Prepared by & Return To:
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REGISTER OF DEEDS
DARE COUNTY, N.C.

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RESORT RODANTHE, A CONDOMINIUM

THIS DECLARATION and the exhibits which are attached hereto and made a part hereof by this reference, are made and executed this 23rd day of October, 1989, by KELART CORPORATION (the "Declarant"), a North Carolina Corporation, (hereinafter referred to as the "Declarant"), for itself, its successors, grantees, and assigns, pursuant to the provisions of the North Carolina Condominium Act, Chapter 47C of the North Carolina General Statutes.

ARTICLE I.

STATEMENT OF SUBMISSION

Section 1.1 Submission of Property

The Declarant is the owner in fee simple of certain real property situated in Rodanthe, Dare county, North Carolina, and more particularly described in "Attachment 1", which "Attachment 1" is attached hereto and incorporated herein by reference. It is the intention of the Declarant to submit by this Declaration that property described in "Attachment 1", (hereinafter referred to as "Property"), together with all improvements, easements, rights and appurtenances thereunto belonging, in accordance with Chapter 47C of the General Statutes of North Carolina, entitled North Carolina Condominium Act (hereinafter referred to as the "Act"), thereby creating a Condominium known as Resort Rodanthe, A Condominium (hereinafter referred to as ("RRAC"). The Declarant pursuant to the Act will establish a plan of condominium unit ownership for RRAC and will divide the property into twenty (20) units and does hereby designate all such units for separate unit ownership, subject to the provisions of Section 1.2 herein. The Declarant shall sell and convey condominium units to purchasers subject to the covenants, conditions, obligations, and restrictions herein reserved.

NOW, THEREFORE, the Declarant does hereby publish and declare that all the property described in "Attachment 1" subject to this Declaration is held, and shall be held, conveyed, hypothecated, encumbered, used, occupied and improved, subject to the following restrictions, covenants, conditions, uses, limitations and obligations, all of which are declared and agreed to be in furtherance of the improvement of such property and the division thereof into condominium units, and shall be deemed to run with the land and shall be a burden and benefit to the Declarant, its successors and assigns and any person acquiring and owning an interest in the real property and improvements, their grantees, successors, heirs, administrators, devisees and assigns. Every grantee of any interest in such property by the acceptance of a Deed or other conveyance of such interest shall be signed by the grantee or whether or not such person shall otherwise consent in writing, shall be subject to provisions of the Act, and shall be deemed to have assented to the same.

Section 1.2 Declarant's Right to Add Additional Units

The Declarant owns sufficient property as described in "Attachment 1" and it is the intention of the Declarant to subject said property at a later date to include Phases II and/or IV to this Declaration and the Act by an Amended Declaration. The total combined property shall continue to be known as RRAC. At such time as either Phase II and/or Phase IV submitted to this Declaration, all Unit Owners in all Phases shall have the rights and privileges in all the common elements located within all Phases subject to this Declaration. Applicable percentages of interest of such unit that is or may become subject to this Declaration are determined in accordance with Article VI. Declarant estimates that the total number of additional units which would be created by Phase II is twelve (12) units and the total number of additional units which would be created by Phase IV is twelve (12) units.

Section 1.3 Name

The property shall be known as Resort Rodanthe, A Condominium (RRAC).

Section 1.4 Condominium Ordinances

The condominium is not subject to any code, real estate use law, ordinance, charter provision, or regulation (i) prohibiting the condominium form of unit ownership, or (ii) imposing conditions or requirements upon developments under a different form of unit ownership. This statement is made pursuant to Section 47C-1-106 of the Act for the purpose of providing marketable title to the units in the condominium.

Section 1.5 Alterations of Units

Subject to Article IX of the By-Laws, a unit may be altered pursuant to the provisions of Section 47C-2-113(a) and (b) of the Act.

Section 1.6 Limited Common Elements

The Limited Common Elements serving or designed to serve each unit are hereby allocated solely and exclusively to each such unit. The Limited Common Elements are defined in Section 2.1(13) further described in Section 4.3.

Section 1.7 Unit Allocations

The allocations to each unit of a percentage of undivided interest in the common elements, of votes in the Association, and of a percentage of the common expenses, are as stated in Section 6.1.

Section 1.8 Encumbrances

The liens, defects and encumbrances on the property to which the rights of Unit Owners and occupants are hereby made subject are set out in "Attachment 4" incorporated herein by reference.

Section 1.9 Reservation of Special Declarant Rights/Declarant's Right to Add Additional Units to the Real Estate

Declarant hereby reserves all special rights including the right to subject the real estate described in "Attachment 1" to include Phases II and/or IV. Declarant expressly reserves the right until the fifth anniversary of the recordation of this Declaration to expand RRAC to include the aforereferenced Phases II and/or IV, said Phases being more particularly described on the "Site Plan" of RRAC as shown on the plans of Rose & Associates, P.A.

Section 1.10 Reservation of Easements and Rights to Common Areas

Rights of easements and use of amenities to the Common Areas of RRAC have been reserved for the twelve (12) Unit Owners of Hatteras High Condominium as more particularly set out in Exhibit A of that Deed recorded in Deed Book 617 at Page 118 in the Office of the Register of Deeds of Dare County, North Carolina.

Section 1.11 Time Share Ownership Prohibited

The Declaration of Condominium for Resort Rodanthe prohibits any time share ownership of a condominium unit as time share is defined by the "North Carolina Time Share Act" in Chapter 93A of the North Carolina General Statutes.

ARTICLE II.

DEFINITIONS

Section 2.1 Defined Terms

As provided in Section 47C-1-103 of the Act, terms that are not otherwise defined herein shall have the meaning provided therein. The following words, when used in this Declaration, shall have the following meanings:

1. "Act" means the North Carolina Condominium Act, Chapter 47C, of the North Carolina General Statutes.

2. "Additional Units on Real Estate" means the real estate described in "Attachment 1" together with all buildings and improvements now or hereafter constructed or located thereon, and all rights, privileges, easements and appurtenances belonging to or in any way pertaining to said real estate.

3. "Assessment" means an owner's share of the common expenses assessed against such owner and his unit from time to time by the Resort Rodanthe Homeowners Association, Inc., in the manner hereinafter provided.

4. "Association" means Resort Rodanthe Homeowners Association, Inc., a non-profit organization organized under Chapter 55A of the North Carolina General Statutes.

5. "Board" or Board of Directors" means the Board of Directors of the Resort Rodanthe Homeowners Association, Inc., a corporation not for profit under the laws of the State of North Carolina, created hereunder. The "Director" or "Directors" means a member or members of the Board.

6. "By-Laws" means the by-laws for the administration of RRAC, contained in "Attachment 2", attached hereto and made a part hereof by this reference.

7. "Common Elements" means all portions of a condominium other than the units.

8. "Common Expenses" means expenditures made by or financial liabilities of the Association, together with any allocations to reserves.

9. "Common Expense Liability" means the liability for common expenses allocated to each unit pursuant to Section 47C-2-107.

10. "Condominium" means the Condominium created by this Declaration.

11. "The Declarant" means KELART CORPORATION, a North Carolina Corporation or its successors in interest.

12. "The Declarant Control Period" means the period commencing on the date hereof and continuing until the earlier of (i) the date five years after the date of the first conveyance of a unit to a unit owner other than the Declarant, or (ii) the date upon which the Declarant surrenders control of the Condominium, or (iii) the date one hundred twenty (120) days after the Declarant has conveyed seventy-five percent (75%) of the units to unit owners other than the Declarant.

13. "Declaration" means this Declaration creating unit ownership and establishing By-Laws with covenants, conditions and restrictions for RESORT RODANTHE HOMEOWNERS ASSOCIATION, INC.

14. "Limited Common Elements" means a portion of the common elements allocated by the Declaration or by operation of Section 47C-2-102(2) or (4) for the exclusive use of one or more but fewer than all of the units.

15. "Limited Common Expenses" means expenses separately assessed against more than one but less than all the condominium units generally in accordance with use and said services.

16. "Member" means a unit owner.

17. "Mortgage" means any Deed of Trust, mortgage, security agreement, and financing statement of any and all other similar instruments given to secure the payment of a debt, by granting a security interest in a unit, its fixtures or contents.

18. "Mortgagee" means any secured party under a security agreement or mortgage, and the beneficiary under or a holder of a Deed of Trust.

19. "Person" means any individual, corporation, partnership, association, trustee, fiduciary, or other legal entity, and shall mean the plural or combination of the same where applicable.

20. "Phase I" refers to that building consisting of twelve (12) condominium units known as "Hatteras High" developed by Life Style Homes, Inc. as shown on the site plan prepared by Rose & Associates, P.A.

21. "Phase II" refers to that portion of land designated on the site plan prepared by Rose & Associates, P.A. for which Declarant has reserved the right to add a three story building consisting of twelve (12) additional condominium units.

22. "Phase III" refers to that portion of that site plan prepared by Rose & Associates, P.A. upon which a three story consisting of twelve (12) units has been built and subjected to this Declaration.

23. "Phase IV" refers to that portion of land designated on that site plan prepared by Rose & Associates, P.A. for which Declarant has reserved the right to add a three story building consisting of twelve (12) additional condominium units.

24. "Phase V" refers to that portion of that site plan prepared by Rose & Associates, P.A. upon which a two story consisting of eight (8) units has been built and subjected to this Declaration.

25. "Plans" means the site plan of RRAC and a complete set of building plans for Phases III and V dated March 28, 1989 consisting of 30 pages prepared by Rose & Associates, P.A. and filed in Unit Ownership Book 4, Sheets 229 - 258, in the Office of the Register of Deeds of Dare County, North Carolina.

26. "Property" means the real estate described in "Attachment 1" except Phase I as shown on the site plan prepared by Rose & Associates, P.A. together with all buildings and improvements now or hereafter constructed or located thereon, and all rights, privileges, easements and appurtenances belonging to or in any way pertaining to said real estate.

27. "Special Declarant Rights" means those rights reserved for the benefit of the Declarant to complete improvements indicated on the plats and plans filed with the Declaration and to exercise developmental rights of maintaining sales offices, management offices, and signs advertising RRAC; to operate a model unit if necessary, to use easements through the common elements for the purpose of making improvements within the condominium or adding additional units to the condominium as may be added by Phases II and IV; and to appoint or remove any officer of the Association or any Board member during any period of the Declarant Control Period.

28. "Supplementary Declaration" or "Amended Declaration" means the document filed by the Declarant to include Phase II and/or Phase IV within the condominium property, in the manner provided hereinafter.

29. "Unit" means a physical portion of the condominium designated for separate unit ownership or occupancy, the boundaries of which are described pursuant to Section 47C-2-105(a)(5) of the Act.

30. "Unit Boundaries" means the boundaries of each unit, both vertical and horizontal planes, as shown on the floor plans, including the undecorated surfaces of the perimeter walls, exterior doors and exterior windows facing the interior of the unit; the undecorated surfaces of the ceiling facing the interior of the unit; the topmost surfaces of the subflooring; and included within the unit boundaries are all decorations such as interior panelling, wallpaper, paint, finished flooring and any other materials constituting any part of the decorated surfaces thereof; and all spaces, interior partitions and other fixtures and improvements within such boundaries.

31. "Unit Owner" means the Declarant or other person who owns a unit, or a lessee of a unit in a leasehold condominium whose lease expires simultaneously with any lease the expiration or termination of which will remove the unit from the condominium, but does not include a person having an interest in a unit solely as security for an obligation.

ARTICLE III

BUILDINGS ON THE LAND AND UNIT BOUNDARIES OF PHASES III & V

Section 3.1 Location and Dimensions of the Building

The location and dimensions of the buildings on the land are depicted on the site plan prepared by Rose & Associates, P.A. dated March 28, 1989, said plat being the first page of 30 pages filed in Unit Ownership Book 4, Sheets 229 - 258, in the Office of the Register of Deeds of Dare County, North Carolina, which site plan is hereby incorporated herein by reference thereto.

Section 3.2 Brief Description of Buildings

The buildings of Phases III and V are built in accordance with the North Carolina Code, Volume I, II and III. The buildings have been constructed on treated wood pilings, secured to the pilings with a storm anchorage system, wood joist type floor system, wood trust roof system, asphalt seal down shingle roofs and cedar siding. Each unit has a one hour rated fire protection, staggered wood stud, patricians covered with 5/8" drywall, installation between units to reduce sound transmission.

Section 3.3 Designation of Units

The Units in that building of Phase III shall be identified as Units: 9A, 10A, 11A and 12A situated on the first floor; Units: 9B, 10B, 11B and 12B situated on the second floor; and Units: 9C, 10C, 11C and 12C situated on the third floor. The units in that building of Phase V shall be Units: 17A, 18A, 19A and 20A on the first floor; and Units: 17B, 18B, 19B and 20B on the second floor. In the event the building in Phase II is constructed, the units shall be identified as Units: 1A, 2A, 3A and 4A on the first floor; and Units: 1B, 2B, 3B and 4B on the second floor; and Units: 1C, 2C, 3C and 4C on the third floor.

In the event Phase IV is constructed then the units in that building on the first floor shall be known as Units: 13A, 14A, 15A and 16A; and the units on the second floor shall be known as 13B, 14B, 15B and 16B; and the units on the third floor shall be known as 13C, 14C, 15C and 16C.

All units, there identifying numbers, location and type are fully depicted on the plats and plans as prepared by Rose & Associates, P.A. aforereferenced above. The size of each unit is the total number of square feet contained therein determined by reference to the dimensions shown on the plats and plans to which reference should be made for a more particular description.

Section 3.4 Unit Boundaries for Phases III & V

Each unit shall include all the space within the boundaries thereof and all those items set forth in Section 47C-2-102 of the Act. A more particular description of the unit boundaries is as follows:

a. Upper and Lower (horizontal) Boundaries: The upper and lower boundaries of the unit shall be the following boundaries extended to an intersection with the vertical (parametric) boundaries:

(1) Upper Boundary: The horizontal plane of the under side of the wood floor joists or the roof trusses or rafters where there is not another unit above.

(2) Lower Boundary: The horizontal plane of the top surface of the subfloor.

b. Vertical (parametric) Boundaries: The vertical boundaries of the unit shall be the vertical plane which includes the back surface of the plasterboard of all walls bounding the unit extended to intersections with each other and with the upper and lower boundaries.

c. Any portion of a utility system or other apparatus serving more than one unit (e.g., pipes, conduits, ducts) which is partially within and partially without the unit, is part of the common elements. Any portion of a utility system serving only one unit which is located outside the unit is a limited common element appurtenant to that unit.

d. Private balconies are bound horizontally from the top of wood decking to the underside of the balcony framing above. Private balconies are bound vertically from the outside face of the rail to the exterior face of the building.

e. Consistent with the intent of Section 47C-2-102 of the Act, it is the intent hereof that a unit will include all interior drywall, panelling and molding, any surface finish, or wallpaper, and all finished flooring, such as vinyl, matting and carpeting. Each unit shall be deemed to include all doors, windows and enclosures.

Section 3.5 Units as Built for Phases III & V

For a more particular description of the units as built, see that filing in Plat Cabinet C, Slides 96D and 96E, in the Office of the Register of Deeds of Dare County, North Carolina, which description is controlling over any discrepancies with the units as described herein.

Section 3.6 Maintenance Responsibilities for Phases I, III & V

Notwithstanding the unit ownership of the various portions of the common elements and the units by virtue of the foregoing boundary description, the provisions of the By-Laws of Resort Rodanthe Homeowners Association, Inc. shall govern the division of maintenance and repair responsibilities between the unit owner and the Association for units in Phases III & V. All maintenance responsibilities for Phase I shall be the sole responsibility of the Unit Owners and Homeowners Association for Hatteras High.

Section 3.7 Relocation of Unit Boundaries and Subdivision of Units

Relocation of boundaries between units and subdivision of units is permitted subject to compliance with the provisions of Article IX of the By-Laws and Section 47C-2-113(a) & (b) of the Act.

Section 3.8 Additional Units on Real Estate: Phases: II & IV

The Declarant has reserved the right to subject that property described in "Attachment 1" to include additional Phases known as Phases II and/or IV. The condominium units of either Phases II and/or IV will be substantially similar in style and design as those condominium units of Phases: III & V.

The unit boundaries for the units in Phases II and/or IV will be similar to those boundaries set forth in Section 3.4. Maintenance Responsibilities for units in Phases II and/or IV will be similar to the maintenance responsibilities set forth in Section 3.6 and any Relocation of Unit Boundaries and Subdivision of Units will be subject to the same provisions for Phases II and/or IV as are set forth in Section 3.7 herein.

ARTICLE IV.

COMMON ELEMENTS

Section 4.1 Location of Common Elements

Locations of the common elements to which each unit has direct access are shown on the plat and plans; pursuant to Section 47C-2-109(b) of the Act and include septic tank system, drainfield lines, all easements of ingress and egress, parking lots, all landscaping, signage, swimming pools, nature trail, gazebo on lake, well house and deck and access to the Atlantic Ocean.

Section 4.2 Use of Common Elements

Each unit owner (including the unit owners of Hatteras High Condominium) shall have the right to the common elements in accordance with the purpose for which they are intended without hindering the exercise of or encroaching upon the rights of other unit owners. The Board shall, if any question arises, determine the use of the common elements. The Board shall have the right to promulgate rules and regulations limiting the use of common elements to unit owners and their guests, as well as to provide for the exclusive use of a part of the common elements by a unit owner and his guests for special occasions, which exclusive use may be conditioned upon, among other things, payment of a fee. In accordance with the provisions of this declaration and by-laws and reasonable rules and regulations of the Board, any unit owner may delegate the right to use common elements to immediate family living in the unit, to a limited number of guests or to tenants who reside in the condominium unit.

Section 4.3 Limited Common Elements

A unit owner shall be entitled to the exclusive use, or use with others necessarily served thereby, of the limited common elements appurtenant to such unit and so designated in the plans. Limited common elements shall not be construed or interpreted to be separate and apart from the common elements in general, being limited only with respect to the reserved use thereof by the unit or units served. Limited common elements shall include all doors, windows and other closures and if appropriate, all balconies, patios (concrete slabs), entrance areas, any lighting facilities, equipment and wiring installed to illuminate the general common elements exclusive of any individual unit electric meter, and all doors, windows and other closures, and elevators.

Exclusive use of the limited common elements may be delegated by a unit owner to immediate family members, guest, or tenants who reside in the unit. Unit owners may place plants, furniture, or other similar items within the limited common elements adjacent or appurtenant to the unit, subject to reasonable rules and regulations duly adopted by the Board with respect thereto. No unit owner shall build or construct any type of storage or workshop facility or similar structure within the limited common elements unless prior approval is obtained from the Board of Directors.

Section 4.4 Additional Limited Common Elements

The Board shall have the right to approve, from time to time, changes in existing limited common elements, and to approve additional or new limited common elements, provided that such additional limited common elements shall be immediately adjacent to the unit to which it shall appertain.

ARTICLE V.

EASEMENTS

Section 5.1 Use and Enjoyment

Every unit owner, the unit owner's family living in the unit, tenants, and permitted guests shall have a right and easement of use and enjoyment in and to the common elements, (including the right of access, ingress, and egress to and from his unit over those portions of the property designated for such purposes), and such easement shall e appurtenant to and shall pass with the title to every unit, subject to the following provisions:

a. The right of the Board of Directors to control the use and enjoyment thereof as provided in this Declaration, and in the duly adopted rules and regulations of the Association, which shall include, but not be limited to, the right of the Board to limit use and enjoyment thereof to the unit owners, and their respective families living in the unit, tenants, and guests, as well as to provide for the exclusive use and enjoyment of specific portions thereof at certain designated times by a unit owner, his family, tenants, and guests;

b. The right of the Board of Directors to limit the number of guests of unit owners; and

c. The right of the board to suspend the voting rights and rights to use of the recreational facilities by a unit owner, his tenants and guests, for any period of time during which an assessment against his unit remains unpaid or any separate charge incurred by such unit owner for use of the recreational facilities remains unpaid, or for infraction of its published rules and regulations.

Section 5.2 Maintenance and Repair

There shall be an easement through the units and the common elements for the installation, maintenance, repair and replacement of units and the common elements. Use of this easement shall be only during normal business hours, except that access may be had at any time in the case of emergency.

Section 5.3 Structural Support

Every portion of a unit or the common elements which contributes to the structural support of another unit shall be burdened with an easement of structural support.

Section 5.4 Encroachments

An easement for encroachment shall be granted pursuant to the provisions of Section 47C-2-114 of the Act.

Section 5.5 Utilities

There shall be a general easement upon, across, above and under all the property for ingress, egress, installation, replacing, repairing, and maintaining all utilities, including, but not limited to, the construction, operation and maintenance of all utility lines, pipes, sewerage lines, septic tanks, waste treatment facilities, pumps, drain lines, and facilities related thereto, water, telephone, electricity, cable television, which said easement shall inure to the benefit of all unit owners. Should any party furnishing any service covered by this general easement require a specific easement by separate, recordable document, the Declarant, or the board of Directors of the Association, as the case may be, shall have the right to grant such easement under the terms hereof.

Section 5.6 Easement to Facilitate Sales

The Declarant reserves the right to use any units owned by the Declarant as models, management offices or sales offices until such time as the Declarant conveys the title thereto to unit owners. The Declarant reserves the right to relocate the same from time to time within the property; upon relocation or sale of a model, management office or sales office, the furnishings thereof may be removed. The Declarant further reserves the right to maintain on the property such advertising signs as may comply with applicable governmental regulations, which may be placed in any location on the property and may e relocated or removed, all at the sole discretion of the Declarant.

Section 5.7 Declarant's Right to Grant Easements

The Declarant shall have the right, prior to the termination of the Declarant Control Period, to grant and reserve easements and rights-of-way through, under, over and across the property shown in "Attachment 1" for construction purposes and for the installation, maintenance and inspection of the lines and appurtenances of public water, sewer, drainage, electricity, telephone, cable television and other utilities. The Declarant also reserves the right, prior to the termination of the Declarant Control Period, to grant and reserve any other easements and rights-of-way required to facilitate sharing of services between the condominium and any portion of the property not then part of the condominium; provided, however, that the unit owners of such other portions bear a pro-rata share of the cost thereof in proportion to the relative number of dwelling units on such portion and on the condominium. The Declarant expressly reserves the right-of-way and easement across all properties, roads, common areas, facilities, limited common areas and facilities necessary for the construction of Phases II and IV of RRAC.

Section 5.8 Reservation of Easements to Hatteras High Condominium

The property described in "Attachment 1" is subject to those reservation of easements granted to unit owners of Phase I "Hatteras High Condominium" as more particularly set out in Exhibit A to that Deed recorded in Deed Book 617 at Page 118 in the Office of the Register of Deeds of Dare County, North Carolina.

ARTICLE VI.

ALLOCATION OF COMMON ELEMENTS, COMMON INTERESTS, COMMON VOTES AND COMMON EXPENSE LIABILITIES

Section 6.1 Allocation of Common Elements, Common Interests, Common Votes and Common Expense Liabilities

The allocations to each unit of a percentage of undivided interest in the common elements, of a percentage of the common expenses, and of votes in the Association are as hereinafter set forth. The first table reflects the allocations if only Phases: III and V are constructed.

The second table reflects the allocations if Phases: II and IV are constructed.

Table 1 (twenty units)

Unit No.	Percentage of Undivided Interest In Common Elements	Percentage of Common Expenses	Votes
9A	5%	5%	1
9B	5%	5%	1
9C	5%	5%	1
10A	5%	5%	1
10B	5%	5%	1
10C	5%	5%	1
11A	5%	5%	1
11B	5%	5%	1
11C	5%	5%	1
12A	5%	5%	1
12B	5%	5%	1
12C	5%	5%	1
17A	5%	5%	1
17B	5%	5%	1
18A	5%	5%	1
18B	5%	5%	1
19A	5%	5%	1
19B	5%	5%	1
20A	5%	5%	1
20B	5%	5%	1
			Total = 20

Table 2 (forty-four units)

The table below reflects the allocations to each unit of a percentage of undivided interest of the common elements, percentage of common expenses and a vote in the Association if the units in Phases II and IV are constructed.

Unit No.	Percentage of Undivided Interest In Common Elements	Percentage of Common Expenses	Votes
1C (Need Not Be Built)	2.27%	2.27%	1
2C (Need Not Be Built)	2.27%	2.27%	1
3C (Need Not Be Built)	2.27%	2.27%	1
4C (Need Not Be Built)	2.27%	2.27%	1
1B (Need Not Be Built)	2.27%	2.27%	1
2B (Need Not Be Built)	2.27%	2.27%	1
3B (Need Not Be Built)	2.27%	2.27%	1
4B (Need Not Be Built)	2.27%	2.27%	1
1A (Need Not Be Built)	2.27%	2.27%	1
2A (Need Not Be Built)	2.27%	2.27%	1
3A (Need Not Be Built)	2.27%	2.27%	1
4A (Need Not Be Built)	2.27%	2.27%	1
13A (Need Not Be Built)	2.27%	2.27%	1
13B (Need Not Be Built)	2.27%	2.27%	1
13C (Need Not Be Built)	2.27%	2.27%	1
14A (Need Not Be Built)	2.27%	2.27%	1
14B (Need Not Be Built)	2.27%	2.27%	1
14C (Need Not Be Built)	2.27%	2.27%	1
15A (Need Not Be Built)	2.27%	2.27%	1
15B (Need Not Be Built)	2.27%	2.27%	1
15C (Need Not Be Built)	2.27%	2.27%	1
16A (Need Not Be Built)	2.27%	2.27%	1
16B (Need Not Be Built)	2.27%	2.27%	1
16C (Need Not Be Built)	2.27%	2.27%	1
			Total = 44

Section 6.2 Formula Used to Establish Allocations

The allocation of undivided interest in the common elements and of the common expenses is according to that percentage of votes given in the Association. The votes in the Association are equally allocated to all units.

Section 6.3 Allocation of Common Elements, and Common Expense Liabilities in the Event of Submission of Phases II and/or IV

In the event that Phases II and/or IV are hereafter developed and become subject to this Declaration, the allocations to each unit of a percentage of undivided interest of the common elements and the percentage of the common expense liabilities in the Association shall be that fraction, the numerator of which shall be one and the denominator of which shall be the total number of all units in all Phases built excluding Phase I.

Section 6.4 Consent to Allocations as set forth in Section 6.1, 6.2 and 6.3

By acceptance of a Deed of a condominium in RRAC, each unit owner for himself, his heirs, successors, and assigns, agrees and consents that the Declarant, without need for further consent or joinder of any unit owner, may subject additional Phases to that property described in "Attachment 1" to RRAC by recording an Amended Declaration without joinder by any other parties.

Section 6.5 No Obligations

Nothing contained in this Declaration shall be deemed to impose upon the Declarant or its successors or assigns any obligation of nature to build, construct, or provide any building except for those shown to be located in Phases III and V.

ARTICLE VII.

ADMINISTRATION OF THE CONDOMINIUM BY

RESORT RODANTHE HOMEOWNERS ASSOCIATION, INC.

The Association shall administer the operation and management of RRAC, and undertake and perform all acts and duties incident thereto in accordance with the terms of its Articles of Incorporation and By-Laws. A true copy of these Articles of Incorporation and By-Laws is annexed hereto and expressly made a part hereof as "Attachments 2 and 3", respectively, which documents are incorporated herein by reference as if fully set out word for word. Including but not limited to all matters concerning the units, the Association, the board of Directors, the Officers, the office of RRAC, including the determination of common expenses and assessments against unit owners, payment of common expenses, collection of assessments, statement of common expenses, maintenance, repair, replacement, and other common expenses, additions, alteration or improvements by the Board of Directors and unit owners, restrictions on use of units; rules and regulations, rights of access, utility charges, parking spaces, all matters of insurance, all matters relating to repair and reconstruction after fire or other casualty, all mortgages, and rights of mortgagees; matters of compliance and default; and amendments to By-Laws are all set forth within the By-Laws.

The unit owners of each condominium unit shall automatically become members of said Association upon his, their or its acquisition of an unit ownership interest in title to any condominium unit and its appurtenant undivided interest in common property, and the membership of unit owners shall terminate automatically upon unit owners being divested of such unit ownership interest and the title to such condominium unit, regardless of the means by which such unit ownership shall be divested. The person, firm or corporation holding the lien,

mortgage or other encumbrance upon any condominium unit shall be entitled by virtue of such lien, mortgage or other encumbrance to membership in said Association or to any of the rights or privileges of such membership. The Association shall have and is hereby granted the authority and power to enforce provisions of this Declaration and specifically to levy and to collect assessments in the manner and provisions as stated under "Operation of the Property" in Article VII of the By-Laws as stated in "Attachment 3", and to adopt, promulgate and enforce such rules and regulations governing the use of the condominium units and common property as the Board of Directors of said Association may deem to be in the best interest of the Association.

ARTICLE VIII.

RIGHTS OF FIRST MORTGAGEES; VA, FNMA AND FHLMC PROVISIONS

The following provisions shall take precedence over all other provisions of this Declaration and the By-Laws:

Section 8.1 Availability of Condominium Documents, Books, Records and Financial Statements

The Association shall, upon request nd during normal business hours, make available for inspection by unit owners and the first mortgagees and the insurers and guarantors of a first mortgage on any unit, current copies of the Declaration, the By-Laws, other rules and regulations governing the condominium and the books, records and financial statements of the Association. The Association shall provide an audited financial statement for the preceding fiscal year if requested in writing by a first mortgagee or insurer or guarantor of a first mortgage. The Association shall, upon request and during normal business hours, make available for inspection by prospective purchasers of units, current copies of the Declaration, By-Laws, other rule and regulations governing the condominium, and the most recent annual audited financial statement (if one is prepared).

Section 8.2 Successors Personal Obligation for Delinquent Assessments

The personal obligation for assessments which are delinquent at the time of transfer of a unit shall not pass to the successors in title or interest to said unit unless said delinquent assessments are expressly assumed by them.

Section 8.3 Rights of Action

The Association and any aggrieved unit owner shall have a right of action against the Association for failure to comply with the regulations, and decisions of the Association made pursuant to authority granted to the Association in this Declaration and the By-Laws.

Section 8.4 Management and Other Agreements

Any management agreement between the Declarant or the Association and a professional manager or any other agreement providing for services of the developer, sponsor, builder or the Declarant shall be terminable by either party thereto without cause and without payment of a termination fee upon not more than thirty (30) days prior written notice and shall not exceed a term of three (3) years, subject to renewal by the consent of both parties.

Section 8.5 Right of First Refusal

The right of a unit owner to sell, transfer, mortgage or otherwise convey his interest in his unit shall not be subject to any right of first refusal.

Section 8.6 Consent of First Mortgagees

This Section 8.6 shall be effective only if, at the time this Section would apply, at least one unit is subject to financing. Any decision to terminate the condominium for reasons other than substantial destruction or condemnation of the property shall require the prior written consent of eligible mortgage holders, as defined in Section 8.8 hereof, representing at least 67% of the votes allocated to units subject to first mortgages held by eligible mortgage holders, or such greater requirements specified by the Act. Except for any amendment to the Declaration made for the purpose of adding additional Phases to the condominium in accordance with the provisions hereof, any amendment to the Declaration or By-Laws which changes any of the following shall require the prior written consent of unit owners holding at least 67% of the total votes in the Association and of eligible mortgage holders representing at least 51% of the votes allocated to units subject to first mortgages held by eligible mortgage holders, or such greater requirements specified by the Act or hereunder:

a. voting rights;

b. assessments, assessment liens or subordination of such liens;

c. reserves for maintenance, repair and replacement of common elements;

d. responsibility for maintenance and repairs;

e. reallocation of interests in the common elements or limited common elements or rights to their use;

f. boundaries of any unit;

g. convertability of units into common elements or common elements into units;

h. expansion or contraction of the condominium or the addition, annexation or withdrawal of property to or from the condominium;

i. insurance or fidelity bonds;

j. leasing of units;

k. imposition of any restrictions on a unit owner's right to sell, transfer or otherwise convey the unit;

l. a decision by the Association to establish self-management when professional management had been required previously by any eligible mortgage holder;

m. restoration or repair of the condominium (after damage or destruction or partial condemnation) in a manner other than that specified in this Declaration or the By-Laws;

n. any action to terminate the legal status of the condominium after substantial damage or destruction or condemnation; or

o. any provisions that expressly benefit first mortgagees or insurers or guarantors of first mortgages.

Section 8.7 Consent of First Mortgagees or Unit Owners

This Section 8.7 shall be effective only if, a the time this Section would apply, at least one unit is subject to FNMA/FHLMC financing. Unless first mortgagees holding at least 66 2/3% of the votes allocated to first mortgagees (except first mortgagees having one vote per unit financed), or such higher percentage as is required by

law, of the first mortgagees (based upon one vote for each first mortgage owned) and unit owners (other than the Declarant) holding at least 66 2/3% of the total votes in the Association have given their prior written approval, or such greater requirements specified in the Act or hereunder have been satisfied, the Association shall not e entitled to:

a. by act or omission, seek to abandon or terminate the condominium;

b. change the pro-rata interest or obligations of any unit for the purpose of:

(i) levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards, or

(ii) determining the pro-rata share of unit ownership of each unit in the common elements;

c. partition or subdivide any unit;

d. by act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the common elements. (The granting of easements for public utilities or for other public purposes consistent with the intended use of the common elements shall not e deemed a transfer within the meaning of this clause);

e. use hazard insurance proceeds for losses to any part of the condominium (whether to units or to common elements) for other than repair, replacement or reconstruction thereof.

Section 8.8 Notice

Each first mortgagee and each insurer or guarantor of a first mortgage, upon written request stating its name and address and describing the unit encumbered by the first mortgage, held, insured or guaranteed, shall be entitled to timely written notification by the Association of (i) any proposed action which requires consent of a specified percentage of first mortgagees; (ii) any condemnation or casualty loss that affects either a material portion of the condominium or the unit securing its first mortgage; (iii any 60-day delinquency in the payment of assessments or charges owed by the unit owner of the unit on which the first mortgagee held its first mortgage or in the performance of any obligation under this Declaration or the By-Laws by said unit owner; or (iv) any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association. Each first mortgagee who has requested the Association to notify it of any proposed action that requires the consent of a specified percentage of eligible mortgage holders shall be considered an "eligible mortgage holder". With respect only to non-material amendments (which excludes items (a) to (o) of Section 8.6), such as for the correction of technical errors or for clarification, any first mortgage who receives a written request by the Association, or any unit owner, to approve an addition or amendment to the Declaration or By-Laws who dies not deliver or post to the requesting party a negative response within thirty (30) days shall be deemed to have approved such request.

Section 8.9 Assessments

Assessments shall be due and payable in monthly installments. As provided in Article VIII of the By-Laws and as legally required by Section 47C-3-115 of the Act, the Declarant shall pay all accrued expenses of the condominium until assessments are levied against the units. An assessment shall be deemed levied against a unit upon the giving of notice by the board to a member of the Association who is a unit owner of that unit. Unit owners shall have no obligation to pay

monthly assessment until an assessment is levied. Assessments will begin at such time as the Board elects.

Section 8.10 Rights of First Mortgagee; Insurance Proceeds or Condemnation Awards

With respect to first mortgages held by or for the benefit of FNMA/FHLMC, no provision of this Declaration or the By-Laws shall be deemed to give a unit owner, or any other party, priority over any rights of a first mortgagee pursuant to its first mortgage on said unit owner's unit, in the case of a distribution to said unit owner of insurance proceeds or condemnation awards for losses to or a taking of units and/or common elements.

Section 8.11 Amendments During the Declarant Control Period

Any amendments to this Declaration or to the By-Laws during the Declarant Control Period excepting that Supplementary Declaration for the purpose of adding Phases III and V shall be subject to the prior approval of the elected representative of a majority of the holders of first mortgage position FNMA/FHLMC secured loans provided, however, that, if said representative or such lender(s) fails to respond to a written request for approval within thirty (30) days of said request, approval shall be deemed to have been given.

ARTICLE IX.

CONDEMNATION

If all or any part of the property shall be damaged or destroyed, the same shall be repaired or replace, and proceeds of insurance shall be used and applied in accordance with provisions of Section 47C-1-107 of the Act.

ARTICLE X.

AMENDMENT

This Declaration may be amended only in strict compliance with the Act, including, without limitation, Sections 47C-2-108 and 47C-2-117 of the Act.

ARTICLE XI.

TERMINATION

The condominium may be terminated only in strict compliance with Section 47C-2-118 of the Act.

ARTICLE XII.

GENERAL PROVISIONS

Section 12.1 Covenants Running with the Land

All provisions of this Declaration shall be construed to be covenants running with the land, and with every part thereof and interest therein including, but not limited to, every unit and the appurtenances thereto; and each and every provision of this Declaration shall bind and inure to the benefit of all unit owners and claimants of the land or any part thereof or interest therein and their heirs, executors, administrators, successors and assigns, including the Declarant herein.

Section 12.2 Duration

So long as North Carolina law limits the period during which covenants restricting lands to certain uses may run, it shall be the duty of the Board of Directors of the Association to enforce the covenants contained herein, as amended from time to time, to be

extended when necessary by filing a document bering the signature of a majority of the unit owners reaffirming and newly adopting the Declaration and covenants running with the land. Such adoption by a majority shall be binding on all, and each unit owner, by acceptance of a Deed therefore, is deemed to agree that the Declaration and covenants may be extended as provided in this Section 12.2.

Section 12.3 Articles of Incorporation and By-Laws of Resort Rodanthe Homeowners Association, Inc.

A true copy of the Articles of Incorporation and By-Laws of the Association, which together with this Declaration shall govern the administration of the condominium, is attached hereto as "Attachments 2 and 3" respectively, and by reference, is made a part hereof as if fully set out word for word.

Section 12.4 Interpretation

The provisions of this Declaration and By-Laws shall be liberally construed to effectuate its purpose in creating a uniform plan for the development and operation of the condominium property.

Section 12.5 Law Controlling

This Declaration and the By-Laws attached hereto shall be construed and controlled by and under the laws of the State of North Carolina, provided, however, that if there are conflicts or inconsistencies between the Act and this Declaration (in that order), the Act shall prevail and the unit owners covenant to vote in favor of such amendments as will remove such conflict or inconsistencies, except that where the Act, the Declaration, or the By-Laws conflict and the provisions of the Act are merely enabling and not mandatory, the provisions of the Declaration or the By-Laws shall control.

Section 12.6 Gender and Grammar

The singular, whenever used herein shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions hereto apply to corporations or individuals, men or women, shall in all cases e assumed as though in each case fully expressed.

Section 12.7 Captions

Captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of the Declaration or the intent of any provision hereof.

Section 12.8 Non-Waiver

The failure of the Declarant, Board of Directors, or any unit owner, or their respective legal representatives, heirs, successors and assigns, to enforce any restriction contained in this Declaration shall in no event be considered a waiver of the right to do so thereafter, as to the same violation or breach or as to such violation or breach occurring prior or subsequent thereto.

Section 12.9 Severability

All of the covenants, conditions, and By-Laws, restrictions and reservations contained in this Declaration are hereby declared to be severable and a finding by any court of competent jurisdiction that any of them or any clause or phrase thereof is void, unlawful or unenforceable shall not affect the validity or enforceability of any other covenants, conditions, restrictions, reservations or clause or phrase thereof.

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be signed and sealed by its duly authorized officers on behalf of the Declarant the day and year below acknowledged.

KELART CORPORATION, a North Carolina Corporation

By: James E. Kelly, Jr.
President

ATTEST:

By: William E. Kelly
Secretary

[CORPORATE SEAL]

NORTH CAROLINA
DARE COUNTY

I, a Notary Public of the County and State aforesaid, certify that William E. Kelly personally appeared before me this day and acknowledged that he is Secretary of KELART CORPORATION, a North Carolina Corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal, and attested by himself as its Secretary.

WITNESS my hand and notarial seal this 23rd day of October, 1989.

10-5-90.
My Commission Expires

Patricia A. Loughry
Notary Public

SEAL/STAMP

PATRICIA A. LOUGHRY NOTARY PUBLIC DARE COUNTY, NC

NORTH CAROLINA, DARE COUNTY
The foregoing certificate (s) of Patricia A. Loughry a Notary Public of Dare Co. NC

is/are certified to be correct. This instrument and this certificate are duly registered at the date and time in the Book and Page shown on the first page hereof.
Dorris A. Fry Register of Deeds for Dare County
By Assistant Register of Deeds

ATTACHMENT 1

All that property lying and being in Kinnakeet Township of Dare County, North Carolina, in the Village of Rodanthe and being more particularly described as follows:

BEGINNING at a nail in the pavement in the South edge of the KOA campground entrance road and the Eastern right-of-way or margin of N.C. State Highway No. 12, said beginning point also being located North 5 degrees 45 minutes 00 seconds East 300 feet from a round concrete monument located in the Eastern right-of-way or margin of said N.C. State Highway No. 12 and the Northwest corner of the property now or formerly owned by Glenn C. Price; thence running South 74 degrees 55 minutes 05 seconds East 1,599.18 feet along and with the South boundary of the property now or formerly owned by Hatteras Properties (KOA Campground) to a monument, said monument being in and marking the Western boundary of the Cape Hatteras National Seashore and a corner; thence turning and running south 08 degrees 47 minutes 13 seconds West 297.85 feet along and with the Western boundary of the Cape Hatteras National Seashore to a post and a corner; thence turning and running North 74 degrees 55 minutes 05 seconds West 1,436.24 feet along and with the North boundary of the property now or formerly owned by Glenn C. Price to an iron pin and a corner; thence turning and running North 05 degrees 45 minutes 00 seconds East 253.83 feet to a point; thence turning and running North 84 degrees 15 minutes 00 seconds West 145 feet to a point located in and on the Eastern right-of-way or margin of N.C. State Highway No. 12; thence turning and running along and with said Eastern right-of-way or margin North 05 degrees 45 minutes 00 seconds East 70 feet to a PK nail in the South edge of the KOA entrance road and the point of beginning.

Excepting and reserving that portion described as Phase I, "Hatteras High" Condominium.

BK 749 PG 802

FILED

FIRST AMENDMENT

TO

DECLARATION

THIS FIRST AMENDMENT TO DECLARATION of Resort Rodanthe, a Condominium is entered into this 5th day of February, 1991 by KELART CORPORATION, a North Carolina Corporation (the "Declarant"), for itself, its successors, grantees, and assigns pursuant to the provisions of the North Carolina Condominium Act, Chapter 47C of the North Carolina General Statutes:

W I T N E S S E T H:

WHEREAS, the Declarant has previously filed that Declaration for Resort Rodanthe, a Condominium in Deed Book 653 at Page 147 in the Office of the Register of Deeds of Dare County, North Carolina, (hereinafter referred to as "Declaration"); and

WHEREAS, Article X of said Declaration allows Amendment in accordance with the provisions of Section 47C-2-117 of the North Carolina Condominium Act; and

WHEREAS, Declarant in accordance with the requirements of Section 47C-2-117 of the North Carolina Condominium Act has obtained the necessary affirmative vote of Unit Owners in Resort Rodanthe, a Condominium to the following items of amendment as hereinafter set forth:

(1) Section 1.11 "Timeshare Ownership Prohibited" is deleted in its entirety and substituted in lieu thereof the following:

Section 1.11 Creation of Co-ownership Interests. Declarant intends to establish a common scheme of plan for the use, enjoyment, repair, maintenance, restoration, remodeling and improvement of designated of Units in the various phases in Resort Rodanthe and the interest therein so conveyed or reserved subject to the provisions set forth in that Declaration of Co-ownership Interests filed by Declarant in the Office of the Register of Deeds of Dare County, North Carolina. In the event Declarant sells or conveys an undivided interest in a Unit subject to the Declaration of Co-ownership Interests, then said Unit will be deemed thereafter subject to this Declaration as well as that Declaration of Co-ownership Interests. Upon recordation of the first Deed conveying an undivided interest in any unit subject to that Declaration of Co-ownership Interests, the Unit shall thereafter be deemed committed to this Declaration as well as those provisions set forth in the Declaration of Co-ownership Interests.

(2) Section 8.11 is amended to correct the errors therein to that reference of Phases "III" and "V" which references were inadvertent errors and to correct the same by making the correct reference to said Phases as Phases II and IV.

(3) Except as modified herein, all provisions of the Declaration shall continue unchanged and remain in full force and effect.

IN WITNESS WHEREOF, Declarant has caused this First Amendment to Declaration to be signed and sealed by its duly authorized officers on behalf of the Declarant the day and year below acknowledged.

KELART CORPORATION

By: James R. Kelly Jr. President
James R. Kelly, Jr., President

ATTEST:

By: William E. Kelly
William E. Kelly, Secretary

[CORPORATE SEAL]

STATE OF ~~NORTH CAROLINA~~ Maryland
COUNTY OF ~~DARE~~ Worcester

I, a Notary Public of the County and State aforesaid, certify that William E. Kelly personally appeared before me this day and acknowledged that he is Secretary of KELART CORPORATION, a North Carolina Corporation, and that by authority duly given and as the act of the Corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal, and attested by himself as its Secretary.

WITNESS my hand and official stamp or seal, this the 30 day of April, 1991.

Oct 1, 1993
My Commission Expires

Linton S. Marshall
Notary Public

[SEAL/STAMP]

The foregoing Certificate(s) of Linton S. Marshall, Jr. a Notary Public of Worcester Co., MD. is/are certified to be correct. This instrument and this certificate are duly registered at the date and time and in the Book and Page shown on the first page hereof.

Doris A. Berry, Register of Deeds for Dare County

By: Norma Jean Ward
~~Deputy~~/Assistant - Register of Deeds

BK 763 PG 0474

FILED

'91 AUG 16 PM 2 16

REGISTER OF DEEDS
DARE CO., N.C.

DECLARATION

OF

CO-OWNERSHIP INTERESTS

THIS DECLARATION OF CO-OWNERSHIP INTERESTS, made and entered into this 16th day of August, 1991 by KELART CORPORATION, a North Carolina Corporation, (hereinafter referred to as the "Declarant");

W I T N E S S E T H:

WHEREAS, Declarant has previously filed a Declaration creating a condominium known as Resort Rodanthe, A Condominium (hereinafter referred to as "RRAC") said Declaration being filed of record in Deed Book 653, Page 147 in the Office of the Register of Deeds of Dare County, North Carolina; and

WHEREAS, RRAC is an expandable condominium which presently consists of Phases III and V consisting of twenty condominium units of which Declarant retains ownership in seventeen units, said units more particularly described in Exhibit A attached hereto and incorporated herein by reference; and

WHEREAS, Declarant wishes to make provisions herein to convey some or all of the units owned by Declarant subject to co-ownership interests and restrictions (as hereinafter defined) and upon conveyance, said units or interests therein so conveyed shall be subject to the Declaration of RRAC in addition to the restrictions for co-ownership interests as hereinafter set out; and

WHEREAS, by this Declaration, Declarant intends to establish a common scheme and plan for the use, enjoyment, repair, maintenance, restoration, remodeling and improvement of the units and the interests therein conveyed and the payment of taxes, assessments and other expenses pertaining thereto; and

NOW, THEREFORE, the Declarant declares that the real property described herein in Exhibit A and the common areas of that property as described in the Declaration of RRAC including any additional units which may be built as set forth in Section 1.02 of RRAC shall upon any conveyance by Declarant of a co-ownership interest (as hereinafter defined) shall be held, transferred, sold and conveyed and occupied subject to the following covenants, conditions, restrictions, easements, charges and liens which shall run with the real property by whomsoever owned and be binding upon all present and future Owners thereof, their heirs, successors and assigns and shall inure to the benefit of each Owner thereof, and which shall be in addition to and not in substitution of the Declaration of RRAC recorded in Book 653, Page 147 of the Dare County Registry as the same from time to time may be amended.

ARTICLE I

DEFINITIONS

The definitions provided in the Declaration of RRAC are incorporated herein by reference. In addition the following terms shall be defined as follows:

Section 1.1. "Agent" shall mean a unit Owners' agent appointed as hereinafter provided.

Section 1.2. "Check-in Time" and "Check-out Time" mean the times designated as such in the then current Rules and Regulations.

Section 1.3. "Common Furnishings" means all furniture, furnishings, appliances and all other personal property from time to time owned in common by the Owners of each unit.

Section 1.4. "Co-ownership Interest" shall mean the conveyed fee simple undivided interest in a particular unit together with the exclusive right to use and occupy that unit and the Common Furnishings within the unit for a Use Period assigned by a selection method described in Exhibit B attached hereto and incorporated herein together with a percentage of undivided interest in the common elements of RRAC as assigned to that Unit therein conveyed in accordance with that allocation of common elements, common interests, common votes and common expense liabilities set forth in Article VI of RRAC.

Section 1.5. "Declarant" means Kelart Corporation, a North Carolina Corporation or any successor in interest by merger or by express agreement of the rights of Declarant hereunder.

Section 1.6. "Declaration" means this Declaration of Co-ownership Interest as it may be amended from time to time in the manner provided herein.

Section 1.7. "First Deed" shall mean the Deed the Declarant first records after the date hereof which conveys a Co-ownership Interest from Declarant to an Owner, excluding, however, any deed which conveys Declarant's entire interest in a unit and (a) expressly recites that it is not a First Deed within the meaning of this Declaration or a Supplemental Declaration and that it is intended to substitute the Grantee as Declarant hereunder, and (b) includes an express assignment of the rights of Declarant under this Declaration.

Section 1.8. "Maintenance Period" means any period designated as a service period by the Managing Agent and during which the units are not subject to use by an Owner.

Section 1.9. "Managing Agent" means the management company engaged by the Declarant or the Owners pursuant to provisions set forth in Article III.

Section 1.10. "Original Deed" means each deed from Declarant first recorded which conveys each Co-ownership Interest after which said unit shall thereafter be subject to the provisions of this Declaration.

Section 1.11. "Owner" shall mean one (1) or more persons who hold record title to any unit, but excluding in all cases any party holding an interest merely as security for the performance of an obligation.

Section 1.12. "Permitted User" means any Owner of a Co-ownership Interest, or any relative, business associate, client, friend, or renter who is allowed under this Declaration, and any Rules and Regulations adopted by Resort Rodanthe Homeowners Association, Inc., to occupy the property.

Section 1.13. "Rules and Regulations" means any rules and regulations adopted by Resort Rodanthe Homeowners Association, Inc. relating to the possession, use and enjoyment of the property covered by each Co-ownership Interest.

Section 1.14. "Use Period" or "Use Weeks" means the total of the weeks per calendar year of exclusive use assigned to Owner of a Co-ownership Interest.

ARTICLE II

USE RIGHTS AND RESTRICTIONS

Section 2.1. Creating Co-Ownership Interests. Co-ownership Interests in any unit may be created upon the recordation by Declarant of a First Deed to a Co-ownership Interest in such unit. No unit may be subject to co-ownership or other fractional interests by any person other than the Declarant. Declarant may assign its right to create Co-ownership Interests in a unit to any other person to which Declarant conveys some or all of its unsold units in RRAC. Declarant reserves the

right to establish the length of Use Periods of Co-ownership Interests to be conveyed by Declarant so long as Declarant owns any property for sale in RRAC.

Section 2.2. Use Rights of Owners. Subject to all of the terms and conditions contained elsewhere in this Declaration, each Owner of a Co-ownership Interest in a particular and specified unit shall have the exclusive right to use and occupy that unit and the Common Furnishings of that unit for a Use Period composed of either four, ten or thirteen use weeks a year. Use Periods will be assigned in the manner described in Section 2.3 of this Article.

Section 2.3. Assignment of Use Periods. Each Owner of a Co-ownership Interest in a unit will be deeded an interval number from one (1) to the number of undivided interests established for that unit, that number determining the particular use weeks to comprise the Owner's Use Period for the initial year and subsequent years of ownership. The weeks of each year are equitably grouped and an Owner's interval number will correspond to the number of each of the groupings assigned to him for the current year, and from year to year.

Each Owner will be assigned a Use Period comprised of five weeks for units consisting of a ten percent (10%) Co-ownership Interest; four (4) weeks for units consisting of a seven and sixty-nine hundred percent (7.69%) Co-ownership Interest and thirteen (13) weeks for units consisting of a twenty-five (25%) Co-ownership Interest. Similarly, the other co-owners of a particular unit will receive Use Periods for that year composed of use weeks corresponding to their intervals. Each year, the Use Periods will be rotated among the Owners in an orderly and consistent manner. The Use Periods to interval assignments for the year 1991 for the various undivided interests is published and attached hereto and incorporated herein as if fully set out as Exhibit "B" to this Amendment. Each year following the year 1991, the Use Periods will be rotated one step, that is for the first year following 1991, the Owner of Interval One will be assigned the Use Periods which were previously assigned to the Owner of Interval Two for the year 1991 and the last numbered interval Owner of a unit will be assigned the Use Periods previously assigned to the Owner of Interval One. The Use Periods will be rotated in like fashion among the interval Owners for the life of the time share (co-ownership scheme). The Managing Agent shall publish the Use Periods prior to the beginning of each year and shall have full and complete authority to adjust the dates to correspond with the days of the beginning and ending of occupancy during each calendar year.

Section 2.4. Managing Agent Authority Concerning Occupancy Procedures. The Managing Agent, in his sold discretion and without the consent of the Owners, may revise from time to time the times of occupancy and the vacating of Use Periods and to set other conditions, restrictions and limitations deemed necessary to assure a manageable and fair procedure for the use thereof by the co-owners. The Managing Agent further has the authority to determine when the two maintenance weeks for each unit per year will be assigned. No co-owner will be assigned use weeks during the said maintenance periods.

Section 2.5. Occupancy. No Owner shall occupy the property in which he has a Co-ownership Interest(s) or exercise any other rights of ownership with respect to that property other than the rights provided to him in this Declaration, any Rules and Regulations adopted by Resort Rodanthe Homeowners Association, Inc. during any period other than his Use Period(s), unless expressly authorized by the Owner entitled to occupy the unit during such time or unless he has acquired the right to occupy the unit as a result of an internal exchange of assigned weeks with another Owner. Each Owner shall keep the property and Common Furnishings in a good condition and repair during his Use Period(s), vacate the property at the expiration of the Use Period(s), remove all persons and property therefrom, excluding only the Common Furnishings, leave the property and Common Furnishings in good and sanitary condition and repair and otherwise comply with such check-out and other procedures as may from time to time be contained in any Rules and Regulations adopted by Resort Rodanthe Homeowners Association, Inc. Any Owner may

permit the property to be occupied during his Use Period by his relatives, business associates, clients, friends, or persons who have rented the property for part or all of his Use Period(s) for the purposes permitted by this Declaration, but the number of occupants at any given time shall not be in excess of the number of occupants permitted by any Rules and Regulations adopted by Resort Rodanthe Homeowners Association, Inc., and such Owner shall be responsible for any loss, damage, destruction or violation of this Declaration which occurs during such occupation as if he himself were occupying this property. All occupancy is subject to any and all zoning ordinances in effect in Dare County, North Carolina.

Section 2.6. Failure to Vacate. If any Owner or Permitted User fails to vacate the property at the end of his Use Period(s), or otherwise uses or occupies the property during a period not assigned to him, or prevents another Owner or Permitted User from using or occupying the property during such other Owner's or Permitted User's Use Period(s), such Owner or Permitted User (the "Detaining Owner" and the "Detaining Permitted User", respectively) shall (a) be subject to immediate removal, eviction or ejection from the property wrongfully occupied; (b) be deemed to have waived any notice required by law with respect to any legal proceedings regarding removal, eviction or ejection (to the extent that such notice may be waived under North Carolina law); (c) reimburse the Owner or Permitted User otherwise entitled to use the property for all costs and expense incurred by him as a result of such conduct, including but not limited to costs of alternative accommodations, travel costs, court costs and reasonable attorneys' fees incurred in connection with removing, evicting or ejecting the Detaining Owner or Detaining Permitted User from such property; and (d) pay to the Owner or Permitted User entitled to use the property during such wrongful occupancy a sum equal to three hundred percent (300%) of the fair market rental value per day of the property for each day of portion thereof, including the day of surrender, during which the Detaining Owner or Detaining Permitted User prevents occupancy of the property. The Managing Agent shall be responsible for determining and periodically posting or publishing the "fair rental value" of the property. "Fair rental value" for the period shall be based upon the cost of renting comparable accommodations located in the vicinity of the property. By accepting any deed to a Co-ownership Interest(s), each Owner agrees that, in the event of a wrongful occupancy by him or by a Permitted User, damages would be impracticable or extremely difficult to ascertain and that the measure of liquidated damages provided for herein constitutes fair compensation to those who are deprived of occupancy. If an Owner or Permitted User, by his intentional or negligent act, renders the property uninhabitable for the successive Use Period(s), such Owner or Permitted User shall be liable to the Owner(s) or Permitted User(s) of successive Use Period(s), just as if such Owner or Permitted User has refused to vacate the property at the end of his Use Period. For the purposes of this section, the act of negligence of a guest of any member of the Owner's or Permitted User's family shall be deemed to be the act of the Owner or Permitted User.

Section 2.7. Use Restrictions. Each Owner shall comply with all the use restrictions as set forth in this Declaration, Declaration of Unit Ownership of RRAC, and any Rules and Regulations adopted by Resort Rodanthe Homeowners Association, Inc. No animals, livestock, birds, fish, poultry, dogs, cats or household pets of any kind shall be allowed or kept in or upon the property. Nothing contained in this section or elsewhere in this Declaration shall be deemed to prohibit or preclude any Owner from renting any or all of his Use Period(s) for the purposes permitted by this Declaration, provided, however, that no such rental shall interfere with or diminish the rights of all other Owners to use and occupy the property in accordance with this Declaration and any Rules and Regulations adopted by Resort Rodanthe Homeowners Association, Inc. For purposes of this Section, each Owner shall be responsible for any loss, damage, or destruction to the property in which he has a Co-ownership Interest or the Common Furnishings therein, or for violation of this Declaration or any Rules and Regulations adopted by Resort Rodanthe Homeowners Association, Inc. which occurs during any such rental by Owner just as if such Owner were occupying the property.

Section 2.8. Sale or Transfer of Co-ownership Interest. No Owner shall transfer his Co-ownership Interest(s) unless such transfer is in compliance with the provisions of this Article II, Section 2.9. For purposes of this Section, the term "transfer" means any sale, conveyance, gift, lease for a period greater than three years, encumbrance or other voluntary disposition by an owner of his Co-ownership Interest(s). The term "transfer" does not include a conveyance or transfer by descent, distribution, or other operation of law. No Owner shall transfer of record less than all of a single Co-ownership Interest or further divide said interest.

Section 2.9. Notification of Sale of Co-ownership Interest. No later than five (5) days after the sale or transfer of any Co-ownership Interest under circumstances whereby the transferee becomes the Owner thereof, the transferor shall notify the Managing Agent in writing of such sale or transfer. Such notice shall set forth the name, address and phone numbers of the transferee and transferor and the date of sale. Unless and until such notice is given, the Managing Agent shall not be required to recognize the transferee for any purpose, and any action taken by the transferor as an Owner may be recognized by the Managing Agent. Prior to receipt of any such notification by the Managing Agent, any and all communication required or permitted to be given by the Managing Agent shall be deemed duly given and made to the transferee if duly and timely made and given to such transferee's transferor.

Section 2.10. Waiver of Tenancy-in-Common Attributes. No Owner or any person or entity acquiring any right, title, lien or interest in a unit shall seek or obtain, through any legal procedures, judicial partition of the unit or the sale thereof in lieu of partition and to that end, all Owners by acceptance of a Deed for a Co-ownership Interest shall waive any rights they have as tenants-in-common to partition of the unit or to sell thereof in lieu of partition for the term of this Agreement. If, however, any Owner who owns a Co-ownership Interest with other persons as tenants-in-common or as joint tenants, then in said event nothing herein contained shall prohibit a judicial sale of the Co-ownership Interest partition of that Co-ownership Interest as between such co-tenants or joint tenants.

Section 2.11. Protection of Co-ownership Interest. No Owner shall permit his Co-ownership Interest(s) to be subject to any lien (other than the liens of current real property taxes), claim or charge, the enforcement of which may result in a sale or threatened sale of the Co-ownership Interest(s) of any Owner or any part thereof, or should the use and enjoyment of any portion thereof by any Owner be threatened by reason of any lien, claim or charge against the Co-ownership Interest(s) of any other owner, or should proceedings be instituted to effect any such sale or interference, any Owner acting on his own behalf or the Declarant acting on behalf of any one or more Owners (provided that the Declarant is promptly indemnified to its satisfaction) may, but shall not be required to, pay or compromise the lien, claim or charge without inquiry into the proper amount or validity thereof and, in such event, the Owner whose interest was subjected to such lien, claim or charge shall forthwith pay the amount so paid or expended to the Owner or Declarant whomsoever shall have paid or compromised the lien, claim or charge, together with such reasonable attorneys' fees and related costs as he or it may have incurred. No Owner shall permit his interest in any funds from time to time in possession of the Managing Agent to be subject to any attachment, lien, claim or charge or other legal process and each Owner shall promptly restore any funds held by the Managing Agent in respect of his Co-ownership Interest(s) to the extent depleted by the reason of the assertion of any such attachment, lien, claim, charge or other legal process and shall reimburse the Managing Agent for any reasonable attorneys' fees or other costs incurred in respect thereof.

Section 2.12. Architectural Standards. Owners of Co-ownership Interests are not entitled to make any modifications or improvements to any portion of the unit or to the Common Furnishings hereof without the written approval of the Board of Directors of the Association.

ARTICLE III

MANAGEMENT

Section 3.1. Authority and Duty to Engage Managing Agent. Each Owner authorizes and directs Declarant, as agent for each Owner, to engage a reputable person or firm as the Managing Agent for the property and the Co-ownership Interest operation contemplated hereby pursuant to a written agreement (the "Management Agreement") meeting the requirements of this Section. Each Owner further authorizes and directs Declarant, as agent for each Owner, to administer the Management Agreement with the Managing Agent until such time as all Co-ownership Interests have been initially sold and Declarant no longer has any interest in Resort Rodanthe, at which time the Management Agreement shall be administered by the Owners, with one Owner elected from each Unit to act as the representative for that unit in so administering the Agreement. Each Management Agreement shall:

(1) Authorize and obligate the Managing Agent to perform all the duties and obligations specified in Section 3.3 below, provided, however, that the Managing Agent may delegate its authority and responsibilities to one or more sub-agents for such periods and upon such terms as the Managing Agent deems proper.

(2) Provide for a term of not more than one (1) year, except that the Management Agreement may provide that the term will be automatically renewed for successive one (1) year terms unless notice of non-renewal is given no later than three (3) months prior to the end of any one (1) year term by the Managing Agent or bought by a sixty-seven percent 67% majority of the owners of the Co-ownership Interests in all the units. The original Management Agreement shall be subject to termination by the Declarant, as the Owners' Agent, as follows:

(a) At any time, for cause.

(b) Prior to three (3) years after the date of the conveyance by Declarant of the first Co-ownership Interest by Original Deed ("Starting Date"), the Declarant shall terminate the Management Agreement if requested to do so by a two-thirds (2/3) majority of all Co-ownership Interest(s) in all Units.

(3) If for any reason no Managing Agent can be engaged or if the Managing Agent refuses to act for any reason, then Declarant, if it retains any interest in Resort Rodanthe, will become the acting Managing Agent until a new Managing Agent can be engaged. In such event, Declarant shall be entitled to compensation as Managing Agent in accordance with the provisions of this Section.

Section 3.2. Powers and Duties Generally. The Managing Agent, acting alone, through its officers, or other duly authorized representatives may, subject to the provisions of this Declaration and the Management Agreement, exercise any or all rights and powers hereinafter enumerated.

Section 3.3. Specific Powers and Duties of the Managing Agent. The management, maintenance and repair of all Units thereon, the acquisition (by purchase or lease), maintenance, repair and replacement of the Common Furnishings and the administration of the affairs of the Owners, the occupancy of the Units and payment of expenses and costs enumerated in this Declaration shall be under the direction and control of the Managing Agent. The Managing Agent shall have the duty to maintain and repair the Units; to sell, acquire, maintain, repair and replace Common Furnishings as needed; to permit the Units thereon to be used and occupied by a Permitted User, provided such use is in accordance with this Declaration

and such occupancy is in compliance with and subject to all of the terms and conditions of this Declaration and any Rules and Regulations adopted by Resort Rodanthe Homeowners Association, Inc.; to administer the Co-ownership Interest(s) operation provided herein; and to levy, collect and enforce the fees and assessments enumerated in this Declaration. On or before January 15 of each year, the Managing Agent shall furnish each Owner with a roster of the names and addresses of each of the Owners of his Unit. The Managing Agent shall have the power to do all things that are required to be done by it pursuant to this Declaration. Without limitation of the foregoing powers and duties, the Managing Agent is expressly authorized, in its discretion and on behalf of the Owners, to do any or all of the following:

(1) Repair and Maintenance. To repair, maintain, repaint, furnish or refurnish the Units or any part thereof; to establish reserves for anticipated costs, including the costs of acquisition and replacement of Common Furnishings; furnishings, labor or service which the Managing Agent deems necessary or proper for the maintenance and operation of the Units thereon and the Common Furnishings therein.

(2) Taxes and Assessments. As agent and not as principal, to pay all taxes and assessments, and other costs affecting or relating to the property or Common Furnishings; and to discharge, contest or protest liens or charges affecting the property.

(3) Utilities. As agent and not as principal, to obtain and pay the costs of electrical, telephone, cablevision, gas and other utility services for all Units.

(4) Rules and Regulations. To adopt, publish and enforce, from time to time, Rules and Regulations relating to the possession, use and enjoyment of the Units, which Rules and Regulations shall be consistent with the provisions of this Declaration.

(5) Insurance. To obtain and pay the cost of (i) insurance covering the Units and the Common Furnishings therein against loss or damage by fire and other hazards customarily covered by fire insurance policies written with extended coverage; (ii) insurance covering the Units and the Common Furnishings therein against loss or damage by flooding; (iii) public liability for personal injury or property damage resulting from an occurrence in, on or about the property; and (iv) any other insurance deemed necessary or desirable by the Managing Agent. The policies of insurance shall cover such risks, be written by such insurers and be in such amounts as the Managing Agent shall deem proper under the circumstances. The Managing Agent and any employee of the Managing Agent who has charge of the Owners' funds shall be bonded.

(6) Levy and Collection of Assessments. To levy, collect and enforce the fees and assessments against the Owners in the manner provided in Articles IV and V hereof in order to pay the expenses of the Co-ownership Interest operation and the fee of the Managing Agent.

(7) Financial Statements. To cause the following statements to be regularly prepared and copies thereof distributed to each Owner:

(a) A pro forma operating statement (the "Budget") of the collective expenses of each of the Units covered by this Declaration for each year, which shall be distributed to by December 1st of each calendar year.

(b) A regular statement (quarterly or semi-annually, at the Managing Agent's discretion) of the collective receipts

and disbursements for all of the Units covered by this Declaration.

(c) An annual balance sheet for all Units covered by this Declaration and an operating statement for each year which shall be distributed to each Owner by no later than March 1st of each year.

(8) Bank Accounts. All funds collected from Owners pursuant to Article IV hereof and all other amounts collected by the Managing Agent in connection with its duties provided herein shall be deposited as follows:

(a) All funds shall be deposited in a management bank account for Resort Rodanthe Co-ownership (the "General Account") with a bank located in the State of North Carolina. The Managing Agent shall keep accurate books and records reflecting the amount of such account attributable to each Owner. Funds deposited in such account may be used by the Managing Agent only for the purposes for which such funds have been collected.

(b) Funds which the Managing Agent shall collect for Reserve Expenses, as defined in Section 4.4 of Article IV, pursuant to this Section shall, within twenty-nine (29) days after deposit in the General Account, be deposited in an interest bearing account with a bank or savings and loan association located in the State of North Carolina selected by the Managing Agent, or invested in U.S. Treasury Bills or Certificates of Deposits of banks or savings and loan associations located in the State of North Carolina (said interest bearing bank or savings and loan account or Treasury Bills or Certificates of Deposit are all herein collectively referred to as the "Reserve Account") and the Managing Agent shall keep accurate books and records reflecting the amount in the Reserve Account attributable to each Owner. Funds deposited in the Reserve Account shall be held in trust and may be used by the Managing Agent only for the specific purposes for which such amounts have been collected.

(9) Statement of Status. Upon the request of any Owner, purchaser or other prospective transferee of a Co-ownership Interest, to issue a written statement as of the last calendar year setting forth the amount in the General Account and the Reserve Account pertaining to such Co-ownership Interest, any amounts unpaid with respect thereto, and the use entitlement for the remainder of the year. Such statement, for which a reasonable fee may be charged, shall be binding upon the Managing Agent in favor of any person who may rely thereon in good faith.

(10) Maintenance. To provide for maintenance and repairs during Maintenance Periods and at all other reasonable times so that the property is maintained in good order and repair. If provided for in the applicable Budget, to provide, upon the departure of each Owner or other occupant, for once-a-week cleaning service.

(11) Right of Entry. The Managing Agent shall have the right and authority during Maintenance Periods and at any reasonable time a Unit is not occupied, to enter the Unit for the purpose of painting, maintenance and repairs. In addition, the Managing Agent shall have the right and authority to enter the Units, at any reasonable time, whether or not during a Maintenance Period and whether or not in the presence of an Owner, for the purpose of (i) making emergency repairs therein, (ii) abating any nuisance or any dangerous, unauthorized, prohibited or unlawful activity being conducted

or maintained, (iii) protecting the property rights and welfare of the other Owners, (iv) cleaning service or (v) for any other purpose reasonably related to the performance by Managing Agent of its responsibilities under the terms of this Declaration. Such right of entry shall be exercised in such a manner as to avoid any unreasonable or unnecessary interference with the possession, use and/or enjoyment of the Owner or occupant of the Unit and shall be preceded by reasonable notice to the Owners or occupant thereof whenever the circumstances permit.

(12) Use of Property by Permitted User. To permit a Permitted User to use and occupy the property in accordance with this Declaration and any Rules and Regulations adopted by Resort Rodanthe Homeowners Association, Inc.

(13) Other Necessary Acts. To do all other things or acts deemed by the Owners to be necessary, desirable or appropriate for the operation and maintenance of all Units, and the Co-ownership Interest operation.

ARTICLE IV

FEES AND ASSESSMENTS

Section 4.1. Creation of Personal Obligations for Fees and Assessments. Each Owner by acceptance of a Deed from Co-ownership Interest, whether or not it shall be so expressed in said Deed, shall be deemed to have covenanted and agreed, for each Co-ownership Interest owned, to pay the Managing Agent the annual Maintenance Fee, all special Assessments and Personal Charges, as hereinafter described in Sections 4.3, 4.5 and 4.6 respectively, of this Article (all of which are sometimes herein individually and collectively called "Assessment(s)"), which shall be established, made and collected as hereinafter provided. The Assessments, together with interest, costs and reasonable attorneys' fees, shall be the personal obligation of each Owner at the time the Assessment becomes due and payable and also shall be a lien and charge upon the Co-ownership Interest against which the Assessment or charge is made. The personal obligation for delinquent Assessments shall not pass to successors-in-title unless expressly assumed by them provided, however, this shall not extinguish the lien on the Co-ownership Interest until said assessments are paid. No Owner may waive or otherwise avoid liability for the Assessment for non-use of his Co-ownership Interest or any part hereof or any abandonment thereof.

Section 4.2. Purpose of Assessments. Assessments shall be used exclusively to promote the recreation, health, safety and welfare of the Owner, the improvement, operation and reimbursement of expenses incurred by the Managing Agent and other expenditures incurred in the performance of the duties of the Managing Agent as set forth in this Declaration.

Section 4.3. Annual Maintenance Fee. An annual Maintenance Fee for each Co-ownership Interest shall be assessed the Owners. The Maintenance Fees collected from the Owners shall be used to operate, manage, maintain and repair the property; to provide utility services, cleaning services, maintenance, replacement and repair of the Common Furnishings and of the household items as required; to administer to Co-ownership Interest operation; to provide for payment when due of the principal and interest installments under the Property Mortgage(s), if applicable; property taxes; bond payments or other assessments to which the property is or may become subject; to provide for reserves to insure payment when due of the cost of capital expenditures relating to repair of the Units and repair and replacement of Common Furnishings, and for such other purposes as are required by good business practice (the "Reserve Expenses"), to provide for a fund to account for the possibility that some Maintenance Fees may not be paid on a current basis; and to provide for the payment the fee of the Managing Agent. Maintenance expenses shall not include any expenses constituting a Personal Charge. The Maintenance Fee may be increased or decreased by the Owners holding two-thirds (2/3) of all of the Co-

ownership Interest(s) in all Units. The annual maintenance fee shall include that percentage of common expenses as provided in Article VIII of the By-Laws of the Association.

Section 4.4. Payment of Maintenance Fee. The Maintenance Fee shall be payable in equal periodic installments over periods determined by the Managing Agent, but in any event not more frequently than monthly. Each installment payment of the Maintenance Fee shall be paid by each Owner within fifteen (15) days of the date of the statement therefor, and, if an Owner does not pay said installment payments in a timely fashion, he shall be subject to any late fee penalty provided for in the Rules and Regulations. Each portion of the Maintenance Fee which is attributable to the reserve established for capital expenditures shall be deposited in the Reserve Account provided for in Section 3.3(8)(b).

Section 4.5. Special Assessments. If the Maintenance Fees are, or will become, inadequate to meet all expenses incurred by the Managing Agent hereunder (other than for items constituting Personal Charges) for any reason, including nonpayment by any Owner of Maintenance Fees on a current basis, the Managing Agent shall immediately determine the approximate amount of such inadequacy and levy against each Owner a special assessment (the "Special Assessments") in an amount sufficient to provide for such inadequacy. Special assessments may also be levied by the Association pursuant to Section 8.8 of the By-Laws. Any other assessment may be made only by a two-third (2/3) vote of all of the Co-ownership Interest(s) in all Units.

Section 4.6. Personal Charges. The term "Personal Charges" means: (i) any expense resulting from the act or omission to act of any Owner or other persons occupying a Unit during the Use Period of an Owner including, without limitation, the cost of long distance telephone charges or telephone message unit charges, any telephone service charge provided for in the Rules and Regulations, and other special services or supplies attributable to the occupancy of the Unit during such Owner's Use Period; (ii) the cost to repair any damage to the Unit or to repair or replace any Common Furnishings located thereon on account of loss or damage occurring during such Owner's Use Period; and (iii) the cost to satisfy any expense to any of the other Owners or to the Managing Agent attributable to any intentional negligent act or omission to act of such Owner, his family, guests or invitees or resulting from the breach by such Owner of any provisions of this Declaration or the Rules and Regulations. Such Personal Charges shall be paid by each Owner to the Managing Agent within thirty (30) days after receipt of a statement.

Section 4.7. Declarant's Obligations. For any unsold Co-ownership Interest(s), the Declarant shall be responsible for and pay assessments as provided in this Article IV except as to such unsold Co-ownership Interest(s) which are vacant and unoccupied the Declarant shall not be responsible or liable for any portion of the assessment attributable to maid, linen service and charges which relate solely to occupancy and use.

ARTICLE V

ENFORCEMENT OF RESTRICTIONS

Section 5.1. In General. The Managing Agent shall have full power and authority to enforce compliance with this Declaration and the Rules and Regulations in any manner provided for by law or in equity including, without limitation, the right to enforce the Declaration and Rules and Regulations, to enforce the liens provided for therein and any statutory lien provided by law, including the foreclosure of any such lien, an appointment of a receiver for an Owner and the right to take possession of the Co-ownership Interest of any such Owner in the manner provided by law. In the event the Managing Agent shall employ an attorney to enforce the provisions of this Declaration or Rules and Regulations against any Owner, the prevailing party shall be entitled to reasonable attorneys' fees and costs in addition to any other amounts due as provided for herein. All sums payable hereunder by an Owner shall bear interest at a rate not to exceed the maximum legal rate per annum from the due date,

or, if advanced or incurred by the Managing Agent or any of the Owner pursuant to authorization contained in this Declaration, within ten (10) days after repayment is requested. All enforcement powers of the Managing Agent shall be cumulative. The Declarant shall have full power and authority to enforce the provisions of this Section, coextensive with the power and authority of the Managing Agent, so long as it retains any interest in Resort Rodanthe.

Section 5.2. Specific Enforcement Powers. In amplification of, and not in limitation of, the general powers specified in Section 5.1 above, the Managing Agent shall have the following rights and powers:

(1) Enforcement by Lien. Pursuant to North Carolina General Statute 47C-3-116, the assessments provided for in Article IV of this Declaration, together with interest, costs and reasonable attorneys' fees (as permitted by the law), shall be a charge on and a continuing lien upon the Co-ownership Interest against which the assessments are made when a notice of such lien has been filed of record in the Office of Superior Court of Dare County, North Carolina, in the manner provided by Article 8, Chapter 44 of the North Carolina General Statutes, provided such notice of lien shall not be recorded until such sums assessed remain un paid for a period of thirty (3)0 days after the same shall become due. Said notice of lien shall also secure all assessments against the Co-ownership Interest becoming due thereafter until the lien has been satisfied. In addition, each Owner shall be personally liable for any assessments against his Co-ownership Interest becoming due and payable while he is the Owner of the Co-ownership Interest.

(2) Priority of Assessments Lien. The Assessments lien provided for in this Article shall be prior and superior to all other liens except (i) ad valorem taxes, (ii) all sums unpaid on Deeds of Trust, mortgages or other encumbrances against Co-ownership Interest prior to the docketing of the lien herein, and (iii) any other levies which, by law, are prior to the lien. The sale or transfer of any Co-ownership Interest shall not affect the Assessments lien against the Co-ownership Interest. The sale or transfer of any Co-ownership Interest pursuant to a foreclosure sale or execution sale instituted by a superior lien holder, however, shall extinguish the inferior lien provided for herein against the subject to Co-ownership Interest from liability for any assessments thereafter becoming due and for any future lien in connection therewith.

ARTICLE VI

MEMBERSHIP AND VOTING RIGHTS

Section 6.1. Membership. Every Owner shall be deemed to have a membership in Resort Rodanthe Homeowners Association, Inc. herein referred to throughout this Declaration as "Association". No Unit owner, whether one (1) or more persons, shall have more than one (1) membership per Unit owned; provided, however, in the case of Co-ownership Interests there shall be one (1) membership per Co-ownership Interest. The rights and privileges of membership may be exercised by the member or the member's spouse, subject to the provisions of this Declaration, the Declaration of Unit Ownership for RRAC and the By-Laws of the Association. The membership rights of an Owner which is a corporation or partnership shall be exercised by the individual designated from time to time by the Owner in a written statement provided to the Secretary of the Association, subject to the provisions of this Declaration.

Section 6.2. Voting. The members shall be entitled to one (1) equal vote for each Unit owned; provided, that members owning Co-ownership Interests shall be entitled to a fractional vote based on the

percentage or undivided interests in a Unit conveyed by the Declarant to such Owner.

Section 6.3. Special Declaration Rights. The Declarant during the Declarant Control Period as defined in Article II, paragraph (12) of the Declaration Creating Unit Ownership for RRAC shall have the right to designate three (3) Directors for each term during the Declarant Control Period pursuant to Article V of the By-Laws of the Association.

ARTICLE VII

MAINTENANCE

Section 7.1. Association's Responsibility. The Association's maintenance obligation shall include, but need not be limited to, maintenance, repair and replacement of all common elements, Units, landscaping, amenities and Common Furnishings of all Units within the co-ownership Units. Declarant shall establish Maintenance Weeks applicable to each Unit during which the Association may carry out its maintenance obligations for the Unit and Common Furnishings. Such Maintenance Week shall occur during weeks not designated in Use Periods for a particular Unit. The Board or its designee shall have the right to enter and to maintain the Unit during the designated Maintenance Weeks, but the Association shall have no ownership interest in any Unit.

Section 7.2. Owner's Responsibility. Each Owner of a Co-ownership Interest must maintain the Unit and the Common Furnishings in a neat and attractive condition consistent with that standard of conduct and maintenance generally prevailing throughout the co-ownership Units of RRAC and pursuant to any standards adopted by the Association; provided, however, except as otherwise directed by the Association, it is required to prevent damage or injury to persons or property in an emergency, no Owner of a Co-ownership Interest shall make or contract for improvements, replacements or repairs (including, without limitation, exterior or interior painting, any exterior modifications, tiling, waxing, wall-papering, or otherwise refinishing or redecorating in any way) to any portion of a Unit or to the Common Furnishings. No Owner of a Co-ownership Interest shall remove any of the Common Furnishings from a Unit without the prior written consent of the Board of Directors of the Association.

ARTICLE VIII

MISCELLANEOUS PROVISIONS

Section 8.1. Termination. This Declaration shall remain in effect for a period of fifty (50) years from the date of recordation hereof and thereafter shall remain in effect for successive periods of ten (10) years unless, prior to the expiration of the original period or any such extension period, a declaration of release is recorded terminating this Declaration as to a particular and specified unit.

Section 8.2. Notices. Notices provided for in this Declaration shall be in writing and shall be deemed sufficiently given when delivered personally or three (3) days after deposit in the United States Mail, postage prepaid, addressed to an Owner at the last address such Owner designates to the Managing Agent for delivery of notices, or in the event of no such designation, at such Owner's last known address, or if there is none, at the address of Resort Rodanthe. Notices to the Managing Agent shall be addressed to the address designated by the Managing Agent by written notice to all Owners or by recordation of a notice of such change of address. Notices to Declarant shall be addressed to Kelart Corporation, P. O. Box 126, Rodanthe, NC 27968, or such other address as may be designated by Declarant by written notice to all Owners or by recordation of a notice of such change of address.

Section 8.3. Severability and the Rules Against Perpetuities. If any provisions of this Declaration, or any section, sentence, clause,

phrase or word or the application thereof in any circumstances, shall be held invalid, the validity of the remainder of this Declaration and of the application of such provision, sentence, clause, phrase or word and under any other circumstance shall not be affected thereby. If any provision of this Declaration would violate the Rule against Perpetuities or any other limitation on the duration of the provisions contained herein imposed by law, then such provisions shall be deemed to remain in effect only for the maximum permissible period permitted by law or until twenty-one (21) years after the death of the last survivor of the now living descendants of any Owner in Resort Rodanthe, whichever is later.

Section 8.4. Successors. The provisions of this Declaration shall be binding upon all parties having or acquiring any Co-ownership Interest(s) or any right, title or interest therein and shall be for the benefit of each Owner and his heirs, successors and assigns. Each Owner (including Declarant) shall be fully discharged and relieved of liability on the covenants herein insofar as such covenants relate to each Co-ownership Interest and paying all sums and performing all obligations hereunder insofar as the same relate to each Co-ownership Interest up to the time his ownership terminated.

Section 8.5. Violation or Nuisance. Every act or omission whereby any provision of this Declaration or the Rules and Regulations is violated in whole or in part is hereby declared to be a nuisance and may be enjoyed or abated whether or not the release sought is for the negative or affirmative action, by Declarant or Managing Agent or any Owner.

Section 8.6. No Waiver. The failure to enforce any provisions of this Declaration shall not constitute a waiver thereof or the right to enforce such provision thereafter.

Section 8.7. Amendment. This Declaration may be amended by owners holding sixty-seven percent (67%) of the co-ownership interests in all of the property covered by this Declaration of Co-Ownership Interests.

Until termination of the Declarant Control Period, Declarant may unilaterally amend this Declaration of Co-ownership Interests. After the termination of the Declarant Control Period, the Declarant may unilaterally amend this Declaration of Co-ownership Interests but at any time and from time to time if such amendment is (a) necessary to bring any provision hereof into compliance with any applicable governmental statutes, rule or regulation, or judicial determination; (b) necessary to enable any reputable title insurance company to issue title insurance coverage on the Units; (c) required by an institutional or governmental lender or purchaser of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase mortgage loans on the Units; (d) necessary to enable any governmental agency or reputable private insurance company to make, purchase or insure mortgage loans on the Units; or (e) for the purpose of adding additional Phases III and V to RRAC as provided in Section 3.8 of the Declaration of Unit Ownership for RRAC.

Any amendment shall be binding upon every Owner and every Co-ownership Interest whether burdens thereon are increased or decreased. No amendment shall require the consent or approval of any Property Mortgagee. Any amendment authorized hereby shall be evidenced by an instrument properly recorded in the Office of the Register of Deeds of Dare County, North Carolina.

Section 8.8. No Liability. Neither Declarant nor the Managing Agent shall have any liability to any Owner in regard to any disputes whatsoever which may arise among or between Owners of Co-ownership Interest(s). Although the Managing Agent is charged with the responsibility of assigning Use Periods, it shall have no liability to any Owner for any disputes arising among Owners concerning the use and occupancy of any Unit. Neither the Declarant nor the Managing Agent shall be responsible for the acts, omissions to act or conduct of any

Owner or user or a Unit or for the breach of any obligation by any Owner or user.

IN TESTIMONY WHEREOF, Declarant has caused this Declaration of Co-ownership Interest to be signed and sealed by its duly authorized officers on behalf of the Declarant, the day and year below acknowledged.

KELART CORPORATION

CORPORATE SEAL

By: James R. Kelly, Jr., President
James R. Kelly, Jr., President

Attest:

William E. Kelly
William E. Kelly, Secretary

STATE OF Maryland CITY/COUNTY OF Worcester

SEAL-STAMP

I, Karen E. Galten, a Notary Public of the County and State aforesaid, certify that William E. Kelly personally came before me this day and acknowledged that he is Secretary of KELART CORPORATION, a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal and attested by himself as its Secretary. Witness my hand and official stamp or seal, this 30th day of July, 1991.

MY COMMISSION EXPIRES:

11-1-92

Karen E. Galten
NOTARY PUBLIC

NORTH CAROLINA, DARE COUNTY

The foregoing Certificate(s) of Karen E. Galten, a Notary Public of Worcester County, Maryland

is/are certified to be correct.

This instrument and this certificate are duly registered at the date and time and in the Book and Page shown on the first page hereof.

Doris A. Sexy
REGISTER OF DEEDS

BY: Norma Dean Wade
ASSISTANT REGISTER OF DEEDS

EXHIBIT A
TO
DECLARATION OF CO-OWNERSHIP INTERESTS

Being Units 9-A, 9-B, 10-A, 10-B, 11-B, 11-C, 12-A, 12-B, 12-C, 17-A, 17-B, 18-A, 18-B, 19-A, 19-B, 20-A and 20-B at Resort Rodanthe, located at Highway 12, Rodanthe, North Carolina 27968.

EXHIBIT B, PAGE 1 TO THE
DECLARATION OF CO-OWNERSHIP INTERESTS
(one-fourth shares)

Use Periods to Interval Assignments
for the year 1991
One Fourth Undivided Co-Ownership Interests (25%)

Interval #	Use Periods
1	12/21/90 - 01/04/91
	02/15/91 - 03/01/91
	04/12/91 - 04/26/91
	06/07/91 - 06/21/91
	08/02/91 - 08/16/91
	09/27/91 - 10/11/91
	11/22/91 - 11/29/91
2	01/04/91 - 01/18/91
	03/01/91 - 03/15/91
	04/26/91 - 05/10/91
	06/21/91 - 07/05/91
	08/16/91 - 08/30/91
	10/11/91 - 10/25/91
	11/29/91 - 12/06/91
3	01/18/91 - 02/01/91
	03/15/91 - 03/29/91
	05/10/91 - 05/24/91
	07/05/91 - 07/19/91
	08/30/91 - 09/13/91
	10/25/91 - 11/08/91
	12/02/91 - 12/13/91
4	02/01/91 - 02/15/91
	03/29/91 - 04/12/91
	05/24/91 - 06/07/91
	07/19/91 - 08/02/91
	09/13/91 - 09/27/91
	11/08/91 - 11/22/91
	12/13/91 - 12 20/91

EXHIBIT B, PAGE 2 TO THE
DECLARATION OF CO-OWNERSHIP INTERESTS
(one-tenth shares)

Use Periods to Interval Assignments
for the year 1991
One Tenth Undivided Co-Ownership Interests (10%)

Interval #	Use Periods	Interval #	Use Periods
1	03/01/91- 03/08/91	6	01/25/91 - 02/01/91
	05/31/91 - 06/07/91		04/19/91 - 04/26/91
	06/07/91 - 06/14/91		07/19/91 - 07/26/91
	09/06/91 - 09/13/91		10/11/91 - 10/18/91
	11/15/91 - 11/22/91		12/20/91 - 12/27/91
2	03/08/91 - 03/15/91	7	12/28/90 - 01/04/91
	06/14/91 - 06/21/91		02/01/91 - 02/08/91
	06/28/91 - 07/05/91		04/26/91 - 05/03/91
	09/13/91 - 09/20/91		07/26/91 - 08/02/91
	11/29/91 - 12/06/91		10/18/91 - 10/25/91
3	03/15/91 - 03/22/91	8	02/08/91 - 02/15/91
	06/21/91 - 06/28/91		03/29/91 - 04/05/91
	09/20/91 - 09/27/91		05/03/91 - 05/10/91
	12/06/91 - 12/13/91		08/02/91 - 08/09/91
	08/23/91 - 08/30/91		10/25/91 - 11/01/91
4	03/22/91 - 03/29/91	9	02/15/91 - 02/22/91
	07/05/91 - 07/12/91		04/05/91 - 04/12/91
	08/30/91 - 09/06/91		05/10/91 - 05/17/91
	09/27/91 - 10/04/91		08/09/91 - 08/16/91
	12/13/91 - 12/20/91		11/01/91 - 11/08/91
5	01/18/92 - 01/25/91	10	02/22/91 - 03/01/91
	04/12/91 - 04/19/91		05/17/91 - 05/24/91
	07/12/91 - 07/19/91		05/24/91 - 05/31/91
	10/04/91 - 10/11/91		08/16/91 - 08/23/91
	11/22/91 - 11/29/91		11/08/91 - 11/15/91

EXHIBIT B, PAGE 3 TO THE
DECLARATION OF CO-OWNERSHIP INTERESTS
(one-thirteenth shares)

Use Periods to Interval Assignments
for the year 1991
One Thirteenth Undivided Co-Ownership Interests (7.69%)

Interval #	Use Periods	Interval #	Use Periods
1	12/21/90 - 12/28/90	8	02/08/91 - 02/15/91
	03/22/91 - 03/29/91		05/10/91 - 05/17/91
	06/21/91 - 06/28/91		08/09/91 - 08/16/91
	09/20/91 - 09/27/91		11/08/91 - 11/15/91
2	12/28/90 - 01/04/91	9	02/15/91 - 02/22/91
	03/29/91 - 04/05/91		05/10/91 - 05/17/91
	06/28/91 - 07/05/91		08/16/91 - 08/23/91
	09/27/91 - 10/04/91		11/15/91 - 11/22/91
3	01/04/91 - 01/11/91	10	02/22/91 - 03/01/91
	04/05/91 - 04/12/91		05/24/91 - 05/31/91
	07/05/91 - 07/12/91		08/23/91 - 08/30/91
	10/04/91 - 10/11/91		11/22/91 - 11/29/91
4	01/11/91 - 01/18/91	11	03/01/91 - 03/08/91
	04/12/91 - 04/19/91		05/31/91 - 06/07/91
	07/12/91 - 07/19/91		08/30/91 - 09/06/91
	10/11/91 - 10/18/91		11/29/91 - 12/06/91
5	01/18/91 - 01/25/91	12	03/08/91 - 03/15/91
	04/19/91 - 04/26/91		06/07/91 - 06/14/91
	07/19/91 - 07/26/91		09/06/91 - 09/13/91
	10/18/91 - 10/25/91		12/06/91 - 12/13/91
6	01/25/91 - 02/01/91	13	03/15/91 - 03/22/91
	04/26/91 - 05/03/91		06/14/91 - 06/21/91
	07/26/91 - 08/02/91		09/13/91 - 09/20/91
	10/25/91 - 11/01/91		12/13/91 - 12/20/91
7	02/01/91 - 02/08/91		
	05/10/91 - 05/17/91		
	08/02/91 - 08/09/91		
	11/01/91 - 11/08/91		

BK 763 PG 0492

FILED

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...EEDS
DARE ... N.C.

Prepared by and return to:
THOMAS L. WHITE, JR.
KELLOGG, WHITE, EVANS AND GRAY
P. O. Box 189
Manteo, NC 27954

NORTH CAROLINA
DARE COUNTY

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that KELART CORPORATION, of Dare County, North Carolina, has made, constituted and appointed and by these presents does make, constitute and appoint ROBERT G. THOMAS, JR., of Rodanthe, North Carolina, its true and lawful attorney-in-fact, for it and in its name and stead, to do and perform the following matters and things:

To grant, bargain, convey, sell and to contract for the sale of condominium units and co-ownership interests in Resort Rodanthe, a Condominium, located in the Village of Rodanthe, Dare County, North Carolina, to any person, for such price or prices, and on such terms and conditions, as the said attorney-in-fact may deem proper, and in the name of Kelart Corporation, to make, execute, acknowledge and deliver a good and sufficient deed or deeds of conveyance, or such other instrument or instruments, necessary to effect such sale, conveyance or agreement; and to receive and hypothecate and assign to Piedmont Trust Bank such financing documents, including promissory notes and deeds of trust as may be given by purchasers of said condominium units and co-ownership interests to finance the balance of the purchase price of said units and co-ownership interests. And Kelart Corporation does hereby ratify and confirm all things so done by its said attorney-in-fact, within the scope of the authority herein given him, as fully and to the same extent as if done and performed by Kelart Corporation itself.

All rights, powers and authority of the said attorney-in-fact to exercise any and all of the rights and powers herein granted shall commence and be in full force and effect on the 23rd day of July, 1991 and such rights, powers and authorities shall remain in full force and effect thereafter until the 23rd day of July, 1994.

IN TESTIMONY WHEREOF, Kelart Corporation has caused this instrument to be signed in its corporate name by its duly authorized officers and its seal to be affixed hereto by authority of its Board of Directors, all on the day and year first above written.

KELART CORPORATION

corporate seal

By: James R. Kelly, President
James R. Kelly, President

Attest:

William E. Kelly, Secretary

BK 7 6 3 [illegible] 0 4 9 3

STATE OF Maryland CITY/COUNTY OF Worcester

SEAL-STAMP

I, Karen Galten, a Notary Public of the County and State aforesaid, certify that William E. Kelly personally came before me this day and acknowledged that he is Secretary of KELART CORPORATION, a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal and attested by himself as its Secretary. Witness my hand and official stamp or seal, this 30th day of July, 1991.

MY COMMISSION EXPIRES:

11-1-92

Karen E. Galten
NOTARY PUBLIC

KAREN E GALTEN NOTARY PUBLIC WORCESTER CO. MD.

NORTH CAROLINA, DARE COUNTY

The foregoing Certificate(s) of Karen E. Galten a Notary Public of Worcester Co. Md.

is/are certified to be correct.

This instrument and this certificate are duly registered at the date and time and in the Book and Page shown on the first page hereof.

Doris A. Fry
REGISTER OF DEEDS

BY: Nama Jean Ward
ASSISTANT REGISTER OF DEEDS

BK 763 PG 469

FILED

'91 AUG 16 PM 2 13

...EFS
DARE ... Y, N.C.

Prepared by and return to:
THOMAS L. WHITE, JR.
KELLOGG, WHITE, EVANS AND GRAY
P. O. Box 189
Manteo, NC 27954

RESTATEMENT OF FIRST AMENDMENT

TO

DECLARATION

THIS RESTATEMENT OF FIRST AMENDMENT TO THE DECLARATION of Resort Rodanthe, a Condominium, is hereby made and executed this the 16th day of August, 1991 by RESORT RODANTHE HOMEOWNERS ASSOCIATION, INC., a North Carolina Non-Profit Corporation (the "Association"), and KELART CORPORATION, a North Carolina Corporation (the "Declarant"), for themselves, their successors and assigns pursuant to the provisions of the North Carolina Condominium Act, Chapter 47C of the North Carolina General Statutes:

W I T N E S S E T H:

THAT WHEREAS, the Declarant has previously filed that Declaration for Resort Rodanthe, a Condominium, dated October 23, 1989 and recorded in Book 653, Page 147, Dare County Registry; and heretofore executed and filed a First Amendment to Declaration dated February 5, 1991 and recorded in Book 749, Page 802, Dare County Registry; and

WHEREAS, N.C.G.S. 47C-2-117 requires amendments to the Declaration to be prepared, executed, recorded and certified on behalf of the Association by any officer of the Association designated for that purpose or, in the absence of designation, by the president of the Association. And further, whereas, that certain First Amendment to Declaration dated February 5, 1991 recorded in Book 749, Page 802, Dare County Registry, failed to contain the certification in behalf of the Association and in order to provide for such certification, this Amendment to Declaration contains a restatement of those amendments contained in the First Amendment to Declaration; and

WHEREAS, the amendments contained in the First Amendment to Declaration have been approved by an affirmative vote of the owners of units to which at least 67% of the votes of the Association are allocated; and

WHEREAS, the Association and Declarant desire to amend the Declaration in order to provide for the establishment of co-ownership or timeshare ownership in certain of the condominium units;

NOW, THEREFORE, in accordance with the requirements of N.C.G.S. 47C-2-117, the Association and Declarant do hereby set forth the following amendments to the Declaration of Unit Ownership recorded in Book 653, Page 147, Dare County Registry:

(1) Section 1.11 "Timeshare Ownership Prohibited" is deleted in its entirety and substituted in lieu thereof the following:

Section 1.11 Creation of Co-Ownership Interests. Declarant intends to establish a common scheme of plan for the use, enjoyment, repair, maintenance, restoration, remodeling and improvement of designated of Units in the various phases in Resort Rodanthe and the interest therein so conveyed or reserved subject to the provisions set forth in that Declaration of Co-ownership Interests filed by Declarant in the Office of the Register of Deeds of Dare County, North Carolina. In the event Declarant sells or conveys an undivided interest in a Unit subject to the Declaration of Co-ownership Interests, then said Unit will be deemed thereafter subject to this Declaration as well as that Declaration of Co-ownership Interests. Upon recordation of the first deed conveying an

undivided interest in any unit subject to that Declaration of Unit Co-ownership Interests, the Unit shall thereafter be deemed committed to this Declaration as well as those provisions set forth in the Declaration of Co-ownership Interests.

(2) Section 8.11 is amended to correct the errors therein to that reference of Phases "III" and "V" which references were inadvertent errors and to correct the same by making the correct reference to said Phases as Phases II and IV.

(3) Except as amended and modified herein, all provisions of the Declaration shall continue unchanged and remain in full force and effect.

IN WITNESS WHEREOF, Association and Declarant have caused this Second Amendment and Restatement of First Amendment to Declaration to be executed in their names and behalf by its appropriate officers, all on the day and year first above written.

RESORT RODANTHE HOMEOWNERS ASSOCIATION, INC., a North Carolina Non-Profit Corporation

CORPORATE SEAL

By: James R. Kelly, Jr. President
James R. Kelly, Jr., President

Attest:

Faye E. Kelly, Sec.
Faye Kelly, Secretary

KELART CORPORATION, a North Carolina Corporation

CORPORATE SEAL

By: James R. Kelly, Jr. President
James R. Kelly, Jr., President

Attest:

William E. Kelly
William E. Kelly, Secretary

STATE OF North Carolina CITY/COUNTY OF Dare

SEAL-STAMP

I, Jeanette L. Straight, a Notary Public of the County and State aforesaid, certify that Faye Kelly personally came before me this day and acknowledged that she is Secretary of RESORT RODANTHE HOMEOWNERS ASSOCIATION, INC., a North Carolina Non-profit corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal and attested by herself as its Secretary. Witness my hand and official stamp or seal, this 29th day of July, 1991.

MY COMMISSION EXPIRES:

12-13-93

Jeanette L. Straight
NOTARY PUBLIC

BK 763 PG 0471

STATE OF Maryland CITY/COUNTY OF Worcester

SEAL-STAMP

I, Karen Galten, a Notary Public of the County and State aforesaid, certify that William E. Kelly personally came before me this day and acknowledged that he is Secretary of KELART CORPORATION, a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal and attested by himself as its Secretary. Witness my hand and official stamp or seal, this 30th day of July, 1991.

MY COMMISSION EXPIRES:

11-1-92

Karen E. Galten
NOTARY PUBLIC

NORTH CAROLINA, DARE COUNTY

The foregoing Certificate(s) of Jeanette L. Straight, a Notary Public of Dare County, North Carolina and Karen E. Galten, a Notary Public of Worcester County, Maryland is/are certified to be correct.

This instrument and this certificate are duly registered at the date and time and in the Book and Page shown on the first page hereof.

David A. Day
REGISTER OF DEEDS

BY: Nana Gearhart
ASSISTANT REGISTER OF DEEDS

Filed Book: 1500 Page: 315 Doc Id: 6101154
06/12/2003 04:08PM Receipt #: 02972
Doc Code: DECL
BARBARA M GRAY, REGISTER OF DEEDS DARE CO, NC

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Page: 1 of 4
06/12/2003 04:08PM

SECOND AMENDMENT TO THE DECLARATION OF RESORT RODANTHE, A CONDOMINIUM

Prepared by and Return to David R. Dixon, Esquire

THIS SECOND AMENDMENT TO DECLARATION of Resort Rodanthe, a Condominium, is entered into this 21st day of September, 2002, by Resort Rodanthe Homeowners Association, Inc. (hereinafter, "the Association"), the successor in interest of the original Declarant, for itself, its successors, grantees, and assigns pursuant to the provisions of the North Carolina Condominium Act, Chapter 47C of the North Carolina General Statutes.

WITNESSETH:

WHEREAS, a Declaration for Resort Rodanthe, a Condominium was filed in the Dare County Registry beginning in Book 653 at Page 147 (hereinafter, "the Declaration"); and

WHEREAS, the Declaration was amended by a document entitled "First Amendment to Declaration," recorded May 6, 1991 in Book 749 at Page 802 of the Dare County Registry; and

WHEREAS, a restatement of the First Amendment entitled "Restatement of First Amendment to Declaration" was recorded August 16, 1991 in Book 763 at Page 469 of the Dare County Registry; and

WHEREAS, no other amendments to the Declaration appear of record; and

WHEREAS, the annual meeting of the Association was held on September 21, 2002, and pursuant to NCGS 47C-2-117 (a), a vote was held in which more than 67% of the unit owners voted to amend the Declaration as set forth herein; and

WHEREAS, a written consent was mailed thereafter to each unit owner and pursuant to NCGS 47C-2-117(a), written consent of more than 67% of the members was obtained to amend the Declaration as set forth herein; and

WHEREAS, NCGS 47C-2-117(e) requires that this Amendment to the Declaration be recorded in Dare County and that the president of the Association execute and certify this Amendment;

NOW THEREFORE, in accordance with the requirements of NCGS 47C-2-117, the Association does hereby amend the Declaration as set forth in the attached "Exhibit A" and the President hereby directs that this Amendment be filed in the Register of Deeds Office of Dare County, North Carolina and that the same be kept with the books of the Association from this day forward.

IN WITNESS WHEREOF, the Association has caused this Amendment to be executed in its name and behalf by its President, all on the day and year first written above.

RESORT RODANTHE HOMEOWNERS ASSOCIATION, INC.

By: L. Dannis Priest (seal)
L. Dannis Priest, President

STATE OF Virginia, Newport New City ~~COUNTY~~

I, the undersigned Notary Public of the County and State aforesaid, certify that L. Dannis Priest personally came before me this day and acknowledged that he is the President of Resort Rodanthe Homeowners Association, Inc., a North Carolina non-profit corporation and that by authority duly given and as the act of such entity, he signed the foregoing instrument in its name on its behalf as its act and deed. Witness my hand and Notarial stamp or seal, this 05 day of June 2003.

My commission expires: May 31, 2005 R. Franklin Belote, Jr.
Notary Public

FRANKLIN BELOTE, JR. NOTARY PUBLIC VIRGINIA

EXHIBIT A

ARTICLE I., Section 1.2 Declarant's Right to Add Additional Units is hereby stricken in its entirety and in its place the following shall be set out word for word as here written:

Section 1.2 Association's Intention to Add Additional Units

Pursuant to a vote duly held of the members of the Resort Rodanthe Homeowner's Association, Inc., the Association, as the successor in interest to the original Declarant, now desires to subject the property of the Association to include Phases II and IV as described in the Declaration originally filed November 2, 1989.

Resort Rodanthe Builders, LLC is hereby granted the right to develop Phase II and/or Phase IV pursuant to those agreements between the Association and Resort Rodanthe Builders, LLC. Upon final completion of the improvements within a Phase, the same shall be submitted to the Condominium under this Declaration. At such time as either Phase II and/or Phase IV is submitted to this Declaration, all Unit Owners in all Phases shall have the rights and privileges in all the common elements located within all Phases subject to this Declaration. Applicable percentages of interest of such units that are or may become subject to this Declaration are determined in accordance with Article VI.

Notwithstanding anything set out here to the contrary or the agreements of the parties referenced herein, Resort Rodanthe Builders, LLC shall not become the Declarant, and its rights and obligations shall be limited to those rights and obligations set forth in its agreements with Resort Rodanthe Homeowners Association, Inc. The right to develop Phases II and/or Phase IV shall expire (1) upon the sale or transfer of the last unit owned by Resort Rodanthe Builders, LLC or (2) June 15, 2007, whichever occurs first.

NORTH CAROLINA, DARE COUNTY

The Foregoing Certificate of R. Franklin Belote Jr., Notary Public of Newport News Virginia is/~~are~~ certified to be correct. This instrument and this certificate are duly registered at the date and time and in the Book and Page shown on the first page hereof.

BARBARA M. GRAY REGISTER OF DEEDS FOR DARE COUNTY

By Rana J. Vestal Deputy/~~Assistant~~ Register of Deeds