

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

DEC 6 3 52 PM '82

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 (6 sheets) to be a true copy of

ARTICLES OF INCORPORATION

OF

CAROLINA SANDS OWNERS ASSOCIATION

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and the probates thereon, the original of which was filed in this office on the 19th day of November, 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 November in the year of our Lord 1982.



Thad Eure
Secretary of State

By *[Signature]*
Deputy Secretary of State

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ARTICLES OF INCORPORATION

OF

CAROLINA SANDS OWNERS ASSOCIATION

Nov 19 10 22 AM '02

THAD EURE
SECRETARY OF STATE
NORTH CAROLINA

In accordance with the requirements of Chapter 55A of the 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 CAROLINA SANDS OWNERS ASSOCIATION, hereinafter called the "Association".

ARTICLE II.

The principal and registered office of the Association is located at 501 N. Lake Park Boulevard, Post Office Box AK, Carolina Beach, New Hanover County, North Carolina 28428.

ARTICLE III.

RONALD A. GILBERT, whose address is 501 N. Lake Park Boulevard, Post Office Box AK, Carolina Beach, New Hanover County, North Carolina, 28428, 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 common areas of CAROLINA SANDS SUBDIVISION, all Sections (hereinafter called "The Subdivision"); to undertake the performance of the acts and duties incident to the administration of the operation and management of said common areas, 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, by the registration of a Declaration of Restrictions pertaining to said Subdivision, 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 common areas.

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.
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 the common areas and facilities in the Subdivision as said terms may be defined in said Declaration of Restrictions recorded in the New Hanover County Registry.
 - (b) To levy and collect assessments against members of the Association to defray the common expenses of the Association as may be provided in said Declaration 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 Subdivision and in accomplishing the purposes set forth in said Declaration of Restrictions.
 - (c) To maintain, repair, replace, operate and manage the common areas and the property comprising same, including the right to reconstruct improvements after casualty and to make further improvement of the common areas 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 common areas 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 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 recreation facilities whether or not contiguous to the lands of the Subdivision to provide enjoyment, recreation or other use or benefit to the owners of lots in the Subdivision.

(f) To enforce the provisions of the Declaration 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 common areas 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 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 lots in CAROLINA SANDS SUBDIVISION, all Sections, 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 in the Subdivision, 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 lot, except that nothing herein contained shall be construed as terminating the membership of any party who may own two or more lots, or who may own a fee ownership interest in two or more lots, so long as such party shall retain title to or a fee ownership interest in any lots.
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 lot. 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 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 shall have one vote. The vote of each lot may be cast or exercised by the owner or owners of each lot in such manner as may be provided by the By-Laws hereafter adopted by the Association. Should any member own more than one lot, such member shall be entitled to exercise or cast the votes associated with each lot owned in the manner provided by said By-Laws.

5. Until such time as the property described in 90% of the lots in the Subdivision are transferred to individual lot owners, the membership of the Association shall be comprised of the three (3) 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.

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 common areas, 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, subject to the limitations set forth in Article VI hereof.

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 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:

B. Rex Stephens	725 Wellington Avenue Wilmington, New Hanover County, North Carolina 28401
Bobby W. Harrelson	725 Wellington Avenue Wilmington, New Hanover County, North Carolina 28401
Ronald A. Gilbert	Post Office Box AK Carolina Beach, New Hanover County, North Carolina 28428

ARTICLE XII.

The original By-Laws of the Association shall be adopted by a majority vote of the initial Board of Directors of the Association present at the organizational meeting of the Association 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

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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 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 XIV.

An amendment or amendments to these Articles of Incorporation shall require the assent of two-thirds (2/3) of the membership.

ARTICLE XV.

The name and address of the incorporator is as follows:

Franklin N. Jackson	11 South Fifth Street Post Office Box 1409 Wilmington, N. C. 28402
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IN WITNESS WHEREOF, I, the undersigned incorporator, have hereunto set my hand and seal, this 5th day of November, 1982.

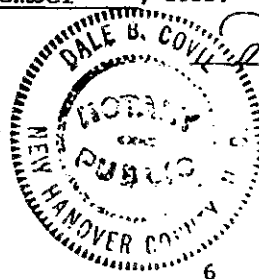
Franklin N. Jackson (SEAL)
FRANKLIN N. JACKSON

STATE OF NORTH CAROLINA

COUNTY OF NEW HANOVER

This is to certify that on this the 5th day of November, 1982, before me, Dale B. Covil, a Notary Public of said county and state, personally appeared FRANKLIN N. JACKSON, who I am satisfied is the person named in and who executed the foregoing Articles of Incorporation of CAROLINA SANDS OWNERS ASSOCIATION, 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 5th day of November, 1982.



Dale B. Covil
Notary Public

My Commission Expires:

March 16, 1986