

ARTICLES OF INCORPORATION

OF

DUNERIDGE RESORT HOMEOWNERS ASSOCIATION, INC.

In compliance 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 non-profit corporation and hereby certifies:

ARTICLE I

Name

The name of the corporation is Duneridge Resort Homeowners Association, Inc., hereinafter called the "Association".

ARTICLE II

Registered Office

The principal and registered office of the Association is located at 527 Causeway Drive, Wrightsville Beach, New Hanover County, North Carolina 28480.

ARTICLE III

Registered Agent

DONALD D. GILSTRAP, SR., whose address is Post Office Box 987, 527 Causeway Drive, Wrightsville Beach, North Carolina, 28480, is hereby appointed the initial Registered Agent of this Association.

ARTICLE IV

No Pecuniary Gain

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.

ARTICLE V

Purposes

The purposes and objects of the corporation shall be: (1) to participate in the administration, operation and management of DUNERIDGE RESORT, A CONDOMINIUM to be established in accordance with the laws of the State of North Carolina upon property situate, lying and being in the Town of Wrightsville Beach, New Hanover County, North Carolina as described in deed recorded in Book 1401 at Page 548, New Hanover County Registry, and incorporated herein by reference; and (2) to undertake the performance of certain acts and duties incident to the administration of the operation and management of said DUNERIDGE RESORT, A CONDOMINIUM in accordance with the terms, provisions, conditions and authorizations contained in these Articles of Incorporation and which may be contained in the formal Declaration of Condominium to be recorded in the New Hanover County Registry at the time said property, and the improvements now or hereafter situate thereon, are submitted to a plan of Condominium Ownership; and (3) to operate, lease and otherwise deal with such property, whether real or personal, as may be necessary or convenient in the administration of said DUNERIDGE RESORT, A CONDOMINIUM.

ARTICLE VI

Powers and Privileges

The Corporation shall have: (1) all the powers and privileges granted to non-profit corporations under the law pursuant

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to which this Corporation is chartered; and (2) 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 the North Carolina Condominium Act; and (3) all of the powers reasonably necessary to implement and effectuate the purposes of the Corporation, including the power 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 of Condominium.

ARTICLE VII

Duration

The Corporation shall have perpetual existence.

ARTICLE VIII

Members

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. Qualification. The Unit Owners of each Unit in DUNERIDGE RESORT, A CONDOMINIUM shall be members of the Corporation, and no other person or entity shall be entitled to membership except as provided in Paragraph 5 of this Article.

2. Creation and Termination of Membership. Membership shall be established by the acquisition of fee title to, or a fee ownership interest in, a Unit in DUNERIDGE RESORT, A CONDOMINIUM whether by conveyance, devise, judicial decree or otherwise. The membership of any party shall be automatically terminated upon divestiture of said party's fee title to, or fee ownership interest in, any Unit. However, nothing herein contained shall be construed as terminating the membership of any party who may own, or have any fee ownership in, two or more Units so long as such party retains title to, or a fee ownership interest in, any Unit.

3. Interest in Funds and Assets. 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 Condominium 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 for the purposes authorized herein, in the Declaration of Condominium and in the By-laws.

4. Voting Rights. On all matters on which the Membership shall be entitled to vote, there shall be only one vote for each Unit in DUNERIDGE RESORT, A CONDOMINIUM. The vote may be exercised or cast by the owner or owners of each Unit in such manner as may be provided in the By-Laws. Any member owning more than one Unit shall be entitled to exercise or cast as many votes as he owns Units, in the manner provided by the By-Laws.

5. Initial Members. Until such time as the property described in Article V hereof, and the improvements which may be constructed thereon, are submitted to a Plan of Condominium Ownership by the recordation of the Declaration of Condominium, the Declarant shall be the sole member of the Corporation.

ARTICLE IX

Board of Directors

The number of members of the initial Board of Directors of the Corporation shall be three (3). The number of members of succeeding Boards of Directors shall be as provided from time to time by the By-Laws. The members of the Board of Directors shall be elected by the members of the Corporation at the Annual Meeting of the membership as provided by the By-Laws, and at least a majority of

the Board of Directors shall be members of the Corporation or shall be authorized representatives, officers or employees of a corporate member of the Corporation. Notwithstanding the foregoing, D-G ENTERPRISES, LTD., a North Carolina Corporation, the Declarant as set forth in the Declaration of Condominium for DUNERIDGE RESORT, A CONDOMINIUM, PHASE ONE, or its successors and assigns as set out in such Declaration, shall have the right to elect members of the Board of Directors pursuant to the guidelines set forth in Article XIII of said Declaration entitled "Declarant Control Period".

The names and 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 have qualified, are as follows:

Donald D. Gilstrap, Sr.	527 Causeway Drive Wrightsville Beach, NC 28480
Janet Duffy	527 Causeway Drive Wrightsville Beach, NC 28480
Sheila Philomen	527 Causeway Drive Wrightsville Beach, NC 28480

ARTICLE X

Officers

The Board of Directors shall elect a President, a Secretary and a Treasurer and as many Vice Presidents, 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 offices of President and Vice President or President and Secretary or Assistant Secretary shall not be held by the same person.

ARTICLE XI

Corporate Affairs

The affairs of the Corporation shall be managed by the President of the Corporation assisted by the Vice Presidents, Secretary and Treasurer, and, if any, the Assistant Secretaries and Assistant Treasurers, subject to the direction of the Board of Directors.

ARTICLE XII

By-Laws

The original By-Laws of the Corporation shall be adopted by a majority vote of the initial Board of Directors, and thereafter such By-Laws may be altered or rescinded only in such manner as said By-Laws may provide.

ARTICLE XIII

Indemnification

Every Director 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 Director or Officer of the Corporation, whether or not he is a Director or Officer at the time such expenses or liabilities 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 Corporation. 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

Amendment to Articles

Any Amendment to these Article of Incorporation shall require the assent of seventy-five percent (75%) of the membership.

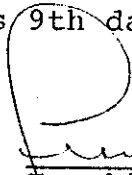
No amendment to these Articles of Incorporation which shall abridge, amend or alter the right of the Declarant to designate and select members of the Board of Directors of the Corporation, as provided in Article IX hereof, may be adopted or become effective without the prior written consent of said Declarant.

ARTICLE XV

Incorporator

The name and address of the incorporator is as follows:
Franklin E. Martin, 240 Princess Street, Wilmington, North Carolina, 28401.

IN WITNESS WHEREOF, I, the undersigned incorporator, have hereunto set my hand and seal this 9th day of November, 1988.


Franklin E. Martin (SEAL)
Franklin E. Martin

NORTH CAROLINA
NEW HANOVER COUNTY

This is to certify that on this 9th day of November, 1988, before me, the undersigned, a Notary Public of said County and State, personally appeared FRANKLIN E. MARTIN, who I am satisfied is the person named in and who executed the foregoing Articles of Incorporation of DUNERIDGE RESORT HOMEOWNERS ASSOCIATION, INC., and, I having first made known to him the contents hereof, 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 9th day of November, 1988.


Kimberly A. Tyler (Walton)
Notary Public

My commission expires:

11-19-90

(SEAL)