

EXHIBIT 'B'

ARTICLES OF INCORPORATION

OF

THE LODGE AT BLUE MOUNTAIN

CONDOMINIUM ASSOCIATION, INC.

FILED WITH THE
SECRETARY OF THE
STATE OF NORTH
CAROLINA ON
13 JULY, 1994.

(A Not For Profit Corporation)

In order to form a corporation under the laws of the State of North Carolina for the formation of not-for-profit corporations in compliance with the requirements of Chapter 55A and 47C of the General Statutes of North Carolina, as amended to the date of filing these articles, the undersigned, being a natural person of the age of eighteen (18) or hereby forms this corporation for the purposes and with the powers herein specified and hereby certifies:

I. NAME

The name of the corporation shall be THE LODGE AT BLUE MOUNTAIN CONDOMINIUM ASSOCIATION, INC. ("Association").

II. REGISTERED OFFICE

The registered office of the Association shall be located at Route 3, Mars Hill, Madison County, North Carolina 28754, but the Association may maintain an office and transact business in such places, within or without the State of North Carolina, as may from time to time be designated by the Board of Directors.

III. REGISTERED AGENT

Taylor Bush, whose address is Route 3, Mars Hill, Madison County, North Carolina 28754, is hereby appointed initial registered agent for the Association.

IV. PURPOSE

The purposes and objects of the Association shall be to administer the operation and management of THE LODGE AT BLUE MOUNTAIN, A Condominium ("Condominium") which may be established by recordation of the Declaration of Condominium, in accordance with the North Carolina Condominium Act, Chapter 47C, General Statutes of North Carolina ("Act") upon that certain real property situated in Yancey County, North Carolina ("County") described on Exhibit A attached to the Declaration of Condominium ("Declaration") and made a part hereof by reference. The Association shall perform the acts and duties incident to the operation and management of the Condominium in accordance with the provisions of these Articles of Incorporation, the Bylaws of the Association which will be adopted ("Bylaws") pursuant hereto and the Declaration which will be recorded in the public records of the County, as and when the property described in the Declaration, as such description may be amended from time to time, together with the improvements situated thereon, are submitted to the condominium form of ownership; and to own, operate, encumber, lease, manage, sell, convey, exchange and otherwise deal with the said lands submitted to the condominium form of ownership; the improvements thereon and such other property, real and/or personal, as may be or become part of the Condominium ("Condominium Property") to the extent necessary or convenient in the administration of the Condominium as provided for in the Declaration. The Association shall be conducted as a nonprofit organization for the benefit of its members.

V. POWERS

The Association shall have the following powers:

A. All of the powers and privileges granted to corporations not-for-profit under the law pursuant to which this corporation is chartered.

B. All of the powers reasonably necessary to implement and effectuate the purposes of the Association, including, without limitation, the power, authority and right to:

1. Adopt and amend Bylaws and rules and regulations;

2. Adopt and amend budgets for revenues, expenditures, and reserves and collect assessments for Common Expenses;
3. Hire and terminate managing agents and other employees, agents, and independent contractors;
4. Institute, defend, or intervene in its own name in litigation or administrative proceedings on matters affecting the Condominium;
5. Make contracts and incur liabilities;
6. Regulate the use, maintenance, repair, replacement, and modification of Common Elements;
7. Cause additional improvements to be made as a part of the Common Elements;
8. Acquire, hold, encumber, and convey in its own name any right, title, or interest to real or personal property, provided that Common Elements may be conveyed or subjected to a security interest only pursuant to N.C.G.S. 47C-3-112;
9. Grant easements, leases, licenses and concessions through or over the Common Elements.
10. Impose and receive any payments, fees, or charges for the use, rental, or operation of the Common Elements other than Limited Common Elements described in subsections G. S. 47C-C-102(2) and (4) and for services provided to Owners;
11. Impose charges for late payment of Assessments and, after notice and an opportunity to be heard, levy reasonable fines not to exceed one hundred fifty dollars (\$150.00) (N.C.G.S. 47C-3-107A) for violations of the Declaration, Bylaws and rules and regulations of the Association.
12. Impose reasonable charges for the preparation and recordation of amendments to the Declaration, resale

certificates required by N.C.G.S. 47C-4-109, or statements of unpaid Assessments;

13. Provide for the indemnification of and maintain liability insurance for its officers, executive board, directors, employees and agents;

14. Assign its right to future income, including the right to receive Assessments, but only to the extent the Declaration expressly so provides;

15. Exercise all other powers that may be exercised in this State by legal entities of the same types as the Association; and

16. Exercise any other powers necessary and proper for the governance and operation of the Association.

C. Portions of the Common Element may be conveyed or subjected to a security interest by the Association if persons entitled to cast at least eighty percent (80%) of the votes in the Association, including eighty percent (80%) of the votes allocated to Units not owned by the Declarant, agree to that action; provided that all Owners of Units to which any Limited Common Element is allocated must agree in order to convey that Limited Common Element or to subject it to a security interest. An agreement to convey Common Elements or to subject them to a security interest must be evidenced by the execution of an agreement, or ratification thereof, in the same manner as a deed by the requisite number of Unit Owners. The agreement must specify the date after which the agreement will be void unless recorded before that date. The agreement and all ratifications thereof must be recorded in the County and is effective only upon recordation. The Association, on behalf of the Unit Owners, may contract to convey Common Elements or subject them to a security interest, but the contract is not enforceable against the Association until approved pursuant to the provisions hereof. Thereafter, the Association has all powers necessary and appropriate to effect the conveyance or encumbrance, including the power to execute deeds or other instruments. Any conveyance or encumbrance of Common Elements pursuant to this section shall not deprive any Unit of the right of access and support.

D. The powers of the Association shall be subject to and shall be exercised in accordance with the provisions hereof and the Declaration, Bylaws and the Act.

VI. MEMBERS

The qualifications of Members of the Association, manner of their admission to and termination of membership and voting by members shall be as follows:

A. The owners of all Units in the Condominium shall be Members of the Association, and no other persons or entities shall be entitled to membership, except as provided for in Paragraph D, Article VI, hereof.

B. Membership shall be established by the acquisition of a fee title to a Unit in the Condominium, or by acquisition of a fee ownership interest therein, by voluntary conveyance or operation of law, and the membership of any person or entity shall be automatically terminated when such person or entity is divested of all title or his entire fee ownership in such Unit; provided, that nothing herein contained shall be construed as terminating the membership of any person or entity owning fee title to or a fee ownership interest in two or more Units at any time while such person or entity shall retain fee title to or a fee ownership interest in any Unit. Transfer of memberships shall be recognized by the Association upon its being provided with a copy of the recorded deed conveying fee simple title to the Unit.

C. The interest of a Member in the funds and assets of the Association cannot be assigned, hypothecated or transferred in any manner, except as an appurtenance to the Unit(s) owned by such Member. The funds and assets of the Association shall be expended, held or used only for the benefit of the membership and for the purposes authorized herein, in the Declaration, and in the Bylaws.

D. The membership of the Association shall initially be comprised of the directors of the Association, each of whom shall be entitled to cast a vote on all matters upon which the membership would be entitled to vote.

VII. DURATION

The Association shall have perpetual existence.

VIII. MANAGEMENT

The Association shall have a President of the Association assisted by the Vice President, Secretary and Treasurer and, if any, the Assistant Secretaries and Assistant Treasurers, who shall perform the duties of such offices customarily performed by like officers of nonprofit corporations in the State of North Carolina 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, agency, and/or other managerial and supervisory personnel or entity to administer or assist in the administration of the operation and management of the Condominium and the affairs of the Association, any and all such persons and/or entity or entities may be so employed without regard to whether any such person or entity is a member of the Association or a Director or officer of the Association, as the case may be. In all events, such manager shall perform only those duties specified by the Board and always with the advice and consent of the Board.

IX. BOARD OF DIRECTORS

The number of members of the first Board of Directors shall be three (3). The number of members of succeeding Board of Directors shall be as provided in the Bylaws. Except as specifically limited in the Bylaws, the Board may act in all instances on behalf of the Association. In the performance of their duties, the officers and members of the Board shall be deemed to stand in a fiduciary relationship to the Association and the Unit Owners and shall discharge their duties in good faith and with diligence and care which ordinary prudent persons would exercise under similar circumstances in like positions.

The Developer, North Carolina Properties, Inc., shall retain the right to appoint all members of the Board of Directors until the first of the following events occur:

- (a) 120 days after conveyance of seventy-five percent (75%) of the Units (including Units which may be created pursuant to Special Declarant Rights) to Unit Owners other than Declarant;
- (b) two years after Declarant has ceased to offer Units for sale in the ordinary course of business; or
- (c) two years after any development right to add new Units was last exercised; or
- (d) at such earlier date as Declarant in its sole discretion determines.

Provided however, not later than sixty (60) days after conveyance of twenty five percent (25%) of the Units (including Units which may be created pursuant to Special Declarant Rights) to Units Owners other than the Declarant, at least one member and not less than twenty five percent (25%) of the members of the Board of Directors shall be elected by Unit Owners other than the Declarant. Not later than sixty (60) days after conveyance of fifty percent (50%) of the Units (including Units which may be created pursuant to Special Declarant Rights) to Unit Owners other than a declarant, not less than thirty three percent (33%) of the members of the Board shall be elected by Unit Owners other than the Declarant.

After Members, other than the Declarant, elect a majority of the members of the Board of Directors, the Declarant shall, within a reasonable time relinquish control of the Association and shall deliver to the Association all property of the members and the Association held or controlled by the Declarant.

X. OFFICERS

Subsequent to their election each year, the Board of Directors shall elect at the annual meeting of the Board each year, a President, Secretary, Treasurer and as many Vice Presidents, Assistant Secretaries and Assistant Treasurers as the Board of Directors may deem advisable from time to time. The President shall be elected from the membership of the Board of Directors, but no other officer need be a Director. The same

person may hold the office of Secretary and Treasurer or Assistant Secretary and Assistant Treasurer, but no other person may hold more than one office simultaneously.

XI. FIRST BOARD OF DIRECTORS

The names and addresses of the members of the first Board of Directors who, subject to the provisions of the laws of North Carolina, these Articles of Incorporation and Bylaws, shall hold office for the first year of the Association's corporate existence, and thereafter until their successors are selected and have qualified, are as follows:

<u>Name</u>	<u>Address</u>
Richard Couch	1415 Hendry Drive Fort Meyers, Florida 33155
Taylor Bush	Route 3 Mars Hill, Madison County North Carolina 28754
Stephen P. Hatchett	Route 3 Mars Hill, Madison County North Carolina 28754

XII. INCORPORATOR

The name and address of the Incorporator is:

Taylor Bush	Route 3 Mars Hill, Madison County North Carolina 28754
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XIII. BYLAWS

The original Bylaws of the Association shall be adopted by a majority vote of the Directors to these Articles of Incorporation at a meeting at which a majority of the Directors are present, and, thereafter, the Bylaws may be altered or rescinded as provided in the Bylaws.

XIV. INDEMNIFICATION

Every Director and every officer of the Association shall be indemnified by the Association against all expenses and liabilities, including attorney's 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 adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided, that in the event of any claims 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 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.

XV. AMENDMENTS

An amendment or amendments to these Articles of Incorporation may be proposed by the Board of Directors of the Association acting upon a vote of the majority of the Directors or by the Members of the Association owning Units to which twenty percent (20%) of the votes have been allocated, whether meeting as Members or by instrument in writing signed by them. Upon any amendment or amendments to these Articles of Incorporation being proposed by the Board of Directors or members, such proposed amendment or amendments shall be transmitted to the President of the Association or the acting chief executive officer in the absence of the President, who shall thereupon call a special meeting of the Members of the Association for a date not sooner than ten (10) days or later than fifty (50) days from the receipt by him of the proposed amendment or amendments, and it shall be the duty of the Secretary to give each Member written notice of such meeting stating the time and place of the meeting and reciting the proposed amendment or amendments in reasonably detailed form, which notice shall be mailed or presented personally to each

member not less than ten (10) days nor more than fifty (50) days before the date set for such meeting. If mailed, such notice shall be deemed to be properly given when deposited in the United States mail, addressed to the Member at his post office address as it appears on the records of the Association, with postage thereon prepaid. At such meeting or by written approval the amendment or amendments proposed must be approved by an affirmative vote of the Members owning Units to which not less than two-thirds (2/3) of the votes in the Association have been allocated in order for such amendment or amendments to become effective. Thereupon, such amendment or amendments of these Articles of Incorporation shall be transcribed and certified in such form as may be necessary to file the same in the office of the Secretary of State of the State of North Carolina. Notwithstanding the foregoing provisions of this Article XV, no amendment to these Articles of Incorporation which shall abridge, amend or alter the right of Declarant to designate and select members of the Board of Directors of the Association, as provided in Article IX hereof, may be adopted or become effective without the prior written consent of Declarant.

XVI. FIDELITY BONDING

In addition to the indemnification provisions hereof, the Association shall obtain and maintain blanket fidelity bonds on each Director, officer and employee of the Association and of any management firm. The total amount of fidelity bond coverage shall be based upon the best business judgment of the Board of Directors and shall not be less than the estimated maximum funds including reserve funds, in the custody of the Association or management firm, as the case may be, at any given time during the term of each bond. The terms and conditions of such bonds may be modified from time to time as may be requested by the Mortgagees.

The fidelity bond shall name the Association as an obligee and shall contain waivers by the issuers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees" or similar terms or expressions. The premium on all bonds shall be paid by the Association as a common expense (except for the premiums on fidelity bonds maintained by the management firm, if any). The bonds shall provide that they may not be canceled or

fidelity bonds maintained by the management firm, if any). The bonds shall provide that they may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least ten (10) days prior written notice to the Association.

XVII. MISCELLANEOUS

A. All terms used herein shall have the same meaning as set forth in the Declaration.

B. Whenever used herein the singular shall include the plural, the plural shall include the singular and gender shall include all genders.

C. In the event of conflict between the provisions of these Articles and the Declaration, the provisions of the Declaration shall prevail; in the event of conflict between these Articles and the Bylaws the provisions of these Articles shall prevail.

IN WITNESS WHEREOF, the Incorporator has hereunto set his hand and seal this 12th day of ____ July, 1994.



TAYLOR BUSH

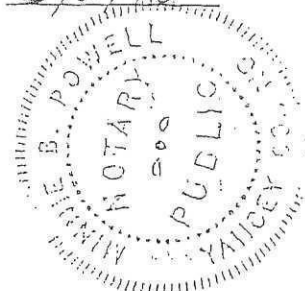
STATE OF NORTH CAROLINA
COUNTY OF YANCEY

This is to certify that on the 12th day of July, 1994, before me, a notary public of the State and County aforesaid, personally appeared TAYLOR BUSH, whom I am satisfied is the person named in and who executed the foregoing Articles of Incorporation, and I have first made known to him the context 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 WITNESS WHEREOF, I have set my hand and affixed my seal this 12th day of July, 1994.

Minnie B. Powell
Notary Public

My Commission Expires: 3/6/96



NORTH CAROLINA, YANCEY COUNTY:

The foregoing (or annexed) certificate(s) of Minnie B. Powell N.P. & Danny S. Shepard N.P.

is (are) certified to be correct.

This 25 day of July A.D. 1994

William D. Bell
REGISTER OF DEEDS

CONSENT OF MORTGAGEE

The undersigned is the holder of that certain Promissory Note secured by a Deed of Trust dated 14 June, 1993, made by North Carolina Properties, Inc., a North Carolina Corporation, to Staunton Norris, Trustee for Select Investments, Inc. and recorded in the Yancey County Deed Registry at Instrument Book 246, Page 298, and assigned to the undersigned by instrument dated 20 September, 1993 from Select Investments, Inc. to Union Investment Company, Inc., a Georgia Corporation, of record in the Yancey County Deed Registry at Consolidated Instrument Book 247, Page 89 (all jointly referred to herein as "Loan Documents"). The undersigned hereby consents to and joins in the Lodge and Blue Mountain Condominium Declaration of Condominium dated 25 July, 1994, and subordinates the lien of its Loan Documents to the terms and conditions thereof.

19th IN WITNESS WHEREOF, the undersigned has caused its name and seal to be affixed hereto on this day of July, 1994.

UNION INVESTMENT COMPANY, INC.

BY: [Signature]

PRESIDENT

[Signature]
SECRETARY

(CORPORATE SEAL)

STATE OF GEORGIA

COUNTY OF MILLER

This is to certify that the 19th day of July, 1994, before me, a notary public of the state and county aforesaid, personally appeared G. C. Jinks and H. L. Jinks, who I am satisfied are the persons who executed this Declaration on behalf of Union Investment Company, Inc., a Georgia corporation, as President and Secretary, respectively, of said corporation, and I have first made known to them the context thereof, they did acknowledge that they signed and delivered the same as their voluntary act and deed for the uses and purposes therein expressed.

IN WITNESS WHEREOF, I have set my hand and affixed my seal this 19th day of July, 1994.

[Signature]
Notary Public

DANNY S. SHEPARD

My Commission Expires 9-15-94

(NOTARY SEAL)

