

State of North Carolina

Department
of the
Secretary of State

RECORDED AND VERIFIED BY
REBECCA P. TUCKER
REGISTER OF DEEDS
NEW HANOVER CO. NC
24 1 03 PM '81

To all to whom these presents shall come, Greeting:

I, Thad Eure, Secretary of State of the State of North Carolina, do hereby certify the following and hereto attached (5 sheets) to be a true copy of

ARTICLES OF INCORPORATION

OF

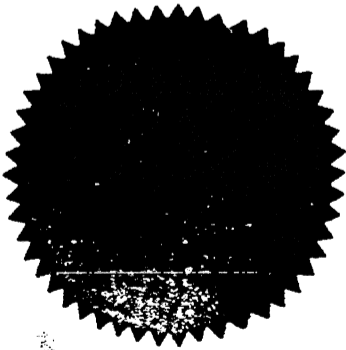
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THE BREAKERS HOMEOWNERS ASSOCIATION, INC.

and the probates thereon, the original of which was filed in this office on the 18th day of June 19 81, after having been found to conform to law.

In Witness Whereof, I have hereunto set my hand and affixed my official seal.

Done in Office, at Raleigh, this 18th day of June in the year of our Lord 19 81.



Secretary of State

By
Deputy Secretary of State

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ARTICLES OF INCORPORATION

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OF

THE BREAKERS HOMEOWNERS ASSOCIATION, INC.

THAD EURE
SECRETARY OF STATE

IN WITNESS WHEREOF, I, the undersigned, Secretary of State of North Carolina, have hereunto set my hand and the seal of the State at Raleigh, North Carolina, this 14th day of June, 1981, in accordance with the requirements of Chapter 55A of the North Carolina General Statutes, the undersigned, a natural person of full age, has this day executed these Articles of Incorporation for the purpose of forming a nonprofit corporation and hereby certifies:

ARTICLE I.

The name of the corporation is THE BREAKERS HOMEOWNERS ASSOCIATION, INC., hereinafter called the "Association".

ARTICLE II.

The principal and registered office of the Association is located at 207 North Fifth Street, P. O. Box 147, Wilmington, New Hanover County, North Carolina 28402.

ARTICLE III.

JOHN F. CARTER, III, whose address is 207 North Fifth Street, Wilmington, North Carolina 28402, is hereby appointed the initial registered agent of this corporation.

ARTICLE IV.

This Association does not contemplate pecuniary gain or profit to the members thereof and no part of the Association'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 Association shall be to administer the operation and management of THE BREAKERS, PHASE ONE, and future phases, if any, (hereinafter called "the Condominium"), a condominium to be established in accordance with the laws of the State of North Carolina upon the property situate lying and being in New Hanover County, North Carolina, and more particularly described in Exhibit "A" attached hereto and incorporated herein by reference; to undertake the performance of the acts and duties incident to the administration of the operation and management of said Condominium, present and future phases, if any, in accordance with the terms, provisions, conditions and authorizations contained in these Articles of Incorporation and which may be contained in the Public Records of New Hanover County, North Carolina, at the time said property, and the improvements now or hereafter situate thereon, are submitted to a plan of Condominium ownership, by the registration of a Declaration of Condominium and/or Supplemental Declarations of Condominium, 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 Condominium.

ARTICLE V.

The Association shall have the following powers:

1. The Association shall have all the powers and privileges granted to nonprofit corporations under the law pursuant to which this Association is chartered, and all of the powers and privileges which may be granted unto said Association under any other applicable laws of the State of North Carolina, including the Unit Ownership Act.
2. The Association shall have all of the powers reasonably necessary to implement and effectuate the purposes of the Association, including, but not limited to the following:
 - (a) To make and establish reasonable rules and regulations governing the use of Condominium units and common areas and facilities in the Condominium as said terms may be defined in said Declaration of Condominium to be recorded.

(b) To levy and collect assessments against members of the Association to defray the common expenses of the Condominium as may be provided in said Declaration of Condominium and in the By-Laws of this Association 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 Condominium units in the Condominium, which may be necessary or convenient in the operation and management of the Condominium and in accomplishing the purposes set forth in said Declaration of Condominium.

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

(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 lands or facilities including, but not limited to, swimming pools, tennis courts, and other recreation facilities whether or not contiguous to the lands of the Condominium to provide enjoyment, recreation or other use or benefit to the owners of Condominium units.

(f) To enforce the provisions of the Declaration of Condominium, these Articles of Incorporation, the By-Laws of the Association which may be hereafter adopted, and the Rules and Regulations governing the use of the Condominium as the same may be hereafter established.

(g) To exercise, undertake and accomplish all of the rights, duties, and obligations which may be granted to or imposed upon the Association pursuant to the Declaration of Condominium aforementioned.

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 BREAKERS, PHASE ONE, and all future phases, if any, shall be members of the Association, and no other person or entities shall be members, except as provided in Item 5 of this Article VI.

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

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

4. On all matters which the membership shall be entitled to vote, each Condominium unit shall have a vote equal to its appurtenant undivided interest in

the common areas and facilities of the Condominium as set forth in the Declaration of Condominium. The vote of each unit may be cast or exercised by the owner or owners of each Condominium unit in such manner as may be provided in the By-Laws hereafter adopted by the Association. Should any member own more than one Condominium unit, such member shall be entitled to exercise or cast the votes associated with each Condominium unit owned in the manner provided by said By-Laws.

5. Until such time as the property described in Exhibit "A" hereof, and the improvements constructed thereon, are submitted to a plan of Condominium ownership by the recordation of the Declaration of Condominium, the membership of the Association shall be comprised of the three (3) individuals named in Article XI hereof as the initial Board of Directors of the Association, 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 Association shall have perpetual existence.

ARTICLE VIII.

The affairs of the Association shall be managed by the President of the Association, assisted by the Vice President, Secretary and Treasurer and, if any, the Assistant Secretaries and Assistant Treasurers, subject to the directions of the Board of Directors. The Board of Directors, or the President with the approval of the Board of Directors, 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 Condominium, and the affairs of the Association, and any such person or entity may be so employed without regard to whether such person or entity is a member of the Association or a director or officer of the Association, as the case may be.

ARTICLE IX.

The number of members of the first Board of Directors of the Association shall be three (3). The number of members of succeeding Board of Directors shall be as provided from time to time by the By-Laws of the Association. The members of the Board of Directors shall be elected by the members of the Association at the annual meeting of the membership as provided by the By-Laws of the Association, and at least a majority of the Board of Directors shall be members of the Association or shall be authorized representatives, officers or employees of a corporate member of the Association. Notwithstanding the foregoing, so long as PLEASURE PROPERTIES, INC., a North Carolina corporation, owns any Condominium units in the Condominium, any phase, but in any event, not longer than April 1, 1984, said PLEASURE PROPERTIES, INC. shall have the right to designate and select the persons who shall serve as members of the Board of Directors of the Association. PLEASURE PROPERTIES, INC. may designate and select the person or persons to serve as a member or members of said Board of Directors in the manner provided in the By-Laws of the Association, and such person or persons so designated and selected need not be a resident of the Condominium.

ARTICLE X.

The Board of Directors shall elect a President, Vice President, Secretary and Treasurer, and as many Assistant Secretaries and Assistant Treasurers as the Board of Directors shall determine. The President shall be elected from among the membership of the Board of Directors, but no other officer need be a Director. 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 or Assistant Secretary be held by the same person.

ARTICLE XI.

The names and post office addresses of the initial Board of Directors who, subject to the provisions of these Articles of Incorporation, the By-Laws, 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 qualified) are as follows:

RECORD OF POOR QUALITY DUE TO
CONDITION OF ORIGINAL DOCUMENT
G. S. 161-14

W. L. Barnwell 131 Fourth Avenue East
Hendersonville, Henderson County, N. C.

Lawrence A. Hogan 131 Fourth Avenue East
Hendersonville, Henderson County, N. C.

Larry J. Ford 131 Fourth Avenue East
Hendersonville, Henderson County, N. C.

ARTICLE XII.

The original By-Laws of the Association shall be adopted by a majority vote of the members of the Association present at a meeting of members at which a majority of the membership is present, and, thereafter, such By-Laws may be altered or rescinded only in such manner as said By-Laws may provide.

ARTICLE XIII.

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

ARTICLE XIV.

An amendment or amendments to these Articles of Incorporation shall require the assent of seventy-five per cent (75%) of the membership.

No amendment to these Articles of Incorporation which shall abridge, amend or alter the right of PLEASURE PROPERTIES, INC. to designate and select members of the Board of Directors of the Association, as provided in Article IX hereof, may be adopted or become effective without the prior written consent of PLEASURE PROPERTIES, INC.

ARTICLE XV.

The name and address of the incorporator is as follows:

John F. Carter, III 207 North Fifth Street, P. O. Box 147
Wilmington, N. C. 28402


IN WITNESS WHEREOF, I, the undersigned incorporator, have hereunto set my hand and seal, this 12th day of June, 1981.

 (SEAL)
John F. Carter, III

STATE OF NORTH CAROLINA
COUNTY OF NEW HANOVER

This is to certify that on this the 12th day of June, 1981, before me, Mary J. Dunnington, a Notary Public of said county and state, personally appeared JOHN F. CARTER, III, who I am satisfied is the person and who executed the foregoing Articles of Incorporation of THE BREAKERS, and having first made known to him the contents thereof, he did acknowledge that he signed, sealed and delivered the same as his voluntary act and deed for the uses and purposes therein expressed.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this the 12th day of June, 1981.


Notary Public
My Commission Expires: 2/12/85

(NOTARIAL SEAL)

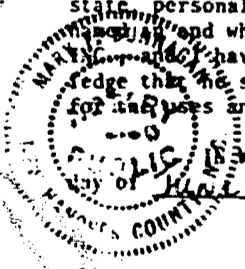


EXHIBIT "A"

PHASE ONE

BEGINNING at a point in the Western right of way line of Canal Drive (40' right of way), said point being located North 28 degrees 06 minutes East 310.0 feet as measured along the Western right of way line of Canal Drive from the Northeastern corner of Lot 14, Carolina Beach Extension #1, as recorded in Map Book 18 at Page 103 of the New Hanover County Registry; running thence from said beginning point North 61 degrees 54 minutes West 56.0 feet to a point; running thence South 73 degrees 06 minutes West 70.71 feet to a point; running thence North 61 degrees 54 minutes West 6.43 feet to a point; running thence North 05 degrees 30 minutes 30 seconds West 117.1 feet to a point; running thence North 59 degrees 36 minutes East 60.07 feet to a point; running thence North 00 degrees 24 minutes West 45.0 feet to a point; running thence North 44 degrees 29 minutes East 59.11 feet to a point; running thence South 61 degrees 54 minutes East 150.07 feet to a point in the Western right of way line of Canal Drive; running thence with the Western right of way line of Canal Drive, South 28 degrees 06 minutes West 195.0 feet to the point of beginning. Containing 0.77 acres, more or less.

FUTURE PHASES

BEGINNING at a point in the Western right of way line of Canal Drive (40' right of way), said point being the Northeastern corner of Lot 14, Carolina Beach Extension #1, as recorded in Map Book 18 at Page 103 of the New Hanover County Registry; running thence from said beginning point North 61 degrees 54 minutes West 120.0 feet to a point; running thence South 28 degrees 06 minutes West 30.0 feet to a point; running thence North 42 degrees 54 minutes West 80.0 feet to a point; running thence North 04 degrees 54 minutes West 90.0 feet to a point; running thence North 21 degrees 06 minutes East 80.0 feet to a point; running thence North 77 degrees 06 minutes East 105.0 feet to a point; running thence South 00 degrees 08 minutes 15 seconds West 27.67 feet to a point; running thence North 69 degrees 09 minutes 45 seconds East 85.67 feet to a point; running thence North 73 degrees 06 minutes East 70.71 feet to a point; running thence South 61 degrees 54 minutes East 56.0 feet to a point in the Western right of way line of Canal Drive; running thence with the Western right of way line of Canal Drive, South 28 degrees 06 minutes West 310.0 feet to the point of beginning. Containing 1.38 acres, more or less.