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DECLARATION OF CONDOMINIUM

FOR

OYSTER POINTE II CONDOMINIUMS

Kill Devil Hills, Dare County, North Carolina

Plat and Plans of Oyster Pointe II Condominium is recorded
in Unit Ownership File 4, Slides 455 thru 458.

August 6, 1993

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DEAN A. FLY
REGISTERED CLERK
DARE COUNTY, N.C.

DECLARATION OF CONDOMINIUM
FOR
OYSTER POINTE II CONDOMINIUMS

THIS DECLARATION, made this 6th day of August, 1993, by CARL WORSLEY COMPANY, a North Carolina Corporation ("Developer"), pursuant to the North Carolina Condominium Act, Chapter 47C, North Carolina General Statutes.

W I T N E S S E T H:

WHEREAS, Developer is the owner in fee simple of certain real estate situated in the City of Kill Devil Hills, County of Dare, and State of North Carolina, legally described on Exhibit 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; and

WHEREAS, Developer desires to submit all of said property to the Act.

NOW, THEREFORE, Developer, as the owner of said property, hereby declares as follows:

ARTICLE I.

Definitions

Definitions. As used herein, the following words and terms shall have the following meanings:

1.1. Act. The North Carolina Condominium Act, Chapter 47C, North Carolina General Statutes.

1.2. Additional Real Estate. The real estate described in Exhibit C 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.

1.3. Association. Oyster Pointe II Owners Association, a nonprofit corporation organized under Chapter 55A, North Carolina General Statutes.

1.4. Board. The Board of Directors of the Association.

1.5. Bylaws. The Bylaws of the Association which are incorporated herein and made a part hereof by this reference.

1.6. Common Elements. All portions of the Condominium except the units. Limited Common Elements are Common Elements.

1.7. Common Expenses. Expenditures made or liabilities incurred by or on behalf of the Association, together with any allocations to reserves.

1.8. Condominium. The condominium created by this Declaration to be commonly known as the Oyster Pointe II Condominiums.

1.9. Declarant. Developer and (i) any other person who has executed this Declaration, or who hereafter executes an amendment to this Declaration to add Additional Real Estate, except Security Holders and except persons whose interests in the Property will not be conveyed to Unit Owners, and (ii) any person who succeeds to any Special Declarant Rights pursuant to Section 47C-3-104 of the Act.

1.10. Declarant Control Period. The period commencing on the date hereof and continuing until the earlier of (i) the date ten (10) years after the date of the first conveyance of a Unit to a Unit Owner other than a Declarant, or (ii) the date upon which Declarant surrenders control of the Condominium, or (iii) the date 120 days after the Declarant has conveyed seventy-five (75%) percent of the Units (including Units which may be created pursuant to Special Declarant Rights) to Unit Owners other than a Declarant.

1.11. Deed of Easement and Joint Use Agreement. That certain easement and agreement recorded in Book 852, at Page 520, Dare County Registry, by which the Declarant holds rights, privileges, and easements for the nonexclusive right to the common areas and amenities of the adjacent Oyster Pointe Condominium.

1.12. First Mortgage and First Mortgagee. A First Mortgage is a mortgage or deed of trust which has been recorded so as to give constructive notice thereof, and which is a first lien on the Units described therein. A First Mortgagee is the holder, from time to time, of a First Mortgage as shown by the records of the office in which the First Mortgage is recorded, including a purchaser at foreclosure sale upon foreclosure of a First Mortgage until expiration of the mortgagor's period of redemption. If there be more than one holder of a First Mortgage, they shall be considered as, and act as, one First Mortgagee for all purposes under this Declaration and the Bylaws.

1.13. Floor Plans or Plans. The Floor Plans of the Condominium recorded with, and by the Act made a part of, this Declaration, as the same may hereafter be amended from time to time. The initial Plans are certified and recorded as indicated on the cover page hereof.

1.14. Limited Common Elements. Those portions of the Common Elements, if any, allocated by operation of Section 47C-2-102(2) or (4) of the Act for the exclusive use of one but fewer than all of the Units and also any Limited Common Elements specifically allocated to Units in this Declaration.

1.15. Occupant. Any person or persons in possession of a Unit, including Unit Owners, the family members, lessees, guests and invitees of such person or persons, and family members, guests and invitees of such lessees.

1.16. Person. A natural person, corporation, partnership, trust or other entity, or any combination thereof.

1.17. Plat. The Plat of survey for the Condominium is certified and recorded as indicated on the cover page hereof, as amended from time to time.

1.18. Property. The real estate described on Exhibit A, and the real estate described on Exhibit C if and when added by Declarant pursuant hereto, less and except the real estate described on Exhibit B if and when withdrawn by Declarant pursuant hereto, 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.

1.19. Security for an Obligation. The vendor's interest in a contract for deed, mortgagee's interest in a mortgage, trustee's interest in a deed of trust, purchaser's interest under a sheriff's certificate of sale during the period of redemption, or the holder's interest in a lien.

1.20. Security Holder. Any person owning a Security for an Obligation in a Unit.

1.21. Special Declarant Rights. The rights reserved herein and in the Bylaws for the benefit of a Declarant, as follows: to complete the improvements indicated on the Floor Plans; to maintain sales offices, management offices, models and signs advertising the Condominium; to use easements through the Common Elements; to elect, appoint or remove members of the Board during the Declarant Control Period; to add Additional Real Estate; and to withdraw the Withdrawable Land or construct up to six (6) Units thereon.

1.22 Withdrawable Land. The real estate described in Exhibit B together with any and 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.

1.23. Unit. A portion of the Condominium, whether or not contained solely or partially within a building, together with its percentage of undivided interest in the Common Elements as set forth on Exhibit E. Each Unit is designated and delineated on the Floor Plans.

1.24. Unit Boundaries. The boundaries of each Unit, both as to vertical and horizontal planes, as shown on the Floor Plans, are 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, and the topmost surfaces of the subflooring, and include the decoration on all such interior panelling, tiles, wallpaper, paint, finished flooring and any other materials constituting any part of the decorated surfaces thereof, and also includes all spaces, interior partitions and other fixtures and improvements within such boundaries.

1.25. Unit Owner. The person or persons, including the Declarant, owning a Unit in fee simple, including contract-for-deed purchasers of a Unit, but excluding contract-for-deed purchasers of a Unit who are Security Holders, and also excluding all other Security Holders.

ARTICLE II.

Submission of Property to the Act

2.1. Submission. Developer hereby submits the Property to the Act.

2.2. Name. The Property shall hereafter be known as the Oyster Point II Condominiums.

2.3 Division of Property into Separately Owned Units. Declarant, pursuant to the Act, and to establish a plan of condominium ownership for the Condominium, does hereby divide the Property into six (6) Units and does hereby designate all such Units for separate ownership, subject, however, to the provisions of Section 2.4. In addition, Declarant reserves the right to create an additional six (6) Units on the Withdrawable Land in accordance with Article IV and to create an additional fifty-one (51) Units on the Additional Real Estate in accordance with Article III. The total number of Units that may be developed within the Condominium, including the Withdrawable Land and the Additional Real Estate, is sixty-three (63). If added, the additional Units of the condominium project may be developed in phases in accordance with the developer rights set forth herein.

2.4 Alterations of Units. Subject to the provisions of the Bylaws, a Unit may be altered pursuant to the provisions of Sections 47C-2-113(a) and (b) of the Act.

2.5. Limited Common Elements. The Limited Common Elements serving or designed to serve each Unit are hereby allocated solely and exclusively to each such Unit. In addition to those

defined in Section 1.13, Limited Common Elements include those set forth on Exhibit D and are hereby allocated to Units as shown on Exhibit D.

2.6. 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 on Exhibit E. The allocation of undivided interests in the Common Elements and of the Common Expenses is according to the area of each Unit to the area of all Units. The votes in the Association are equally allocated to all Units.

2.7. Encumbrances. The liens, defects and encumbrances on the Property to which the rights of Unit Owners and Occupants are subject.

2.8. 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 ownership, or (ii) imposing conditions or requirements upon developments under a different form of 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.

2.9. Reservation of Special Declarant Rights. Declarant hereby reserves all Special Declarant Rights.

ARTICLE III.

Additional Real Estate

3.1. Declarant's Right to Add Additional Real Estate. Declarant expressly reserves the right to add the Additional Real Estate which is identified and described on Exhibit C. The Additional Real Estate may be added to the Condominium at different times, but no assurances are made in regard to the order in which such portions may be added. The Additional Real Estate, or any portion thereof, shall be added to the Condominium, if at all, within seven (7) years of the recording of this Declaration. Declarant shall have no duty or obligation of any kind to add any or all of the Additional Real Estate. The method of adding the Additional Real Estate to the Condominium shall be pursuant to Section 47C-2-110 of the Act.

3.2. Maximum Number of Additional Units; Units Restricted to Residential Use. The maximum number of additional Units that may be created within the Additional Real Estate is 51 Units, for a total of 63 Units in the Condominium. The additional Units need not be built. If built, all of such Units will be restricted exclusively to residential use.

3.3. Compatibility of Style, Etc. Any buildings and Units that may be erected upon the Additional Real Estate or a portion thereof will be compatible with the other buildings and Units in the Condominium in terms of architectural style, quality of construction, principal materials employed in construction, and size.

3.4. Applicability of Restrictions, Etc. All restrictions in this Declaration and the Bylaws affecting use, occupancy and alienation of Units will apply to any and all additional Units that may be created within the Additional Real Estate.

3.5. Other Improvements and Common Elements. In addition to the buildings and Units that may be erected upon the Additional Real Estate or a portion thereof, the other improvements and Common Elements that may be made or created upon or within the Additional Real Estate or each portion thereof which may be added to the Condominium will be generally similar in quality and quantity to the improvements and Common Elements located in the Condominium.

3.6. Applicability of Assurances if Additional Real Estate Not Added. The assurances made in this Article III will not apply with respect to any Additional Real Estate that is not added to the Condominium.

ARTICLE IV.

Withdrawable Land

4.1. Withdrawable Land. The real property described in Exhibit B is currently undeveloped land and constitutes a portion of the initial condominium. The Declarant reserves the right to develop and construct up to six (6) Units on this land and to have such Units deemed to be separate Units and not a part of the Common Areas. Such Units will be built, if at all, within five (5) years of the recording of this Declaration. If the property is developed into additional Units, all of the allocated interest in Common Elements shall be reallocated among the newly created Units such that each of the new Units shall have an interest in the Common Elements in accordance with the formula on Exhibit E.

Declarant further reserves the right and option to withdraw from the Condominium the real property described on Exhibit B without the Consent of any Unit Owner or Mortgagee. The real property described in Exhibit B may be withdrawn from the Condominium by the Declarant within five (5) years of the recording of this Declaration; provided however, that if any Unit within the real property described in Exhibit B is conveyed to a purchaser prior to being withdrawn from the Condominium then the right to withdraw said real property shall automatically terminate.

The Declarant makes no assurances regarding whether the Withdrawable Land will be developed into Units, withdrawn from the Condominium, or left undeveloped. For purposes of the initial Condominium, the Withdrawable Land shall be considered Common Elements subject to these development rights.

4.2. Compatibility of Style, Etc. Any buildings and Units that may be erected upon the Withdrawable Land or a portion thereof will be compatible with the other buildings and Units in the Condominium in terms of architectural style, quality of construction, principal materials employed in construction, and size.

4.3. Applicability of Restrictions, Etc. All restrictions in this Declaration and the Bylaws affecting use, occupancy and alienation of Units will apply to any and all additional Units that may be created within the Withdrawable Land.

4.4. Other Improvements and Common Elements. In addition to the buildings and Units that may be erected upon the Withdrawable Land or a portion thereof, the other improvements and Common Elements that may be made or created upon or within the Withdrawable Land or each portion thereof which may be added to the Condominium will be generally similar in quality and quantity to the improvements and Common Elements located in the Condominium.

4.5. Applicability of Assurances if Withdrawable Land Not Added. The assurances made in this Article III will not apply with respect to any Withdrawable Land that is withdrawn from the Condominium.

ARTICLE V.

Easements

5.1. Encroachments. In the event that, by reason of the construction, reconstruction, rehabilitation, alteration or improvement of the buildings or improvements comprising a part of the Property, any part of the Common Elements now or hereafter

encroaches upon any part of any Unit, or any part of any Unit now or hereafter encroaches upon any part of the Common Elements, or upon any part of another Unit, an easement for the continued existence and maintenance of each such encroachment is hereby declared and granted and shall continue for so long as each such encroachment exists; provided that in no event shall an easement for such encroachment be created if such encroachment is detrimental to or interferes with the reasonable use and enjoyment of the Common Elements or Units so encroached upon.

5.2. Easements Through Walls. Easements are hereby declared and granted to the Association and to such persons as are authorized by the Association, to install, lay, maintain, repair and replace any chutes, flues, ducts, vents, pipes, wires, conduits and other utility installments, and structural components running through the walls of the Units, whether or not such walls lie in whole or in part within the boundaries of any Unit.

5.3. Easements To Repair, Maintain, Restore and Reconstruct. Wherever in, and whenever by, this Declaration, the Bylaws or the Act, a Unit Owner, the Association, the Board, or any other person, is authorized to enter upon a Unit or the Common Elements to repair, maintain, restore or reconstruct all or any part of a Unit or the Common Elements, such easements as are necessary for such entry and such repair, maintenance, restoration or reconstruction are hereby declared and granted.

5.4. Declarant's Easement. Declarant hereby reserves such easements through the Common Elements as may be reasonably necessary for the purposes of discharging its obligations, exercising Special Declarant Rights, and completing the development and construction of the Condominium, which easements shall exist as long as reasonably necessary for such purposes.

5.5. Deed of Easement and Joint Use Agreement. Declarant hereby reserves for itself, its successors and assigns, and grants and assigns unto the Association and its members, the rights, privileges and easements for the nonexclusive right to the common areas and amenities of the adjacent Oyster Pointe Condominium as set forth in the Deed of Easement recorded in Book 852, at Page 520, Dare County Public Registry. A copy of the Deed of Easement is attached hereto as Exhibit F. In addition and in accordance with the Deed of Easement, the Association shall be responsible for its pro-rata share of the common expenses of the common areas and amenities of the adjacent Oyster Pointe Condominium.

5.6. Easements To Run With Land. All easements and rights described in this Article V are appurtenant easements running with the land, and except as otherwise expressly provided in this Article V shall be perpetually in full force and effect, and shall inure to the benefit of and be binding upon Declarant, the Association, Unit Owners, Occupants, Security Holders and any other person having any interest in the Condominium or any part thereof. The Condominium and every part thereof shall be conveyed and encumbered subject to and together with all easements and rights described in this Article V, whether or not specifically mentioned in any such conveyance or encumbrance.

5.7. Cable Television Easement. Declarant may attempt to negotiate a cable television wiring agreement with Falcon Cable T.V. which would provide such company with an easement for installing and maintaining a line connecting the cable television wire located in the building to cable system. Any such agreement would be entered into by the Declarant, the cable television company and the Association.

ARTICLE VI.

Restrictions, Conditions and Covenants

6.1. Compliance with Declaration, Bylaws and Rules and Regulations. Each Unit Owner and Occupant shall comply with all applicable provisions of the Act, this Declaration, the Bylaws, the Articles of Incorporation of the Association, and rules and regulations promulgated by the Board or the Association, as amended. Failure to comply shall be grounds for an action by the Association, an aggrieved Unit Owner, or any person adversely affected, for recovery of damages, injunction or other relief.

6.2. Administration of Condominium. The Condominium shall be administered in accordance with the provisions of the Act, this Declaration and the Bylaws.

6.3. Use Restricted; Use by Declarant.

(a) The Units shall be occupied and used by Unit Owners and Occupants for residential purposes only.

(b) No "For Sale" or "For Rent" signs or other window displays or advertising shall be maintained or permitted by any Unit Owner or Occupant on any part of the Condominium without the prior written consent of the Board.

(c) The foregoing provisions of this Section or any other provision of this Declaration or the Bylaws notwithstanding, Declarant may maintain sales offices and models for sales of Units in the Condominium in any of the Units owned by Declarant.

Declarant shall have the right to relocate, from time to time, and to discontinue and reestablish, from time to time, within the Condominium, until all of the Units have been conveyed to a Unit Owner other than a Declarant, any one or more of such offices or models. Declarant also shall have the right to change the use or combination of uses of such offices or models, provided that such offices or models shall be used only for sales offices or models. The total number of such offices or models maintained at any time by a Declarant shall not exceed one (1) Unit, and the size of any such office or model shall not exceed the size of the largest Unit in the Condominium. The initial office or model unit shall be Unit E-10.

(d) Declarant also may maintain signs on the Common Elements advertising the Condominium until all of the Units have been conveyed to Unit Owners other than a Declarant. Declarant shall remove all such signs not later than thirty (30) days after all of the Units have been conveyed to Unit Owners other than Declarant and shall repair or pay for the repair of all damages done by removal of such signs.

(e) The foregoing provisions of this Section or any other provision of this Declaration or the Bylaws notwithstanding, the Association may maintain an office in the Condominium for management of the Condominium.

6.4. Hazardous Use and Waste. Nothing shall be done to or kept in any Unit or the Common Elements that will increase any rate of insurance maintained with respect to the Condominium without the prior written consent of the Board. No Unit Owner or Occupant shall permit anything to be done to or kept in his Unit or the Common Elements that will result in the cancellation of insurance maintained with respect to the Condominium, or that would be in violation of any law, or that will result in the commitment of waste (damage, abuse or destruction) to or in his Unit or the Common Elements.

6.5 Alterations of Common Elements. No Unit Owner or Occupant, except Declarant during the Declarant Control Period or in accordance with Special Declarant Rights, shall alter, construct anything upon, or remove anything from, the Common Elements, or paint, decorate, landscape or adorn any portion of the Common Elements, without the prior written consent of the Board.

6.6. Renting of Units. Any Unit Owner who enters into a lease of his Unit for a lease term longer than 30 days shall promptly notify the Association of the name and address of each Lessee, the Unit rented, and the term of the lease. Other than the foregoing restrictions, each Unit Owner shall have the full right to lease his Unit.

6.7. Pets. No pet shall be allowed in the Condominium, except as may be provided by the rules and regulations promulgated from time to time by the Board or the Association or in the Bylaws.

6.8 Rules and Regulations. In addition to the foregoing restrictions, conditions and covenants concerning the use of the Condominium, reasonable rules and regulations not in conflict therewith and supplementary thereto may be promulgated and amended from time to time by the Board or the Association, as more fully provided in the Bylaws.

6.9. Restrictions, Conditions and Covenants To Run With Land. Each Unit Owner and Occupant shall be subject to all restrictions, conditions and covenants of this Declaration, and all such restrictions, conditions and covenants shall be deemed to be covenants running with the land, and shall bind every person having any interest in the Property, and shall inure to the benefit of every Unit Owner.

ARTICLE VII.

Assessments

7.1. Assessment Liens. The Board has the power to levy assessments against the Units for Common Expenses. Such assessments shall be a lien on the Units against which they are assessed, and if any payment thereof becomes delinquent, the lien may be foreclosed and the Unit sold, or a money judgment obtained against the persons liable therefor, all as set forth herein.

7.2. Obligation of Members To Pay Assessments; Amount of Levy. Until the Association levies a Common Expense assessment Declarant shall pay all accrued expenses of the Condominium. Thereafter, each Unit Owner shall be personally and severally liable for the Common Expenses that are levied against his Unit while a Unit Owner. Each Unit shall be assessed in accordance with that Unit's percentage of Common Expenses as allocated by the Declaration, as amended.

7.3. Allocation of Common Surplus. Any common surplus, including funds in reserve amounts, may be allocated to each Unit in accordance with its percentage of Common Expenses, and, if allocated, shall be owned by the Unit Owners of that Unit, and, if allocated, may be paid to the Unit Owner or credited against the Unit's share of Common Expenses subsequently assessed.

7.4. Preparation of Budget and Levying of Assessment. For each fiscal year, beginning with the fiscal year beginning January 1, 1994, the Board shall prepare and adopt a budget, including therein estimates of the amount necessary to pay the Common Expenses, together with amounts considered necessary by the Board for reserves. After preparation and adoption of each such budget, the Board shall provide each member with a copy, and shall give each member notice of the assessment made against the

member's Unit based upon such budget and may also state the interest to be charged on delinquent payments thereof. The assessment shall be deemed levied upon the giving of such notice. Provided, however, that the first budget after creation of the Condominium shall be prepared and adopted by the Board only for the balance of the then fiscal year of the Association, commencing on the date of substantial completion of all structural components and mechanical systems serving more than one Unit of the initial building to be constructed, shall be prepared and adopted as soon as practicable after said date of substantial completion, and notice of the amount of the assessment against each Unit for such balance of the fiscal year shall be given by the Board to each member as soon as practicable after adoption. Such assessment shall be deemed levied upon notice thereof given by the Board.

7.5. Assessment A Lien. Every assessment shall constitute a lien upon each Unit assessed from the date the assessment is filed of record in accordance with 7.13, prior to all other liens except only (i) real estate taxes and other governmental assessments or charges against that Unit and (ii) liens and encumbrances recorded before the recordation of the assessment lien.

7.6. Payment of Assessments. Assessments shall be payable when notice thereof is given, but shall not be delinquent if paid at the times and in the amounts specified by the Board in the notice of assessment. Except for special assessments, 1/12th of the assessment shall be paid on or before the first day of each month of the fiscal year of the Association. Payments shall be made to the Association, or as the Board may from time to time otherwise direct.

7.7. Lien As Against First Mortgagees. The lien of assessments shall be superior to the lien of a First Mortgage.

7.8. Funds and Reserves. All sums collected by the Association from assessments shall be accounted for as follows:

(a) Reserve Fund for Repairs and Replacements. To this fund shall be credited all sums collected for the purpose of effecting repairs and replacements of structural elements and mechanical equipment, and other Common Elements, of the Condominium.

(b) General Operating Reserve Fund. To this fund shall be credited all sums collected to provide a reserve for purposes of providing a measure of financial stability during period of special stress, and may be used to meet deficiencies from time to time as a result of delinquent payments of assessments and other contingencies.

(c) Maintenance Fund. To this fund shall be credited collections of assessments for all Common Expenses for the current year as well as common profits and surplus from the previous year, and not to be credited to either of the above reserve funds.

(d) Working Capital Fund. All funds, if any, received by the Association for the initial working capital fund of the Association, to defray unforeseen expenses and/or the cost of additional equipment or services deemed necessary or desirable by the Board, shall be maintained in and segregated in this fund for the uses and benefit of the Association.

The reserve fund for repairs and replacements shall be established by the Board beginning with the fiscal year beginning January 1 of the year two years after the year in which the first assessment was levied and shall be funded thereafter by regular installments rather than by extraordinary special assessments. The reserve funds described above shall be maintained only in such amounts as deemed necessary or desirable by the Board,

subject, however, to the preceding sentence. To the extent maintained, funds therein shall be held in such accounts, and with such depositories as the Board, in its discretion, selects.

7.9. Special Assessments. In addition to the assessments levied pursuant to Section 8.2., the Board, in its discretion, may levy special assessments at such other and additional times as in its judgment are required for:

(a) Maintenance, repair, restoration and reconstruction of the Common Elements, and operation of the Condominium.

(b) Alterations, improvements, and additions to the Common Elements; provided, however, that any such special assessment involving an expenditure in excess of Twenty-Five Thousand and No/100 Dollars (\$25,000.00) shall be first approved by the members entitled to cast at least fifty-one percent (51%) of the total votes in the Association at a regular or special meeting of the Association.

(c) Payment of costs and expenses incurred in curing any default or failure to comply with any of the terms or provisions of these Declarations, the Bylaws, the Act or any other Rules and Regulations.

Special assessments made pursuant to this Section shall be a Common Expense, shall be deemed levied upon notice thereof being given to the members subject to such special assessment, and shall be payable as determined by the Board and as set out in such notice.

7.10. Common Expenses Associated with Limited Common Elements or Benefiting Less Than All Units.

(a) Any Common Expense associated with the maintenance, repair, or replacement of a Limited Common Element shall be assessed against the Unit, or in equal shares to the Units, to which such Limited Common Element was allocated at the time the expense was incurred.

(b) In addition, the Association may assess any item of Common Expenses benefiting less than all of the Units against the Units benefited in proportion to their Common Expense Liability.

7.11. Failure To Prepare Budget and Levy Annual Assessment; Deficiencies in Procedure. The failure of the Board or delay of the Board in preparing any budget, and to levy or in levying assessments, shall not constitute a waiver or release of the members obligation to pay assessments whenever the same shall be determined and levied by the Board. Until a new assessment is levied by the Board pursuant to Section 8.3. each member shall continue to pay the assessment then previously levied pursuant to Section 8.3. in the same amount and at the same periodic times as levied, or as the Board may otherwise advise in writing. Also, any deficiencies or inadequacies in the procedure followed by the Board in levying an assessment shall not in any way affect its validity or the obligation of members to pay such assessment.

7.12. Assessment Roll; Certificate. All assessments shall be set forth upon a roll of the Units, which shall be available in the office of the Association for inspection at all reasonable times by members and Security Holders, and their duly authorized representatives. Such roll shall include, for each Unit, the name and address of the member or members, all assessments levied, and the amount of all assessments unpaid. The Association, upon written request, shall furnish to a Unit Owner, or his authorized agent, a recordable certificate setting forth the amount of unpaid assessments currently levied against his Unit. The certificate shall be furnished within 7 business days

after receipt of the request and shall be binding upon the Association and all Unit Owners. For such certificate a reasonable fee may be charged by the Board.

7.13 Default and Enforcement. If any assessment, or installment thereof, remains delinquent for thirty (30) days, then that assessment, and all other delinquent assessments including all remaining assessments for that fiscal year, shall constitute a lien on that Unit when filed of record in the office of the Clerk of Superior Court for Dare County as provided in 47C-3-116 of the Act. Said assessments may be declared by the Board to be immediately due and payable in full, with interest, without further notice, and may be foreclosed by the Association in the manner provided by Chapter 47C-3-116 of the Act. All fees, late charges, attorneys fees, fines or interest levied or collected by the Association in connection with any unpaid assessments shall have the same priority as the assessment to which they related.

If any action is taken by the Association to foreclose a lien on a Unit because of unpaid assessments, the Unit Owner shall be required to pay a reasonable rent for the use of the Unit during the period of redemption from such foreclosure, and the Association shall be entitled to the appointment of a receiver to collect the same.

In addition to the foregoing, and without waiving its lien, the Association may sue to obtain a money judgment for the amount of any delinquent assessment, or installment thereof, together with interest, and the members so sued and liable for such assessment shall pay all costs of collection, including reasonable attorneys fees, with interest thereon at the same rate as charged on the assessments being collected from the date incurred until paid.

7.14 Interest on Delinquent Assessments. Assessments, or installments thereof, paid before they become delinquent, shall not bear interest, but all delinquent sums shall bear interest at the rate of eighteen percent (18%) per year and shall not exceed the maximum rate of interest allowed by the Act, from the date delinquent until paid. All payments upon account shall be applied first to interest and then to the assessment, or installment thereof, longest delinquent. All such interest shall have the same priority as the assessment on which such interest accrues.

7.15. Common Expenses. Common Expenses shall mean and include all sums declared Common Expenses by the Act, or by any specific provision of the Bylaws or the Declaration, and shall include, without limitation, the following: real estate taxes, and other governmental assessments or charges against the Property until the Units are separately assessed; premiums for any and all insurance maintained by the Association, including any deductible or coinsurance amount not covered by insurance; utility charges not charged directly to Unit Owners; legal and accounting fees; costs and expenses incurred by the Board in carrying out its duties; deficits remaining from any interest, incurred in connection with any borrowing done by the Association; the cost of all fidelity bonds; costs imposed upon the Association or any part of the Common Elements or the Property by, or incurred by the Association as a result of the performance, enforcement or amendment of, any agreement or easement to which the Association is a party or to which the Common Elements or Property, or any part of either thereof, is or may be subject, including without limitation the Deed of Easement and Joint Use Agreement; amounts determined necessary for reserve funds; and indemnity payments made by the Association pursuant to this Declaration or the Bylaws.

7.16. Personal Liability of Transferees; Statement; Liability of First Mortgagee.

(a) The personal obligation for assessments which are delinquent at the time of transfer of a Unit shall not pass to the transferee of said Unit unless said delinquent assessments are expressly assumed by said transferee.

(b) Any transferee referred to in (a) above shall be entitled to a statement from the Board, pursuant to Section 7.2 of the Bylaws, and such transferee's Unit shall not be subject to a lien for any unpaid assessments against such Unit in excess of the amount therein set forth.

(c) Where a mortgagee or the beneficiary of a deed of trust, or other person claiming through such deed of trust, pursuant to the remedies provided in a deed of trust or debt instrument, or by foreclosure or by deed, or assignment, in lieu of foreclosure, obtains title to a Unit, the liability of such mortgagee or such other person defined herein for assessments shall be only for the assessments, or installments thereof, that would become delinquent, if not paid, after acquisition of title. For purposes hereof, title to a Unit shall be deemed acquired by foreclosure upon expiration of the applicable period of redemption.

(d) Without releasing the transferor from any liability therefor, any unpaid portion of assessments which is not a lien under (b) above or, resulting as provided in (c) above, from the exercise of remedies in a deed of trust, or by foreclosure thereof or by deed, or by assignment, in lieu of such foreclosure, shall be a Common Expense collectible from all Unit Owners, including the transferee under (b) above and the purchaser at foreclosure or such other person under (c) above who acquires ownership by foreclosure or by deed, or assignment, in lieu of foreclosure.

7.17. Prohibition of Exemption from Liability for Contribution Toward Common Expenses. No Unit Owner may exempt himself from liability for his share of the Common Expenses assessed by the Association by waiver of the use or enjoyment of any of the Common Elements or by abandonment of his Unit or otherwise.

ARTICLE VIII.

Management, Maintenance, Repairs, Replacement, Alterations and Improvements

8.1. Common Elements.

(a) By the Association. The management, replacement, maintenance, repair, alteration and improvement of the Common Elements shall be the responsibility of the Association, and, subject to the provisions of Section 8.2 hereof, the cost thereof shall be a Common Expense to the extent not paid by Unit Owners pursuant to Section 8.1(b) hereof. All damage caused to a Unit by any work on or to the Common Elements done by or for the Association shall be repaired by the Association, and the cost thereof shall be a Common Expense.

(b) By Unit Owners. Each Unit Owner shall pay all costs to repair and replace all portions of the Common Elements that may become damaged or destroyed by reason of his intentional acts of the intentional acts of any Occupant of his Unit. Such payment shall be made upon demand made by the Association.

8.2. Common Expenses Associated with Limited Common Elements or Benefiting Less Than All Units.

(a) Any Common Expense associated with the maintenance, repair, or replacement of a Limited Common Element shall be assessed against the Unit, or in equal shares to the Units, to which such Limited Common Element was allocated at the time the expense was incurred.

(b) In addition, the Association may assess any Common Expense Benefiting less than all of the Units against the Units benefited in proportion to their Common Expense liability.

8.3. Units. Each Unit Owner shall maintain his Unit at all times in a good and clean condition, and repair and replace, at his expense, all portions of his Unit; shall perform his responsibilities in such manner as not to unreasonably disturb other Occupants; shall promptly report to the Board, or its agents, any defect or need for repairs the responsibility for which is that of the Association; and, to the extent that such expense is not covered by the proceeds of insurance carried by the Association, shall pay all costs to repair and replace any portion of another Unit that has become damaged or destroyed by reason of his own acts or omissions, or the acts or omissions of any Occupant of his Unit. Such payment shall be made upon demand by the Unit Owners of such other Unit. Nothing herein contained shall modify any waiver by insurance companies of rights of subrogation.

8.4. Waiver of Claims. Except only as provided in Section 8.5(a) and (b), the Association agrees that it shall make no claim against a Unit Owner or Occupant, and each Unit Owner and Occupant agrees that he shall make no claim against the Association, the members of the Board, officers of the Association, or employees or agents of any thereof, or against any manager retained by the Board, or his or its officers, directors, employees or agents, or other Unit Owners or Occupants, for any loss or damage to any of the Property, or to a Unit or personal property therein, even if caused by the omission or neglect of any one or more of such persons and all such claims are hereby waived and released; provided, that this waiver shall not apply to any such loss or damage due to intentional acts.

8.5. Right of Entry.

(a) By the Association. The Association, and any person authorized by the Association, may enter any Unit or any of the Limited Common Elements in case of any emergency or dangerous condition or situation originating in or threatening that Unit or any of the Limited Common Elements. The Association, and any person authorized by the Association, after reasonable notice to a Unit Owner or Occupant, may enter that Unit or any of the Limited Common Elements for the purposes of performing any of the Association's duties or obligations or exercising any of the Association's powers under the Act, the Declaration or the Bylaws with respect to that or any other Unit, any Limited Common Elements, or the Common Elements. Notwithstanding Section 8.4, the Association shall be responsible for the repair of any damage caused by the Association or its authorized person to the entered Unit, and the cost thereof shall be a Common Expense. All such entries shall be made and done so as to cause as little inconvenience as possible to the Unit Owner and Occupant of the entered Unit or any portion of the Limited Common Elements allocated to the Unit Owner.

(b) By Unit Owners. Each Unit Owner and Occupant shall allow other Unit Owners and Occupants, and their representatives, to enter his Unit, or Limited Common Elements allocated to his Unit, when reasonably necessary for the purpose of altering, maintaining, repairing or replacing the Unit, or performing the duties and obligations under the Act, this Declaration or the Bylaws, of the Unit Owner or Occupant making such entry, provided

that requests for entry are made in advance and that such entry is at a time convenient to the Unit Owner or Occupant whose Unit or Limited Common Element is to be entered. In case of an emergency or dangerous condition or situation, such right of entry shall be immediate. Notwithstanding Section 8.4, the person making such entry shall be responsible for repair of any damage caused by such person to the entered Unit or Limited Common Element.

ARTICLE IX.

Insurance

9.1. Casualty Insurance. The Association shall maintain casualty insurance upon the Property in the name of, and the proceeds thereof shall be payable to, the Association, as trustee for all Unit Owners and Security Holders as their interests may appear, and be disbursed pursuant to the Act. Such insurance shall be in an amount equal to not less than the full insurable value of the Property on a replacement cost basis and shall insure against such risks and contain such provisions as the Board from time to time shall determine, but at a minimum shall conform in all respects to the requirements of the Act, and shall provide that, notwithstanding any provision thereof that gives the insurer an election to restore damage in lieu of making a cash settlement, such option shall not be exercisable if such restoration is prohibited pursuant to Section 47C-3-112(g) of the Act.

9.2. Public Liability Insurance. The Association shall maintain public liability insurance for the benefit of the Unit Owners, Occupants and holders of a vendor's interest in a contract for deed on a Unit, the Association, the Board, the manager, if any, the Declarant, and their respective officers, directors, agents and employees, in such amounts and with such coverage as shall be determined by the Board; provided that the public liability insurance shall be for at least One Million Dollars (\$1,000,000) per occurrence for death, bodily injury and property damage. Said insurance shall contain a severability-of-interest endorsement precluding the insurer from denying liability because of negligent acts of any insured; insure all of such benefited parties against such liability arising out of or in connection with the use, ownership or maintenance of the Common Elements, and the streets, sidewalks and public spaces adjoining the Condominium; and insure the Association, the Board, the manager, if any, and their respective officers, directors, agents and employees against such liability arising out of or in connection with the use or maintenance of the Units. In the event that the market for insurance does not have available at a price or cost justifiable by reasonable decision of the Board of Directors of the Association the insurance specified herein, the Board may make such judgments as to insurance as necessary consistent with the intentions of this paragraph for the best interest of the Association.

9.3. Fidelity Coverage. Fidelity coverage shall be maintained by the Association in commercial blanket form covering each director and officer of the Association, any employee or agent of the Association and any other person handling or responsible for handling funds of the Association in the face amount of at least the greater of (i) one and one-half (1-1/2) times the estimated annual operating expenses and reserves of the Association, or (ii) the sum of three months' aggregate assessments on all units plus the Association's reserve funds. Such bonds shall contain an appropriate endorsement to cover persons who serve without compensation. The premiums on such bonds shall be a Common Expense.

9.4. Other Insurance. The Association may procure such other insurance, including worker's compensation insurance, as it may from time to time deem appropriate to protect the Association or the Unit Owners. If at least one Unit is subject to

FNMA/FHLMC financing, the Association shall obtain and keep in force such insurance as the standards for FNMA/FHLMC approved loans shall require from time to time.

9.5. Insurance Trustee. The Board may engage, and pay as a Common Expense, any appropriate person to act as an insurance trustee to receive and disburse insurance proceeds upon such terms as the Board shall determine, consistent with the provisions of the Act and this Declaration.

9.6. Individual Policy for Unit Owners. Each Unit Owner may obtain insurance, at his own expense, affording personal property, additional living expense, condominium assessment, personal liability, and any other coverage obtainable, to the extent and in the amounts such Unit Owner deems necessary to protect his own interests; provided that any such insurance shall contain waivers pursuant to Section 8.4 and shall provide that it is without contribution as against the insurance purchased by the Association. If a casualty loss is sustained and there is a reduction in the amount of the proceeds that would otherwise be payable on the insurance purchased by the Association due to the proration of insurance purchased by a Unit Owner under this Section, such Unit Owner shall be liable to the Association to the extent of such reduction and shall pay the amount of such reduction to the Association upon demand, and assigns the proceeds of his insurance, to the extent of such reductions, to the Association.

ARTICLE X.

Casualty Damage

If all or any part of the Property shall be damaged or destroyed, the same shall be repaired or replaced, and proceeds of insurance shall be used and applied in accordance with the provisions of Section 47C-3-113 of the Act.

ARTICLE XI.

Condemnation

In the event of a taking by eminent domain, or by a conveyance in lieu thereof, of all or any part of the Property, the same shall be repaired or restored, and the awards paid on account thereof shall be used and applied in accordance with Section 47C-1-107 of the Act.

ARTICLE XII.

Termination

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

ARTICLE XIII.

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, except that no amendment altering or impairing Special Declarant Rights may be made without the written consent of Declarant.

ARTICLE XIV.

Rights of First Mortgagees;
VA, FNMA and FHLMC Provisions

The following provisions shall take precedence over all other provisions of this Declaration and the Bylaws:

14.1. Amendments during Declarant Control Period. Any amendments to this Declaration or to the Bylaws during the Declarant Control Period 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.

14.2. Availability of Condominium Documents, Books, Records and Financial Statements. The Association shall, upon request and 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 Bylaws, 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, Bylaws, other rules and regulations governing the Condominium, and the most recent annual audited financial statement (if one is prepared).

14.3. 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.

14.4. Rights of Action. The Association and any aggrieved Unit Owner shall have a right of action against Unit Owners 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 Bylaws.

14.5. 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 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.

14.6. 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.

14.7. Consent of First Mortgagees. This Section 14.7 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 14.9 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 any of the Additional Real Estate to the Condominium or developing or withdrawing the Withdrawable Land in accordance with the provisions hereof, any amendment to the Declaration or Bylaws 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; BK 878 PG 0815
- (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) convertibility 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 his 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 Bylaws;
- (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.

14.8. Consent of First Mortgagees or Unit Owners. This Section 14.8 shall be effective only if, at 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 a 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 be entitled to:

- (a) by act or omission, seek to abandon or terminate the Condominium;
- (b) except in the case of any addition of the Additional Real Estate pursuant to the provisions hereof or in the case of the conversion or withdrawal of the Withdrawable Land pursuant to the provisions hereof 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 ownership of each Unit in the Common Elements;
- (c) partition or subdivide any Unit;
- (d) except in the case of any addition of the Additional Real Estate pursuant to the provisions hereof or in the case of the conversion or withdrawal of the Withdrawable Land pursuant to the provisions hereof 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 be 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.

14.9. 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 Bylaws 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 14.7), such as for the correction of technical errors or for clarification, any First Mortgagee who receives a written request by the Association, or any Unit Owner, to approve an addition or amendment to the Declaration or Bylaws who does not deliver or post to the requesting party a negative response within 30 days shall be deemed to have approved such request.

14.10. Assessments. Assessments shall be due and payable in monthly installments. As provided in Article VII herein and as legally required by Section 47C-3-115 of the Act, 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 assessments until an assessment is levied. Assessments will begin at such time as the Board elects.

14.11. Rights of First Mortgagee; Insurance Proceeds or Condemnation Awards. With respect to First Mortgages held by or for the benefit of FNMA/FHMLC, no provision of this Declaration or the Bylaws 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.

14.12. Additional Real Estate; Common Element Interests; Reallocation. If the Additional Real Estate, or any portion thereof, is added to the Condominium, the ownership interest in the Common Elements and the liability for Common Expenses for each Unit shall be reallocated in proportion to the area of each Unit to the area of all Units and the voting rights in the Association shall be reallocated on the basis of equality. Amendment to this Declaration shall comply with the provisions of the Act. The effective date for the assignment of assessments to the Units added to the Condominium shall be the date the Board levies an assessment against said Units. All improvements intended to be located within any portion of the Additional Real Estate added to the Condominium shall be substantially completed prior to the addition of said portion of the Additional Real Estate.

14.13 Withdrawable Land. If any portion or all of the Withdrawable Land is developed into Units, the ownership interest in the Common Elements and the liability for Common Expenses for each Unit shall be reallocated in proportion to the area of each Unit to the area of all Units and the voting rights in the Association shall be reallocated on the basis of equality such that each Unit is entitled to one (1) vote. All amendments to this Declaration shall comply with the provisions of the Act. The effective date for the assignment of assessments to Units created shall be the date the Board levies such an assessment against said Unit. All improvements intended to be located within any portion of the Withdrawable Land shall be substantially completed prior to the addition of said Units to the Condominium.

ARTICLE XV.

General Provisions

15.1. Conflict with the Act; Severability. Should any of the terms, conditions, provisions, paragraphs, or clauses of this Declaration conflict with any provisions of the Act, the provisions of the Act shall control unless the Act permits the Declaration to override the Act, in which event the Declaration shall control. The invalidity of any covenant, restriction, condition, limitation, provision, paragraph or clause of this Declaration, or of any part of the same, or the application thereof to any person or circumstance, shall not impair or affect in any manner the validity, enforceability or effect of the rest of this Declaration, or the application of any such covenant, restriction, condition, limitation, provision, paragraph or clause to any other person or circumstances.

15.2. Interpretation of Declaration. Whenever appropriate singular may be read as plural, plural may be read as singular, and the masculine gender may be read as the feminine or neuter gender. Compound words beginning with the prefix "here" shall refer to this entire Declaration and not merely to the part in which they appear.

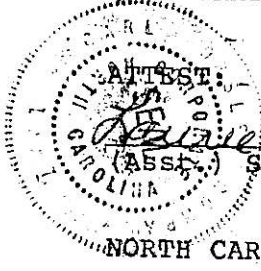
15.3. Captions. The captions herein are only for convenience and reference and do not define, limit or describe the scope of this Declaration, or the intent of any provision.

15.4. Exhibits. The exhibits referenced in this declaration are incorporated herein by reference, whether or not they are attached hereto and recorded herewith.

BK 878 PG 0818

In Witness Whereof, the Declarant has executed this Declaration as of the day and year first above written.

(CORPORATE SEAL)



CARL WORSLEY COMPANY

By: Carl Worsley

Secretary

NORTH CAROLINA

DARE COUNTY

I, the undersigned Notary Public, do hereby certify that LAURIE C. WORSLEY personally came before me this day and acknowledged that he/she is (Asst.) Secretary of Carl Worsley Company 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/herself as its (Asst.) Secretary.

WITNESS my hand and notarial seal this 9th day of August, 1993.

Nana Williams
Notary Public

My commission expires:

5/18/95



NORTH CAROLINA, DARE COUNTY

The foregoing certificate of Nana Williams, a Notary Public of Dare County, North Carolina, certified to be correct. This instrument and this certificate are duly registered in this office in the book and at the page and on the date and at the time shown on the first page hereof.

Dennis A. Fry
Register of Deeds

By: Nelva B. Garrison
Assistant/Deputy

EXHIBIT "A" TO DECLARATION

All of that certain parcel of land located in the Town of Kill Devil Hills in the vicinity of First Flight Village, Atlantic Township, Dare County, North Carolina, and designated as "OYSTER POINTE II CONDOMINIUM BUILDING E 17,491 SQ. FT. 0.40 AC." as shown on that certain plat entitled "A PLAT OF OYSTER POINTE II CONDOMINIUM", dated August 5, 1993, prepared by James L. Overton, Sr., R.L.S., and recorded in Unit Ownership File 4, at Slides 455 thru 458 which property is more particularly described as follows:

The point of beginning of this description is located at certain bearings and distances from a point of reference. The point of reference is identified as the Northwestern corner of Lot No. 111 of the First Flight Village, Section 3, Phase B, as shown on the plat recorded in Plat Cabinet B, at Slide 50, of the Dare County Registry. The point of beginning is located by the following courses and distances from the point of reference:

Running from the point of reference North 02 deg. 03 min. 41 sec. East a distance of 53.73 feet (Field) to an iron rod found; thence turning and running North 11 deg. 06 min. 57 sec. West a distance of 105.00 feet to a point; thence turning and running North 55 deg. 53 min. 03 sec. East a distance of 123.00 feet to an iron rod set, said iron rod set being the point and place of Beginning. Thence running from the point of Beginning as established by the preceding courses and distances from the point of reference as follows: North 34 deg. 06 min. 57 sec. West a distance of 95.00 feet to a point; thence North 05 deg. 53 min. 03 sec. East a distance of 95.26 feet to a point; thence North 49 deg. 08 min. 16 sec. East a distance of 51.59 feet to an iron rod set; thence North 79 deg. 08 min. 16 sec. East a distance of 30.00 feet to an iron rod set; thence South 10 deg. 51 min. 44 sec. East a distance of 63.64 feet to an iron rod set; thence South 60 deg. 06 min. 03 sec. East a distance of 53.00 feet to an iron rod set; thence South 29 deg. 53 min. 57 sec. West a distance of 47.79 feet to a point; which point is located at the back of a concrete walk; thence continuing in a Southerly direction along the arc of a curve to the left having a radius of 36.38 feet, a distance of 40.46 feet to an iron rod set; thence South 34 deg. 06 min. 57 sec. East a distance of 2.30 feet to a point; thence South 55 deg. 53 min. 03 sec. West a distance of 75.00 feet to an iron rod set being the point and place of Beginning.

Together with those certain rights, privileges and easements set forth in that Deed of Easement dated February 19, 1993, and recorded in Book 852, at Page 520, Dare County Registry.

EXHIBIT "B" TO DECLARATION

All of that certain parcel of land located in the Town of Kill Devil Hills in the vicinity of First Flight Village, Atlantic Township, Dare County, North Carolina, designated as "WITHDRAWABLE LAND (8,573 S.F.)" and being a part of that certain parcel designated as "OYSTER POINTE II CONDOMINIUM BUILDING E 17,491 SQ. FT. 0.40 AC." as shown on that certain plat entitled "A PLAT OYSTER POINTE II CONDOMINIUM", dated August 5, 1993, prepared by James L. Overton, Sr., R.L.S., and recorded in Unit Ownership File 4, at Slides 455 thru 458, said property being more particularly described as follows:

The point of beginning for this description is located by certain bearings and distances from a point of reference. The point of reference is identified as the Northwestern corner of Lot No. 111 of the First Flight Village, Section 3, Phase B, as shown on the plat recorded in Plat Cabinet B at Slide 50 of the Dare County Registry. The point of beginning is located by the following courses and distances from the point of reference:

Running from the point of reference North 02 deg. 03 min. 41 sec. East a distance of 53.73 feet (Field) to an iron rod found; thence turning and running North 11 deg. 06 min. 57 sec. West a distance of 105.00 feet to a point; thence turning and running North 55 deg. 53 min. 03 sec. East a distance of 123.00 feet to an iron rod; thence North 34 deg. 06 min. 57 sec. West a distance of 95.00 feet to a point; said point being the place of Beginning. Thence running from the point of Beginning, as established by the preceding courses and distances, as follows: North 05 deg. 53 min. 03 sec. East a distance of 95.26 feet to a point; thence North 49 deg. 08 min. 16 sec. East a distance of 51.59 feet to an iron rod; thence North 79 deg. 08 min. 16 sec. East a distance of 30.00 feet to an iron rod; thence South 10 deg. 51 min. 44 sec. East a distance of 63.64 feet to an iron rod; thence South 60 deg. 06 min. 03 sec. East a distance of 53.00 feet to an iron rod; thence South 29 deg. 53 min. 57 sec. West a distance of 15.00 feet to a point; thence North 60 deg. 06 min. 03 sec. West a distance of 53.00 feet to an iron rod; thence South 30 deg. 26 min. 07 sec. West a distance of 22.45 feet to a point; thence South 48 deg. 10 min. 59 sec. West a distance of 33.00 feet to a point; thence South 69 deg. 42 min. 27 sec. West a distance of 49.89 feet to the point and place of beginning.

EXHIBIT "C" TO DECLARATION

All of those certain parcels of land located in the Town of Kill Devil Hills in the vicinity of First Flight Village, Atlantic Township, Dare County, North Carolina and designated as "EXHIBIT C ADDITIONAL REAL ESTATE" as shown on that certain plat entitled "A PLAT OF OYSTER POINTE II CONDOMINIUM" dated August 5, 1993, prepared by James L. Overton, Sr., R.L.S., and recorded in Unit Ownership File 4, at Slides 455 thru 458, which properties are more particularly described as follows:

That parcel identified on the aforesaid plat as "EXHIBIT C ADDITIONAL REAL ESTATE 131,091 SQ. FT. 3.01 AC" and having the following metes and bounds description: The point of beginning of this description is located at certain bearings and distances from a point of reference. The point of reference is identified as the Northwestern corner of Lot 111 of the First Flight Village, Section 3, Phase B, as shown on the plat recorded in Plat Cabinet B, at Slide 50, of the Dare County Registry. The point of Beginning is located by the following courses and distances from the point of reference: Running from the point of reference North 02 deg. 03 min. 41 sec. East a distance of 53.73 feet (field) to an iron rod found; thence turning and running North 11 deg. 06 min. 57 sec. West a distance of 105.00 feet to the point and place of Beginning. Thence running from the point of Beginning as established by the preceding courses and distances, as follows: North 11 deg. 06 min. 57 sec. West a distance of 68.76 feet to an iron rod; thence North 04 deg. 13 min. 31 sec. West a distance of 190.02 feet to an iron rod; thence North 04 deg. 02 min. 57 sec. East a distance of 394.21 feet to an iron rod; thence running South 84 deg. 16 min. 05 sec. East a distance of 317.31 feet to an iron rod; thence running South 60 deg. 45 min. 55 sec. East a distance of 150.53 feet to a point; thence South 29 deg. 14 min. 05 sec. West a distance of 63.00 feet to a point; thence South 77 deg. 06 min. 45 sec. West a distance of 48.88 feet to a point; thence South 29 deg. 52 min. 29 sec. West a distance of 50.00 feet to a point; thence North 60 deg. 07 min. 31 sec. West a distance of 53.37 feet to a point; thence along the arc of a curve to the left having a radius of 23.00 feet a distance of 36.05 feet to a point; thence South 30 deg. 03 min. 51 sec. West a distance of 95.96 feet to a point; thence South 55 deg. 06 min. 03 sec. East a distance of 1.55 feet to a point; thence South 79 deg. 53 min. 57 sec. West a distance of 48.00 feet to a point; thence South 29 deg. 53 min. 57 sec. West a distance of 96.00 feet to an iron rod; thence South 79 deg. 08 min. 16 sec. West a distance of 30.00 feet to an iron rod; thence South 49 deg. 08 min. 16 sec. West a distance of 51.59 feet to a point; thence South 05 deg. 53 min. 03 sec. West a distance of 95.26 feet to a point; thence South 34 deg. 06 min. 57 sec. East a distance of 95.00 feet to an iron rod; thence South 55 deg. 53 min. 03 sec. East a distance of 123.00 feet to the point and place of Beginning.

Together with that parcel identified on the aforesaid plat as "EXHIBIT C ADDITIONAL REAL ESTATE 15,771 SQ. FT. 0.36 AC." and having the following metes and bounds description: The point of beginning of this description is located at certain bearings and distances from a point of reference. The point of reference is identified as the Northwestern corner of Lot No. 111 of the First Flight Village, Section 3, Phase B, as shown on the plat recorded in Plat Cabinet B, at Slide 50, of the Dare County Registry. The point of beginning is located by the following courses and distances from the point of reference: Running from the point of reference North 02 deg. 03 min. 41 sec. East a distance of 53.73 feet (Field) to an iron rod found; thence turning and running North 11 deg. 06 min. 57 sec. West a distance of 105.00 feet to a point; thence turning and running North 55 deg. 53 min. 03 sec. East a distance of 198.00 feet to a point; thence running North 67 deg. 34 min. 36 sec. East a distance of 68.43 feet to a point; thence running North 29 deg. 56 min. 20 sec. West a distance of 112.18 feet to a point being the point and place of Beginning.

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Thence running from the point of Beginning as established by the preceding courses and distances from the point of reference as follows: North 29 deg. 56 min. 20 sec. East a distance 145.21 feet to a point; thence running South 59 deg. 17 min. 18 sec. East a distance of 100.35 feet to a point; thence running South 22 deg. 56 min. 03 sec. East a distance of 144.86 feet to an iron rod set; thence running North 60 deg. 06 min. 02 sec. West a distance of 118.01 feet to the point and place of Beginning.

EXHIBIT D

For the purpose of the first phase of the Oyster Pointe II Condominiums project, there are no Limited Common Elements.

EXHIBIT E

UNIT ALLOCATIONS

<u>Unit No.</u>	<u>Percentage of Undivided Interest in Common Elements</u>	<u>Percentage of Common Expenses</u>	<u>Votes in Association</u>
E-1	16.66%	16.66%	1
E-2	16.66%	16.66%	1
E-5	16.66%	16.66%	1
E-6	16.66%	16.66%	1
E-9	16.66%	16.66%	1
E-10	16.66%	16.66%	1

At such time as additional units are added to the Condominium, the percentage of undivided interest in Common Elements and the percentage of undivided interest in Common Expenses will be reallocated. The formula for such reallocation and for successive reallocations will be to calculate the area of each unit and the area of the total units and determine the percentage that each unit bears to the whole, which percentage will be the revised or reallocated percentage. For purposes of votes, each unit shall have one vote, without regard to the area of the unit or the number of bedrooms.

EXHIBIT "F" TO DECLARATION

BK 850 1520

'93 MAR 12 PM 4 14

STATE OF NORTH CAROLINA
COUNTY OF DARE

Prepared by
and
Return to:
WILLIAM V. POWER
ATTORNEY AT LAW
KITTY HAWK, N.C. 27949

EXEMPT
DARE COUNTY TAX
COLLECTOR
NO. 57-03

DEED OF EASEMENT

THIS DEED OF EASEMENT, made this 19 day of February, 1993, by and between the Oyster Pointe on Kitty Hawk Bay Owners Association, Inc., a non-profit North Carolina corporation (the "Association"), as Grantor; and Kitty Hawk Bay Development Corporation, a North Carolina corporation ("Developer"), as Grantee.

W I T N E S S E T H :

THAT WHEREAS, Developer is the owner in fee simple of certain real estate situated in the Town of Kill Devil Hills, County of Dare, State of North Carolina, more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference, 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 (the "Property"); and

WHEREAS, the Property consists of the remaining additional real estate of the Oyster Pointe Condominium ("Oyster Pointe") and is located adjacent to Oyster Pointe; and

WHEREAS, Developer desires to develop the Property as a condominium (the "Planned Condominium") which shall include up to sixty-three (63) condominium units; and

WHEREAS, the Developer has conveyed to the Association certain real estate which was previously owned by Developer, which portion includes the "ASPHALT" area as shown on the "plat" hereinafter defined; and

WHEREAS, in order to develop the Property, Developer requires a non-exclusive, perpetual easement in, to, upon and over the common elements of Oyster Pointe for access, ingress, egress and regress by pedestrians and by vehicular means, including, without limitation, town, county and other public vehicles, to and from the

Property; the Oyster Pointe common elements as defined in the Condominium Declaration dated January 7, 1987, made by Developer, and recorded in Book 492, at page 454, Dare County Registry, as amended from time to time, including in part and without limitation, the pool, the tennis courts, the sewage disposal system, all of the asphalt parking areas and the private streets (collectively hereinafter referred to as the "Oyster Pointe Common Elements") and the streets designated as "Bay Drive" on the "Plat" hereinafter defined; and

WHEREAS, the members of the Association are the condominium unit owners of Oyster Pointe who collectively own the Oyster Pointe Common Elements which condominium is shown on the plat (the "Plat") entitled "PLAT SHOWING OYSTER POINTE CONDOMINIUM, PHASE III, BUILDING F", surveyed 9/23/87, revised 11/30/88, by C. P. Lewis, Jr., R.L.S., and recorded in Unit Ownership File 4, Pages 184-185 in the Office of the Register of Deeds, Dare County, North Carolina; and

WHEREAS, the Association desires to grant the aforementioned easement to the Developer, its successors and assigns, including, without limitation, the successors in interest to the Developer as owners of the condominium units in the Planned Condominium for the Property.

NOW, THEREFORE, for and in consideration of the mutual covenants contained herein, the sum of Ten Dollars (\$10.00) and the premises and other valuable considerations, the receipt and sufficiency of which are acknowledged by the parties, the Association does hereby grant, bargain, sell and convey unto the Developer, its successors and assigns, a non-exclusive, perpetual right and easement for access, ingress, egress and regress by pedestrians and by vehicular means, to and from the Property, the Oyster Pointe Common Elements, and the street designated as Bay Drive on the Plat. The easement shall be on, over and across those certain areas of land described herein and in the Declaration of Covenants for Oyster Pointe Condominium, as amended, as the Oyster Pointe Common Elements being situated in the Oyster Pointe

Condominium, in Kill Devil Hills, Dare County, State of North Carolina, and more particularly shown on the plats and plans of Oyster Pointe Condominium recorded in the Dare County Public Registry.

TO HAVE AND TO HOLD said right and easement as described herein to the Developer, its successors and assigns, including without limitation the successors in interest to the Developer as owners of the condominium units in the Planned Condominium, it being agreed that the right and easement hereby granted is appurtenant to, and runs with, the Property now owned by Developer as aforesaid.

This Deed of Easement is made subject to the following conditions.

1. Said easement is given for the sole purpose of ingress, egress, and regress of the Developer, its successors, assigns, agents, invitees and licensees, and the future members of the unit owners' association of the Planned Condominium, being the condominium unit owners of the Planned Condominium which may be built hereafter on the Property, their family members, heirs, successors, assigns, agents, tenants, invitees and licensees. The Planned Condominium to be constructed on the Property shall not exceed 63 condominium units, and the use of the Oyster Pointe Common Elements shall be available to the owners of said 63 condominium units, their family members, heirs, successors, assigns, agents, tenants, invitees and licensees. The use of the Oyster Pointe Common Elements shall be subject to the use by the Association, its successors, assigns, invitees and licensees, and each of the members of the Association, including all unit owners in Oyster Pointe, their family members, heirs, successors, assigns, agents, tenants, invitees and licensees.

2. Said easement together with the use of the Oyster Pointe common elements granted hereby shall be expressly subject to the terms and conditions of the Joint Use Agreement between the Association and the Developer dated February 10, 1993, a copy of which Joint Use Agreement is attached hereto and made a part hereof.

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3. The Developer, its successors and assigns, and the Association, its successors and assigns, agree to indemnify and hold harmless one another from all damages growing out of or in any way connected with the use of the Oyster Pointe Common Elements.

4. Kitty Hawk Bay Development Corporation executes this Deed of Easement to acknowledge its consent to and agreement with the terms and conditions of the aforesaid easement.

IN WITNESS WHEREOF, the parties hereto have caused this Deed of Easement to be duly executed.

(Corporate Seal)
ATTEST
Harold D. Seaman
(Asst.) Secretary

OYSTER POINT ON KITTY HAWK BAY OWNERS ASSOCIATION, INC.
By: *Stuart R. Bell*
Stuart R. Bell, President
STUART L. BELL

(Corporate Seal)
ATTEST
Robert F. Harrell
Robert F. Harrell, Secretary

KITTY HAWK BAY DEVELOPMENT CORPORATION
By: *John H. High*
John H. High, President

STATE OF NORTH CAROLINA
COUNTY OF DARE

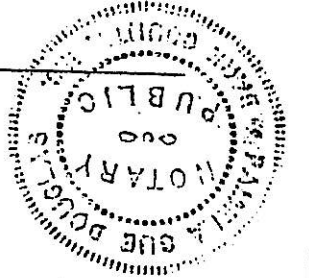
I, a Notary Public of the County and State aforesaid, certify that Harold D. Seaman personally came before me this day and acknowledged that he is (Asst.) Secretary of Oyster Pointe on Kitty Hawk Bay Owners Association, Inc., a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal and attested by

Harold D. Seaman as its (Asst.) Secretary.

Witness my hand and official stamp or seal, this 7th day of December, 1992.

My commission expires: 11/26/94

Parola Sue Douglas
Notary Public



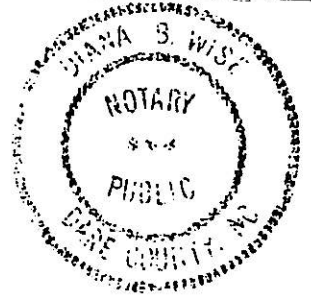
STATE OF NORTH CAROLINA
COUNTY OF DARE

I, a Notary Public of the County and State aforesaid, certify that Robert F. Harrell personally came before me this day and acknowledged that he is Secretary of Kitty Hawk Bay Development 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 him as its Secretary.

Witness my hand and official stamp or seal, this 19th day of February, 1993.

My commission expires: May 17, 1997
r\oyster.de

Dianna S. Wise
Notary Public



NORTH CAROLINA DARE COUNTY

The foregoing certificate(s) of Parola Sue Douglas & Dianna S. Wise both being Notaries Public of Dare County, 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
By Dianna S. Wise Assistant Register of Deeds

EXHIBIT A TO DEED OF EASEMENT

Being a portion of those certain parcels of land located in the Town of Kill Devil Hills in the vicinity of First Flight Village, Atlantic Township, Dare County, North Carolina and designated as "EXHIBIT A-1 ADDITIONAL REAL ESTATE 4.59 AC." as shown on that certain plat (the "Plat") entitled "PLAT SHOWING OYSTER POINTE CONDOMINIUM PHASE III, BUILDING F", surveyed 9/23/87, revised as built 11/30/88, by C. P. Lewis, Jr., R.L.S., and recorded in the Office of the Register of Deeds in Dare County, North Carolina, in Unit Ownership File 4, at Pages 184-185, which property is more particularly described therein as follows:

The point of beginning for this description is located by certain bearings and distances from a point of reference. The point of reference is identified as the Northeastern corner of Lot No. 118 of the subdivision of First Flight Village, Section 3, Phase B as shown on the plat recorded in Plat Cabinet B at Slide 50 of the Dare County Registry. The point of beginning is located by the following courses and distances from the point of reference: beginning at the point of reference and running North 00 deg. 29 min. 56 sec. East a distance of 119.54 feet to a point in the northern right-of-way boundary of Bay Drive; thence continuing along the northern right-of-way boundary of Bay Drive along a curve to the right when proceeding in a Northerly direction an arc distance of 96.31 feet to a point, said curve having a radius of 462.13 feet; thence turning and running North 44 deg. 06 min. 57 sec. West a distance of 243.91 feet to a point; thence turning and running North 73 deg. 06 min. 57 sec. West a distance of 258.00 feet to a point; thence South 26 deg. 53 min. 03 sec. West a distance of 50 feet to a point; thence South 69 deg. 23 min. 03 sec. West a distance of 97 feet to a point; thence North 39 deg. 36 min. 57 sec. West a distance of 64 feet to a point marking the point or place of beginning. Running thence from the point of beginning as established by the preceding courses and distances from the point of reference the following description of the property: running South 68 deg. 27 min. 15 sec. West a distance of 67.78 feet to a point; thence South 55 deg. 53 min. 03 sec. West a distance of 198.0 feet to a point; thence North 11 deg. 06 min. 57 sec. West a distance of 68.76 feet to a point; thence North 04 deg. 13 min. 31 sec. West a distance of 190.02 feet to a point; thence North 04 deg. 02 min. 57 sec. East a distance of 394.21 feet to a point; thence South 84 deg. 16 min. 05 sec. East a distance of 317.31 feet to a point; thence South 60 deg. 45 min. 55 sec. East a distance of 150.53 feet to a point; thence South 29 deg. 14 min. 05 sec. West a distance of 63 feet to a point; thence South 77 deg. 06 min. 45 sec. West a distance of 48.88 feet to a point; thence South 29 deg. 52 min. 29 sec. West a distance of 50.0 feet to a point; thence South 60 deg. 07 min. 31 sec. East a distance of 133.0 feet to a point; thence South 16 deg. 20 min. 00 sec. West a distance of 63.12 feet to a point; thence South 22 deg. 56 min. 03 sec. West a distance of 144.86 feet to a point; thence North 60 deg. 06 min. 02 sec. West a

distance of 117.67 feet to a point; thence South 29 deg. 53 min. 57 sec. West a distance of 113.32 feet to a point, said point marking the point or place of beginning;

LESS AND EXCEPT, that certain piece and parcel of the above described property shown on the Plat and commonly known as "Building F", Phase III, Oyster Pointe Condominium, and more particularly described as follows:

Beginning at a point which is located North 60 deg. 06 min. 02 sec. West a distance of 65.0 feet from a point being a corner in the Phase II boundary of Oyster Pointe Condominiums, said point being Northwest of the pool and being shown as point "B" on plat entitled Oyster Pointe Condominium, Phase III, "Building F" by C. P. Lewis, Jr., R.L.S., the point of beginning shown as point "A" on said plat. Running thence from the point of beginning South 29 deg. 53 min. 57 sec. West a distance of 85.0 feet to a point; thence North 60 deg. 06 min. 03 sec. West a distance of 53.0 feet to a point; thence North 10 deg. 51 min. 44 sec. West a distance of 63.64 feet to a point; thence North 29 deg. 53 min. 57 sec. East a distance of 96.0 feet to a point; thence North 79 deg. 53 min. 57 sec. East a distance of 48.0 feet to a point; thence South 55 deg. 06 min. 03 sec. East a distance of 58.0 feet to a point; thence South 29 deg. 53 min. 57 sec. West a distance of 85.0 feet to a point, said point marking the point or place of beginning;

AND LESS AND EXCEPT, all of that certain parcel of land located in the Town of Kill Devil Hills in the vicinity of First Flight village, Atlantic Township, Dare County, North Carolina, and designated as "PARKING AREA 35,414 SQ. FT." as shown on that certain plat entitled "A PORTION OF OYSTER POINT CONDOMINIUM BLDGS. 'E', 'M' AND PARKING AREA", dated January 11, 1993, prepared by James L. Overton, Sr., R.L.S., and recorded in Plat Cabinet C, at Slide 177C, which property is more particularly described as follows:

The point of beginning for this description is located by certain bearings and distances from a point of reference. The point of reference is identified as the Northwestern corner of Lot No. 111 of the subdivision of First Flight Village, Section 3, Phase B, as shown on the plat recorded in Plat Cabinet B at Slide 50 of the Dare County Registry. The point of beginning is located by the following courses and distances from the point of reference: beginning at the point of reference and running North 02 deg. 03 min. 41 sec. West a distance of 53.73 feet (Field) to an iron rod found; thence North 11 deg. 06 min. 57 sec. West a distance of 105.00 feet to a point; thence North 55 deg. 53 min. 03 sec. East a distance of 198.00 feet to a point located in the Southeastern corner of "Building E" as shown on the aforesaid plat, which point marks the point and place of Beginning. Running thence from the point of Beginning, as established by the preceding courses and distances from the point of reference, as follows: North 34 deg. 06 min. 57 sec. West a distance of 2.30 feet to a

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point; thence running along the arc of a curve to the right having a radius of 36.38 feet, a distance of 40.46 feet to a point; thence North 29 deg. 53 min. 57 sec. East a distance of 217.79 feet to a point; thence turning and running North 55 deg. 06 min. 03 sec. West a distance of 59.55 feet to a point; thence North 30 deg. 03 min. 51 sec. East a distance of 95.96 feet to a point; thence running along the arc of a curve to the right having a radius of 23.00 feet, a distance of 36.05 feet to a point; thence South 60 deg. 07 min. 31 sec. East a distance of 53.37 feet to a point; thence South 29 deg. 52 min. 29 sec. West a distance of 4.00 feet; thence South 60 deg. 07 min. 31 sec. East a distance of 133.00 feet to a point; thence South 16 deg. 20 min. 00 sec. West a distance of 63.12 feet to a point; thence North 59 deg. 17 min. 18 sec. West a distance of 100.35 feet to a point; thence South 29 deg. 56 min. 20 sec. West a distance of 257.39 feet to a point; thence South 67 deg. 34 min. 36 sec. West a distance of 68.43 feet to the point and place of Beginning.