

State of North Carolina

Department of the Secretary of State

To all to whom these presents shall come, Greeting:

I, Thad Eure, Secretary of State of the State of North Carolina, do hereby certify the following and hereto attached (8 sheets) to be a true copy of

ARTICLES OF INCORPORATION

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OF

SURF'S EDGE VILLAS HOMEOWNERS ASSOCIATION, INC.

and the probates thereon, the original of which was filed in this office on the 19th day of May 1982, after having been found to conform to law.

In Witness Whereof, I have hereunto set my hand and affixed my official seal.

Done in Office, at Raleigh, this 19th day of May in the year of our Lord 19 82.

RETURNED TO

Elton G. Tucker, Atty.

Thad Eure
Secretary of State

Clayton Smith
Deputy Secretary of State



AUG 4 11 51 AM '82

RECORDED AND VERIFIED
REBECCA P. TUCKER
REGISTER OF DEEDS
NEW HANOVER CO. NC

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ARTICLES OF INCORPORATION

OF

SURF'S EDGE VILLAS HOMEOWNERS ASSOCIATION, INC.

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 SURF'S EDGE VILLAS HOMEOWNERS ASSOCIATION, INC., hereinafter called the "Association".

ARTICLE II

The principal and registered office of the Association is located at 1311 Bar Harbor Drive, Wilmington, New Hanover County, North Carolina 28403.

ARTICLE III

DALE S. CAINES, whose address is 1311 Bar Harbor Drive, Wilmington, North Carolina 28403, 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 SURF'S EDGE VILLAS, (hereinafter called the "Condominium"), a condominium to be established in accordance with the laws of the State of North Carolina upon the property situate, lying and being in New Hanover County, North Carolina, and more particularly described as follows:

ALL of Lot 4A, Block 29, Carolina Beach, as shown on map recorded in Map Book 2, Pages 1 and 106; subject to all right, title, and interest of the State of North Carolina and Town of Carolina Beach in and to all said property lying Eastwardly of the Building Line of the Town of Carolina Beach as shown on map recorded in Map Book 8, Page 52, New Hanover County Registry;

to undertake the performance of the acts and duties incident to the administration of the operation and management of said Condominium,

in accordance with the terms, provisions, conditions and authorizations contained in these Articles of Incorporation and which may be contained in the Public Records of New Hanover County, North Carolina, at the time said property, and the improvements now or hereafter situate thereon, are submitted to a plan of Condominium ownership, by the registration of a Declaration of Condominium and/or Supplemental Declarations of Condominium, 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 Condominium.

ARTICLE V

The Association shall have the following powers:

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

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 Condominium units and common areas and facilities in the Condominium as said terms may be defined in said Declaration of Condominium to be recorded.

(b) To levy and collect assessments against members of the Association to defray the common expenses of the Condominium as may be provided in said Declaration of Condominium 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, including Condominium units in the Condominium, which may be necessary or convenient in the operation and management of the Condominium and in accomplishing the purposes set forth in said Declaration of Condominium.

(c) To maintain, repair, replace, operate and manage the

Condominium and the property comprising same, including the right to reconstruct improvements after casualty and to make further improvements of the Condominium property, and to make and enter into any and all contracts necessary or desirable to accomplish said purposes.

(d) To contract for the management of the Condominium and to delegate to such contractor all of the powers and duties of the Association except those which may be required by the Declaration of Condominium 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 recreation facilities whether or not contiguous to the lands of the Condominium to provide enjoyment, recreation or other use or benefit to the owners of Condominium units.

(f) To enforce the provisions of the Declaration of Condominium, 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 Condominium as the same may be hereafter established.

(g) 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 Declaration of Condominium 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 Condominium units in SURF'S EDGE VILLAS 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 Condominium unit in the Condominium, or by acquisition of a fee ownership interest therein, whether by conveyance, devise,

judicial decree or otherwise, and the membership of any party shall be automatically terminated upon his being divested of all title to or his entire fee ownership interest in any Condominium unit, except that nothing herein contained shall be construed as terminating the membership of any party who may own two or more Condominium units, or who may own a fee ownership interest in two or more Condominium units, so long as such party shall retain title to or a fee ownership interest in any Condominium unit.

3. 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 his 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 Declaration of Condominium and in the By-laws which may be hereafter adopted.

4. On all matters which the membership shall be entitled to vote, each Condominium unit shall have a vote equal to its appurtenant undivided interest in the common areas and facilities of the Condominium as set forth in the Declaration of Condominium. The vote of each unit may be cast or exercised by the owner or owners of each Condominium unit in such manner as may be provided by the By-laws hereafter adopted by the Association. Should any member own more than one Condominium unit, such member shall be entitled to exercise or cast the votes associated with each Condominium unit owned in the manner provided by said By-laws.

5. Until such time as the property hereinbefore described, and the improvements constructed thereon, are submitted to a plan of Condominium ownership by the recordation of the Declaration of Condominium, the membership of the Association shall be comprised of the four (4) individuals named in Article XI hereof as the initial Board of Directors of the Association, and each such individual shall be entitled to cast one vote on all matters on which the membership shall be entitled to vote.

ARTICLE VII

The Association shall have perpetual existence.

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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 Condominium, 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 four (4). 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 75% of the units have been sold and deeded to purchasers, but in any event, not later than December 31, 1986, JAMES EDWARD GUIN and DALE S. CAINES shall have the right to designate and select the persons who shall serve as members of the Board of Directors of the Association. JAMES EDWARD GUIN and DALE S. CAINES 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 Condominium.

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 offices, the duties of which are not incompatible; provided, however, that the office of the 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:

James Edward Guin	223 Ginger Road Wilmington, New Hanover County, North Carolina 28405
Mary Ann Guin	223 Ginger Road Wilmington, New Hanover County, North Carolina 28405
Dale S. Caines	1311 Bar Harbor Drive Wilmington, New Hanover County, North Carolina 28403
Linda K. Caines	1311 Bar Harbor Drive Wilmington, New Hanover County, North Carolina 28403

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 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 of 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

misfeasance or malfeasance in the performance of his duties; provided, that, in the event 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 XIV

An amendment or amendments to these Articles of Incorporation shall require the assent of two-thirds of the membership.

No amendment to these Articles of Incorporation which shall abridge, amend or alter the right of JAMES EDWARD GUIN and DALE S. CAINES 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 JAMES EDWARD GUIN and DALE S. CAINES.

Provided further that so long as the Declarant controls the Board of Directors of the Association, no additional properties, shall be annexed to the project, nor shall an Amendment to these Articles be valid without the prior written consent of the Administrator of Veterans Affairs, and/or his successor in such office, as such, and/or his duly appointed representative.

ARTICLE XV

The name and address of the incorporator is as follows:

Elton G. Tucker

315 Market Street
P. O. Box 2237
Wilmington, NC 28402

IN WITNESS WHEREOF, I, the undersigned incorporator, have hereunto set my hand and seal, this the 27th day of April, 1982.


Elton G. Tucker (SEAL)
ELTON, G. TUCKER

STATE OF NORTH CAROLINA

COUNTY OF NEW HANOVER

This is to certify that on this the 27th day of April, 1982, before me, Carole M. Hunter, a Notary Public of said State and County, personally appeared ELTON G. TUCKER, who I am satisfied is the person named in and who executed the foregoing Articles of Incorporation of SURF'S EDGE VILLAS HOMEOWNERS ASSOCIATION, INC., and having first made known to him the contents thereof, he did acknowledge that he signed, sealed and delivered the same as his voluntary act and deed for the uses and purposes therein expressed.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this the 27th day of April, 1982.


NOTARY PUBLIC

My commission expires:

CAROLE M. HUNTER
NOTARY PUBLIC

New Hanover County, N.C.

My Commission Expires November 27, 1983