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THAN VEURE

SECRETARY OF STATE  
NORTH CAROLINA

ARTICLES OF INCORPORATION  
of  
DIAMOND SHOALS HOMEOWNERS ASSOCIATION, INC.

The undersigned, natural person of the age of eighteen years or more, does hereby make and acknowledge these Articles of Incorporation 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 "Non-Profit Corporation Act", and the several amendments thereto, and to that end, does hereby set forth:

I. NAME

The name of the Corporation is "Diamond Shoals Homeowners Association, Inc." (Corporation).

II. DURATION

The period of duration of the corporation shall be perpetual.

III. PURPOSES AND POWERS

The purposes for which this corporation is organized are:

(a) The operation and management of condominium apartment buildings known as DIAMOND SHOAL CONDOMINIUMS, which may be established in accordance with Chapter 47A of the General Statutes of North Carolina UNIT OWNERSHIP ACT, and to that end shall have power and authority as follows:

(i) To undertake the performance of, and carry out the acts and duties incident to the administration of the operation and management of The Diamond Shoals Condominiums in accordance with the terms, provisions, conditions and authorization contained in these Articles and in the Declaration which shall be recorded in the Public Records of Dare County, North Carolina, at such time as portions of real property and the improvements thereon are submitted to a plan of unit ownership.

(ii) To make, establish and enforce reasonable rules and regulations governing the use of condominium units, common elements, limited common elements, condominium property and real and personal property which may be owned by the Association itself.

(iii) To make, levy and collect assessments against condominium unit owners; to provide the funds to pay for common expenses of the condominium as provided in the condominium documents and the Unit Ownership Act and, to use and expend the proceeds of assessments in the exercise of the powers and duties of the Association.

(iv) To maintain, repair, replace and operate the condominium property, specifically including all portions of the condominium property to which the Association has the right and power to maintain, repair, replace and operate in accordance with the condominium documents and the Unit Ownership act.

(v) To reconstruct improvements within the condominium property in the event of casualty or other loss.

(vi) To enforce by any legal means, the provisions of the condominium documents, including the Declaration, these Articles the By-Laws of the Association, and the rules and regulations for the use of the condominium property.

(vii) To contract for the management of the condominium and to delegate to such manager or managers all powers and duties of the Association except those powers and duties which are specifically required by the Declaration to have approval of the Board of Directors or the membership of the Association.

(b) The Association shall have all of the common law and statutory powers of a non-profit corporation which are not in conflict with the terms of the Condominium Declaration and the Unit Ownership Act, and in addition, shall have all of the powers reasonably necessary to implement the purposes of the Association.

#### IV. MEMBERSHIP

A. The membership of the Corporation shall consist of all of the owners of condominium units in Diamond Shoals Condominiums. Membership shall be established by acquisition of fee title to a condominium unit in Diamond Shoals Condominiums, whether by conveyance, devise, or judicial decree. A new owner designated in such deed or other instrument shall thereupon become a member of the Association, and the membership of the prior owner as to the condominium unit designated shall be terminated. Each new owner shall deliver to the Association a true copy of such deed or instrument of acquisition of title.

B. The share of a member in the funds and assets of the Corporation, and membership in the Corporation cannot be assigned, hypothecated or transferred in any manner except as an appurtenance to a condominium unit.

C. There shall be one class of membership in the Corporation which shall consist of members owning condominium units in Diamond Shoals Condominiums.

#### V. DIRECTORS

A. The number of Directors and the method of election of the Directors shall be fixed by the By-Laws, however, the number of Directors shall not be less than three (3). Directors shall be elected at large from the Condominium owners.

#### VI. REGISTERED OFFICE AND REGISTERED AGENT

The address of the initial registered office of the Corporation is Highway 64/264, Manteo, Dare County, North Carolina 27954, and the name of the initial registered agent is G. Irvin Aldridge.

B. The number of Directors constituting the initial Board of Directors shall be three and the names and addresses of the persons who are to serve as the first Board of Directors are as follows:

NAME	ADDRESS
James J. Kiernan	40 Rehoboth Avenue Rehoboth Beach, DE 19971

Jeffrey E. Zerby

40 Rehoboth Avenue  
Rehoboth Beach, De 19971

Jeryl S. Rawls

c/o Rawls & Associates  
Route 264  
Washington, NC 27889

C. The first election by the members of the Corporation for Directors shall not be held until after Diamond Shoals, Ltd. ("Developer") has relinquished control of the Association as described in Paragraph D of this Article VI. Thereafter, the election of Directors shall take place at the annual meeting of the membership as provided in the By-Laws. After the Developer has relinquished control, there shall be a special meeting of the membership for the purpose of electing a Board of Directors to serve until the next annual meeting and until new Directors are elected and qualified.

D. Until May 1, 1985, the Developer shall have the right to appoint, designate and elect all of the members of the initial Board. The Developer may, at any time, relinquish its right to appoint Directors and resign its Directorships. The Developer shall exercise its right to appoint Directors and cause the initial Board to resign at the time hereinabove described in the first sentence of this paragraph.

VII. TAX STATUS

The corporation shall have all the powers granted non-profit corporations under the laws of the State of North Carolina. Notwithstanding any other provision of these Articles, this Corporation shall not carry on any activities not permitted to be carried on by a corporation exempt from federal income tax under Section 528 of the Internal Revenue Code. It is further provided that no distributions of income of the Corporation are to be made to members, directors, or officers of the Corporation provided, however, that members of the Corporation may receive a rebate of any excess dues and assessments.

VIII. INCORPORATOR

The name and address of the incorporator is: G. Irvin Aldridge, Highway 64/264, Manteo, Dare County, North Carolina 27954.

IN TESTIMONY WHEREOF, I have hereunto set my hand and seal, this 25th day of September, 1985.

 (SEAL)  
G. Irvin Aldridge

NORTH CAROLINA  
DARE COUNTY

Before me, a Notary Public of the County and State aforesaid, personally appeared G. Irvin Aldridge, who acknowledged that he did sign the foregoing Articles of Incorporation for the purposes therein mentioned.

Witness my hand and official stamp or seal, this the 25th day of September, 1985.

  
Notary Public

My commission expires:

Oct. 3, 1988

