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STATE OF NORTH CAROLINA

COUNTY OF DARE

ARTICLES OF RESTATEMENT OF
VILLAGE AT NAGS HEAD PROPERTY OWNERS
ASSOCIATION
NOTUS L. EDMISTEN
SECRETARY OF STATE
NORTH CAROLINA

The undersigned Corporation hereby submits these Articles of Restatement for the purpose of integrating into one document its original Articles of Incorporation and all amendments thereto and also for the purpose of amending its Articles of Incorporation:

1. The name of the Corporation is Village at Nags Head Property Owners Association (formerly Nags Head Village Owners' Association, Inc.).

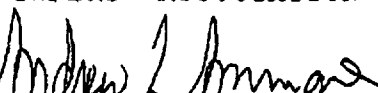
2. Attached hereto as an exhibit are the Amended and Restated Articles of Incorporation, which are a complete rewrite of the Articles of Incorporation, and which require member approval.

3. The Amended and Restated Articles of Incorporation of the Corporation were approved and adopted by its members on the 10th day of June, 1995, in the manner prescribed by the North Carolina Non-Profit Corporation Act, following approval by its Board of Directors.

This the 28 day of July, 1995.

VILLAGE AT NAGS HEAD PROPERTY
OWNERS ASSOCIATION

BY:



ANDREW L. AMMONS, PRESIDENT

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AMENDED AND RESTATED ARTICLES OF INCORPORATION
OF VILLAGE AT NAGS HEAD PROPERTY OWNERS ASSOCIATION

The undersigned, being the President of Village at Nags Head Property Owners Association, does hereby execute these restated Articles of Incorporation as the Articles of Incorporation of Village at Nags Head Property Owners Association, all previous amendments to the Articles of Incorporation being incorporated herein.

1. The name of the Corporation is Village at Nags Head Property Owners Association.

2. The period of duration of the Corporation is perpetual.

3. The Corporation is organized to own and administer real and personal property owned by the Corporation, for the benefit of its members, and to further take such actions which are determined, consistently with the By-Laws of the Corporation, to be in the best interest of the Corporation and its members. There shall be no restriction on the activities of the Corporation to the extent that such activities are consistent with the Non-Profit Corporation Act of the State of North Carolina.

4. The Corporation shall have members, which members shall be all of the property owners owning property within the area known as The Village at Nags Head, which property is more fully described on Exhibit A attached hereto. The classes and classifications of members shall be as set out in the By-Laws of the Corporation.

5. The Directors of the Corporation shall be elected by the members in accordance with the procedures and for the terms provided in the Corporation's By-Laws.

6. No part of the net earnings of the Corporation shall enure to the benefit of any officer, director or member 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 provision made therefore, be distributed to any association or associations organized for purposes similar to those set forth in Article 3 hereinabove, and, if there are no such association or associations, to the municipal government of the Town of Nags Head, North Carolina.

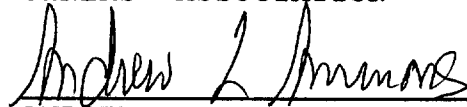
7. The address of the principal and registered office of the Corporation in the State of North Carolina is 103 E. Mall Drive, Post Office Box 1807, Dare County, Nags Head, North Carolina 27959, and the name of its Registered Agent at such address is Robert Oakes.

Amended. Nag

This the 20 day of July, 1995.

VILLAGE AT NAGS HEAD PROPERTY
OWNERS ASSOCIATION

BY:



ANDREW L. AMMONS, PRESIDENT

Amended.Nag
Misc

EXHIBIT A

EPSTEIN DESCRIPTIONS

ATTACHED TO AND MADE A PART OF DEED FROM HSL INVESTORS, INC.,
GRANTOR, TO AMMONS DARE CORPORATION, AS GRANTEE

All that certain parcel of land situated in the Town of Nags Head, Nags Head Township, Dare County, North Carolina, adjoining the Atlantic Ocean, Roanoke Sound, Old Nags Head Cove property, Roanoke Shores subdivision and others and more particularly described as follows:

Beginning at a concrete monument situated on the Western margin of U.S. Highway 158 By-Pass, now known as South Croatan Highway, right of way of said highway being 150 feet, said beginning point being in the north line of a 20 foot right of way which is shown on the map or plat of Roanoke Shores subdivision, duly recorded in Map Book 1, Page 81, of the Public Registry of Dare County, North Carolina and running thence from said beginning point and along the north line of said 20 foot right of way South 62° 31' 06" West a distance of 1335.58 feet, more or less, to the shore of Roanoke Sound; and thence following the shoreline of said Sound and the meanderings thereof in a northerly direction approximately 4033 feet to a point, said point being on a course of South 63° 31' 42" West a distance of 100 feet, more or less, from a concrete monument, said concrete monument referenced herein is on a tie line being on a course of North 31° 19' 48" West a distance of 4033.74 feet from the point in the foregoing description on Roanoke Sound at the terminus of the first call in this description; and thence following the meanderings of said Sound 924.78 feet more or less to a point, which said point is South 63° 31' 42" West a distance of 100 feet from a concrete monument set back from said Sound shore, said concrete monument set back from Sound shore being on a course of North 40° 07' 33" West a distance of 924.78 feet from the preceding monument referred to as a tie line. Thence following the meanderings of said Roanoke Sound shore in a northerly direction approximately 1800 feet to a point which is the point of intersection of the South line of the Old Nags Head Cove subdivision at the Sound shore. Said point on the Sound shore being on a course of South 34° 39' 55" West a distance of 324.41 feet more or less from a monument which is in a tie line, the said monument in the tie line being located North 19° 27' 25" West a distance of 1826.04 feet from the preceding monument referenced as set back from Sound shore. And thence turning and running along the South line of the Old Nags Head Cove property North 34° 39' 55" East from the Sound shore a distance of 2233.76 feet, more or less, to a monument situated on the western margin of U.S. Highway 158 By-Pass, now known as South Croatan Highway, said monument being in and marking the south line of the Old Nags Head Cove property; thence continuing the same course and crossing the right of way of U.S. Highway 158 By-Pass and continuing said course and crossing the eastern right of way line of said By-Pass a distance of 197.80 feet to a stake and thence North 34° 39' 55" East a distance of 129.31 feet to a stake, thence South 26° 30' 15" East a distance of 87.36 feet to a point, thence North 63° 29' 45" East a distance of 300 feet to a monument on the western margin of U.S. Highway 158 Business, formerly known as Virginia Dare Trail, thence turning and running South 26° 30' 15" East along the western margin of Virginia Dare Trail a distance of 1127.18 feet to a

point which said point is opposite on a course of South 63° 29' 45" West from the southwest corner of the property of Seawatch Ltd. known as The Quay, thence turning and running across said right of way of Virginia Dare Trail, said right of way being 70 feet in width, and on a course of North 63° 29' 45" East a distance of 482.34 feet more or less to the high water mark of the Atlantic Ocean; thence following the high water mark of the Atlantic Ocean, South 26° 37' 39" East a distance of 2048.45 feet to a point which is the northeast corner of a six foot wide access easement of the Town of Nags Head, and thence continuing South 27° 27' 23" East along the Atlantic Ocean a distance of 1459.98 feet to the southeast corner of a 70 foot street access of the Town of Nags Head; and thence along the Atlantic Ocean South 27° 27' 25" East a distance of 3043.89 feet to the northeast corner of the 28 foot easement in the subdivision of Roanoke Shores hereinabove mentioned; and thence turning and running along the north line of said 28 foot easement South 62° 31' 06" West a distance of 491.70 feet more or less to a monument on the eastern margin of U.S. Highway 158 Business, known as Virginia Dare Trail; then continuing the same course across the Virginia Dare Trail 60 foot right of way, 60.01 feet to a monument on the western margin of said U. S. Highway 158 Business, known as Virginia Dare Trail and in the north margin of 20 foot right of way; thence continuing along the north margin of said 20 foot right of way, South 62° 31' 06" West a distance of 450.96 feet to a monument on the eastern margin of U.S. Highway 158 By-Pass, known as South Croatan Highway; thence continuing the same course across said highway right of way a distance of 150.02 feet to a monument on the western margin of the said right of way and in the northern margin of the 20 foot easement hereinabove referred to, said monument being the point or place of beginning. Said lands being shown on plat prepared by Quible & Associates, entitled "Survey for H.S.L. Investors, Inc.", dated August 30, 1984, revised September 10, 1984 and recorded in Slide Cabinet B, Slide No. 261, Office of the Register of Deeds of Dare County, North Carolina. Said lands being a portion of the lands devised to Leonard S. Epstein, et ux, et al by the Will of Florence Epstein, recorded in Estate File No. 78-E-1, in the Office of the Clerk of Superior Court, Dare County, North Carolina.

There is excluded from the foregoing perimeter description, and this conveyance is made subject to the force and effect of the following described conveyances and existing easements whether indicated specifically on the plat herein referred to but are included as exception by this conveyance:

1. The easement of right of way for U. S. Highway 158 Business, known as Virginia Dare Trail extending through the boundaries of the perimeter description hereinabove set forth.
2. The easement of right of way for U. S. Highway 158 Bypass now known as South Croatan Highway, which is 150 feet in width and extends through the outer perimeter described hereinabove from North to South.
3. The 6 foot access easement and 70-foot street described in deeds to the Town of Nags Head, dated October 13, 1980, and recorded in Book 303, Page 550; Book 303, Page 553 and Book 303, Page 556.

4. A parcel of land 30 feet in width North-South, conveyed to the Town of Nags Head by deeds dated December 15, 1980 and recorded in Book 304, Page 814; Page 816 and Page 818.
5. The lands described in a deed to the Rosemyr Corporation dated May 26, 1982 and recorded in Book 326, at Page 626.
6. A deed to Safeway Stores Incorporated dated May 26, 1982 and recorded in Deed Book 326 at Page 631.
7. A deed to Outer Banks Mall Associates dated May 26, 1982 and recorded in Book 326 at Page 636.
8. A deed of dedication to the Town of Nags Head dated May 26, 1982 and recorded in Book 326 at Page 642.
9. A deed of easement to Outer Banks Mall Associates, Safeway Stores Incorporated and the Rosemyr Corporation dated May 26, 1982 and recorded in Book 326 at Page 647 (the Grantor specifically conveys to the Grantee the right of abandonment of the foregoing easement as provided in Section D of said Agreement, which shall inure to the benefit of the Grantee herein).
10. The 20 foot drainage easement described in a deed of easement dated May 26, 1982 to Outer Banks Mall Associates, Safeway Stores and Rosemyr Corporation duly recorded in Book 326 at Page 652.
11. Open space lands conveyed to the Nags Head Village Owners Association by deed dated May 26, 1982 and recorded in Book 326 at Page 656, Public Registry of Dare County, North Carolina.
12. The joint easement dated May 21, 1982 with Virginia Electric and Power Company, Safeway Stores, Outer Banks Mall and Rosemyr Corporation recorded in Book 326 at Page 661 (Grantor also hereby transfers to the Grantee the right of redemption of this easement).
13. The immediately preceding easement is recorded in counterpart at Book 326, Page 673, Public Registry of Dare County, North Carolina.
14. An easement for electric service dated November 29, 1982 to Virginia Electric and Power Company recorded in Book 344 at Page 913.
15. The drainage easement to the Town of Nags Head and Seawatch Ltd. (Owners of the Quay project) dated July 30, 1983 and recorded in Book 350 at Page 922.
16. The immediately foregoing Agreement was signed in counterpart and additional counterpart is recorded in Book 350 at Page 920 and at Book 350, Page 925.
17. An easement for transmission lines to Virginia Electric and Power Company dated September 20, 1956, recorded in Book 70, at Page 406.

18. A drainage easement right of way to North Carolina State Highway Commission (now Department of Transportation) recorded in Book 124 at Page 122.
19. An easement to Norfolk and Carolina Telephone and Telegraph Company dated April 27, 1932 and recorded in Book 13 at Page 615 and in Book 13 at Page 629 of the Public Registry of Dare County, North Carolina.
20. An easement deed to Virginia Electric and Power Company dated July 18, 1936, and recorded in Book 19 at Page 79, of the Public Registry of Dare County, North Carolina.
21. Such rights of the Town of Nags Head in the Southern 25 feet of a street now or formerly known as Dune Street in which a walkway has been constructed by said Town between the East right of way of U. S. 158 Bypass and the West right of way of U. S. Highway 158 Business.
22. The rights of Silver Sands Motel, Inc. in the Northern 25 feet of a street now or formerly known as Dune Street, as the same is located within the perimeter description.
23. Those lands conveyed to Estelle B. Tillett by deed dated September 16, 1985, recorded in Book 433, Page 819, Dare County Registry.
24. Lots 1-10, Sea Pointe Subdivision, as shown on plat recorded in Plat Cabinet B, Slide 354, Dare County Registry, to which plat reference is made for a more particular description, the same being described in Memorandum of Agreement to Purchase dated June 24, 1985, recorded in Book 428, Page 0506, Dare County Registry.
25. Those lands shown and designated on the plat hereinabove referred to by Quible and Associates which are situated east of U. S. Highway 158 Business and adjoining the Atlantic Ocean and is designated on said plat as "Various Owners".
26. Those lands situated on the west side of U. S. Highway 158 Business and extending westward to U. S. Highway 158 Bypass, South Croatan Highway, designated on said plat as "Various Owners".
27. A reservation by Leonard S. Epstein, et ux, et al, with respect to oil, gas and minerals, the terms of which are set forth in deed from Leonard S. Epstein et ux, et al to HSL Investors, Inc., recorded in the Dare County Registry.

The reference to the conveyance of this property subject to easements contained in the foregoing list does not imply that the Grantor herein retains any underlying title to such area which may be subject to a recorded easement. To the contrary, Grantor specifically conveys to the Grantee the underlying title to all such referenced easement areas.

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State of

North
Carolina
 ALVA G. WISE
 DEEDS
 Department H.C.
 of the
 Secretary of State

To all to whom these presents shall come, Greeting:

I, Thad Eure, Secretary of State of the State of North Carolina, do hereby certify the following and hereto attached (4 sheets) to be a true copy of

ARTICLES OF INCORPORATION

OF

NAGS HEAD VILLAGE OWNERS' ASSOCIATION, INC.

and the probates thereon, the original of which was filed in this office on the 24th day of May 19 82, after having been found to conform to law.

In Witness Whereof, I have hereunto set my hand and affixed my official seal.

Done in Office, at Raleigh, this 24th day of May in the year of our Lord 19 82.



[Signature]
 Secretary of State
 By *[Signature]*
 Deputy Secretary of State

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THAD EURE
SECRETARY OF STATE
NORTH CAROLINA

NORTH CAROLINA
DARE COUNTY

ARTICLES OF INCORPORATION

OF

MAGS HEAD VILLAGE OWNERS' ASSOCIATION, INC.

The undersigned, being of the age of eighteen years or more, does hereby make and acknowledge these Articles of Incorporation for the purpose of forming a non-profit corporation under 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 does hereby set forth:

ARTICLE I

The name of the corporation is Mags Head Village Owners' Association, Inc., hereinafter called the "Association."

ARTICLE II

This Association shall have a perpetual existence.

ARTICLE III

The powers of the Association shall include and be governed by the following provisions:

1. The Association 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 the said Association and any other applicable laws of the State of North Carolina.
2. The Association shall have all the reasonable powers necessary to implement and effectuate the purposes of the corporation, including but not being limited to the following:
 - a. To make and collect assessments against members to defray the costs and expenses of maintaining the "open space" as hereinafter defined.
 - b. To use the proceeds of the assessments in the exercise of its powers and duties.
 - c. To maintain, "open space" as hereinafter defined.
 - d. To make and amendment reasonable regulations with respect to the use of the properties provided that all such regulations and amendments made after the adoption of the by laws as herein provided for shall be approved by not less than two thirds of the majority of the

BOOK 9 PAGE 356

Association before the same shall become effective.

- e. To enforce by legal means the provisions of these Articles, the By Laws of the Association and the regulations which may be adopted pursuant thereto.
- f. To contract for the management of the "open space", and to delegate such powers and duties of the Association except those which are specifically required to have the approval of the Board of Directors or membership of the Association.
- g. To employ personnel to perform the services required for proper maintenance and operation of the "open space".
- h. To acquire and enter into, now or at any time hereafter, agreements relating to the use of the lands, which may become the property of the Association for the benefit of the members.
- i. "Open space" refers to those areas of open space shown and delineated on the West side of U.S. Highway 158 By-Pass on the Meyers & D'Alco Development Plan as approved by the Board of Commissioners of the Town of Nags Head.
3. All funds and the title of all properties acquired by the Association and the proceeds therefrom, shall be held in trust for the members in accordance with the provisions of these Articles and the By Laws.
4. The powers of the Association shall be subject to and shall be exercised in accordance with the provisions of these Articles and the By Laws.

ARTICLE IV

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, members, or any other private individual. The purpose and object of the Association shall be to administer the "open space" of Nags Head Village in accordance with the laws of the State of North Carolina, the ordinance of the Town of Nags Head, which said property is situated within the Town of Nags Head, Nags Head Township, Dare County, North Carolina. The qualification of the members, the manner of their admission to membership and termination of membership and the voting of the members shall be as follows:

1. The membership in the Association shall consist of the record owners of lots or parcels of land situated within the perimeter of Nags Head Village, a Special Planned Development - Community created under the provisions of Section 8.04, of the Zoning Ordinance of the Town of Nags Head.

2. Change of ownership in the Association shall be established by the recording in the Office of the Register of Deeds of Dare County, North Carolina, a deed or other instrument establishing a record title to a portion of said Nags Head Village property. The membership of the prior owner of such property at the time of the transfer shall be terminated and the grantee in said deed shall be substituted therefore.
3. The share of a member in the funds or assets of the Association cannot be assigned, hypothecated, or transferred in any manner except as an appurtenance to the transfer to a lot or parcel of land situated within Nags Head Village as hereinabove defined.
4. Voting within the Association shall be based on the following formula:

The perimeter of the zoning district, known as Special Planned District - Community shall be deemed to be a total of 417 acres, less the 3 acres transferred to the Town of Nags Head for a new total of 408 acres. Any transfer of property by the original owners, the Florence Epstein Estate, shall be deemed to acquire voting rights for the percentage of acreage transferred as it relates to the number 408. The original owners, the Florence Epstein Estate, shall retain such percentage of voting rights not so transferable from time to time. After the initial transfer of a percentage of ownership entitling the transferee to a vote, subsequent transfers shall be receiving a fractional part of such original vote so that the ownership of the entire portion originally transferred shall have the equivalent vote divided among its owners of such original percentage transferred.

The percentage vote as between districts shall be established by the Board of Directors in the By Laws.

ARTICLE V

The number of directors and the method of election of the directors, shall be fixed by the By Laws, but the number shall be not less than three (3). The numbers of directors constituting the initial Board of Directors shall be three (3) and the names and addresses of the persons who are to serve as directors until the first meeting of the members, or until their successors are elected and qualified are:

NAME	ADDRESS
Leonard S. Epstein	2601 E. Indian River Road Chesapeake, Virginia 23325
Stanley W. Epstein	109 Van Owens Street North Hollywood, California 91606
Marjorie E. Massing	10 Fencepost Court Baltimore, Maryland 21208

The first By Laws of the Association shall be adopted by the Board of Directors, and may be altered, amended, or rescinded in the manner provided by the By Laws.

WITNESSES
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ARTICLE VII

reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party of, in which he may be involved, or by reason of his being or having been a director or officer of the Association, or any settlement thereof, 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 a settlement, the indemnification herein shall apply only when the Board of Directors approved such settlement and reimbursement is being for the best interest of the Association. The foregoing rights of indemnification shall be in addition to and not exclusive of all rights to which such director or officer may be entitled.

ARTICLE VIII

The address of the initial registered office of the corporation is, P. O. Box 757, Manteo, Dare County, North Carolina, 27954, and the name of the initial registered agent at such address is W. H. McCown, Sir Walter Raleigh Ave., Manteo, Dare Co., North Carolina.

ARTICLE IX

The name and address of the incorporator is W. H. McCown, P. O. Box 757, Manteo, North Carolina. 27954

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 26th day of May, 1981.

W. H. McCown
 W. H. McCown (SEAL)

NORTH CAROLINA
 DARE COUNTY

This is to certify that on the 26th day of May, 1981, before me, Louaine E. Tillett, a Notary Public of the aforesaid County and State, personally appeared W. H. McCown, who I am satisfied is the person named in and who executed the foregoing Articles of Incorporation, and I having first made known to them the contents thereof, he did acknowledge that he signed and delivered the same as his voluntary act and deed for the uses and purposes therein expressed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and notarial seal this 26th day of May, 1981.

NOTARIAL SEAL:

Louaine E. Tillett
 Louaine E. Tillett
 Notary Public

My commission expires:

February 21, 1985.

RECORDED: MAY 22 1982