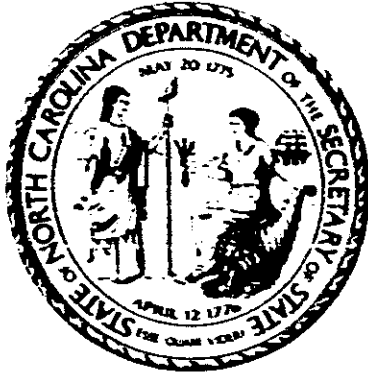


1427 0813



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

Aug 18 2 43 PM '88

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 (7 sheets) to be a true copy of

ARTICLES OF INCORPORATION

OF

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KURE BEACH VILLAGE HOMEOWNERS ASSOCIATION, INC.

and the probates thereon, the original of which was filed in this office on the 11th day of August 1988, 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 11th day of August in the year of our Lord 1988.

RETURNED TO *Carter & Carter*



Thad Eure
Secretary of State

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ARTICLES OF INCORPORATION
OF
KURE BEACH VILLAGE HOMEOWNERS ASSOCIATION, INC.

The undersigned, being a natural person over the age of eighteen (18) years, does hereby form a non-profit corporation under the laws of the State of North Carolina as contained in Chapter 55A of the General Statutes of North Carolina, entitled "Non-Profit Corporation Act", and the several amendments thereto, and to that end does hereby set forth:

ARTICLE I

The name of the corporation is KURE BEACH VILLAGE HOMEOWNERS ASSOCIATION, INC., sometimes hereinafter called the "Association".

ARTICLE II

The duration of the corporation (Association) shall be perpetual.

ARTICLE III

The purpose for which the Association is organized is to provide a non-profit homeowners association composed of the record owners of all lots located upon or within that certain development of real estate previously known as Kure Beach Club, Phases I and IB, said development and any future phases now known and to be known as Kure Beach Village; said real estate being located in New Hanover County, North Carolina and described as follows:

1. All of lots 1 through 44, Kure Beach Club, Phase I, as shown on a map thereof recorded in Map Book 25 page 96 of the New Hanover County Registry; and
2. All of lots 45 through 136, Kure Beach Club, Phase I-B, as shown on a map thereof recorded in Map Book 28 page 166 of the New Hanover County Registry.

The Association shall provide for the care, protection, maintenance, preservation and architectural control of the real estate described above, any other real estate acquired by the Association, and any future phases added to said development; and shall promote the health, safety and welfare of the residents thereof.

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ARTICLE IV

In order to carry out the purposes of the Association set forth above, said Association shall have and be entitled to exercise the following powers:

1. To own, maintain, preserve, repair, manage and care for all of the common areas and the improvements located on the common areas within the boundaries of the real property described above, and of any property acquired by the Association outside of the boundaries of the property described above, including the right to reconstruct improvements after casualty and to make further improvements to the common areas of the development and to make and enter into any and all contracts necessary or desirable to accomplish the purposes of the Association as set forth in Article V of these Articles of Incorporation.

2. To make and establish reasonable rules and regulations governing the use of the lots and the common areas and facilities in the planned unit development as said terms may be defined in the Declaration of Covenants, Conditions and Restrictions covering the real property described hereinabove.

3. To levy and collect assessments against the members of the Association, to defray the common expenses of the project as may be provided in the Declaration of Covenants, Conditions and Restrictions and in the Bylaws of this Association, which may be adopted hereafter, including the right to levy and collect assessments for the purpose of acquiring, operating, leasing, managing and otherwise trading and dealing with property owned by the Association, whether real or personal, which may be necessary or convenient in the operation and management of the development in accomplishing the purposes set forth herein and in the Declaration of Covenants, Conditions and Restrictions.

4. To perform and exercise all of the rights, duties, privileges and powers delegated to the Association by the provisions of that certain Declaration of Covenants, Conditions and Restrictions (hereinafter referred to as the "Declaration") applicable to the real property described hereinabove, said Declaration being recorded or

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to be recorded in the New Hanover County Register of Deeds office and being incorporated herein as if fully set forth.

5. To contract for the management of the common areas and facilities of the Association and to delegate to such person or entity all the powers and duties of the Association except those matters which may be required to have approval of the Board of Directors or membership of the Association.

6. To enforce the provisions of the Declaration, of these Articles of Incorporation and the Bylaws of the Association which may be adopted from time to time, and the rules and regulations governing the use of the property within the development as said rules and regulations may hereafter be established.

7. To have, exercise and perform any and all powers, rights, privileges and duties which a corporation organized pursuant to the provision of Chapter 55A, the Nonprofit Corporation Act, may now or hereafter have or exercise.

ARTICLE V

The Association (corporation) 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, except that the Association shall be authorized and empowered to pay reasonable compensation for services rendered to it or on its behalf and to make payments and distributions in furtherance of the purposes set forth in Article IV hereof.

ARTICLE VI

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

1. The owners of all lots within Kure Beach Club Phases I and IB as shown on the maps thereof referred to hereinabove (said development in its entirety to be hereinafter known as Kure Beach Village) and all future phases, if any, shall be members of the Association and no other person or entities shall be members except as provided in paragraph 5 of this Article.

2. Membership shall be established by the acquisition of fee title to a lot, as defined in the Declaration of Covenants, Conditions and Restrictions, whether by conveyance, devise, judicial decree or otherwise. The membership of any party shall be automatically terminated upon being divested of all title or ownership in the lot, except that nothing herein shall be construed as terminating the membership of any party who may own two or more lots or who may own a fee ownership in two or more lots so long as such parties retain a title to or a fee ownership in any lot.

3. The interest of a member cannot be assigned, hypothecated or transferred in any manner except as an appurtenance to such member's lot. The funds and assets of the Association shall belong solely to the Association subject to the limitation that the same must be held, used or expended for the benefit of the membership and the purposes authorized herein, in the Declaration of Covenants, Conditions and Restrictions and in the Bylaws which may be adopted hereafter, and subject to the further limitation that a vote of two-thirds of each class of members present in person or by proxy at a duly called meeting of the Association shall be required in order to mortgage, pledge, hypothecate, execute a deed of trust or other security interest in any or all of the real or personal property of the Association.

4. The Association shall have two classes of voting membership as follows:

a. Class A: Class A members shall be all Owners, with the exception of the Declarant as defined in the Declaration of Covenants, Conditions and Restrictions of Kure Beach Village recorded or to be recorded in the New Hanover County Registry. Each Class A member shall be entitled to one vote for each lot owned, provided however, that when more than one person holds an interest in any lot all such persons shall be members and the vote for such lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any lot.

b. Class B: The Class B member(s) shall be the Declarant who shall be entitled to three (3) votes for each lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(1) When seventy percent (70%) of the lots, including lots in future phases which have been platted and recorded at the time the 70% is determined, are sold; or

(2) on June 30, 1995.

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5. Until such time as the property described herein is made subject to the Planned Unit Development Documents to be designated "Declaration of Covenants, Conditions and Restrictions of Kure Beach Club Phases I and IB, a Planned Unit Development" the membership of the Association shall be comprised of three (3) individuals named in Article VII hereof, as the initial Board of Directors of the Association, and each such individual shall be entitled to cast one vote on all matters which the membership shall be entitled to vote on.

ARTICLE VII

The number of directors constituting the initial Board of Directors shall be three (3) and the names and addresses of the persons who are to serve as directors until their successors are chosen and qualify are:

<u>NAME</u>	<u>ADDRESS</u>
Michael S. Page	315 Market Street Wilmington, N. C. 28401
Donald F. Pelling	315 Market Street Wilmington, N. C. 28401
Henry C. Miller	321 North Front Street Wilmington, N. C. 28401

The number of members of succeeding Board of Directors shall be as provided from time to time by the Bylaws 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 Bylaws 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. The original Bylaws shall be adopted at the Board of Directors organizational meeting of the Association and shall be altered or rescinded thereafter only in such manner as the Bylaws provide.

ARTICLE VIII

Every director and every officer of the Association shall be indemnified by the Association against all expenses and liabilities,

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including counsel fees, reasonably incurred by or imposed upon said director or officer in connection with any proceeding which said person may be a party, or in which said person may become involved by reason of being or having been a director or officer at the time such expenses are incurred, except in cases wherein the director or officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided however 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 then indemnification herein shall only apply if the Board of Directors approve such settlement and reimbursement as being in the best interest of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which said director or officer may be entitled.

ARTICLE IX

The principal and registered office of the corporation is 315 Market Street, Wilmington, New Hanover County, North Carolina, 28401.

ARTICLE X

The initial registered agent of the corporation is Michael S. Page, whose address is 315 Market Street, Wilmington, New Hanover County, North Carolina, 28401.

ARTICLE XI

Any amendment to these Articles of Incorporation shall require the assent of seventy-five percent (75%) of the votes of each class of members of the Association.

ARTICLE XI

The name and address of the incorporator is as follows:

Michael S. Page

315 Market Street
Wilmington, N. C. 28401

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In witness whereof, the incorporator hereunto sets his hand and seal this 4th day of August, 1988.

Michael S. Page (SEAL)
Michael S. Page

STATE OF NORTH CAROLINA

COUNTY OF NEW HANOVER

I, Shirley L. Wright, a Notary Public of the state and county aforesaid, do hereby certify that Michael S. Page personally appeared before me this day and acknowledged the due execution of the foregoing ARTICLES OF INCORPORATION OF KURE BEACH VILLAGE HOMEOWNERS ASSOCIATION, INC., and stated upon oath that the statements contained therein are true and correct.

WITNESS my hand and official seal this the 4th day of August, 1988

Shirley L. Wright
Notary Public



My commission expires: 8-5-90