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Date Filed: 3/4/2003 11:13:00 AM
Elaine F. Marshall
North Carolina Secretary of State

**ARTICLES OF INCORPORATION
OF
BLUEWATER COVE HOMEOWNERS ASSOCIATION II, INC.**

This is to certify that we, the undersigned, do hereby associate ourselves into a 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 "Non-Profit Corporation Act" and the several amendments thereto, and to that end hereby set forth:

I

The name of the corporation is **BLUEWATER COVE HOMEOWNERS ASSOCIATION II, INC.**

II

The period of existence of this corporation shall be perpetual.

III

This Association does not contemplate pecuniary gain or profit to the Members thereof and the specific purposes for which it is formed are to provide for maintenance, preservation, upkeep and replacement of the easements, off site system, Lots, and Common Areas to be designated by an amended Declaration of Restrictions and Covenants within the parcel or tract of land known as BLUEWATER COVE SUBDIVISION as shown on the plat of said subdivision recorded in the Carteret County Registry, and of the owners and residents of such additional properties as may hereinafter be brought within the jurisdiction of this Corporation by annexation as provided in Article IV herein, all of such land being hereinafter referred to as "the Properties," and to promote health, safety, and welfare of the residents with in the above-described property and any additions thereto as may hereafter be brought within the jurisdiction of this Association for the purposes to:

A. Exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in Paragraph 5, C(iii), together with all powers of enforcement of that certain DECLARATION OF PROTECTIVE COVENANTS, EASEMENTS AND RESTRICTIONS, as recorded in Book 923 Page 684, of the Carteret County Registry, hereinafter called the "Declaration," applicable to the property and recorded in the Office of the Register of Deeds of Carteret County and as the same may be amended from time to time as therein provided, said Declaration being incorporated herein as if set forth at length herein;

B. Fix, levy, collect, and enforce payment by lawful means, all charges or assessments pursuant to the terms of the Declaration as herein provided, 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;

C. 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;

D. Borrow money, and with the assent of not less than two-thirds (2/3) of the Members, mortgage, pledge, Deed of Trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

E. Dedicate, sell or transfer all or any of the Commons Ares 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 instruments has been signed by not less than two-thirds (2/3) of the Members, agreeing to such dedication, sale or transfer;

F. Participate in mergers and consolidation with other nonprofit Corporations organized for the same purposes or annex additional residential property and Common Areas, provided that except as stated in Article IV herein, any such merger, consolidation or annexation shall have the assent of not less than two-thirds (2/3) of the Members;

G. Have and to exercise any and all powers, rights, and privileges which a Corporation organized under the Nonprofit Corporation Law of the State of North Carolina by law may now or hereafter have or exercise;

H. In general, to have, exercise and carry on any activity which may seem to the Corporation capable of being conveniently carried on or exercised in connection with the above or which may seem to be calculated directly or indirectly to further the purposes of the Corporation and not forbidden by the laws of the State of North Carolina;

I. No part of the net earnings of the Corporation shall inure to the benefit of any Officer, Director, or Members 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 provisions made thereof, be distributed in accordance with North Carolina General Statute 55-A-14-03 as the same may exist or be amended at time of said dissolution. No substantial part of the activities of the Corporation shall be the carrying on of propaganda or otherwise attempting to influence legislation, and the Corporation shall not participate in or intervene in any political campaign on behalf of any candidate for public office.

IV

Additions to the Properties described in Article III may be made only in accordance with the provisions of the recorded Covenants and Restrictions applicable to said Properties. Such additions, when properly made under the applicable Covenants, shall extend the jurisdiction, functions, duties, and membership of this Corporation to such Properties.

V

The Corporation is to have no capital stock. Every person or entity who is a record owner of a fee or undivided interest in any Lot which is subject by Covenants of record to assessment by this Association, including contract seller, 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 any obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot, which is subject to assessment, by the Association.

VI

The Association shall have one (1) class of voting membership, which shall consist of all Lot Owners who are made subject to this Homeowners Association, including the Developer, and shall be entitled to one (1) vote for each Lot Owner. When more than one (1) person holds an interest in any Lot, all such persons shall be Members. The vote of such Lot shall be exercised as they determine, but in event shall more than one (1) vote be case with respect to any Lot.

VII

The address of the Principal Registered office this Corporation is 200 Mangrove Drive, Emerald Isle, Carteret County, North Carolina, 28594, and the name of the Initial Registered Agent at such address is Woodrow J. Warren.

VIII

The number of Directors constituting the initial Board of Directors is two (2) and the names and addresses of the person who are to serve as Directors until the first meeting of the Members of the Corporation or until their successors are elected and qualified are:

<u>NAME</u>	<u>ADDRESS</u>
Woodrow J. Warren	200 Mangrove Drive Emerald Isle Carteret County, North Carolina 28594
Phillip S. Futral	200 Mangrove Drive Emerald Isle Carteret County, North Carolina 28594

Election of the Directors shall be as provided in the By-Laws of the Association.

IX

The Association may be dissolved with the consent given in writing and signed by not less than two-thirds (2/3) of the Members. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for the 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.

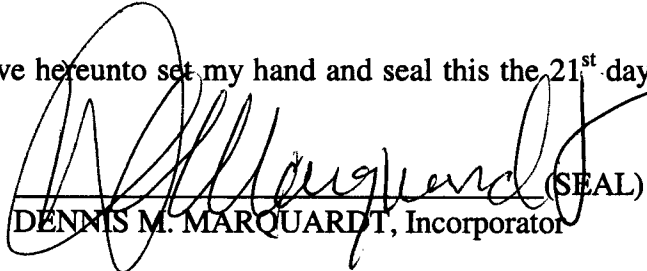
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The name and address of the Incorporator is as follows:

Dennis M. Marquardt

911 Arendell Street
Carteret County
Morehead City, NC 28557

IN TESTIMONY WHEREOF, I have hereunto set my hand and seal this the 21st day of February, 2003.

 (SEAL)
DENNIS M. MARQUARDT, Incorporator