

ARTICLES OF INCORPORATION
OF
WATERSIDE VILLAGES OF CURRITUCK COMMUNITY ASSOCIATION, INC.
(A NONPROFIT CORPORATION)

I, the undersigned individual, here by 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 do hereby set forth:

1. Name: The name of the Corporation is Waterside Villages of Currituck Community Association, Inc. (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 Covenants, Conditions and Restrictions for Waterside Villages of Currituck, 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 Planned Community Act" shall mean Chapter 47F 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 Planned Community Act to undertake and perform any and all activities, responsibilities, and obligations applicable to the Association set forth in the North Carolina Planned Community Act, Declaration, the Association's Bylaws, and these Articles.

In order to achieve the foregoing purposes, the Association shall have the following powers and authorities:

(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 North Carolina Planned Community Act, 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 action necessary and appropriate to qualify the Association under Code Section 528 and to elect that the Association be taxed under Code Section 528, 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 105-130.11(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 planned community pursuant to the North Carolina Planned Community Act.

5. Initial Directors: The number of directors constituting the initial 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 Boards of Directors, 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 or other value received, (b) by acquiring or providing management, maintenance, and care of any property as may be set forth in the Declaration and by undertaking any other responsibilities of the Association as set forth in the Declaration, the Bylaws, and these Articles, and (c) by rebating excess membership dues, fees, or assessments, if applicable, pursuant to Section 55A-13-02(b)(3) of the North Carolina Nonprofit Corporation Act.

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

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 Board of Directors 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 or required by law. The Association may not enter into voluntary dissolution without first having transferred the Disposal System (if transferred to the Association as provided in Section 14.4(b) of the Declaration) to some person, corporation or other entity acceptable to and approved by the North Carolina Environmental Management Commission by

the issuance of a new disposal system permit. In addition, such dissolution must be undertaken consistent with the North Carolina Nonprofit Corporation Act and the North Carolina Planned Community Act, and with the required affirmative consent of not less than an eighty-five percent (85%) 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. Duty and Obligation of Association to accept Transfers: Notwithstanding any other provision of these Articles and the Association's Bylaws, the Association shall have the duty and obligation to perform the following acts:

Subject to the terms and conditions of applicable provisions in the Declaration regarding the Permit, Stormwater Management Facilities, Disposal System Permit, and Disposal System, or the Permit itself: (a) to accept transfer of (i) the Permit and Disposal System Permit from the Declarant, (ii) the Disposal System Permit from the Declarant (if transferred to the Association as provided in Section 14.4(b) of the Declaration), and (iii) Declarant's responsibilities under the Permit and Disposal System Permit upon tender of the transfer of such responsibilities by Declarant to the Association, (b) to take any and all actions necessary to be done by the Association regarding the Permit and Disposal System Permit (including without limitation, amending these Articles or the Association's Bylaws), and (c) to execute all documents required to be executed by the Association in order to allow such transfers to occur.

12. 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.

13. Architectural Control Committee: The Declaration sets forth the appointment and the members of the Architectural Control Committee of the Association ("Committee"). The Committee shall have the powers as set forth in the Declaration. Amendment of the provisions of the Declaration dealing with the Committee shall be made as provided in the Declaration.

14. Veto 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 veto power over all actions taken by the Board of Directors of the Association or by any committee of the Association as may have been appointed by the Board of Directors or established by the Bylaws or the Declaration. The Declarant's veto power shall begin as of the incorporation date of the Association and shall terminate on the earlier to occur of: (A) the date that is forty (40) years after conveyance of the first lot to a Home Owner, or (B) the date such right is relinquished by Declarant by a signed document recorded in the Office of the Register of Deeds of Currituck County, North Carolina. During such time as the Declarant's veto power is in effect as set forth above, the Board of Directors 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 Board of Directors 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 veto to the Secretary of the Association. The Declarant may terminate the rights authorized by this Article 14 prior to the termination date provided above in this Article by recording, and effective as of the date of recording, an instrument in the Office of the Register of Deeds of Currituck County, North Carolina, terminating the veto rights set forth in this Article 14.

15. 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 terminate on the earlier to occur of: (A) the date that is forty (40) years after conveyance of the first lot to a Home Owner, or (B) the date such right is relinquished by Declarant by a signed document recorded in the Office of the Register of Deeds of Currituck County, North Carolina. The Declarant may terminate the rights authorized by this Article 15

prior to the termination date provided in the previous sentence by recording, and effective as of the date of recording, an instrument in the Office of the Register of Deeds of Currituck County, North Carolina, terminating the approval rights set forth in this Article 15.

16. 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, (b) to the Declarant's power to amend these Articles set forth below in Article 17 hereof, and (c) certain limitations on voting rights of members of the Association on amendments to these Articles set forth the Bylaws.

17. Declarant Power to Amend Articles of Incorporation and Bylaws: Until the amendment power of the Declarant terminates as is provided in this Article 17, the Declarant shall have the authority, instead of the Board of Directors having such authority as provided as is permitted in Section 55A-8-01(c) of the North Carolina Nonprofit Corporation Act, to amend the Articles of Incorporation and the Association's Bylaws without the joinder or consent of any other Person if such amendment is required by any governmental agency for governmental approval, including, but not limited to, (a) compliance with any requirements imposed by any agency of the State of North Carolina with respect to the Permit and/or the Disposal System Permit; or (b) compliance with any rule or regulation of the Department of Housing and Urban Development, the Veterans Administration, or their successors. The Board of Directors shall not have the authority for such period either to amend these Articles to preempt Declarant's authority or to amend these Articles to preempt any action taken by Declarant in the exercise of Declarant's authority. The aforementioned right of the Declarant shall begin as of the incorporation date of the Association and shall terminate on the earlier to occur of: (A) the date that is forty (40) years after conveyance of the first lot to a Home Owner, or (B) the date such right is relinquished by Declarant by a signed document recorded in the office of the Register of Deeds of Currituck County, North Carolina.

18. Incorporator: The name and address of the incorporator are Adam M. Beaudoin, 127 Racine Drive, Post Office Box 7068, Wilmington, NC 28406-7068.

IN TESTIMONY WHEREOF, I have hereunto set my hand, this the 31st day of
October, 2005.


Adam M. Beaudoin **INCORPORATOR**

Please Return To:

Adam M. Beaudoin
For the firm of
Ward and Smith, P.A.
University Corporate Center
127 Racine Drive
PO Box 7068
Wilmington, NC 28406-7068
Telephone: (910) 794-4800
Facsimile: (910) 794-4877

WLMAIN\128645\1