

THE CAPE HOMEOWNERS ASSOCIATION

NOTICE:

The following is supplied as information synopsis only and is intended to assist persons inquiring about the purchase of property covered by Restrictive Covenants at The Cape, all sections and phases. Nothing herein is intended to be specific so as to govern, such a purchase. You are advised to check the referenced documents on file at the New Hanover County Register of Deeds, or other such agency.

Facts:

INCORPORATED	State of North Carolina
INCORPORATED DATE	September 19, 1983 • Perpetual existence
AS	Nonprofit Organization
FEDERAL ID#	561-45-8199
PURPOSE / OBJECTIVES	To administer the operation and management of The Cape, all sections and phases. To exercise, undertake and accomplish all of the rights, duties and obligations which may be granted to or imposed upon the Association pursuant to the Declarations of Condominium and the Declaration of Restrictions. Others <i>as</i> specifically listed.
GOVERNED BY:	By-Laws filed September 28, 1983
BY-LAWS APPLICABLE TO:	The Cape, all sections and phases
APPLY TO:	All present or future owners, tenants, or their employees or any other person that might use THE CAPE, any section or phase or any of the facilities thereof in any manner.
FISCAL YEAR	Calendar
MEMBERSHIP:	Each sold lot or Condominium unit Established by the acquisition of fee title to a lot or condo unit, ***
MANDATORY	Yes
VOTING	Each lot or condo entitled to <u>one</u> vote Dues must be current at time of voting
DUES	Set each fiscal year by Board of Directors Annual assessment may not be increased more than 10% above the previous year maximum without a vote

ASSOCIATION DUTIES EXERCISED BY: Elected five member Board of Directors
ASSOCIATION RESPONSIBILITIES: For exact details, consult the By-Laws

- ASSOCIATION RESPONSIBILITIES:
IN GENERAL:**
1. Make levy and collect assessments to defray costs
 2. Maintain, repair, replace, operate & manage the private streets and drainage systems, recreational facilities and open space areas wherever the same *is* required to be done and accomplished by the Association for the benefits of its members
 3. To reconstruct any common property after casualty and to make further improvement as necessary
 4. To make, amend and enforce regulations governing the use of common property and lots and condo units.
 5. To acquire, operate, lease, manage, and otherwise trade and deal with the real and personal property.
 6. To acquire and enter into leases and agreements
 7. To contact for management
 8. To enforce by legal or other means the provisions of the Articles of Incorporation, By-Laws and the Declaration of Condominium, Declarations of Restrictions and the regulations hereinafter promulgated governing use of common property.
 9. To pay all taxes
 10. To purchase insurance against casualty and liability for loss or Injury upon Association common property,
 11. To pay power, water, sewer and. other utility services for common property.
 12. All other powers of and. duties of the Association shall be exercised by the Board of Directors.

SECTION I

Articles of Incorporation
of
The Cape Homeowners association

In accordance 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 hereby certifies:

Article I.

The name of the corporation is THE CAPE HOMEOWNERS ASSOCIATION, hereinafter called the "Association".

Article II.

The principal and registered office of the Association is located at 725 Wellington Avenue, Wilimington, New Hanover County, North Carolina, 28401.

Article III.

H. Michael Brazeal, whose address is 725 Wellington Avenue, Wilmington, New Hanover County, North Carolina 28401, is hereby appointed the initial registered agent of this corporation.

Article IV.

This association does not contemplate pecuniary gain or profit to the members thereof and no part of the Association's net income shall inure to the benefit of any of its officers, directors, or members, or any other private individual. The purposes and objects of the Association shall be to administer the operation and management of The CAPE, all sections and phases, (hereinafter called "the project"), a residential project to be established in accordance with the laws of the State of North Carolina upon the property situate, lying and being in the Federal Point Township, New Hanover County, North Carolina, and more particularly described on Exhibit "A" hereto attached, made a part hereof and incorporated herein by reference; to undertake the performance of the acts and duties incident to the administration of the operation and management of said project, present and future sections and phases, if any, in accordance with the terms, provisions, conditions and authorizations contained in the Articles of Incorporation and which may be contained in the Public Records of New Hanover County, North Carolina, at the time said property, and till: improvements now or hereafter situate thereon, are submitted to plans of Condominium ownership by the registration of Declarations of Condominium and/or Supplemental Declarations of Condominium or by the recording of Declarations of Restrictions for single family or townhouse dwellings, and to own, operate, lease, sell, trade, and otherwise deal with such property, whether real or personal, as may be necessary or convenient in the administration of said project.

Article V.

The Association shall have the following powers:

1. The Association shall have the powers and privileges granted to nonprofit corporations under the law pursuant to which this Association is chartered, and all powers and privileges which may be granted unto said Association under any other applicable laws of the State of North Carolina.

2. The Association shall have all the powers reasonably necessary to implement and effectuate the purposes of the Association, including, but not limited to the following:

(a) To make and establish reasonable rules and regulations governing the use of lots, units and common areas and facilities in the Project as said terms may be defined in Declarations of Condominium and Declarations of Restrictions to be recorded.

(b) To levy and collect assessments against members of the Association to defray the common expenses of the Project as may be provided in said Declarations of Condominium and Declarations of Restrictions, and in the By-Laws of this Association which may be hereafter adopted, including the right to levy and collect assessments for the purposes of acquiring, operating, leasing, managing and otherwise trading and dealing with such property, whether real or personal, which may be necessary or convenient in the operation and management of the Project and in accomplishing the purposes set forth in said Declarations of Condominium and the Declarations of Restrictions.

(c) To maintain, repair, replace, operate and manage the Project, including the right to reconstruct improvements after casualty and to make future improvement of the Project, and to make and enter into any and *all* contracts necessary or desirable to accomplish said purpose.

(d) To contract for the management of the Project and to delegate to such contractor all of the powers and duties of the Association except those which may be required by the Declarations of Condominium and Declarations of Restrictions to have approval of the Board of Directors or membership of the Association.

(e) To acquire and enter into, now or at any time hereafter, leases and agreements whereby the Association acquires leaseholds, memberships, and other possessory or use interests in lands or facilities including, but not limited to, swimming pools, tennis courts, and other recreational facilities whether or not contiguous to the lands of the Project to provide enjoyment, recreation or other use or benefit to the owners of property in the Project.

(f) To enforce the provisions of the Declarations of Condominium, the Declarations of Restrictions, these Articles of Incorporation, the By-Laws of the Association which may be hereafter adopted, and the Rules and Regulations governing the use of the Project as the same may be hereafter established.

(g) To exercise, undertake and accomplish all of the rights, duties and obligations which may be granted or imposed upon the Association pursuant to the Declaration of Condominium and Declarations of Restrictions aforementioned.

Article VI.

The qualification of the members, the manner of their admission to membership and termination of such membership, and voting by members shall be as follows:

1. The owners of all single family dwellings, units or lots in THE CAPE, all sections and phases, shall be members of the Association, and no other person or entities shall be members, except as provided in Item 5 of this Article VI.

2. Membership shall be established by the acquisition of fee title to a lot or Condominium unit in the Condominium, or by acquisition of fee ownership interest therein, whether by conveyance, devise, judicial decree or otherwise, and membership of any party shall be automatically terminated upon his being divested of all title to or his entire fee ownership in any lot or Condominium unit, except that nothing herein contained shall be construed as terminating the membership of any party who may own two or more lots or Condominium units, or who may own a fee ownership interest in two or more lots or Condominium units, so long as such party shall retain title to or a fee ownership in any lot or Condominium unit. The funds and assets of the Association cannot be assigned, hypothecated or transferred in any manner, except as an appurtenance to his lot or Condominium unit. The funds and assets of the Association shall belong solely to the Association subject to the limitation that the same be expended, held or used for the benefit of the membership and for the purposes authorized herein, in the Declarations of Condominium, the Deed of Restrictions, and in the By-Laws which may be hereafter adopted.

4. On all matters which the membership shall be entitled to vote, each lot and each Condominium unit shall have one (1) vote. The vote of each lot or unit may be cast or exercised by the owner or owners of each lot or Condominium unit in such a manner as may be provided by the By-Laws hereafter adopted by the Association. Should any member own more than one lot or Condominium unit, such member shall be entitled to exercise or cast one (1) vote for each lot or unit so owned.

Article VII.

The Association shall have perpetual existence.

Article VIII.

The affairs of the Association shall be managed by the President of the Association, assisted by the Vice President, Secretary and Treasurer and, if any, the Assistant Secretaries and Assistant Treasurers, 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 and/or such other managerial and supervisory personnel or entities to administer or assist in the administration of the operation and management of the Project, and the affairs of the Association, and any such person or entity may be so employed without regard to whether such person or entity is a member of the Association or a director or officer of the Association, as the case may be.

Article IX.

The number of members of the first Board of Directors of the Association shall be three (3). The number of members of succeeding Board of Directors shall be as provided, from time to time, by the By-Laws of the Association. The members of the Board of Directors shall be elected by the members of the Association at the annual meeting of the membership as provided by the By-Laws of the Association, and at least a majority of the Board of Directors shall be members of the Association or shall be authorized representatives, officers or employees of a corporate member of the Association. Notwithstanding the foregoing, until such time as seventy percent (70%) of the lots and units have been sold and deeded to purchasers, CAROLINA RESORTS shall have the right to designate and select the persons who shall serve

as members of the Board of Directors of the Association. CAROLINA RESORTS may designate and select the person or persons to serve as a member or members of said Board of Directors in the manner provided in the By-Laws of the Association, and such person or persons so designated and selected need not be a resident of the Project.

Article X.

The Board of Directors shall elect a President, Vice President, Secretary and Treasurer, and as many Assistant Secretaries and Assistant Treasurers as the Board of Directors shall determine. The President shall be elected from among the membership of the Board of Directors, but no other officer need be a Director. The same person may hold two (2) offices, the duties of which are not incompatible; provided, however, that the office of the President and Vice President shall not be held by the same person, nor shall the office of the President and Secretary or Assistant Secretary be held by the same person.

Article XI.

The names and post office addresses of the initial Board of Directors who, subject to the provisions of these Articles of Incorporation, the By-Laws, and the laws of the State of North Carolina, shall hold office until the first annual meeting of the membership (or until their successors are elected and qualified) are as follows:

H. Michael Brazeal	725 Wellington Avenue Wilmington, New Hanover County North Carolina 28401
Lewis A. Highsmith, III	501 N. Lake Park Blvd. Carolina Beach, New Hanover County North Carolina 28428
Karen Brazeal	725 Wellington Avenue Wilmington, New Hanover County North Carolina 28401

Article XII

The original By-Laws of the Association shall be adopted by a majority vote of the members of the Association present at a meeting of members at which a majority of the membership is present, and thereafter, such By-Laws may be altered or rescinded in such a manner as said By-Laws may 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 or his being or having been 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 claim 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 interests 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 XI

An amendment or amendments to these Articles of Incorporation shall require the approval of seventy percent (70%) of the membership.

No amendment to these Articles of Incorporation which shall abridge, amend or alter the right of CAROLINA RESORTS 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 CAROLINA RESORTS.

Article XIII

The name and address of the incorporator is as follows:

Franklin N. Jackson

11 South Fifth Street
Post Office Box 1409
Wilmington, N.C. 28401