

FILED

ARTICLES OF INCORPORATION
OF

APR 22 10 09 AM 1990 THE VILLAS AT BRANDYWINE BAY ASSOCIATION, INC.

THAD EURE
SECRETARY OF STATE
NORTH CAROLINA

The undersigned, being of the age of eighteen years or more, does hereby make and acknowledge these Articles of Incorporation for the purpose of forming a nonprofit corporation under and by virtue of the laws of the State of North Carolina.

1. The name of the corporation is The Villas at Brandywine Bay Association, Inc.

2. The period of duration of the corporation is perpetual.

3. The purposes for which the corporation is organized are as follows:

(a) To provide for the management, maintenance, preservation and architectural control of residential lots and common areas within that certain real property located in Morehead Township, County of Carteret, State of North Carolina, and more particularly described in Exhibit A attached hereto and made a part hereof, and within such other properties located in the County of Carteret, State of North Carolina, as are from time to time hereafter designated to be subject or otherwise subject to provision of management, maintenance, preservation and architectural control by the corporation (which property described in Exhibit A attached hereto and which other properties are hereinafter individually and collectively called the "Villas Properties"), all for the promotion of the social welfare of the owners of property within and residents of the Villas Properties;

(b) To own, purchase, manage, maintain, repair and replace any or all of the equipment, facilities, buildings or other property of any type, used in connection with the management, maintenance, preservation and architectural control of the residential lots and common areas within the Villas Properties;

(c) To manage, own and maintain such other properties and facilities which may, from time to time, be conveyed or transferred to this corporation by the Brandywine Bay Development

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Corporation, its successors and assigns, from or out of the Villas Expansion Area (said Expansion Area being more fully described on Exhibit B attached hereto and made a part hereof), or any subsequent owner of all or any portion of said Expansion Area;

(d) To establish an orderly and efficient system of billing to pay for the expenses incurred in the furtherance of the aforesaid purposes;

(e) To promulgate such rules and regulations and perform such deeds and acts as are deemed necessary to achieve the aforesaid objectives, and to promote the recreation, health, safety and welfare of the members of this corporation.

4. The powers of the corporation in furtherance of the purposes set out in Article 3 above are as follows:

(a) To exercise all of the powers and privileges and perform all of the duties and obligations or things reasonably necessary or desirable for carrying out the purposes set forth herein and for protecting the lawful rights and interests of its members in connection therewith;

(b) To fix, levy, collect and enforce payment by any lawful means, of all charges or assessments to members, and to pay full expenses in connection therewith and all office and other expenses incident to the conduct of the business of the corporation, including all licenses, taxes or governmental charges levied or

(c) To acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real property in connection with the affairs of the corporation;

(d) To borrow money, and with the assent of two-thirds (2/3) of each class of members, mortgage, pledge, deed in trust or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(e) To dedicate, sell or transfer all or any part of its property to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument has been signed by two-thirds (2/3) of each class of members, agreeing to such dedication, sale or transfer (such instrument or instruments may be executed in several counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument);

(f) To participate in mergers and consolidations with, or as a member in, other nonprofit corporations organized for the same or similar purposes; provided that any such merger or consolidation shall have the assent of two-thirds (2/3) of each class of members;

(g) To have and to exercise any and all powers, rights and privileges which a corporation organized under the Nonprofit Corporation Act of the State of North Carolina by law may now or hereafter have or exercise.

5. The corporation shall have members which may be divided into such classes as shall be provided in its bylaws and in a certain Declaration of Covenants, Conditions and Restrictions (the "Declaration") executed by Brandywine Bay Development Corporation as declarant, dated as of April 1, 1980, and recorded in the Office of the Register of Deeds of Carteret County, North Carolina, as the same may be amended from time to time as therein provided.

6. The directors of the corporation shall be elected by the members in the manner provided in the bylaws.

7. No part of the net earnings of the corporation shall inure to the benefit of any officer, director or member of the corporation; and upon dissolution of the corporation the assets thereof shall, after all of its liabilities and obligations have been discharged or adequate provision made therefor, be dedicated to an appropriate public agency to be used for purposes similar

to those for which the corporation was created or, in the event that such dedication is refused acceptance, distributed to any association or associations organized for purposes similar to those set forth in Article 3 hereinabove, all as more particularly provided in the bylaws of the corporation.

8. The corporation may be dissolved only with the assent in writing and assigned by not less than three-fourths (3/4) of each class of members established in the bylaws.

9. The address of the initial registered office of the corporation in the State of North Carolina is 4300 Six Forks Road, Raleigh, Wake County, North Carolina; and the name of its initial registered agent at such address is J.C. Livingston.

10. 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 the initial directors are:

<u>Name</u>	<u>Address</u>
J.C. Livingston	4300 Six Forks Road Raleigh, N.C. 27609
Harold H. Fortner	4300 Six Forks Road Raleigh, N.C. 27609
Paul H. Albritton, Jr.	4300 Six Forks Road Raleigh, N.C. 27609

11. Amendment to these Articles of Incorporation shall be governed by and subject to the following provisions:

(a) During the period ending twenty (20) years from the date the Declaration is recorded, amendment of these Articles shall require the assent of ninety percent (90%) of the membership, that is nine-tenths (9/10) of the total votes of each class of membership in the corporation;

(b) Thereafter, amendment of these Articles shall require the assent of seventy-five percent (75%) of the membership, that is three-fourths (3/4) of the total votes of each class of membership in the corporation;

(c) So long as any Lot, as that term is defined in the Declaration, or other property entitled to membership in the corporation is the subject of an Institutional Mortgage as defined in Article 12 hereof and unless at least (i) ninety percent (90%) during the period ending twenty (20) years from the date the Declaration is recorded or (ii) seventy-five percent (75%) thereafter of the holders of Institutional Mortgages then in force with respect to the Lots shall have given prior written approval, the corporation shall not be entitled to amend these Articles of Incorporation.

12. (a) So long as any Lot, as that term is defined in the Declaration, or other property an interest in which entitles its owner to membership in the corporation pursuant to the Declaration, is the subject of an Institutional Mortgage and unless one hundred percent (100%) of the Institutional Lenders (based upon one vote for each such lender) shall have given prior written approval, the corporation shall not be entitled to:

(i) by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer real estate or improvements thereon which are owned, directly or indirectly, by the corporation for the benefit of the members, except that the granting of easements for public utilities or for other public purposes consistent with the intended use of such property shall not be deemed a transfer within the meaning of this provision;

(ii) alter the method of determining the obligations, assessments, dues or other charges which may be levied against the members;

(iii) fail to maintain fire and extended coverage on insurable corporation property on a current replacement cost basis in an amount not less than ninety percent (90%) of the insurable value (based on current replacement costs);

(iv) use hazard insurance proceeds for losses to any corporation property for other than the repair, replacement or reconstruction of such improvements.

(b) The Institutional Lenders shall have the right to examine the books and records of the corporation and to receive annual reports and other financial data upon request; and the corporation shall provide the Institutional Lenders notice in writing of any loss to or taking of corporation property exceeding Ten Thousand Dollars (\$10,000.00) in value, provided, that said Institutional Lenders shall have theretofore requested said notice by written request to the corporation.

(c) The Institutional Lenders may, jointly or singly, pay taxes or other charges which are in default and which may or may not have become a charge against any corporation property and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for such property and the Institutional Lenders making such payments shall be owed immediate reimbursement therefor from the corporation.

(d) Each member shall be bound by the terms and conditions of any management agreements entered into by the corporation in accordance with the terms of its bylaws and the Declaration. The corporation may undertake self-management only upon the affirmative vote of seventy-five percent (75%) of the votes of each class of members and upon the approval of seventy-five percent (75%) of the holders of Institutional Mortgages upon the Lots.

(e) "Institutional Mortgage," for all purposes hereof, shall be defined as a first mortgage or deed of trust on a Lot as defined in the Declaration; originally executed and delivered to or held through assignment or assignments by a bank or a savings and loan association, or an insurance company, or a title insurance company, or a pension trust, or a real estate investment trust, or other private or governmental institutions which are regularly engaged in the business of mortgage financing, or a subsidiary of any of the foregoing, or a designee of any of the foregoing, or Brandywine Bay Development Corporation or any of its subsidiaries.

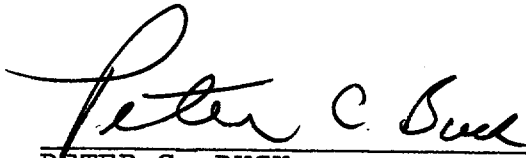
(f) "Institutional Lender," for all purposes hereof, shall be defined as a bank or savings and loan association or an insurance company or a title insurance company or a pension trust or real estate investment trust, or other private or governmental institutions which are regularly engaged in the business of mortgage financing; or a designee of any of the foregoing, or Brandywine Bay Development Corporation or any of its subsidiaries, which owns an institutional mortgage on one or more Lots or any of the foregoing who acquired an Institutional Mortgage as herein defined, by assignment or through means of assignments from a non-institutional mortgagee.

12. The terms used in these Articles of Incorporation (except as herein expressly provided or unless the context otherwise requires) shall, for all purposes of these Articles and of any amendment hereto, have the respective meanings set forth in the Declaration.

13. The name and address of the incorporator are:

Peter C. Buck
2500 First Union Plaza
Charlotte, North Carolina 28282

IN WITNESS WHEREOF, I have hereunto set my hand this 17th day of April, 1980.



PETER C. BUCK

STATE OF NORTH CAROLINA
COUNTY OF MECKLENBURG

I, Sally A. Sump, a Notary Public, do hereby certify that PETER C. BUCK personally appeared before me this day and acknowledged the due execution of the foregoing Articles of Incorporation.

WITNESS my hand and notarial seal, this 17 day of April, 1980.



NOTARY PUBLIC

My Commission Expires: 10/27/80

EXHIBIT A

DESCRIPTION OF VILLAS PROPERTIES

BEGINNING at a point in west right-of-way of Bay Drive, where the north right-of-way of a 24-foot access road intersects said right-of-way of Bay Drive; this point being further described as being located N 8-35-29 E 249.46 feet from an iron pipe at the northeast corner of Parcel "B" as recorded in Book 10A, Page 88 Carteret County Registry; thence from said BEGINNING point and along the north right-of-way of said 24-foot access road, a curve to the right with the length of 25.13 feet and a radius of 16.0 feet to a point; thence with a curve to the left with a length of 105.07 feet and a radius of 172.0 feet to a point; thence S 63-35-29 W 88.0 feet to a point; thence with a curve to the right with a length of 95.45 feet and a radius of 408.0 feet to a point; thence leaving the north right-of-way of said 24-foot access road N 15-1-10 W 120.0 feet to a point; thence S 74-58-50 W 10.0 feet; thence N 15-01-10 W 40.0 feet to a point; thence N 74-58-50 E 10.0 feet to a point; thence N 15-01-10 W 162.55 feet to a point; thence N 39-33-34 E 12.01 feet to a point; thence S 81-37-55 E 393.60 feet to a point in the west right-of-way of Bay Drive; thence along the west right-of-way of Bay Drive S 08-35-29 W 164.66 feet to the point and place of BEGINNING; the same being a tract or parcel of land as set out in that plat of C.C. King, Registered Surveyor, under date of _____, entitled "The Villas at Brandywine Bay-Bay Court," recorded in Book _____, at page ____ of the Carteret County Registry.

EXHIBIT B

DESCRIPTION OF VILLAS EXPANSION AREA

BEGINNING at a point in the westerly margin of the right-of-way of Bay Drive, which point is located N 08-35-29 E 249.46 feet from an existing iron pipe at the northeast corner of Parcel "B" as recorded in Map Book 10A, at page 88, in the Office of the Register of Deeds of Carteret County, North Carolina, said beginning point being the intersection of the northerly margin of the right-of-way of a proposed 24-foot access road as shown on the survey hereinafter described; and running thence from said beginning point in a generally southwesterly direction with the arc of a circular curve to the right having a radius of 15.0 feet, an arc length of 23.56 feet to a point; thence in a generally westerly direction with the arc of a circular curve to the left having a radius of 172.0 feet, an arc distance of 105.07 feet to a point; thence S. 63-35-29 W. 88.0 feet to a point; thence in a generally westerly or southwesterly direction with the arc of a circular curve to the right having a radius of 408.0 feet, an arc distance of 555.43 feet to a point; thence N. 38-24-31 W. 180.0 feet to a point; thence in a generally northerly or northeasterly direction with the arc of a circular curve to the right having a radius of 15.0 feet, an arc distance of 23.56 feet to a point; thence N. 51-35-29 E. 21.0 feet to a point; thence in a generally northerly direction with the arc of a circular curve to the left having a radius of 64.0 feet, an arc distance of 64.79 feet; thence N. 06-24-31 W. 107.0 feet to a point; thence in a generally northerly direction with the arc of a circular curve to the right having a radius of 187.5 feet, an arc distance of 132.54 feet to a point; thence in a generally northeasterly direction with the arc of a circular curve to the right having a radius of 110.5 feet, an arc distance of 94.75 feet to a point; thence N. 18-07-59 E. 69.45 feet to a point in the southerly margin of the right-of-way of N.C. Highway 24 (100-foot right-of-way); thence with the southerly margin of the right-of-way of N.C. Highway 24 S. 71-23-31 E. 695.86 feet to a point; thence S. 00-21 E. 40.04 feet to a point; thence S. 48-25 E. 40.0 feet to a point; thence S. 71-23-11 E. 17.0 feet to a point in the westerly margin of the right-of-way of Bay Drive; thence with the westerly margin of the right-of-way of Bay Drive the following two courses and distances: (1) in a generally southerly direction with the arc of a circular curve to the left having a radius of 450.66 feet, an arc distance of 78.66 feet to a point, and (2) S. 08-35-29 W. 255.26 feet to the point or place of BEGINNING containing approximately 10.35 acres as shown on a survey dated October 17, 1978, and entitled "Phase II,"--Brandywine Bay, and marked as file number C-2A-81, and prepared by C. C. King, Registered Land Surveyor, Beaufort, North Carolina.

EXCEPTING AND RESERVING from this description and these Articles of Incorporation all of the Villas Properties as described in Exhibit A to these Articles.