

**ARTICLES OF INCORPORATION  
OF  
SANDERLING RACQUET AND SWIM CLUB, INC.**

Pursuant to §55A-2-02 of the General Statutes of North Carolina, the undersigned corporation does hereby submit these Articles of Incorporation for the purpose of forming a nonprofit corporation.

**ARTICLE I.  
NAME**

The name of the corporation is Sanderling Racquet and Swim Club, Inc., (the "Corporation").

**ARTICLE II  
REGISTERED OFFICE AND AGENT**

The principal office of the Corporation is located at 1578 Duck Road, Duck, North Carolina 27949, and the registered office of the Corporation is located at 2502 S. Croatan Highway, Nags Head, Dare County, North Carolina 27959, and Donald I. McRee, Jr., whose address is 2502 S. Croatan Highway, Nags Head, Dare County, North Carolina 27959, is hereby appointed the initial Registered Agent of the Corporation.

**ARTICLE III  
PURPOSE OF THE CORPORATION**

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:

(a) own, operate, conduct and maintain a health and recreational club and facility, including fitness center, for the conduct of aquatic and racquet sports, fitness center and other athletic endeavors; to acquire all real estate and equipment necessary therefore by purchase, lease or otherwise, and to equip, outfit and adapt the same for such purpose.

(b) to engage in any lawful act or activity for which corporations may be organized under the laws of the State of North Carolina.

ARTICLE IV  
POWERS OF THE CORPORATION

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 the Corporation under any other applicable laws of the State of North Carolina.

2. The Corporation shall have all of 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 property or facilities owned, leased or operated by the Corporation, (the "Property").

(b) To affix, levy and collect such Membership and usage fees, annual dues, charges and assessments from Members of the Corporation and Users of the Property including the right to affix, levy and collect such fees, annual dues, charges and assessments for the purposes of acquiring, operating, leasing, managing and otherwise trading and dealing with such property, whether real or personal, which may be necessary or convenient in the operation and management of the Property.

(c) To construct, maintain, repair, replace, operate and manage the Property, including the right to reconstruct improvements after casualty and to make further improvement of the Property and to make and enter into any and all contracts necessary or desirable to accomplish said purposes.

(d) To contract for the management of the Property and to delegate to such contractor all of the powers and duties of the Corporation except those which may be required by the Bylaws to have approval of the Board of Directors of the Corporation.

(e) To acquire (by gift, purchase or otherwise), own, hold, and improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate to public use, or otherwise dispose of real and personal property in connection with the affairs of the Corporation.

(f) To borrow money and, subject to any restrictions contained in the Bylaws, upon the affirmative vote of fifty percent (50%) of the votes of Members entitled to vote in person or by proxy, mortgage, pledge, convey by deed or trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred.

(g) To participate in mergers and consolidations with other non-profit corporations organized for the same purposes, provided that any such merger or consolidation shall have the affirmative vote of fifty percent (50%) of the votes of Members entitled to vote in person or by proxy.

(h) To enforce these Articles of Incorporation and the Bylaws of the Corporation which may be hereafter adopted, and any rules and regulations governing the Property.

(i) To have and to exercise any and all powers, rights, and privileges which a corporation organized under the Non-Profit Corporation Act of the State of North Carolina (Chapter 55A of the General Statutes of North Carolina) by law may now or hereafter exercise.

#### ARTICLE V MEMBERSHIP AND VOTING RIGHTS

Every person or entity who is a member in good standing of Sanderling Property Owners Association, Inc., ("SPOA"), as more specifically provided by Article Five of the Declaration of Covenants, Conditions and Restrictions for Sanderling, Phases 4A and 4B dated May 8, 1981 and of record at Deed Book 310, Page 557 of the Dare County Registry, ("DOC"), shall be a Member of the Corporation.

Voting shall be in accordance with Section 2(a) of Article Five of the Declaration of Covenants, Conditions and Restrictions for Sanderling, Phases 4A and 4B dated May 8, 1981 and of record at Deed Book 310, Page 557 of the Dare County Registry which section and article is further incorporated herein by reference.

The right of any Member to vote may be suspended by the Board of Directors for just cause pursuant to its rules and regulations and for any period during which any Member fee, annual dues, charges and/or assessment remains unpaid.

#### ARTICLE VI DURATION

The Corporation shall have perpetual existence.

#### ARTICLE VII BOARD OF DIRECTORS

The affairs of the Corporation shall be managed by a Board of seven (7) directors who need not be Members of the Corporation. The number of directors may be changed by amendment of the Bylaws of the Corporation. The members of the Board of Directors shall be elected by the Members at the annual meeting; provided, however, that Sanderling Property Owners Association, Inc. shall have the absolute right to appoint, in its sole discretion a majority of the members of the Board of Directors.



The members of the initial Board of Directors of the Corporation shall be the current members of the Board of Directors of SPOA who shall each serve until their respective term ends and their designated successors are elected by the Members of the Corporation as provided in these Bylaws. Should a vacancy occur in the initial Board of Directors, such vacancy shall be filled by the Board of Directors of SPOA. Any person appointed to fill such a vacancy shall serve for the unexpired term of the predecessor, or until his successor is elected and qualified.

The names and addresses of the persons who are to act in the capacity of initial directors until the selection of their successors are:

NAME	ADDRESS
Allan Starr	106 Gannet Cove Kitty Hawk, NC 27949
Richard Allerton	44 West 77 <sup>th</sup> Street, Apt. 3W New York, NY 10024
Bob Smith	8621 Redwood Drive Vienna, VA 22180
Chuck Straub	101 Station Bay Drive Duck, NC 27949
Lois Fritsche	3 Woodmont Lane Malvern, PA 19355
David Holt	217 Fairfax Street Alexandria, VA 22314
Janice Riordan	303 Glenn Place Franklin Place, NJ 07417

#### ARTICLE VIII OFFICERS

The Board of Directors shall elect a President, Secretary and Treasurer, and as many Vice- Presidents, Assistant Secretaries and Assistant Treasurers as the Board of Directors shall determine. The President and Secretary shall be elected from among the membership of the Board of Directors, but no other officers need be a Director. The same person may hold two offices, the duties of which are not incompatible provided, however, that the office of President and Vice-President shall not be held by the same person, nor shall the office of President and Secretary or Assistant Secretary be held by the same person.

ARTICLE IX  
RECISSION OF BYLAWS

The Bylaws of the Corporation shall be altered or rescinded only in such manner as the Bylaws may provide.

ARTICLE X  
INDEMNIFICATION OF OFFICERS AND DIRECTORS

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 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 XI  
AMENDMENT OF ARTICLES OF INCORPORATION

An amendment or amendments to these Articles of Incorporation shall require the affirmative vote of two-thirds (2/3) of the votes of Members entitled to be cast.

ARTICLE XII  
DISSOLUTION

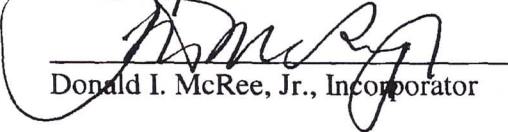
The Corporation may be dissolved with the affirmative vote of two-thirds (2/3) of the votes of Members entitled to be cast. Upon dissolution of the Corporation, other than incident to a merger or consolidation, the assets of the Corporation shall be dedicated to an appropriate public agency to be used for purposes similar to those for which the Corporation was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, trust or other organization to be devoted to such similar purposes.

ARTICLE XIII  
INCORPORATOR

The name and address of the incorporator of this Corporation is:

Donald I. McRee, Jr.  
2502 S. Croatan Highway  
P.O. Box 310  
Nags Head, NC 27959

IN WITNESS WHEREOF, for the purpose of forming this Corporation under the laws of the State of North Carolina, I, the undersigned being the incorporator of this Corporation, have executed these Articles of Incorporation, this the 17th day of July, 2006.

  
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Donald I. McRee, Jr., Incorporator