

ARTICLES OF INCORPORATION
FOR
VILLAS AT WATERSIDE CONDOMINIUM ASSOCIATION
(A NONPROFIT CORPORATION)

I, the undersigned individual, hereby do make and acknowledge these Articles of Incorporation ("Articles") for the purpose of forming a nonprofit corporation 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 "North Carolina Nonprofit Corporation Act," and the several amendments thereto, and to that end hereby do set forth:

1. Name: The name of the corporation is Villas at Waterside Condominium Association (the "Association").

2. Duration: The period of duration of the Association shall be perpetual.

3. Definitions: As used in these Articles, the following definitions shall apply:

(a) Capitalized terms shall have the same meaning specified for such terms as more particularly set forth in the Declaration of Villas At Waterside Condominium and any amendments thereto (collectively the "Declaration"), recorded or to be recorded in the office of the Register of Deeds of Currituck County, North Carolina, unless such terms otherwise are specifically defined herein; and,

(b) References to the "North Carolina Nonprofit Corporation Act" shall mean Chapter 55A of the General Statutes of North Carolina; and,

(c) References to the "North Carolina Condominium Act" shall mean Chapter 47C of the General Statutes of North Carolina; and,

(d) References to the "Code" shall mean the Internal Revenue Code of 1986, as amended.

4. Purpose: The Association is organized and will be operated consistent with the North Carolina Condominium Act to undertake and perform any and all activities, responsibilities, and obligations applicable to the Association set forth in the North Carolina Condominium Act, Declaration, the Association's Bylaws, and these Articles.

In order to achieve the foregoing purpose, the Association shall have the following powers and authority:

(a) To exercise all powers and rights and perform all of the acts and duties and obligations of the Association as more particularly described in the Declaration, the Bylaws, and these Articles; and,

(b) To undertake any activity whatsoever that is in furtherance, directly or indirectly, of the purposes of the Association set forth above; and

(c) To take any and all actions necessary and appropriate to qualify the Association under Code Section 528 and to elect that the Association be taxed under Code Section 538, if applicable, and if such qualification and election is determined by the directors of the Association to be in the best interests of the Association; and,

(d) To take any and all action necessary and appropriate to qualify the Association under Sections 105-125(a)(8) and 105-130.113(a)(11) of the General Statutes of North Carolina, if such sections are applicable.

Provided, however, and notwithstanding any power or authority set forth above in this Article, the Association shall have the power and authority to engage only in activities that meet each of the following requirements:

(aa) Such activities are not broader than those activities that may be undertaken by a nonprofit corporation pursuant to the North Carolina Nonprofit Corporation Act; and,

(bb) Such activities are not broader than those activities that may be undertaken by the Association pursuant to the Declaration; and,

(cc) Such activities are not broader than those activities that may be undertaken by a condominium association pursuant to the North Carolina Condominium Act.

5. Initial Directors: The number of directors constituting the initial executive board of directors shall be three (3), and the names and addresses of the persons who shall serve as directors until successors shall be elected and qualified, are as follows:

<u>Name</u>	<u>Address</u>
G. Robert Kirkland	7578 Caratoke Highway Jarvisburg, NC 27947
David S. Russotto	7578 Caratoke Highway Jarvisburg, NC 27947
Brett Michand	7578 Caratoke Highway Jarvisburg, NC 27947

Subsequent Executive Boards, the number of directors, their terms of office, and the method of their selection shall be provided for and determined as is set forth in the Bylaws of the Association.

6. Nonprofit Issues: The Association is not organized and shall not be operated for pecuniary gain or profit. No part of the net earnings of the Association shall inure to the benefit of, or be distributable to, its members, directors, officers, or any other individuals, other than (a) reasonable compensation paid by the Association for services actually rendered, (b) by acquiring or providing management, maintenance, and care of the Condominium and the Common Elements as set forth in the Declaration, the Bylaws, and these Articles, and (c) by rebating excess membership dues, fees, or assessments pursuant to Section 55A-13-02(b)(3) of the North Carolina Nonprofit Corporation Act.

7. Membership: The Association shall have members, and the qualifications and rights of members shall be set forth in the Bylaws of the Association and the Declaration.

8. Dissolution: In the event of dissolution of the Association, any net assets remaining after the satisfaction of the Association's liabilities shall be transferred and delivered (a) to one (1) or more nonprofit corporations formed under the North Carolina Nonprofit Corporation Act, as shall be selected by the Executive Board of the Association, that are organized generally for purposes similar or related to those set forth in Article 4 hereof, or (b) as otherwise permitted by law. The Association may be dissolved at any time, if such dissolution is undertaken consistent with the North Carolina Nonprofit Act and the North Carolina

Condominium Act, and with the required affirmative consent of not less than eighty percent (80%) vote of all members of the Association entitled to vote.

9. Registered Office and Agent: The street address of the initial registered office of the Association is 7578 Caratoke Highway, Jarvisburg, Currituck County, North Carolina 27947; the mailing address of the initial registered office of the Association is Post Office Box 147, Harbinger, Currituck County, North Carolina 27941; and the name of the initial registered agent at such address is Brett Michand.

10. Principal Office: The street address of the Association's principal office is 7578 Caratoke Highway, Jarvisburg, Currituck County, North Carolina 27947. The mailing address of the Association's principal office is PO Box 147, Harbinger, Currituck County, North Carolina 27941.

11. Limitation on Personal Liability: To the fullest extent provided by law, no director of the Association shall be personally liable for monetary damages arising out of an action, whether by or in the right of the Association or otherwise, for breach of any duty as a director.

12. Board Delegation of Powers: The Executive Board of the Association may delegate to Waterside Villages of Currituck Community Association, Inc. (the "Master Association"), from time to time as the Executive Board in its discretion determines, those powers set forth in the Declaration and the North Carolina Condominium Act that may be exercised by the Executive Board of the Association. The Executive Board of the Association may thereafter revoke such delegation, from time to time in its sole discretion and resume the obligation and responsibility for the performance of such acts and powers formerly delegated to the Master Association. Upon the delegation of any such powers as permitted in this Section, all provisions of North Carolina Gen. Stat. §47C-2-102, as may be applicable, shall apply.

13. Disapproval Power of Declarant: Pursuant to the authority granted in Section 55A-8-01(c) of the North Carolina Nonprofit Corporation Act, the Declarant shall have disapproval power over all actions taken by the Executive Board of the Association or by any committee of the Association as may have been appointed by the Executive Board or established by the Bylaws or the Declaration. The Declarant's disapproval power shall begin as of the incorporation date of the Association and shall end no later than the earlier of: (a) expiration of


the Development Period, or (b) The date such right is relinquished by the Declarant by a signed document recorded in the Register of Deeds. During such time as the Declarant's disapproval power is in effect as set forth above, the Executive Board and any committee of the Association shall communicate in writing by certified mail, return receipt requested, to the Declarant any and all action taken by the Executive Board or committee, as applicable, within two (2) business days of taking action, and the Declarant shall have ten (10) business days after receipt of such communication in which to veto such action by delivering written notice of the Declarant's disapproval to the Secretary of the Association.

14. Declarant Approval of Changes to Articles of Incorporation and Bylaws: No Amendment to these Articles and the Bylaws shall be effective and enforceable until approved in writing by the Declarant. This requirement of written approval by the Declarant of any amendments to the Articles or Bylaws shall begin as of the incorporation date of the Association and shall end no later than the earlier of: (a) expiration of the Development Period; or (b) The date such right is relinquished by the Declarant by a signed document recorded in the Register of Deeds.

15. Amendments to Articles of Incorporation: Amendment of these Articles may only be undertaken consistent with the applicable provisions of the North Carolina Nonprofit Corporation Act, and with the required affirmative consent of not less than a seventy-five percent (75%) vote of all of the members of the Association entitled to vote; subject, however, (a) to the Declarant's power to approve any amendments to these Articles set forth above in Article 14 hereof, and (b) certain limitations on the voting rights of members of the Association on amendments to these Articles set forth the Bylaws.

16. Incorporator: The name of the incorporator is Adam M. Beaudoin, and the address of the incorporator is 127 Racine Drive, Post Office Box 7068, Wilmington, North Carolina 28406-7068.

IN TESTIMONY WHEREOF, I have hereunto set my hand, this the 19th day of February, 2007.


Adam M. Beaudoin, Incorporator

Prepared by and return to:

Adam M. Beaudoin

For the firm of

Ward and Smith, P.A.

127 Racine Drive

Post Office Box 7068

Wilmington, North Carolina 28406-7068

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