

ARTICLES OF INCORPORATION

OF

THE GARDENS OWNERS ASSOCIATION, INC.

In compliance with the requirements of the Nonprofit Corporation Act, North Carolina General Statutes, Chapter 55-A, the undersigned natural person, a resident of the State of North Carolina and eighteen (18) years of age, and more, has hereby formed a corporation, not for profit, and does hereby certify that:

ARTICLE I

The name of the corporation is THE GARDENS OWNERS ASSOCIATION, INC. hereinafter called the "Association".

ARTICLE II

The period of duration of the corporation is unlimited and perpetual.

ARTICLE III

The purpose for which the Association is organized is to provide a nonprofit owners association composed of the record owners of Condominium Units ("Units") located upon that certain tract or parcel of land taken or developed from the property known generally as The Gardens, A Condominium Community and more particularly described on Exhibit "A" hereto attached, made a part hereof, and incorporated herein by reference. Provided, no owner of any such Unit or Units shall be affected by or subject to these Articles or the By-Laws of this Association unless and until the Developer of the property described on Exhibit "A" has placed upon the public records of New Hanover County, North Carolina, a Declaration of Condominium for The Gardens, A Condominium Community providing specifically that said unit or units are subject hereto and that the owners of units therein are specifically subject to these Articles and the By-Laws of this Association.

For the purposes hereof, the Developer of the property described on Exhibit "A" is H & S DEVELOPMENT OF WILMINGTON, LLC., its successors and assigns.

The Association shall provide for the care, protection, maintenance, preservation and architectural control of the developments subject hereto and shall promote the health, safety and welfare of the residents thereof, and in furtherance of these responsibilities the Association shall:

a. Own, maintain, preserve and care for all of the entrance areas, conservation areas, drainage areas and ways, parks, recreation areas, and amenities, if any, and the improvements thereon, of the real property subject hereto;

b. perform and exercise all of the rights, duties, privileges and powers delegated to the Association by the provisions of those certain Declaration of Condominium, hereinafter referred to as the "Declaration", applicable to the real property subject thereto and recorded or to be recorded in the Office of the Register of Deeds of New Hanover County, North Carolina; said Declaration being incorporated herein as if set forth at length;

c. have, exercise and perform any and all powers, rights, privileges and duties which a corporation organized pursuant to the provisions of the Nonprofit Corporation Act of the State of North Carolina by law now or hereafter may have or exercise;

d. fix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes or governmental charges levied or imposed against the property of the Association;

e. 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 or personal property in connection with the affairs of the Association;

f. 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;

g. dedicate, sell or transfer all or any part of the Common Area 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.

ARTICLE IV

Every person or entity who is a record owner of a fee or undivided fee interest in any Unit which is subject by covenants of record to assessment by the Association, including contract sellers, shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Unit which is subject to assessment by the Association.

ARTICLE V

The Directors of the Association shall be elected by the members of the Association in the manner provided by the By-Laws of the Association.

ARTICLE VI

No part of the net income of the Association shall inure to the benefit of any officer, director or member of the Association. Upon dissolution of the Association the assets thereof, after all of its liabilities and obligations have been discharged or adequate provisions made therefor, shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust or other organization to be devoted to such similar purposes, so long as in accordance with N.C.G.S. 55A-14-03.

ARTICLE VII

The address of the initial registered office of the Association 5600 Carolina Beach Road, New Hanover County, North Carolina 28412, and the name of the initial registered agent at such address is John Hutchings.

ARTICLE VIII

The principal office of the Association is located at 5600 Carolina Beach Road, New Hanover County, North Carolina 28412.

ARTICLE IX

The Association shall have two classes of voting membership:

Class A: Class A members shall be all Owners, with the exception of the Declarant, and shall be entitled to one vote for each Unit owned. When more than one person holds an interest in any Unit, all such persons shall be members. The vote for such Unit shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Unit.

Class B: The Class B member(s) shall be the Declarant (as defined in the Declaration), and shall be entitled to three (3) votes for each Unit owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

- (a) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or
- (b) on December 31, 2010.

ARTICLE X

The number of Directors constituting the initial Board of Directors shall be one (1), and the name and address of the person who is to serve as Director until his successor(s) is chosen and qualifies is:

NAME

ADDRESS

John Hutchings

5600 Carolina Beach Road
Wilmington, North Carolina 28412

ARTICLE XI

Amendment of these Articles shall require the assent of seventy-five percent (75%) of the entire membership.

ARTICLE XII

Section 1. The Developer hereby reserves the right to annex additional land within the area described in Exhibit "A" attached hereto, and any other additional land located adjacent thereto which may be owned or hereafter acquired by the Declarant, without the consent of the Class A members within ten (10) years of the date of this instrument provided that HUD, the FHA, or VA determines that the annexation is in accord with the general plan hereto approved by them. Any property annexed for such purpose will be subject to and under the jurisdiction of the Association and shall be designated as consecutively numbered phases or such other similar designations for any additional phase added. Mergers and consolidations as well as mortgaging of Common Areas requires prior approval of HUD/VA as long as there is a Class B membership.

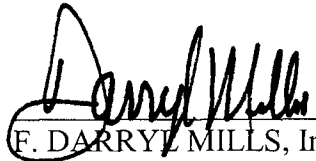
Section 2. The rights reserved by the Developer also include the power to amend the Declaration of Condominium to subject any property described above to the jurisdiction of the Association and to the rights and obligations of the Declaration of Condominium without the consent of Class A members, subject, however, to approval by the Department of HUD or the Veterans Administration.

ARTICLE XIII

The name and address of the incorporator is:

F. Darryl Mills
5710 Oleander Drive, Suite 112
Wilmington, North Carolina 28403
County of New Hanover

IN WITNESS WHEREOF, the undersigned has hereunto set his hand and seal as of
the 12th day of January, 2007.

 (SEAL)
F. DARRYL MILLS, Incorporator

STATE OF NORTH CAROLINA

COUNTY OF NEW HANOVER

Chatham I, C Anne Mangum a Notary Public in the County of Chatham and for the State aforesaid, do hereby certify that **F. DARRYL MILLS** personally appeared before me this day and acknowledged the due execution of the foregoing instrument for the purposes therein expressed.

WITNESS my hand and notarial seal, this the 12 day of January, 2007.

C Anne Mangum
NOTARY PUBLIC

My Commission Expires:

04 May 2011

(AFFIX NOTARIAL SEAL)

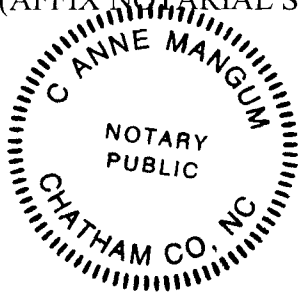


EXHIBIT "A"

BEGINNING at a point in the Western Right of Way line of NC Highway #132 (200 foot Right of Way), said point being located 963.76 feet as measured Southwardly along the Western Right of Way line on NC Highway #132 from its point of intersection with the centerline of Trombay Drive (60 Right foot Right of Way): running thence, from said beginning point, along the Western Right of Way line of NC Highway #132 South 5 degrees 12 minutes West 633.6 feet to a point; running thence, North 74 degrees 58 minutes 45 seconds West 837.27 feet to a point; running thence, North 5 degrees 12 minutes East 633.6 feet to a point; running thence, South 74 degrees 58 minutes 45 seconds East 837.27 feet to the point of beginning, containing 12 acres, more or less.

SUBJECT to Carolina Power and Light Company's right of way along the front of the above described tract.