

**State of North Carolina
Department of the Secretary of State**

ARTICLES OF CORRECTION

Pursuant to §55D-14 of the General Statutes of North Carolina, the undersigned entity hereby submits these Articles of Correction for the purpose of correcting a document filed by the Secretary of State.

1. The name of the entity is: Megans Bay Village Master Association, Inc.

2. The type of business entity is: Domestic Corporation, Foreign Corporation, Domestic Nonprofit Corporation, Foreign Nonprofit Corporation, Domestic Limited Liability Company, Foreign Limited Liability Company, Domestic Limited Partnership, Foreign Limited Partnership, Domestic Limited Liability Partnership, Foreign Limited Liability Partnership.

3. On the 6th day of October, 2004, the business entity filed:
 - a. The following described document: Articles of Incorporation

 - OR-

 - b. The attached document (*Check here* *if applicable*).

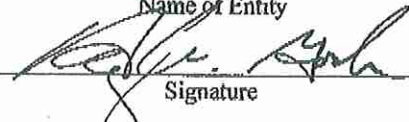
4. This document was incorrect in the following manner (*specify the incorrect statement and the reason it is incorrect or the manner in which the execution was defective*):
"Megans" in the corporate name was misspelled.

5. The incorrect matters stated in Item 4 above should be revised as follows or the corrected document may be attached:
"Megans" should be changed to "Magens."

This the 4th day of January, 2005

Megans ; Bay Village Master Association, Inc.

Name of Entity



Signature

Henry W. Gorham, Incorporator

Type or Print Name and Title

NOTES:

1. Filing fee is \$10. This document must be filed with the Secretary of State.
2. For effective date of these Articles of Correction, see N.C.G.S. §55D-14.



NORTH CAROLINA

Department of The Secretary of State

To all whom these presents shall come, Greetings:

I, **ELAINE F. MARSHALL**, Secretary of State of the State of North Carolina, do hereby certify the following and hereto attached to be a true copy of

ARTICLES OF INCORPORATION

OF

MEGANS BAY VILLAGE MASTER ASSOCIATION, INC.

the original of which was filed in this office on the 6th day of October, 2004.



IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at the City of Raleigh, this 6th day of October, 2004

Elaine F. Marshall

Secretary of State

ARTICLES OF INCORPORATION
OF
MEGANS BAY VILLAGE MASTER ASSOCIATION, INC.
A NON-PROFIT CORPORATION

In compliance with the requirements of Chapter 55A of the North Carolina General Statutes entitled "Nonprofit Corporation Act," and the several amendments thereto, the undersigned, 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.

The name of the corporation is Megans Bay Village Master Association, Inc. (hereinafter called "the Corporation" or "Association").

ARTICLE II.

The registered and principal office of the Corporation is located at 9816 Clarendon Drive, Emerald Isle, Carteret County, North Carolina 28594.

ARTICLE III.

Henry Gorham, whose address is 9816 Clarendon Drive, Emerald Isle, Carteret County, North Carolina 28594, is hereby appointed the initial Registered Agent of the Corporation.

ARTICLE IV.

The Corporation does not contemplate pecuniary gain or profit to the members thereof and no part of the Corporation'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 corporation shall be to administer the operation and management of properties and common areas conveyed, transferred, leased or assigned for management or administration to said Corporation within or without The Village at Megans Bay, being developed in the Town of Cedar Point, White Oak Township, Carteret County, North Carolina, by Cedar Point Associates, LLC, Villas at Megans Bay I, LLC, their affiliates, successors and assigns, said development consisting of a mixed commercial, business and residential development on the south side of Highway 24, as located on tracts 2, 3 and 4 of the A. D. Innut, Jr. properties, Map Book 30, Page 382, Carteret County Registry; to undertake the performance of the acts, duties, rights and responsibilities incident to the administration of the operation management of the common areas and properties of The Village at Megans Bay as more particularly assigned and described in the various restrictive covenants, condominium declarations,

and other documents applicable to said development and the various mixed properties; 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 and management of association properties located within said mixed-use development.

ARTICLE V.

The Corporation shall have the following powers:

1. The Corporation shall have all of the powers and privileges granted to Non-Profit Corporations under the law pursuant to which this Corporation is chartered, and all of the powers and privileges which may be granted unto said Corporation under any other applicable laws of the State of North Carolina.

2. The Corporation shall have all the powers reasonably necessary to implement and effectuate the purposes of the Corporation, including, but not limited to, the following:

(a) To make and establish reasonable rules and regulations governing the use of Association properties and Common Areas within the mixed-use development as said terms may be defined herein and in the recorded Covenants, Condominium Declarations and other documents relating to the various phases of the mixed-use development.

(b) To levy and collect assessments against members of the Corporation to defray the common expenses of the Association as may be provided in the Restrictive Covenants, Condominium Declarations and other recorded documents for any of the phases of the mixed-use development, and in the By-Laws of this Corporation which may be hereafter adopted, including the right to levy and collect assessment for the purpose of acquiring, operating, leasing, managing and otherwise trading and dealing with Association properties, whether real or personal, which may be necessary or convenient in the operation and management of the Association properties and common elements within or without The Village of Megans Bay, and for the purpose of accomplishing the purposes set forth in the Restrictive Covenants, Condominium Declarations and other documents for the mixed-use development.

(c) To maintain, repair, replace, operate and manage Association Properties, real or personal, including the right to reconstruct improvements after casualty and to make further improvements to Association Properties within The Village at Megans Bay and to make and enter into any and all contracts necessary or desirable to accomplish said purpose.

(d) To contract for the management of the Association and to delegate to such management firm all of the powers and duties of the Association except those which may be required by these Articles of Incorporation, By-Laws hereafter adopted, or the Restrictive Covenants and Condominium Declarations, to have the approval of the Board of Directors or membership of the Corporation.

(e) To acquire and enter into, now or at any time hereafter, leases and agreements whereby the Association acquires leaseholds, undivided interests in real property, memberships, and

their possessory, ownership or use interests in land or facilities including, but not limited to, swimming pools, and other recreation facilities, whether or not contiguous to the lands of The Village at Megans Bay, to provide enjoyment, recreation or other use or benefit to the owners of units within said development.

(f) To enforce the provisions of these Articles of Incorporation, the By-Laws of the Corporation, pertinent and applicable provisions of any of the Restrictive Covenants, Condominium Declarations or other documents pertaining to the establishment and management of The Village of Megans Bay project, and the rules and regulations governing the use of Association Properties as the same may be hereafter be established from time to time.

(g) To exercise, undertake and accomplish all of the rights, duties and obligations which may be granted to or imposed upon the Corporation pursuant to any of the recorded Covenants, Declarations and Restrictions for The Village at Megans Bay.

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. There shall only be two types of membership, a regular membership and an Associate membership. Every owner of a commercial space as well as every purchaser of a condominium unit within any of the various phases of The Village at Megans Bay shall be required to be a regular member of the Association, and regular membership shall be limited to purchasers of condominium units and the owners of commercial or business spaces within the mixed-use project. Associate memberships may be provided or required for tenants of the mixed-use project under such terms as provided for from time to time by the Board of Directors of this Corporation, and Associate Memberships may be reduced, enlarged or terminated by the Board of Directors.

2. Regular memberships shall be appurtenant to and may not be separated from ownership of a condominium unit or commercial space. Persons or entities who hold an interest in the unit merely as security for the performance of an obligation shall not be regular members.

3. When more than one person holds an interest in any commercial space or condominium unit, all such persons shall be entitled to the privileges and responsibility of a regular membership, but said commercial space or condominium unit shall have the vote provided for in the Restrictive Covenants or Condominium Declarations, and the purchasers or owners of the unit or space shall designate one of them as the voting regular member. If the unit is owned by a corporation or other business entities, an officer or employee shall be designated as the voting regular member. Associate memberships shall have those voting privileges provided for in the By-Laws or documents creating the Associate Membership, if any.

4. Each condominium unit and commercial space shall have the vote at meetings of the membership of the Master Association as provided for in the document, Covenants or Condominium Declaration applicable to the same. Upon recordation of the Restrictive Covenants, Declarations and

other documents pertaining to the various phases of the mixed-use development, the purchasers of condominium units and the owners of commercial spaces or properties shall become members of the Association entitled to cast the vote set forth in the Covenants, Declarations or other applicable documents of The Village at Megans Bay, each purchaser of a unit shall automatically become a regular member of the Association and entitled to one vote.

5. The interest of a member in the funds and assets of the Corporation cannot be assigned, hypothecated or transferred in any manner except in accordance with terms and conditions of the Covenants, Condominium Declaration or other documents applicable to the mixed-use project. 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 and for the purposes authorized herein, and the Restrictive Covenants and Declarations of the various phases of The Village at Megans Bay and in the By-Laws which may be hereafter adopted.

6. As the Restrictive Covenants, Condominium Declaration and other documents applicable to each phase of The Village at Megans Bay are recorded and spaces and units are sold and conveyed pursuant to the same. A roster or other written documentation shall be maintained containing the names and addresses of all owners and purchasers within the various phases. The vote of each owner may be cast or exercised in such a manner as may be provided for in the By-Laws, Restrictive Covenants or Condominium Declarations applicable to the mixed-use development.

ARTICLE VII.

The Corporation shall have perpetual existence.

ARTICLE VIII.

The affairs of the Corporation shall be managed by the Executive Board, and the Chief Officer of the Corporation shall be the President, assisted by the Secretary/Treasurer, subject to the directions of the Executive Board. The Executive Board may employ a management firm and/or such other managerial and supervisory personnel or entities to administer or assist in the administration of the operation and management of the Association, and the affairs of the Corporation, and any such person or entity may be a member of the Corporation or a Director or Officer of the Corporation, as the case may be.

ARTICLE IX.

The number of members of the First Executive Board of the Corporation shall be seven (7). The number of members of the succeeding Executive Board shall be as approved from time to time by the By-Laws of the Corporation but shall not be less than five (5). The members of the Executive Board shall be elected by the members of the Corporation at the annual meeting of the membership as provided by the By-Laws of the Corporation. All Directors shall be required to be members of the Association. Provided, until such time as seventy five (75%) percent of all commercial spaces and condominium units within the mixed-use project of The Village at Megans Bay have been sold as determined by Cedar Point Associates, LLC, as the initial Declarant, or its written appointee, then

Cedar Point Associates, LLC or its designee shall appoint the seven members of the Executive Board annually and their successors until control of the Executive Board has been transferred to the regular membership. The members so appointed by the Declarant or its written designee shall not be required to be members of the Association. Not later than one hundred and twenty (120) days after conveyance of 75% of the commercial spaces and units of the various spaces within The Village at Megans Bay to owners other than the Declarant or its affiliated companies, a special meeting of the Association shall be held for the purpose of electing members to the Executive Board to replace those members of the Executive Board appointed by the Declarant.

ARTICLE X.

The Executive Board shall elect a President and Secretary/Treasurer. The President and Secretary/Treasurer shall be elected from among the membership of the Executive Board. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created by the Executive Board.

ARTICLE XI.

The names and post office addresses of the initial Executive Board 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:

Richard Farrington
8802 Sound View Court
Carteret County
Emerald Isle, NC 28594

David A. Barefield
394 Yacht Club Drive
Carteret County
Newport, NC 28570

Kathryn Gorham
9816 Clarendon Court
Carteret County
Emerald Isle, NC 28594

ARTICLE XII.

The original By-Laws of the Corporation shall be adopted by a majority vote of the initial members of the Corporation as provided for in Paragraph 1 Article VI, herein, present at a meeting of

said members at which a majority of the membership is present, and thereafter, such By-Laws may be altered or amended only in such manner as said By-Laws provide.

ARTICLE XIII.

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 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.

An amendment or amendments to these Articles of Incorporation shall require the assent of sixty six and two thirds percent (66-2/3%) of the Board of Directors.

ARTICLE XV.

In the event of dissolution of this Corporation, all of its then assets shall be distributed as follows:

(i) The dissolution shall be conducted under Court supervision, if required or permitted under the statutes of the State of North Carolina, as now enacted or as hereafter amended or supplemented, and, subject to prior compliance with N.C.G.S. 47C-2-118 et. seq. of the North Carolina Statutes, as then amended or supplemented, the assets of this Corporation shall be distributed to another non-profit corporation or unincorporated association formed for the purpose of operating, managing or administering association properties and discharging association responsibilities in accordance with these Articles, the Restrictive Covenants and Declarations for The Village at Megans Bay, or in the event no such corporation or association exists, then the assets of that corporation shall be distributed to the members of this Corporation pro rata in accordance with their respective interest each unit or commercial space under the various recorded Covenants and Declarations bears to the total combined undivided interest in all the common elements of all the phases under the recorded Declarations, Covenants and plats.

(ii) If the dissolution under Court supervision is not required or permitted under the Statutes of the State of North Carolina, as now enacted or as hereafter amended or supplemented, the assets of this Corporation shall be distributed, subject to prior compliance with N.C.G.S. 47C-2-118 et. seq. of the North Carolina Statutes, as then amended or supplemented, to the members of this

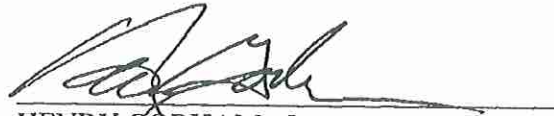
Corporation pro rata in accordance with the respective undivided interests each unit or commercial space bears to the total combined sum of all undivided interests of all of the units and spaces under the various Covenants and Declarations for the mixed-use project.

ARTICLE XVI.

The name and address of the incorporator is as follows:

Henry Gorham
9816 Clarendon Drive
Emerald Isle, NC 28516

IN TESTIMONY WHEREOF, I, being the incorporator, have hereunto set my hand and seal on this the 30th day of September 2004.


HENRY GORHAM - Incorporator

STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, Betsy Barbeau, the undersigned Notary Public, hereby certify that Henry Gorham, personally appeared before me, and being by me first duly sworn, declares that he signed the foregoing document in the capacity indicated and that the statements therein contained are true.

Witness my hand and official stamp or seal, this 30th of September 2004.




Notary Public

My Commission Expires: 05/13/2008