

ARTICLES OF INCORPORATION
FOR
THE PALMS AT BELVEDERE ASSOCIATION
(A NONPROFIT CORPORATION)

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

1. Name: The name of the corporation is The Palms at Belvedere Association (the "Association").
2. Duration: The period of duration of the Association shall be perpetual.
3. Definitions: As used in these Articles of Incorporation ("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 for The Palms at Belvedere, and any amendments thereto (collectively the "Declaration"), recorded in the office of the Register of Deeds of Pender 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 for the following specific purpose: To undertake and perform any and all activities, responsibilities, and obligations applicable to the Association set forth in the Association Documents.

In order to achieve the foregoing purpose, the Association shall have the following powers and authority:

- (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 Declaration; 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 interest 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 one (1), and the name and address of the person who shall serve as director until his successors shall be elected and qualified, is as follows:

<u>Name</u>	<u>Address</u>
Scott H. Cook	60-C Pelican Drive Wrightsville Beach, NC 28480

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 the Common Areas and improvements located upon the Common Areas, as set forth in the Declaration, and by undertaking any other responsibilities of the Association as set forth in the Declaration, 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. Membership: The Association shall have members, and the qualifications and rights of members shall be set forth in the Bylaws of the Association and the Declaration.

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) otherwise as permitted or required by law. The Association may be dissolved at any time, if such dissolution is undertaken consistent with the North Carolina Nonprofit Act and North Carolina Planned Community Act, and with the required affirmative consent of not less than an eighty-five percent (85%) vote of all the members of the Association entitled to vote.

9. Registered Office and Agent: The street address of the initial registered office of the Association is 1001 College Court, New Bern, Craven County, North Carolina 28562; the mailing address of the initial registered office of the Association is Post Office Box 867, New Bern, Craven County, North Carolina 28563; and the name of the initial registered agent at such address is WASLAW, LLC.

10. Principal Office: The street and mailing address of the Association's principal office is 429 Longleaf Drive, Hampstead, Pender County, North Carolina 28443.

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:

(a) Subject to the terms and conditions of applicable provisions in the Declaration regarding the Permit and Stormwater Management Facilities, or the Permit itself: (i) to accept transfer of (1) the Permit from the Declarant and (2) Declarant's responsibilities under the Permit upon tender of the transfer of such responsibilities by Declarant to the Association, (ii) to take any and all actions necessary to be done by the Association regarding the Permit (including without limitation, amending these Articles or the Association's Bylaws), and (iii) to execute all documents required to be executed by the Association in order to allow such transfer to occur.

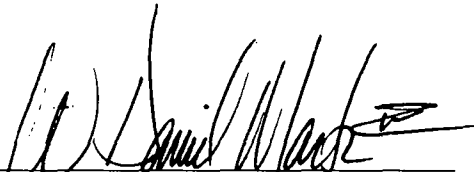
(b) Subject to the terms and conditions of applicable provisions in the Declaration regarding the Streets: (i) to accept transfer of (1) the Streets from the Declarant and (2) the cost and Upkeep of the Streets upon tender of the transfer of such responsibilities by Declarant to the Association, (ii) to take any and all actions necessary to be done by the Association regarding the Streets (including without limitation, amending these Articles or the Association's Bylaws), and (iii) to execute all documents required to be executed by the Association in order to allow such transfer 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. 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.

14. Incorporator: The name of the incorporator is W. Daniel Martin, III, and the address of the incorporator is University Corporate Center, 127 Racine Drive, Post Office Box 7068, Wilmington, North Carolina 28406-7068.

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



W. Daniel Martin, III, Incorporator

Prepared by and return to:

W. Daniel Martin, III
For the firm of
Ward and Smith, P.A.
University Corporate Center
127 Racine Drive
Post Office Box 7068
Wilmington, North Carolina 28406-7068
Telephone: (910) 794-4800
Facsimile: (910) 794-4877

NBMAIN\609372\1