concur in their decision upon any subject requiring a vote, they shall lose their right to vote on that subject at that meeting.

2. Where only one (1) Co-owner is present at a meeting, the person present may cast the Lot vote without establishing the concurrence of the other Co-owner, absent any prior written notice to the contrary by the other Co-owner. In the event of prior written notice to the contrary to the Association by the other Co-owner, the vote of said Lot shall not be considered.

3. Where neither Co-owner is present, the person designated in a "Proxy" (as defined in the Bylaws) signed by either Co-owner may cast the Lot vote, absent any prior written notice to the contrary to the Association by the other Co-owner or the designation of a different Proxy by the other Co-owner. In the event of prior written notice to the contrary to the Association or the designation of a different Proxy by the other Co-owner the vote of said Lot shall not be considered.

I. Unless a different percentage is specifically required by any other provisions of the Association Documents, a quorum shall consist of persons entitled to cast at least one-third (1/3) of the total number of votes of the Members.

ARTICLE VI

TERM AND DISSOLUTION

The term for which this Association is to exist shall be perpetual. In the event of dissolution of the Association (unless same is reinstated), other than incident to a merger or consolidation, all of the assets of the Association shall be transferred only to another not-for-profit corporation or dedicated or conveyed to an appropriate governmental agency agreeing to accept such dedication or conveyance.

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	Gordon Geer
Vice President	Courtney Jaskiewicz
Secretary & Treasurer	Lee McCloud

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 hereinafter defined) 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
Gordon Geer	Centex Homes 2430 Mall Drive Suite 450 Charleston, South Carolina 29406
Courtney Jaskiewicz	Centex Homes 2430 Mall Drive Suite 450 Charleston, South Carolina 29406
Lee McCloud	Centex Homes 2430 Mall Drive Suite 450 Charleston, South Carolina 29406

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 that if all of the Additional Property is submitted to the Protective Covenants as part of the Project, the Project will ultimately contain an aggregate of three hundred eight-six (386) Lots. The number of Lots is subject to change if the "Sketch 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 three hundred eighty-six (386) Lots, as such number may be adjusted to reflect changes in the Sketch Plan. Upon the Turnover Date (as defined in the Protective Covenants), the Members other than Declarant ("Purchaser Members") shall be entitled to elect not less than a majority of the Board as more specifically provided in the Bylaws.

ARTICLE XI **INDEMNIFICATION**

Each and every Director and officer of the Association shall be indemnified by the Association against all costs, expenses and liabilities, including attorney and paralegal fees at all trial and appellate levels and postjudgment proceedings, reasonably incurred by or imposed upon him in connection with any negotiations, proceeding, arbitration, litigation or settlement in which he becomes involved by reason of his being or having been a Director or officer of the Association, and the foregoing provision for indemnification shall apply whether or not such person is a Director or officer at the time such cost, expense or liability is incurred. Notwithstanding the above, in the event of any such settlement, the indemnification provisions provided in this Article XI shall not be automatic and shall apply only when the Board approves such settlement and reimbursement for the costs and expenses of such settlement as in the best interest of the Association, and in the event a

Director or officer admits or is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties, the indemnification provisions of this Article XI shall not apply. The foregoing right of indemnification provided in this Article XI shall be in addition to and not exclusive of any and all right of indemnification to which a Director or officer of the Association may be entitled under statute or common law.

ARTICLE XII **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 XIII **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 South 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 ($\frac{2}{3}$) 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 XIII 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 XIII, 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, 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, and a copy of each amendment certified by the Secretary of State shall be recorded amongst the Public Records of the County.

ARTICLE XIV **REGISTERED OFFICE AND REGISTERED AGENT**

The street address of the initial registered office of the Association is 2430 Mall Drive, Suite 450, North Charleston, South Carolina 29406 and the initial registered agent of the Association at that address shall be Gordon Geer.

IN WITNESS WHEREOF, I, the undersigned Incorporator have hereunto set my hand this _____ day of _____, 2000.

Megan L. Farris

IN WITNESS WHEREOF, we being all the Directors of RiverTowne County Club Homeowners Association, Inc. have hereto set our hands this _____ day of _____, 2000.

Gordon Geer

Courtney Jaskiewicz

Lee McCloud

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