

ARTICLES OF INCORPORATION  
OF  
CHANNEL WATCH PROPERTY OWNERS ASSOCIATION, INC.  
(A NONPROFIT CORPORATION)

I, the undersigned individual, hereby do make and acknowledge these Articles of Incorporation ("Articles") for the purpose of forming a nonprofit corporation under and by virtue of the laws of the State of North Carolina as contained in Chapter 55A of the General Statutes of North Carolina, entitled "North Carolina Nonprofit Corporation Act," and the several amendments thereto, and to that end do hereby set forth:

1. Name: The name of the Corporation is Channel Watch Property Owners Association, Inc. (the "Association").

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

3. Definitions: As used in these Articles, the following definitions shall apply:

(a) Capitalized terms shall have the same meaning specified for such terms as more particularly set forth in the Declaration of Covenants, Conditions, and Restrictions for the Channel Watch Community, and any amendments thereto (collectively, the "Declaration") recorded or to be recorded in the Register of Deeds of New Hanover County, North Carolina, unless such terms otherwise are specifically defined herein; and,

(b) References to the "North Carolina Nonprofit Corporation Act" shall mean Chapter 55A of the General Statutes of North Carolina; and,

(c) References to the "North Carolina Planned Community Act" shall mean Chapter 47F of the General Statutes of North Carolina; and,

(d) References to the "Code" shall mean the Internal Revenue Code of 1986, as amended.

4. Purpose: The Association is organized and will be operated consistent with the North Carolina Planned Community Act ("Act") to undertake and perform any and all activities, responsibilities, and obligations applicable to the Association set forth in the Act and the Association Documents.

In order to achieve the foregoing purposes, the Association shall have the following powers and authorities:

(a) To exercise all powers and rights and perform all of the acts and duties and obligations of the Association as more particularly described in the Act and the Association Documents; and,

(b) To undertake any activity whatsoever that is in furtherance, directly or indirectly, of the purposes of the Association set forth above; and

(c) To take any and all action necessary and appropriate to qualify the Association under Code Section 528 and to elect that the Association be taxed under Code Section 528, if such qualification and election is determined by the directors of the Association to be in the best interests of the Association; and,

(d) To take any and all action necessary and appropriate to qualify the Association under Sections 105-125(a)(8) and 105-130.11(a)(11) of the General Statutes of North Carolina, if such Sections are applicable.

Provided, however, and notwithstanding any power or authority set forth above in this Article, the Association shall have the power and authority to engage only in activities that meet each of the following requirements:

(aa) Such activities are not broader than those activities that may be undertaken by a nonprofit corporation pursuant to the North Carolina Nonprofit Corporation Act; and,

(bb) Such activities are not broader than those activities that may be undertaken by the Association pursuant to the Declaration; and,

(cc) Such activities are not broader than those activities that may be undertaken by a planned community pursuant to the Act.

5. Initial Directors: The number of directors constituting the initial Board of Directors shall be three (3), and the names and addresses of the persons who shall serve as directors until successors shall be elected and qualified, are as follows:

<u>Name</u>	<u>Address</u>
Edward H. Clark	127 Racine Dr., Ste. 201 Wilmington, NC 28403
Cheryl Blanton	127 Racine Dr., Ste. 201 Wilmington, NC 28403
Robin Campbell	127 Racine Dr., Ste. 201 Wilmington, NC 28403

Subsequent Boards of Directors, the number of directors, their terms of office, and the method of their selection shall be provided for and determined as is set forth in the Bylaws of the Association.

6. Nonprofit Issues: The Association is not organized and shall not be operated for pecuniary gain or profit. No part of the net earnings of the Association shall inure to the benefit of, or be distributable to, its members, directors, officers, or any other individuals, other than (a) reasonable compensation paid by the Association for services actually rendered or other value received, (b) by acquiring or providing management, maintenance, and care of any property as may be set forth in the Declaration and by undertaking any other responsibilities of the Association as set forth in the Association Documents, and (c) by rebating excess membership dues, fees, or assessments, if applicable, pursuant to Section 55A-13-02(b)(3) of the North Carolina Nonprofit Corporation Act.

7. Members: The Association shall have members, and the qualifications and rights of members shall be set forth in the Bylaws of the Association.

8. Dissolution: In the event of dissolution of the Association, any net assets remaining after the satisfaction of the Association's liabilities shall be transferred and delivered (a) to one (1) or more nonprofit corporations formed under the North Carolina Nonprofit Corporation Act, as shall be selected by the Board of Directors of the Association, that are organized generally for purposes similar or related to those set forth in Article 4 hereof, or (b) as otherwise permitted or required by law.

9. Registered Office and Agent: The street and mailing address of the initial registered office of the Association is 2018 Eastwood Rd., Wilmington, New Hanover County, NC 28403; and the name of the initial registered agent at such address is Premier Management Company.

10. Principal Office: The street and mailing address of the Association's principal office is 127 Racine Dr., Ste. 201, Wilmington, New Hanover County, NC 28403.

11. Limitation on Personal Liability: To the fullest extent provided by law, no director of the Association shall be personally liable for monetary damages arising out of an action, whether by or in the right of the Association or otherwise, for breach of any duty as a director.

12. Architectural Review Committee: The Declaration sets forth the appointment and the members of the Architectural Review Committee of the Association ("ARC"). The ARC shall have the powers as set forth in the Declaration. Amendment of the provisions of the Declaration dealing with the ARC shall be made as provided in the Declaration.

13. Disapproval Power of Declarant: Pursuant to the authority granted in Section 55A-8-01(c) of the North Carolina Nonprofit Corporation Act, the Declarant shall have the power to disapprove all actions taken by the Board of Directors of the Association or by any committee of the Association as may have been appointed by the Board of Directors or established by the Bylaws or the Declaration. The Declarant's disapproval power shall begin as of the incorporation date of the Association and shall terminate on the earlier to occur of: (a) the expiration of the Development Period, or (b) the date such right is relinquished by Declarant by a signed document recorded in the Register of Deeds terminating the disapproval rights set forth in this Article. During such time as the Declarant's disapproval power is in effect as set forth above, the Board of Directors and any committee of the Association shall communicate in writing by certified mail, return receipt requested, to the Declarant any and all action taken by the Board of Directors or committee, as applicable, within two (2) business days of taking action, and the Declarant shall have ten (10) business days after receipt of such communication in which to disapprove such action by delivering written notice of the Declarant's disapproval to the Secretary of the Association.

14. Duty and Obligation of Association to accept Transfers: Notwithstanding any other provision of these Articles and the Association's Bylaws, the Association shall have the duty and obligation to perform the following acts:

Subject to the terms and conditions of applicable provisions in the Declaration regarding the Common Area, Permit, Stormwater Management Facilities, or the Permit itself: (a) to accept transfer of (i) the Common Area from the Declarant, (ii) the Permit

from the Declarant, and (iii) Declarant's responsibilities under Permit upon tender of the transfer of such responsibilities by Declarant to the Association, (b) to take any and all actions necessary to be done by the Association regarding the Common Area and Permit (including without limitation, amending these Articles or the Association's Bylaws), and (c) to execute all documents required to be executed by the Association in order to allow such transfers to occur.

15. Declarant Approval of Changes to Association Documents: No Amendment to Association Documents shall be effective and enforceable until approved in writing by the Declarant. This requirement of written approval by the Declarant of any amendments to the Association Documents shall begin as of the incorporation date of the Association and shall terminate on the earlier to occur of: (a) the expiration of the Development Period, or (b) the date such right is relinquished by Declarant by a signed document recorded in the Register of Deeds terminating the approval rights set forth in this Article.

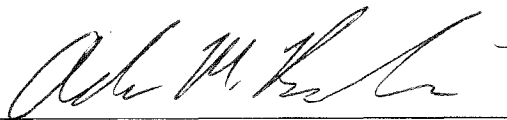
16. Amendments to Articles of Incorporation: Amendment of these Articles may only be undertaken consistent with the applicable provisions of the North Carolina Nonprofit Corporation Act, and with the required affirmative consent of not less than a sixty-seven percent (67%) vote of all of the members of the Association entitled to vote; subject, however, (a) to the Declarant's power to approve any amendments to these Articles set forth above in Article 15 hereof, (b) to the Declarant's power to amend these Articles set forth below in Article 17 hereof, and (c) certain limitations on voting rights of members of the Association on amendments to these Articles set forth in the Bylaws.

17. Declarant Power to Amend Articles of Incorporation and Bylaws: Until the amendment power of the Declarant terminates as is provided in this Article, the Declarant shall have the authority (instead of the Board of Directors having such authority as such limitation of the Board of Directors authority as is permitted in Section 55A-8-01(c) of the North Carolina Nonprofit Corporation Act) to amend the Articles of Incorporation and the Association's Bylaws without the joinder or consent of any other Person if such amendment is authorized or required pursuant to the Declaration or by any governmental agency for governmental approval, including, but not limited to, (a) compliance with any requirements imposed by any agency of the State of North Carolina; or (b) compliance with any rule or regulation of the Department of Housing and Urban Development, the Veterans Administration, or their successors. The Board of Directors shall not have the authority for such period either to

amend these Articles to preempt Declarant's authority or to amend these Articles to preempt any action taken by Declarant in the exercise of Declarant's authority. The aforementioned right of the Declarant shall begin as of the incorporation date of the Association and shall terminate on the earlier to occur of: (aa) the expiration of the Development Period, or (bb) the date such right is relinquished by Declarant by a signed document recorded in the Register of Deeds terminating the power to amend as set forth in this Article.

18. Incorporator: The name and address of the incorporator are Adam M. Beaudoin, 127 Racine Drive, Post Office Box 7068, Wilmington, NC 28406-7068.

IN TESTIMONY WHEREOF, I have hereunto set my hand, this the 6th day of February, 2018.



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Adam M. Beaudoin, Incorporator

Prepared by and return to:

Adam M. Beaudoin  
For the firm of  
Ward and Smith, P.A.  
127 Racine Drive  
Post Office Box 7068  
Wilmington, NC 28406-7068  
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