

ARTICLES OF INCORPORATION
OF
AVALON WOODS II OWNERS ASSOCIATION, INC.
(VIRGINIA NONSTOCK CORPORATION)

The undersigned, pursuant to Chapter 10 of Title 13.1 of the Code of Virginia, the undersigned hereby establishes a Nonstock Corporation (hereinafter the "Association") and states as follows:

ARTICLE I

NAME

The name of the Association is: **AVALON WOODS II OWNERS ASSOCIATION, INC.**

ARTICLE II

MEMBERS

The Association is to have two classes of members, comprised of the following persons or entities and having the following voting rights:

Class A. Class A members shall be comprised of those persons or entities which own a fee simple interest (or an undivided fee simple interest) in, and are the record owners of title to, any lot in the Association's Development; provided, however, that Class A members shall not include (i) persons or entities holding such an interest solely as security for the performance of an obligation, or (ii) the Developer, Harrisonburg Townhomes, L.L.C., its successor or assignee. Class A member shall be entitled to one (1) vote for each lot in which they hold an interest required for membership. When more than one person holds such interest in any lot, all such persons shall be members; provided, however, that they shall vote as a group so that in no event shall more than one vote be cast with respect to any lot.

Class B. The sole Class B member shall be Harrisonburg Townhomes, L.L.C., the developer of Avalon Woods II Subdivision, or its successor or assignee. The Class B member shall be entitled to three votes for each lot owned by it. The Class B membership shall automatically terminate and be converted into a Class A membership (with no action being required on the part of any person or entity) on the date when the last unit is deeded to homeowners.

Every person or entity who is a record owner of any lot is entitled to membership and voting rights in the Association. Membership is appurtenant to, and inseparable from, ownership of the lot.

ARTICLE III

DISSOLUTION

If the Association is dissolved, the assets shall be dedicated to a public body, or conveyed to a nonprofit organization with similar purposes.

ARTICLE IV

AMENDMENT

Amendment of the Articles of Incorporation requires the approval of at least two-third (2/3) vote of the owners.

ARTICLE X

DIRECTORS

The Association shall be managed by a Board of Directors, the number, term, qualification, and meetings of which shall be as provided in the Bylaws of the Association. Until such Board of Directors is duly elected and qualified, an initial Board of Directors shall serve which shall consist of the following persons:

<u>Name(s)</u>	<u>Address</u>
David G. Frackelton	1872 College Avenue, Harrisonburg, VA 22802
Jared S. Scripture	620 Garbers Church Road, Harrisonburg, VA 22801
Joseph W. Behl	918 Oak Hill Drive, Harrisonburg, VA 22801

ARTICLE VI

REGISTERED AGENT

The Association's initial registered agent is: Mark B. Callahan.

The initial registered agent is an individual who is a resident of Virginia and a member of the Virginia State Bar.

ARTICLE VII

REGISTERED OFFICE

The Association's initial registered office address which is the business address of the initial registered agent is: 92 North Liberty Street, Harrisonburg, Virginia 22802.

The registered office is physically located in the City of Harrisonburg, Virginia.

ARTICLE VIII

NO AUTHORITY TO ISSUE CAPITAL STOCK

In compliance with Section 13.1-814 of the Code of Virginia, as amended, the Association shall not issue shares of stock.

ARTICLE IX

PURPOSE

The Association is organized for the purpose of:

(1) acquiring, constructing, managing, maintaining, and caring for property held by the Association or commonly held or used by the members of the Association; and

(2) promoting the recreation, health, safety and welfare of Association members and residents of Avalon Woods II Subdivision being known and designated as Lots 1-72, inclusive, as shown on the "Final Plat of Avalon Woods II, Section One" dated July 2, 2003 and revised October 22, 2003, by Barry E. Lotts, L.S., recorded in the Clerk's Office of the Circuit Court of Rockingham County, Virginia, in Deed Book 2404, Page 598, and in Plat Cabinet C, Slide 171 and as shown on the "Final Plat of Avalon Woods II, Section Two, dated December 30, 2003, by Barry E. Lotts, L.S..

The Association shall have all powers and authority:

(1) of a property owners' association under the Virginia Property Owners' Association Act, Title 55, Chapter 26 of the Code of Virginia, as amended (hereinafter the "Property Owners' Association Act");

(2) of a nonstock corporation under the Virginia Nonstock Corporation Act, Chapter 10, Title 13.1 of the Code of Virginia, as amended (hereinafter the "Nonstock Act");

(3) described in any declaration setting forth covenants, conditions, and restrictions applicable to the Avalon Woods II Subdivision, which Declaration has been duly recorded in the Clerk's Office of the Circuit Court of Rockingham County, Virginia, in Deed

Book 2404, Page 599 and a second Declaration for Avalon Woods II, Section Two which shall be recorded at a later date (hereinafter the "Declaration"); and

(4) of a residential real estate management association taxable as a homeowners association under Section 528 of the Internal Revenue Code of 1986, as amended (hereinafter the "Code").

Consistent with the Nonstock Act, the Property Owners' Association Act, and any Declaration setting forth covenants, conditions, and restrictions applicable to Avalon Woods II Subdivision, the Association shall have the power and authority to:

(1) acquire, construct, own, operate and maintain the common areas, facilities, amenities and other property within Avalon Woods II Subdivision;

(2) fix assessments to be levied against Association members for the sole purpose of operation and maintaining common areas, facilities, and other property in Avalon Woods II Subdivision; and

(3) administer and enforce the covenants, conditions, and restrictions provided for in any applicable Declaration.

In addition, the Association is being organized to carry on the exempt functions of a nonstock, not-for-profit corporation under the Nonstock Act and a homeowners association within the meaning of Section 528 of the Code, and no part of the net earning of the Association shall inure (other than by acquiring, constructing, or providing management, maintenance, and care of Association property, and other than by a rebate of excess membership dues, fees, or assessments) to the benefit of any member or private individual. The Association shall have the power to carry on business of any character whatsoever that is not prohibited by law or required to be stated in these Articles.

ARTICLE X

ANNEXATION, MERGER OR CONSOLIDATION

Annexation of additional properties, mergers and consolidations, mortgaging of Common Area, dissolution and amendment of the Articles, requires approval of HUD/VA as long as there is a Class B membership.

ARTICLE XI

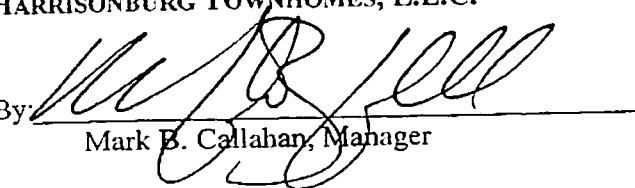
EFFECTIVE DATE

These Articles of Incorporation shall be effective upon filing.

Date: 2-4-04

INCORPORATOR:
HARRISONBURG TOWNHOMES, L.L.C.

By:


Mark B. Callahan, Manager