

**ARTICLES OF INCORPORATION
OF
SOUTH HARBOUR STATION UOA, INC.**

In Compliance with the requirements of Chapter 55A and Chapter 47C of the North Carolina General Statutes, the undersigned, natural person of full age, has this day executed these Articles of Incorporation for the purpose of forming a nonprofit corporation and hereby certify:

ARTICLE I

The name of the Corporation is SOUTH HARBOUR STATION UOA, INC., hereinafter called the "Corporation" and/or the "Association."

ARTICLE II

The principal and registered office of the Corporation is located in Brunswick County, at 5001 O'Quinn Blvd, Unit J, Southport, N.C. 28461.

ARTICLE III

E. L. BURNETT, III, in Brunswick County, at 5001 O'Quinn Blvd, Unit J, Southport, N.C. 28461, is hereby appointed the initial registered agent of the Corporation.

ARTICLE IV

The Corporation does not contemplate pecuniary gain or profit to the members thereof, and no part of the Corporation'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 Corporation shall be to administer the operation and management of the SOUTH HARBOUR STATION CONDOMINIUM, a Condominium (hereinafter called "the Development"), same to be established in accordance with the laws of the State of North Carolina upon the property situate in Brunswick County, North Carolina, and more particularly described in Exhibit "A" of the formal Declaration of Condominium, (hereinafter sometimes referred to as the "Declaration") which will be recorded in the Public Records of the said Brunswick County, North Carolina, said Exhibit and Declaration being incorporated herein by reference; to undertake the performance of the acts and duties incident to

the administration of the operation and management of said Development in accordance with the terms, provisions, conditions and authorizations contained in these Articles of Incorporation, the Bylaws of the Corporation, and the Declaration, and the Declaration of Restrictive Covenants and Easements for the Condominium recorded or to be recorded in said Brunswick County Registry (hereinafter "Declaration of Restrictive Covenants"), and each subsequent amendment thereto at the time said property, and the improvements now or hereafter situated thereon, are submitted to the proposed plan of development; 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 said Development.

ARTICLE V

The Corporation shall have the following powers:

1. The Corporation shall have all of the powers and privileges granted to Nonprofit Corporations under the law pursuant to which this Corporation is chartered, and all of the powers and privileges which may be granted unto said Corporation under any other applicable laws of the State of North Carolina, including, without limitation, all those powers enumerated in the General Statutes of North Carolina.

2. The Corporation shall have all the powers reasonably necessary to implement and effectuate the purposes of the Corporation, including those above noted, but not limited to the following:

(a) To make and establish reasonable rules and regulations governing the use of the Development and the Common Property of the Development as said terms may be defined in said Declaration to be recorded.

(b) To levy and collect assessments against members of the Corporation to defray the common expenses of the Development and any easements providing access to the Development or for owners of units within the Development as may be provided in said Declaration, said Declaration of Restrictive Covenants, and/or in the By-Laws of this Corporation 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, including units in the Development, which may be necessary or convenient in the operation and management of the Development and in accomplishing the purposes set forth in said Declaration.

(c) To maintain, repair, replace, operate and manage the Development and the property comprising same, including the right to reconstruct improvements after casualty and to make further improvement of the Development property, 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 Development and to delegate to such contractor all of the powers and duties of the Association except those which may be required by the Declaration to have approval of the Board of Directors or membership of the Corporation.

(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 land or facilities including, but not limited to, any recreation facilities, whether or not contiguous to the lands of the Development, to provide enjoyment, recreation or other use or benefit to the unit Owners.

(f) To enforce the provisions of the Declaration, the Declaration of Restrictive Covenants, these Articles of Incorporation, the By-Laws of the Corporation which may be hereafter adopted, and all amendments thereto, and the rules and regulations governing the use of the Development as the same may be hereafter established.

(g) To join, either alone or together with other persons, firms, corporations, and/or homeowner or unit owner associations, such Master Homeowners and/or Property owners Associations as may be appropriate for the proper and efficient conduct of the Development and the business of the Association, and to collect dues from members as may be needed to pay assessments as may be levied by such Master Homeowners and/or Property owners Associations.

(h) To take title to, permanently dedicate, and provide continuing maintenance of, all areas designated as "open space", "common area", "limited common area", "driveways", and/or "parking lots" or "parking areas", and shown on the recorded maps or plats of the Development. Further, to maintain in good condition and repair all lighting, buffer areas, and all landscaping placed, constructed, or planted within the Development.

(i) To exercise, undertake and accomplish all of the rights, duties and obligations which may be granted to or imposed upon the Corporation pursuant to the aforementioned Declaration and/or the Declaration of Restrictive Covenants.

(j) Any other provisions of these Articles notwithstanding, the Corporation shall not engage in any act of self-dealing as defined in Section 4941, Subdivision (d) of the Internal Revenue Code of 1954, or corresponding provisions of any subsequent federal excise law; nor retain any excessive business holdings as defined in Section 4943 Subdivision (c) of the Internal Revenue Code of 1954, or corresponding provisions of any subsequent federal tax laws; nor make any investment in such manner as to subject it to tax under Section 4944 of the Internal Revenue Code of 1954, or corresponding provisions of any subsequent federal tax laws; nor make any taxable expenditures as defined in Section 4945, Subdivision (d) of the Internal Revenue Code of 1954, or corresponding provisions of any subsequent federal tax laws. The Corporation shall distribute its income for each taxable year at such time and in such manner as not to become subject to the tax on undistributed income imposed by Section 4942 of the Internal Revenue Code of 1954, or the corresponding provisions of any subsequent federal tax laws.

(k) It is expressly understood and agreed that the powers granted herein shall be exercised in a manner not consistent with and in accordance with the terms and provisions of the Conditional Use Permit issued for the Development by the Town of Oak Island (Number CUP-05-4), and as the same may amended from time to time by the said Town.

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 condominium units in the Development shall be members of the Corporation, and no other person or entities shall be entitled to membership, except as provided in item (4) of this Article VI.

2. Membership shall be established by the acquisition of fee title to a condominium unit in the Development, 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/her being divested of all title to or his/her entire fee ownership interest in any unit, except that nothing herein contained shall be construed as terminating the membership of any party who may own two or more units or who may own a fee ownership interest in two or more units, so long as such party shall retain title to or a fee ownership interest in a unit.

3. The interest of a member in the funds and assets of the Corporation cannot be assigned, hypothecated or transferred in any manner, except as an appurtenance to his unit. The funds and assets of the Corporation shall belong solely to the Corporation 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 and in the By-Laws which may be hereafter adopted.

4. Until such time as the property and the improvements constructed thereon are submitted to a plan of unit development by the recordation of the Declaration, the membership of the Corporation shall be comprised of the individuals named in Article XI hereof as the Executive Board (the "Board") of the Corporation, 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 Corporation shall have perpetual existence.

ARTICLE VIII

The affairs of this Corporation shall be managed by the President of the Corporation, assisted by the Vice President, Secretary, Assistant Secretaries and Treasurer, and subject to the directions of the Board. The Board, or the President with the approval of the Board, 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 Development, and the affairs of the Corporation, and any such person or entity may be so employed without regard to whether such person or entity is a member of the Corporation or a Board member or Officer of the Corporation, as the case may be.

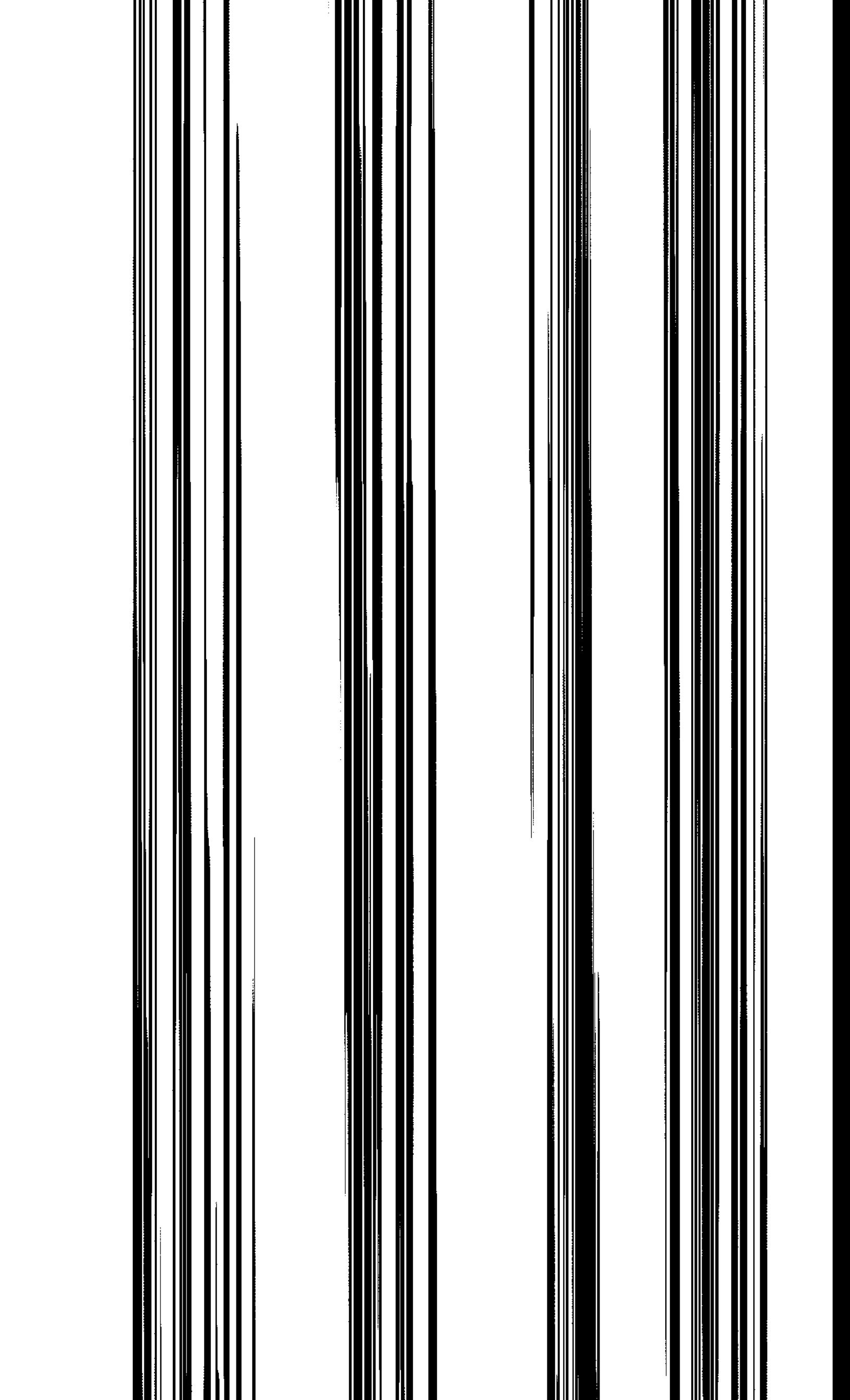
ARTICLE IX

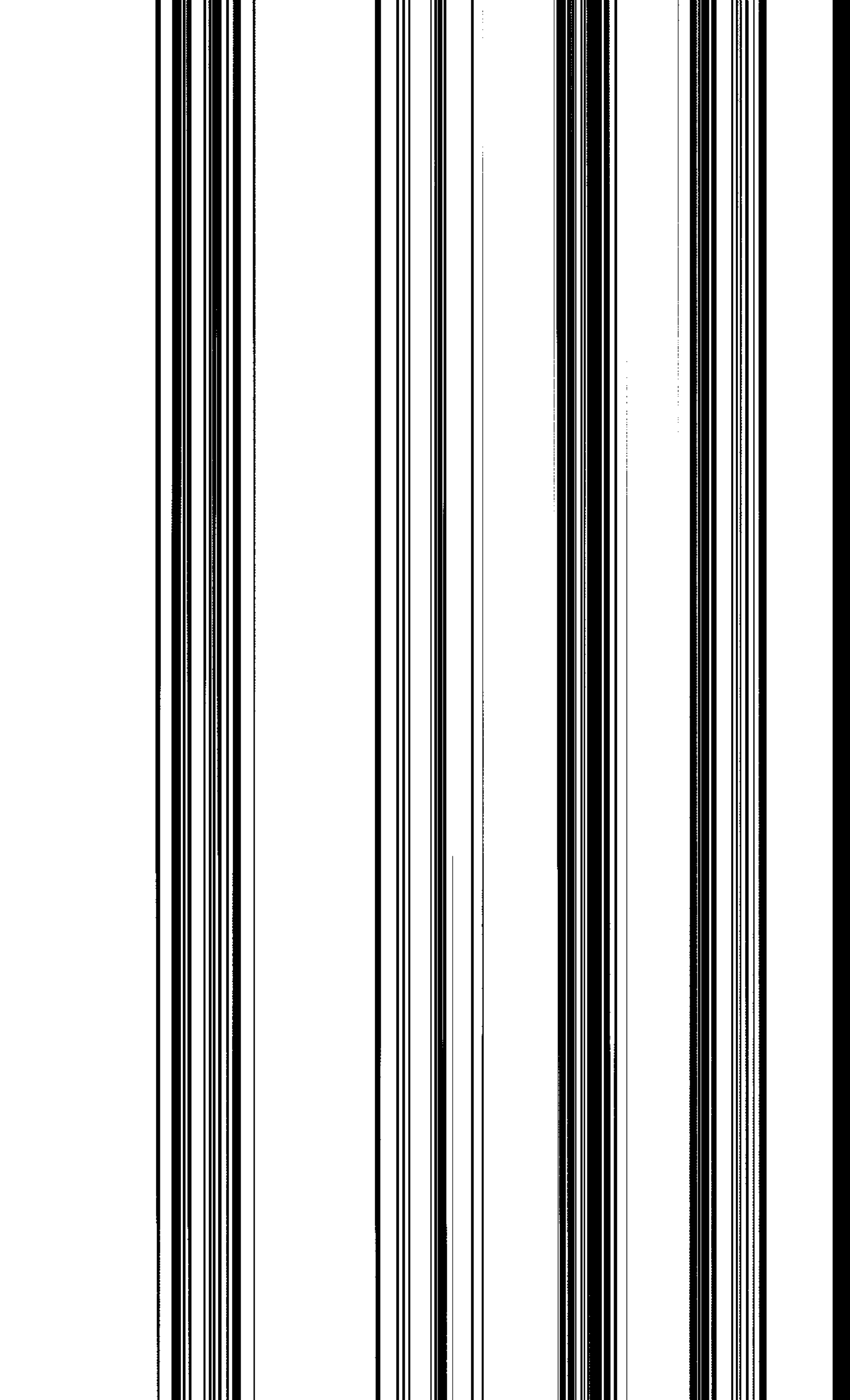
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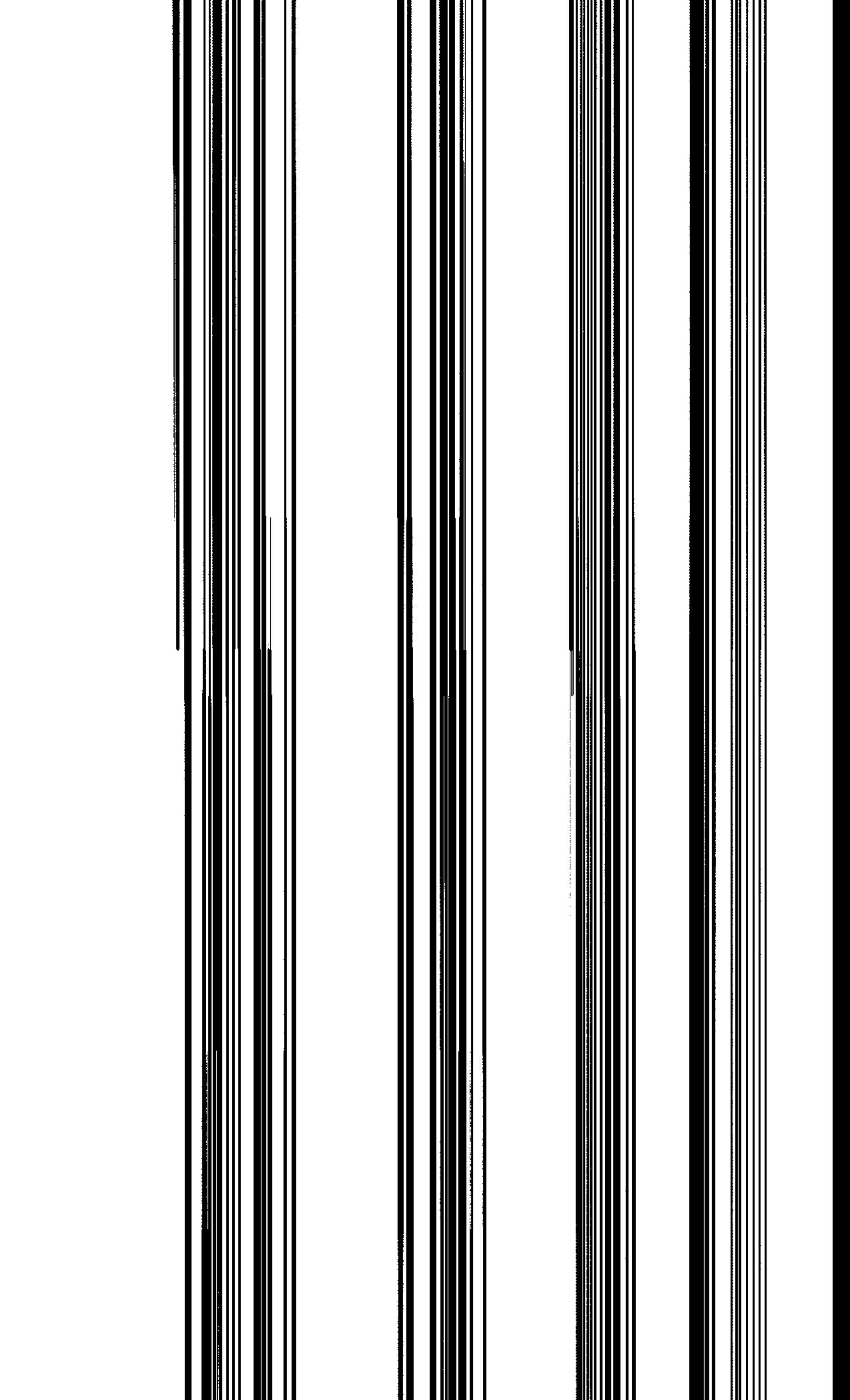
ARTICLE I

The Board shall elect a President, Vice-President, Secretary, Assistant Secretaries, and Treasurer. The President shall be elected from among the membership of the Board, but no other officer need be a Board member. The same person may hold two offices, the duties of which

however, that [REDACTED]







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ARTICLE IX

The number of members of the first Executive Board of the Corporation shall be no more than three (3). The number of members of succeeding Boards shall be as provided from time to time by the Bylaws of the Corporation. The members of the Board shall be elected by the members of the Corporation at the Annual Meeting of the membership as provided by the By-Laws of the Corporation, and at least a majority of the Board shall be members of the Corporation or shall be authorized representatives, officers or employees of a corporate member of the Corporation. Notwithstanding the foregoing, so long as South Harbour Village Associates, LLC ("South Harbour") owns twenty-five percent (25%) of the total number of units or slips in the Development, or as is stated otherwise in the Declaration, the said South Harbour shall have the right to designate and select a majority of the persons who shall serve as members of each Executive Board of the Corporation. South Harbour may designate and select the person or persons to serve as a member or members of each said Board in the manner provided in the By-Laws of the Corporation, and such person or persons so designated and selected need not be a resident of the Development.

ARTICLE X

The Board shall elect a President, Vice-President, Secretary, Assistant Secretaries, and Treasurer. The President shall be elected from among the membership of the Board, but no other officer need be a Board member. The same person may hold two offices, the duties of which are not incompatible, provided, however, that the office of President and Vice-President shall not be held by the same person, nor shall the office of President and Secretary be held by the same person.

ARTICLE XI

The names and post office addresses of the initial Executive Board, who, subject to the provisions of these Articles of Incorporation, the Bylaws 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 qualify) are as follows:

NAME	ADDRESS
E. L. BURNETT, III	5001 O'Quinn Blvd, Unit J Southport, N.C. 28461
JOSEPH BORSUK	5236 Minnesota Drive Southport, NC 28461

ARTICLE XII

The original Bylaws of the Corporation shall be adopted by a majority vote of the Executive Board of the Corporation present at the first meeting of said Board, and thereafter, such Bylaws may be altered or rescinded only in such manner as said Bylaws provide.

ARTICLE XIII

Every Board member and every officer of the Corporation shall be indemnified by the Corporation against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him in 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 Board member or Officer of the

Corporation, whether or not he is a Board member or Officer at the time such expenses are incurred, except in such cases wherein the Board member 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 Board member or Officer seeking such reimbursement or indemnification, the indemnification herein shall only apply if the Board approves such settlement and reimbursement as being in the best interests of the Corporation. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such Board member or Officer may be entitled.

ARTICLE XIV

An amendment or amendments to these Articles of Incorporation shall require the assent of sixty-seven (67%) percent of the Board. However, any such amendment must be in accordance with and conform to the terms and provisions of the Conditional Use Permit issued for the Development by the Town of Oak Island, same being designated as "Number CUP-05-4", and any amendments thereto adopted by the said Town of Oak Island.

ARTICLE XV

The name and address of the incorporator is as follows:
ALTON Y. LENNON, 602 Market Street,
Wilmington, N.C. 28401

ARTICLE XVI

OTHER MATTERS PERTAINING TO NON-PROFIT STATUS

Section 1. **EARNINGS:** No part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to its members, Board members, officers, or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered, and to make payments and distributions in furtherance of the purposes set forth in the Articles hereof. No substantial part of the activities of the Corporation shall be the carrying on of propaganda or otherwise attempting to influence legislation, and

the Corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of a candidate for public office.

Section 2. EXEMPT FUNDS: Notwithstanding any other provisions of these Articles, this Corporation shall not carry on any other activities not permitted to be carried on by (a) Corporation exempt from federal income tax under any section of the Internal Revenue Code of 1954, or the corresponding provisions of any future United States Internal Revenue Law, or, (b) Corporation, contributions to which are deductible under Section 170(a)(2) of the Internal Revenue Code of 1954, or any other corresponding provisions of any future United States Internal Revenue law.

Section 3. DISSOLUTION: Upon the dissolution of the Corporation, the Board shall, after paying and making provision for payment of all of the liabilities of the Corporation, dispose of all of the assets of the Corporation exclusively for the purposes of the Corporation in such manner, or to such organization or organizations organized and operated exclusively for charitable, educational, religious, or scientific purposes, or a successor Association, or any other organization as shall at the time qualify as an exempt organization or organizations under Section 501 or any other section of the Internal Revenue Code of 1954 (or corresponding provision of any future United States Internal Revenue Law), as the Board shall determine. Any such asset not so disposed of shall be disposed of by the Superior Court of the County in which the principal office of the Corporation is then located exclusively for such purposes or to such organization or organizations, as said Court shall determine, which are organized and operated exclusively for such purposes.

IN TESTIMONY WHEREOF, I, being the incorporator, have hereunto set my hand and seal, this 10th day of May, 2006.


Milton Y. Lennon

(SEAL)