

COPY

DECLARATION OF

CO-OWNERSHIP INTERESTS

NORTH CAROLINA

DARE COUNTY

THIS DECLARATION, made and entered into this 22nd day of August, 1983 by FIVE SEASONS PARTNERSHIP, a North Carolina General Partnership, hereinafter called Declarant, for itself, its successors and assigns, hereby submits the following described property to Co-Ownership Interests as herein described, subject to the terms and conditions hereinafter set out.

The property being submitted to Co-Ownership Interests is described as follows:

Being all that certain lot of land lying and being on the East side of U.S. 158 Business, Town of Hags Head, Hags Head Township, Dare County, North Carolina, and being Lot Number 4 of Conch Shell Estates, Section 2, as shown on a plat recorded in Plat Cabinet A, at Slide 377, Dare County Public Registry, and dated July 23, 1981.

Declarant proposes to convey a one-twentieth undivided interest in the lands described above and a one-tenth interest in Unit 7, or in Unit 8, constituting the building situated thereon, see copy of plat attached hereto and marked Exhibit "A", to tenants in common. Said conveyances will be made expressly subject to the terms of this Declaration and the conditions and covenants therein stated. The occupancy of the unit shall be limited in that each grantee or grantees shall receive the exclusive right to occupy said building during five weeks of each year as hereinafter allocated.

Each grantee or grantees will receive from the Declarant a one-tenth interest in the furnishings, equipment and appliances situated in Unit 7 or Unit 8, and that the use of said furnishings, equipment and appliances shall be limited to the five weeks of the year allocated as hereinafter determined to such grantee or grantees and a one-twentieth interest in the common facilities.

By this Declaration, Declarant intends to establish a common scheme and plan for the use, enjoyment, repair, maintenance, restoration, remodeling and improvement of the land and the building situated thereon and the interests therein so conveyed or reserved, and the payment of taxes, assessments and other expenses pertaining thereto, and declares that the land and building is and shall be held, conveyed, encumbered, leased, rented, occupied and improved subject to the following limitations, restrictions, covenants and conditions, all of which are declared to be in furtherance of a plan established for the purpose of enhancing and protecting the value, desirability and enjoyment of the property and the interests so to be conveyed or reserved. All such limitations, restrictions, covenants and conditions are intended to run with the land and property, to wit, the interests so conveyed or reserved, and to inure to the benefit of and be binding upon such interests so conveyed or reserved and all parties having or acquiring any right, title, interest or estate therein.

The interest in said land shall be conveyed subject to easements as follows:

1. Encroachment; Easement. In the event that either of the units has heretofore encroached upon or hereafter encroaches upon either of the other units as a result of:

- (a) Settling of the building or any other improvement on the land; or
- (b) Alterations, repairs or additions to either of the units or to any additional improvements on the lot; or
- (c) Condemnation or eminent domain proceedings relating to either of the units or to the land it is situated on, or in the event that any encroachment by either of the units or any portion of the land upon any other unit shall occur as a result of:

(d) The partial or total destruction of the building or any portion of either of the units or any portion of the improvements situated on the land;

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and return to:
MCCOWN & MCCOWN

(e) The rebuilding or reconstruction thereof in substantially the same location, a valid easement with respect to any such encroachment and for the maintenance of the same shall exist for as long as the units and the divided interest in the land described herein shall exist,

2. In interpreting any and all provisions of the Declaration with respect to mortgages of any unit the actual location of the unit shall be deemed conclusively to be the property intended to be conveyed, reserved or encumbered notwithstanding any minor deviations, either horizontally, vertically, or laterally, from the location as indicated on the deed plan.

3. A valid easement does and shall continue to exist throughout the property for the purpose of installation, maintenance, operation, repair and replacement of drain fields, sewer, septic tank, water, electric, gas, power, telephone and television pipes, lines, mains, conduits, wires, poles, transformers, and any and all other equipment or machinery necessary or incidental to the proper functioning of any utility system; provided, however, any easement through a unit for such utilities or facilities shall be only at the original location thereof unless approved in writing by all of the owners within each of the units situated on the land described herein, unless otherwise required by the local governing authority requiring a relocation of said facility.

4. A valid easement shall exist for support and access of the building situated on the land.

I. Definitions. The following terms as used in this Declaration shall have the following meanings:

(a) "Declarant" shall mean Five Seasons Partnership, or any successors or assigns in interest by liquidation or distribution or by an express assignment or conveyance of the rights of Declarant hereunder by an instrument executed by Declarant and recorded in the Dare County Registry.

(b) "Unit" shall mean one of the apartments situated in the building located on the real property described above and the common furnishings located therein.

(c) "Lot" shall mean the land above described upon which the building is situated and all appurtenances thereto.

(d) "Season Week" shall mean a one-week period of right of use in the unit to be assigned as hereafter provided by the agent. Unless otherwise provided by regulations adopted pursuant to this Declaration, a week shall commence on and end at noon on Friday.

(e) A "Co-Ownership Interest" shall mean a one-twentieth undivided interest in the lot and a one-tenth interest in Unit Three or Unit Four of the building thereon and the right of use and enjoyment of the same in the manner provided herein.

(f) "Owner" shall mean and include (i) the grantee or grantees named in each deed of a Co-Ownership Interest, (ii) the successive owners of each Co-Ownership Interest so conveyed by Declarant, and (iii) Declarant with respect to any Co-Ownership Interest not conveyed.

(g) "Common Furnishings" shall mean furniture, appliances and furnishings for the unit to which an owner is granted an interest, and other personal property from time to time owned or held for use in common by all owners of the lot the the unit during their respective occupancies.

(h) The "Agent" shall mean the owners' agent appointed as hereinafter provided.

(i) A "Two-Thirds Majority in Interest of Owners" shall mean owner or owners owning in the aggregate more than two-thirds of the undivided interest in the lot and the unit. In voting on matters pertaining to the unit and the lot that come before the owners, each owner shall be entitled to one vote for each one-tenth undivided interest owned in Unit 7 or Unit 8 building constructed on the lot, and each owner shall be entitled to one vote for each one-twentieth interest in the lot.

(j) "Common Facilities" shall be septic tank, drain fields, sidewalks, parking area, outside showers, and driveways.

II. Exclusive Use and Occupancy. Each owner shall have the exclusive right to occupy the unit in which a Co-Ownership interest is conveyed to that owner, to use and enjoy the land upon which the unit is situated and the rights, and easements appurtenant to such land during such of the Season Weeks as are hereafter provided (and, in the case of Declarant, during all Season Weeks not included in any Co-Ownership interests therefore conveyed) and to authorize others so to do, together with the nonexclusive right in common with all other owners, but only when acting through the agent (or, if no agent be appointed and acting, when acting with a two-thirds majority in interest of owners), to maintain and repair the unit. No owner shall occupy the unit, or exercise any other rights of ownership in respect of the unit other than the rights herein provided to him, during any other Season Week unless expressly so authorized by the owner entitled to occupy the unit during such Season Week.

The agent shall reserve two weeks for the repair, maintenance, repainting and thorough housecleaning of the unit and said weeks shall not be conveyed as a week of use and occupancy to any owner, but shall be owned jointly by all owners. All painting, maintenance and repairs, except emergency repairs, shall be confined to the two weeks so designated by the agent.

The maximum overnight occupancy of the unit shall be ten (10) persons. No animals or pets of any kind shall be kept in the unit. Each owner shall keep the dwelling and all common furnishings in good condition and repair during his Season week, vacate the unit at the expiration of his Season Week, remove all persons and property therefrom excluding only common furnishings, leave the unit in good and sanitary condition and repair, and otherwise comply with such reasonable checkout and other procedures as may from time to time be contained in rules promulgated by the agent or by a two-thirds majority of interest in owners. In order to provide the agent sufficient time to provide housekeeping services for each owner, all owners agree to abide by the reasonable rules adopted by the agent for checking in and checking out, provided the agent can increase the check out time and reduce the check in time if each owner involved agrees.

III. Management. Management of the unit, maintenance and repair of the unit, acquisition, maintenance, repair and replacement of common furnishings, and administration of the affairs of owners with respect to the lot and the unit occupancy of the unit and payment of expenses and costs enumerated in this Declaration, shall be under the direction and control of an agent appointed by a two-thirds majority in interest of owners. The agent so appointed is expressly authorized, in the agent's discretion and on behalf of the owners, to do any and all of the following to the extent not inconsistent with directions given by a two-thirds majority in interest of owners:

(a) To repair, maintain, repaint, remodel, furnish or refurnish the unit or any part thereof; to establish reserves for anticipated costs, including the acquisition and replacement of common furnishings; and to acquire and pay for materials, supplies, furniture, furnishings, labor or services which the agent deems necessary or proper for the maintenance and operation of the unit that have been previously approved in the budget adopted by the owners. The agent shall be permitted to make emergency capital expenditures from the reserve funds not exceeding \$2,000.00 without prior consent, if for instance, the air conditioner or heating plant needs repair or replacement. The agent shall not, however, make any other capital expenditures without the prior approval of a two-thirds majority in interest of owners.

(b) To pay all taxes and assessments, including assessments by any Homeowners Association to which the property described herein may be deemed to be a member as hereafter provided, and other costs or charges affecting or relating to the unit or lot, and to discharge, contest or protest liens or charges affecting the unit or lot.

(c) To obtain and pay the costs of electrical, water, sewer, telephone, cable television and other utility services for the unit.

(d) To adopt from time to time and enforce reasonable rules relating to the possession, use and enjoyment of the unit by the owners.

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(e) To obtain and pay the cost of legal and accounting services necessary or proper in the maintenance and operation of the unit and the enforcement of this Declaration.

(f) To obtain and pay the cost of: (i) insurance covering the unit and the common furnishings against loss or damage by fire and other hazards customarily covered by fire insurance policies written with extended coverage to an amount equal, or as nearly as possible, to the full replacement value thereof; (ii) public liability insurance, insuring against liability for personal injury or property damage resulting from an occurrence in, on or about the unit or lot; (iii) flood hazard insurance; and (iv) any other insurance deemed necessary or desirable by the agent or by a two-thirds majority in interest of owners.

(g) To do all other acts or things necessary or appropriate to the ordinary and necessary operation and maintenance of the unit or to preserve and protect the unit in the event of any emergency.

(h) To delegate the authority and responsibilities of agent hereunder to one or more subagents for such periods and upon such terms as the agent deems proper.

(i) To collect, either in advance of disbursements or following disbursement if the agent advances sums in payment of any of the foregoing, each owner's share of the aforesaid costs and any other amounts properly expended by the agent; to estimate any such expenditure in advance, and to bill the owners accordingly; and to take proper steps to enforce any owner's obligations hereunder.

(j) Each year, prior to November 1, the agent shall submit to each owner a proposed budget for each owner for the forthcoming calendar year specifying the amounts that will be required for maintenance, expenses, utilities, services and reserves. The budget proposed by the agent shall be deemed to be adopted if the agent does not receive objections to the proposed budget from two-thirds majority in interest of owners prior to the next January 1, and each owner shall pay his proportionate share of the budget so adopted in advance in monthly installments on or before the first day of each month.

(k) The agent shall provide each owner an income and disbursement statement within thirty (30) days after the end of each calendar year showing the receipts of common assessments and any other sums for that year, the payment of all expenses and fees and the balance in the reserve fund. The agent shall retain all invoices, paid receipts and cancelled checks for a period of seven (7) years subsequent to the furnishing of each income and disbursement statement for audit and review by any owner or attorney or agent of any owner.

(l) Upon request by any owner or prospective purchaser of a Co-Ownership Interest, or attorney or agent of any owner or prospective purchaser, the agent shall furnish a written statement setting forth the status of any owner's account as to any arrearages, or funds held for the benefit of said owner, in reserve or otherwise, and said statement shall be binding on the agent in favor of any person who in good faith relies upon it.

(m) Upon a sale or transfer of any owner's Co-Ownership Interest, any funds so held by the agent, or held otherwise for an owner, shall be deemed transferred with the Co-Ownership Interest so transferred.

(n) The agent shall obtain and keep in force a surety bond for the faithful performance of his duties in the amount of \$10,000.00, unless directed otherwise in writing by a two-thirds majority in interest of owners, and the premium for such bond shall be an expense of the unit.

IV. Expenses: Each owner shall pay:

(a) The cost of long distance telephone charges, other special services allocable to the occupancy of the unit during such owner's Season Week or Weeks, the costs, net of insurance, to repair any damage to the unit or lot or to repair or replace any property contained therein on account of loss or damage occurring during his Season Week or Weeks, and the costs to satisfy any expense to any of the other owners due to any intentional or negligent act or omission of such owner, his family, guests, invitees, tenants or lessees, or resulting

from his breach of any provisions of this Declaration;

(b) A share of the following costs and expenses which bears the same relationship to the whole as such owner's undivided Co-Ownership Interest bears to the entire ownership of the unit and lot:

- (i) Real property taxes and special assessments;
- (ii) Insurance premiums for fire and extended coverage insurance and other casualty insurance and liability insurance;
- (iii) Utility charges for electricity, water, sewer, telephone and cable television and for firewood;
- (iv) Common assessments and special assessments levied by any Homeowner Association hereinafter organized;
- (v) Pest control;
- (vi) Charges for maintenance and cleaning supplies and replacement costs for nondurable items consumed by the owners;
- (vii) Costs for ordinary maintenance, repairs and replacement of appliances and fixtures;
- (viii) Costs for cleaning, maintaining, painting and refurbishing the unit;
- (ix) The agent's compensation for management services;
- (x) Amounts necessary to establish proper reserves for the foregoing items.

(c) Other costs and expenses elsewhere herein provided to be paid, or other costs and expenses deemed necessary or desirable by the agent for the maintenance and repair of the unit.

All such payments shall be made through the agent unless the agent or a two-thirds majority in interest of owners of each unit otherwise directs.

The agent shall be under no obligation to, but may in its discretion, advance sums required to pay the obligations of any one or more of the owners or to make the aforesaid payments or incur obligations within the agent's authority, notwithstanding the failure of any one or more of the owners to provide funds therefor. The agent shall not be responsible for the acts or conduct of any of the owners or for the breach of any of the obligations of any of the owners hereunder. The agent shall not be liable to any owner in the absence of bad faith or negligence but shall hold the owners harmless from and against any and all claims, expenses, liabilities, demands, causes of action, awards, or judgments rendered against the agent or the owners arising out of or in connection with the negligent conduct of the agent, its officers, employees or subagents.

In addition to the enforcement of a lien for the payment of an owner's share of the costs and expenses as set forth in Section 12 hereafter, the agent is hereby granted the right to prohibit any owner from using and occupying the unit at any time if the owner is in arrears in his share of costs and expenses as determined hereunder. In the event there is any dispute as to the nature or amount of any charges sought to be collected, the owner may pay such charges under protest and sue for a refund in Dare County District Court or Dare County Superior Court, whereupon the owner shall be entitled to the use, possession and occupancy of the unit for the owner's Season Week or Weeks.

V. The Agent. Declarant shall employ the initial agent. The initial agent and each successor agent may be removed upon 30 days written notice which shall also set forth the appointment of a successor agent and shall be signed, or otherwise consented to, by a two-thirds majority in interest of owners of each unit.

An agent may resign upon giving 90 days notice to each of the owners of each unit. In such event the owners of each unit shall use their best efforts to agree upon the appointment of a successor agent with the consent of two-thirds majority in interest of owners. If they cannot so agree within 30 days after receipt of the agent's resignation, the Clerk of Superior Court of Dare County shall have authority, upon the request of any owner of each unit, to appoint a successor agent upon such terms and for such compensation as the Clerk may, in his discretion, determine, but an agent appointed by the Clerk shall be subject to removal as hereinafter provided.

Each unit shall be managed by an agent until the termination of this Declaration as hereinafter provided, unless all of the owners agree to eliminate the services of an agent.

The agent shall enter into a written contract in which the agent agrees to perform the obligations and duties set forth herein. The agent shall be entitled to compensation from the owners for its services at the rate provided for and adopted in the budget each year unless the agent and a two-thirds majority in interest of the owners shall otherwise agree or unless a new rate shall be established by the Clerk of Superior Court upon the appointment of a successor agent as provided above.

V-A. Agreement of Purchaser. Purchaser of Co-Ownership Interest expressly covenants and agrees, as evidenced by acceptance of his deed to be issued, that:

(a) That he will comply with the terms of all decisions validly taken by the agent, and all such decisions or resolutions validly taken or passed hereafter;

(b) That he will pay all sums assessed by agent from time to time in accordance with this Declaration and that his interest in the property shall be subject to a charge and a lien for all amounts so assessed;

(c) That his deed, the Declaration, and the contract between the agent governs the respective rights and obligations of all persons now undividedly owning in common the undivided interest in land and undivided interest in the unit described above and all other persons who may hereafter undividedly own in common the unit, and all other present or future owners of undivided interest in the property described in this Declaration.

(d) That the unit shall be used only for the purposes designated in this Declaration.

(e) That the purchaser shall have the exclusive right to use the unit in which he purchased the above interest during the periods as set forth in this Declaration, but shall have no right to use such unit or the property on which it is situated at any other time except as a tenant, licensee or assignee of or from another unit owner during such other unit owner's Season Week or Weeks.

(f) The purchaser further covenants and agrees that in the event he conveys, transfers or sells his Co-Ownership Interest, he will execute the conveyance, transfer, or sale through a deed conveying the entire interest in the unit, land, common facilities and common furnishings, subject to covenants and agreements which his deed contains, and imposing upon his purchaser the same obligations as his deed imposed upon him.

VI. Separate Deeds of Trust. Each owner shall have the right to mortgage or otherwise encumber his Co-Ownership Interest. No owner shall attempt to mortgage or otherwise encumber in any manner whatsoever the units or lot or any part thereof except his Co-Ownership Interest, nor shall any owner have the right or authority so to do. Any mortgage, deed of trust or other encumbrance of any Co-Ownership Interest shall be subordinate to all of the provisions of this Declaration and in the event of foreclosure, the provisions of this Declaration shall be binding upon any owner whose title is derived through foreclosure by private power of sale, judicial foreclosure or otherwise.

VII. Partition and Waiver Thereof of Units. A unit owner by acceptance of the deed of conveyance to his Co-Ownership Interest shall be conclusively presumed to have agreed that any partition of the undivided interest in the land or undivided interest in the building in which he holds an undivided interest would render such property unserviceable for the uses for which they are intended. If, for any reason, the foregoing agreement is unenforceable, a unit owner by his acceptance of a deed of conveyance to his Co-Ownership Interest shall be conclusively presumed to have agreed that no partition of the land or of the unit appertaining thereto shall be made for an agreed period of 40 years, and that at the end of such 40-year period, the term during which no partition of the land or the unit appertaining thereto shall be extended for as long as then permitted by law.

The purchaser hereby agrees that any partition of the undivided interest in the unit as described herein or the undivided interest in the land appertaining to the undivided interest in the unit would render such unit, and the undivided interest in the land described herein, unserviceable for the uses for which they are intended. The use for which the unit is intended is to serve as

a vacation home, for the periods of time as specified in the Declaration for each of the owners at a time, each owner of an undivided interest in the unit and land. It is specifically agreed that partition would render the undivided unit and the undivided interest in the land unserviceable for the aforesaid use which is under this specific covenant the only use for which the unit is intended.

If, however, any Co-Ownership Interest as herein defined shall be owned by two or more persons as tenants in common, nothing herein contained shall prohibit a judicial sale of the Co-Ownership Interest in lieu of partition as between such co-tenants or joint tenants.

VIII. Establishing Co-Ownership Interests. Subject to all of the terms and conditions contained elsewhere in this Declaration, each owner of a Co-Ownership Interest shall have the exclusive right to use and occupy the unit and the common furnishings of the unit for a period composed of five (5) Season Weeks a year, consisting of one (1) week from the Spring Season, one (1) week from the Summer Season, one (1) week from the Fall Season, one (1) week from the Winter Season; and one (1) week from the Holiday Season. The various weeks shall be assigned in the manner described herein.

Each owner of a Co-Ownership Interest initially will be assigned a number from one (1) to ten (10), that number determining the particular Season Weeks to comprise that owner's period of use for the calendar year of 1983. The weeks of each season are numbered consecutively from one (1) to ten (10), and an owner's annual number will correspond to the number of each of the five (5) Season Weeks and Holiday Week assigned to him.

The Holiday Season is a separate season comprised of ten (10) weeks, being the weeks during which New Year's Day, Easter, Memorial Day, Fourth of July, Labor Day, Thanksgiving and Christmas fall, together with three additional weeks selected by the agent. Each of these weeks is assigned a number from one to ten as the week occurs chronologically during the year to determine the Season Week to be assigned to each owner.

An owner who is assigned the number "one" (1) for the remaining portion of the calendar year of 1983 will be assigned a period composed of the first week in the Spring Season, the first week in the Summer Season, the first week in the Fall Season, the first week in the Winter Season, and the first week in the Holiday Season; in like fashion, the other owners will receive a period of use for this year composed of Season Weeks corresponding to their assigned numbers. The numbers used to establish the periods of use will be assigned at the closing of each owner's purchase, and, for the calendar year 1984 and following years, the said numbers will be rotated among the owners in an orderly and consistent manner, that is, the owner assigned the number "one" (1) for 1983 will be assigned the number "two" (2) for the following calendar year 1984, with other owners' numbers to be rotated in the same manner.

When the agent submits the proposed budget to each owner prior to November 1 each year, he shall at the same time provide each owner with the calendar indicating which weeks are allocated to each owner for the forthcoming year, together with the names and addresses of the other owners and the number of the period of use for each owner.

In the event the agent determines that the assignment procedures set forth herein are unmanageable or are, for any reason, unfair to owners, the agent may, without the consent of the owners, revise the assignment procedures from time to time and set other conditions, restrictions and limitations deemed necessary to assure a manageable and fair procedure for use by owners. In no event, however, will the period of use of five (5) weeks per year, one (1) from each of the four established regular seasons, and one (1) week from the Holiday Season, be diminished.

IX. Damage or Destruction. In the event of any damage or destruction to the unit or the common furnishings, except as otherwise provided in this Declaration, the agent shall forthwith cause such damage to be repaired and shall so apply any available insurance proceeds. If the damage is not covered by insurance, or if the available insurance proceeds are insufficient, the agent shall assess and the owners shall pay the cost thereof or deficiency in proportion to their undivided ownership interests unless the damage was caused

by the intentional or negligent act or omission of any owner, his family, guests invitees or lessees, in which event the cost of repair or deficiency shall be paid by such owner.

Any insurance proceeds allocable to the unit and payable to the owners as the result of (i) any excess of insurance proceeds over the cost of repair or restoration, or (ii) not being required to repair or restore the unit or the common furnishings or any part thereof, shall be distributed to the owners in proportion to their respective undivided ownership interests.

X. Restriction on Owners. Except as otherwise provided in this Declaration, by direction of the agent, by express consent of all owners, or required to prevent damage or injury to persons or property in an emergency, no owner shall make improvements, decorations or repairs to the unit or the common furnishings or contract so to do or subject the unit, the common furnishings or the lot to any liens for the making of improvements, decorations or repairs. No owner shall create or permit to exist any nuisance in the unit or on the lot or commit waste with respect to the unit or permit anything to be done or kept in the unit which would increase the rate of insurance upon the unit or the common furnishings.

XI. Enforcement of Restrictions. In the event that any owner should fail to comply with any of the provisions of this Declaration, the agent or any other owner or owners may bring action for damages, or to enjoin the violation or specifically enforce the provisions of this Declaration, or to enforce any statutory or contractual lien or lien provided herein, including foreclosure of any such lien and the appointment of a receiver for any owner or take possession of the Co-Ownership Interest of any owner. In any such legal proceeding, the prevailing party shall be entitled to costs and reasonable attorneys' fees. All sums payable hereunder by any owner shall bear interest at 15% per annum from the due date, or if advanced or incurred by any other owner or by the agent and provided herein to be repaid, from 10 days after repayment is requested.

The aforesaid remedies shall be cumulative and in addition to all other remedies which may be available at law or in equity; provided, however, that no breach of any provision hereof by any owner or by agent or failure of any owner or agent to comply with any provision hereof shall permit or empower any other owner to terminate any such provision or excuse any such breach or failure, and each owner shall continue to perform and comply with and hold his Co-Ownership Interest subject to all of the provisions of this Declaration notwithstanding any such breach or failure.

XII. Lien on Interests. Each owner shall have a lien, in the nature of a deed of trust with a private power of sale, on the interest of each other owner in the unit and lot and common furnishings as security for prompt and faithful performance by such other owner of the obligations under this Declaration and payment of costs of enforcement and reasonable attorneys' fees; provided, however, that, as against any transferee, mortgagee or beneficiary of an owner's interest acquiring all or any interest in such owner's interest by deed, mortgage or deed of trust given by such owner for valuable consideration and accepted by the transferee, mortgagee or beneficiary without notice of default in the payment or performance secured, no such lien shall be effective to secure any past due payment or performance in default at the time of recording such deed, mortgage or deed of trust except to the extent that notice of default in the payment or performance has been given at the time of recording such deed, mortgage or deed of trust by the prior recording of a notice of lien recorded within the immediately preceding 24 calendar months in the Office of the Clerk of Superior Court of Dare County, which notice of lien describes the Co-Ownership Interest affected and sets forth the name of the record owner thereof and recites that the particular payment or performance is or may be in default. The lien herein created may be enforced by sale by any owner, or by the agent, as agent and attorney-in-fact for any owner or owners, and the delinquent owner's interest in the unit and lot and common furnishings may be sold at a sale conducted in accordance with the provisions of North Carolina General Statutes Chapter 44A, Article 2, Part 1, as amended, or in any other manner permitted by law. The purchaser at any foreclosure sale shall obtain title subject to the provisions of this Declaration. Either the agent or any owner or owners may bid at the foreclosure sale and may hold, lease, mortgage or convey any interest in the unit and lot and common furnishings acquired by

such sale. The aforesaid lien and right of foreclosure shall be in addition to and not in substitution for all other rights and remedies which the owners or agent may have hereunder.

XIII. Covenants and Restrictions by Co-Owner. The Co-owners are required under the terms of this Declaration as follows:

- (a) The co-owners of Unit are to maintain Unit and to keep the unit in good condition; the co-owners of Unit shall maintain Unit and keep the unit in good condition.
- (b) That no alteration to the exterior of Unit shall be made without the consent of the co-owners of Unit , and no alteration of the exterior of Unit shall be made without the consent of the co-owners of Unit .
- (c) In order to preserve a uniformity of exterior appearance and beauty of the building, the co-owners of Unit and Unit , or through their agent, shall paint the trim on both units at the same time and that the colors shall be the same on both units.
- (d) That each of the co-owners of Unit and Unit shall be assessed one-twentieth of the cost of upkeep of the common facilities and the upkeep of the lot.

XIV. Protection of Interest. No owner shall permit his interest in the unit, lot or common furnishings to be subject to any lien (other than the liens of current real property taxes, or a first mortgage to a lending institution or individual, and the current and future installments of special district assessments), the enforcement of which may result in a sale or threatened sale of the interest of any other owner in the unit, lot or common furnishings or any part thereof, or in any interference with the use or enjoyment thereof by any other owner; and in the event that the sale of the entire unit, lot or common furnishings or the interest of any owner or any part thereof, or the use and enjoyment of any thereof by any owner be threatened by reason of any lien against the interest of any other owner, or proceedings be instituted to effect any such sale or interference, any owner or owners acting on his or their own behalf or through the agent, or the agent acting on behalf of any one or more owners, unless promptly indemnified to his or their satisfaction, may, but shall not be required to, pay or compromise the lien without inquiry into the proper amount or validity thereof and, in that event, the owner whose interest was subject to such lien shall forthwith repay the amount so paid or expended to the owner or owners or agent, whomever shall have paid or compromised the lien together with such reasonable attorneys' fees and related costs as he or they may have incurred.

No owner shall permit his interest in any funds from time to time in the possession of the agent to be subjected to any attachment, lien, claim or charge or other legal process and each shall promptly restore any funds held by the agent in respect of his Co-Ownership interest to the extent depleted by reason of the assertion of any such attachment, lien, claim, charge or other legal process and reimburse the agent for all reasonable attorneys' fees and other costs incurred in respect thereof.

XV. Sale of Co-Ownership Interest. If an owner desires to sell his Co-Ownership interest, such owner shall, in writing, first notify the agent of his intention to do so. An owner may not sell to any subsequent purchaser less than the entire Co-Ownership interest as described herein, conveying both the interest in the lot, appurtenances thereto, the unit, and common furnishings.

XVI. Termination. This Declaration shall terminate under the following conditions:

- (a) At the expiration of forty (40) years from the date of this Declaration, the lot and unit shall be sold at public sale (or private sale upon consent of two-thirds majority in interest of owners) and the net proceeds divided among the then owners of the lot and units in proportion to their existing undivided interests; provided, however, by unanimous consent of all owners of undivided interests in the lot, the estates of Co-Ownership interest may be extended for a specified period of time, and for consecutive specified periods of time.

(b) By the unanimous consent of all owners of undivided interests in the lot and units together with the holders of all liens on Co-Ownership Interests of said owners.

XVII. Homeowners Association. Declarant is contemplating developing other lots into Co-Ownership interest. Should such development occur, Declarant intends to form a Homeowner's Association to maintain the lots, walkways, fences, lights, signs and landscaping for the several lots so as to preserve the common scheme and plan of the development. At such time as the Homeowners Association is created, the lot described herein shall initially become a member of said Association and shall remain a member until two-thirds majority in interest of owners elect to withdraw from the Association. Declarant covenants that after the Association is formed, each lot it develops shall initially be made members of the Association in the same manner.

XVIII. Notices. Notices provided for in this Declaration shall be in writing and shall be deemed sufficiently given when delivered personally or when deposited in the United States mail addressed to any owner at the last address such owner designates to the agent for delivery of notices or, in the event of no such designation, at such owner's last known address or, if there be none, to the address of the property described herein.

XIX. Severability and Rule Against Perpetuities. If any provision of this Declaration shall be held invalid it shall not affect the validity of the remainder of this Declaration. If any provisions of this Declaration would violate the Rule against Perpetuities or any other limitation on the duration of the provisions contained herein imposed by law, then such provision shall be deemed to remain in effect only for the maximum permissible period permitted by law.

XX. Successors. The provisions of this Declaration shall be binding upon all parties having or acquiring any right, title or interest in the land above described or any part thereof and shall be for the benefit of each owner and his heirs, successors and assigns. Each owner (including Declarant) shall be fully discharged and relieved of liability on the covenants hereunder insofar as the same relate to each Co-Ownership interest upon ceasing to own any interest therein and paying all sums accrued and performing all obligations hereunder in respect of such Co-Ownership interest to the time his ownership interest terminated.

XXI. No Exemption. No owner may exempt himself from liability for any obligations set forth herein by any waiver of the use or enjoyment of the unit or lot or by any other action.

XXII. No Waiver. The failure to enforce any provision of this Declaration shall not constitute a waiver of the right to enforce such provision thereafter.

XXIII. Interpretation. The section titles at the beginning of each number section of this Declaration are for convenience only and the words contained therein shall not be considered to expand, modify or aid in the interpretation, construction or meaning of this Declaration. As used herein, the singular shall include the plural and the masculine or neuter gender shall include the other genders.

XXIV. Amendment. This Declaration may be amended, by written instrument executed by owners holding of record two-thirds majority interest of owners, provided, however, that no such amendment may affect or alter the right of any owners exclusively to occupy the unit, and as between owners, to use and enjoy the common areas of the land upon which the unit is situated and the rights and easements appurtenant to said land, unless such owner shall expressly so consent. Subject to the foregoing provision, any amendment shall be binding upon every owner and every Co-Ownership interest whether the burdens thereon are increased or decreased. No amendment shall be effective until the written instrument referred to above is recorded in the Dare County Registry.

XXV. Declarant by an appropriate document filed in the Office of the Register of Deeds of Dare County, North Carolina, may submit other lots to this same Declaration, provided, however, that no interest as described herein in the property herein described shall be in any manner diminished.

IN WITNESS WHEREOF, FIVE SEASONS PARTNERSHIP has caused this Declaration to be executed by one of its duly authorized General Partners, the day and year first above written.

FIVE SEASONS PARTNERSHIP,
a North Carolina General Partnership

By C. M. Edwards (SEAL)
General Partner

STATE OF NORTH CAROLINA
COUNTY OF DARE

I, Shirley A. O'Neal, a Notary Public of the aforesaid county and state, do hereby certify that C. M. Edwards, General Partner of Five Seasons Partnership, a North Carolina General Partnership, personally came before me and acknowledged the due execution of the foregoing Declaration.

Witness my hand and notarial seal this 1st day of September, 1983.

NOTARIAL SEAL

SHIRLEY A. O'NEAL
NOTARY PUBLIC
DARE COUNTY, NORTH CAROLINA

My commission expires: 10-8-84

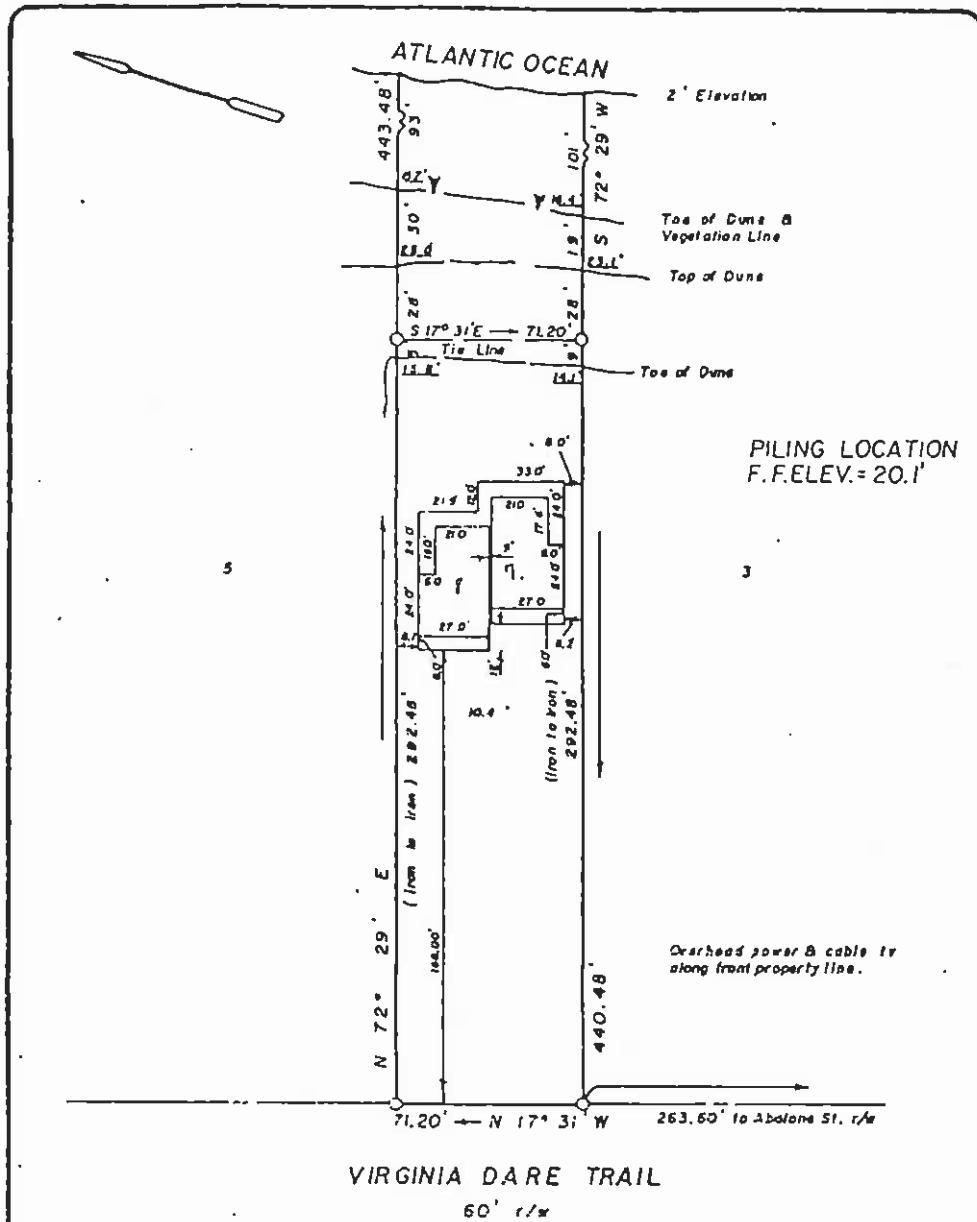
STATE OF NORTH CAROLINA
COUNTY OF DARE

The foregoing certificate of Shirley A. O'Neal, a Notary Public of Dare County, North Carolina, is certified to be correct. This instrument and this certificate are duly registered at the date and time and in the book and page shown on the first page hereof.

Alma D. Woir
Register of Deeds for Dare County

By Vanessa McMillan
Deputy Register of Deeds

RECORDED September 2, 1983



O EXISTING IRON PIPE
10.4' DEMOTES GRND. ELEV.

1" = 50'

I, MICHAEL D. BARR hereby
certify that this map is correct and that the
buildings lie wholly on the lot and that there
are no encroachments of other buildings on
the said lot.

Michael D. Barr
L-1756

date
6-15-83
drawn
CME
checked
M.D.B.
date
drawn
checked

SURVEY FOR
RIDDICK CONSTRUCTION CO.

NAGS HEAD DARE COUNTY NORTH CAROLINA

LOT 4, SECTION 2
CONCH SHELL ESTATES
RECORDED IN P.C. A, SL. 377, D.C.R.

triangle engineering
services, inc.

raleigh, n.c. swanboro, n.c.
kill devil hills, n.c.



1 PM 3 59

NORTH CAROLINA
DARE COUNTYFIVE SEASONS
RESORTS
INC.AGREEMENT

This Agreement made and entered into this 23rd day of August, 1983, by FIVE SEASONS, a North Carolina partnership and RESORT WORLD, INC., a North Carolina corporation.

WITNESSETH:

WHEREAS, FIVE SEASONS is in the process of developing and selling Co-Ownership Interest in Unit 8, Lot 8, Conch Shell Estates, Nags Head, North Carolina, which Co-Ownership Interest contemplates management by an Agent for the use, enjoyment and benefit of all Owners of the Unit; and

WHEREAS, the parties hereto desire to enter into this Agreement to employ Agent as the initial Agent for said Unit, subject to the rights of Owners to modify or terminate this Agreement as provided for in the Declaration that creates the Co-Ownership Interest in each Unit.

NOW, THEREFORE, in consideration of the premises and of the mutual promises herein contained, it is agreed between the parties that Agent shall have the following duties and responsibilities.

1. To repair, maintain, repaint, remodel, furnish or refurnish the Unit or any part thereof; to establish reserves for anticipated costs, including the acquisition and replacement of Common Furnishings; and to acquire and pay for materials, supplies, furniture, furnishing, labor or services which the Agent deems necessary or proper for the maintenance and operation of the Unit that have been previously approved in the budget adopted by the Owners of said Unit. The Agent shall be permitted to make emergency capital expenditures from the reserve funds not exceeding \$2,000.00 without prior consent of the Owners if for instance, the air conditioner or heating plant needs repair or replacement. The Agent shall not, however, make any other capital expenditures without the prior approval of a Two-Third's Majority in Interest of Owners of the Unit.
2. To pay all taxes and assessments, including assessments by any Homeowners Association to which the property may be deemed to be a member hereafter, in which the Unit is situated, and other costs or charges affecting or relating to the Unit, and to discharge, contest or protest liens or charges affecting the Unit.
3. To open a bank account in the name of FIVE SEASONS UNIT 8 and collect and deposit therein the maintenance fees of the Owners.
4. To obtain and pay the costs of electrical, water, sewer, telephone, cable television and other utility services for the Unit.
5. To adopt from time to time and enforce reasonable rules relating to the possession, use and enjoyment of the Unit by the Owners.
6. To obtain and pay the cost of legal and accounting services necessary or proper in the maintenance and operation of the Unit and the enforcement of the Declaration.
7. To obtain and pay the cost of (I) insurance covering the Unit and the Common Furnishings against loss or damage by fire and other hazards customarily covered by fire insurance policies written with extended coverage; (II) public liability insurance, insuring against liability for personal injury or property damage resulting from an occurrence in, on or about the Unit; (III) flood hazard insurance, and (IV) any other insurance deemed necessary or desirable by the Agent or by a Two-Third's Majority in Interest of Owners of the Unit. The Policies of insurance shall cover such risks, be written by such insurers, and in such amounts, as the Agent shall deem proper, provided insurance for the full replacement value of the improvements shall be maintained.

and necessary operation and maintenance of the Unit or to preserve and protect the Unit in the event of any emergency.

9. To delegate the authority and responsibilities of Agent hereunder to one or more subagents for such periods and upon such terms as the Agent deems proper.
10. To collect, either in advance of disbursement or following disbursement if the Agent advances sums in payment of any of the foregoing, each Owner's share of the aforesaid costs and any other amounts properly expended by the Agent; to estimate any such expenditures in advance, and to bill the Owners accordingly; and to take proper steps to enforce any Owner's obligations under the Declaration.
11. Each year, prior to November 1, the Agent shall submit to each Owner a proposed budget for each Owner's Unit for the forthcoming calendar year specifying the amounts that will be required for maintenance, expenses, utilities, services and reserves. The budget proposed by the Agent shall be deemed to be adopted if the Agent does not receive objections to the proposed budget from Two-Third's Majority in Interest of Owners of the Unit prior to the next January 1, and each Owner shall pay his proportionate share of the budget so adopted in advance in monthly installments on or before the first day of each month.
12. The Agent shall provide each Owner an Income and Disbursement Statement within thirty (30) days after the end of each calendar year showing the receipts of common assessments and fees and the balance in the reserve fund. The Agent shall retain all invoices, paid receipts and cancelled checks for each Unit for a period of seven (7) years subsequent to the furnishing of each Income and Disbursement Statement for audit and review by any Owner or attorney or agent of any Owner.
13. The Agent shall be under no obligation to, but may in its discretion, advance sums required to pay the obligations of any one or more of the Owners or to make the aforesaid payments or incur obligations within the Agent's authority, notwithstanding the failure of any one or more of the Owner's to provide funds therefore. Any advanced sums will come from either the Agent himself or will be transferred from any Budgetary Accounts until this shortage can be rebudgeted and consequently replaced. The Agent shall not be responsible for the acts or conduct of any of the Owners or for the breach of any of the obligations of any of the Owners under the Declaration. The Agent shall not be liable to any Owner in the absence of bad faith or negligence but shall hold the Owners harmless from and against any and all claims, expenses, liabilities, demands, causes of action, awards or judgments rendered against the Agent or the Owners arising out of or in connection with the negligent conduct of the Agent, its officers, employees or subagents. In addition to the enforcement of a lien for the payment of an Owner's share of the costs and expenses, the Agent is hereby granted the right to prohibit any Owner from using and occupying the Unit at any time the Owner is in arrears in his share of costs and expenses. In the event there is any dispute as to the nature or amount of any charges sought to be collected, the Owner may pay such charges under protest and sue for a refund in Dare County District or Superior Court, whereupon the Owner shall be entitled to the use, possession and occupancy of the Unit for the Owner's Season Week or Weeks.
14. Upon request by any Owner or prospective purchaser of a Co-Ownership Interest, or attorney or agent of any Owner or prospective purchaser, the Agent shall furnish a written statement setting forth the date to which the Co-Owner's maintenance fee is paid and the monthly amount due to be paid, and said statement shall be binding on the Agent in favor of any person who in good faith relies upon it. Upon a sale or transfer of any Owner's Co-Ownership Interest, any funds so held by the Agent, or held otherwise for an Owner, shall be deemed transferred with the Co-Ownership Interest so transferred.

15. The Agent shall obtain and keep in force a surety bond for the faithful performance of his duties in the amount of \$10,000 unless otherwise directed in writing by a Two-Third's Majority in Interest of Owners of the Unit and the premium for such bond shall be an expense of the Unit.
16. The Agent may be removed upon thirty (30) days written notice which shall also set forth the appointment of a successor Agent and shall be signed, or otherwise consented to, by a Two-Third's Majority in Interest of Owners of the Unit. The Agent may resign upon giving ninety (90) days notice to each of the Co-Owners of the Unit. The Agent shall be entitled to compensation from the Owners for its services at the rate provided for and adopted in the budget each year unless the Agent and a Two-Third's Majority Interest of the Owners of the Unit shall otherwise agree or unless a new rate shall be established by the Clerk of Superior Court upon the appointment of a successor agent as provided above.
17. Rentals and sales by the Agent are not a part of this Agreement and any such rentals or sales will be handled under a separate agreement between the Agent and Co-Owners.
18. The Agent will establish the one-week period to start at 4:00 PM on Friday and end on 11:00 AM the following Friday. This five (5) hour period will be the available time allowed to perform the weekly services required in the agreement.
19. When the Agent submits the proposed budget to each Owner prior to November 1, each year, he shall at the same time provide each Owner with the calendar indicating which weeks are allocated to each Owner for the forthcoming year, together with the names and addresses of the Owners and the number of the period of use for each Owner, including all houses in the development. In the event the Agent determines that the assignment procedures set forth in the Declaration are unmanageable or are, for any reason, unfair to the Owners, the Agent may, without the consent of the Owners, revise restrictions and limitations deemed necessary to assure a manageable and fair procedure for use by Owners. In no event, however, will the period of use of five (5) weeks per year, one (1) for each of the four established regular seasons, and one (1) week for the Holiday Season, be diminished.
20. The Agent shall perform any other duties or responsibilities contained in that Declaration dated August 23, 1983 not specifically set forth herein and all actions of the Agent shall be subject to the terms of the Declaration.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in duplicate originals, one of which is retained by each party, this the August 23, 1983.

FIVE SEASONS

By C. M. Edwards

RESORT WORLD, INC.

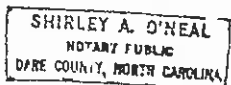
By Carolyn Douglas

NORTH CAROLINA
DARE COUNTY

I, Shirley A. O'Neal, a Notary Public of the
aforesaid County and State, do hereby certify that Carl Edwards
General Partner of FIVE SEASONS, a North Carolina
General Partnership, personally came before me this day and acknowledged the
execution of the foregoing instrument.

Witness my hand and seal, this the 1st day of September,
1983.

NOTARIAL SEAL



Shirley A. O'Neal
Notary Public

My commission expires: 10-8-84

NORTH CAROLINA
DARE COUNTY

I, Melrose P. Sink, a Notary Public of the
aforesaid County and State, do hereby certify that Carolyn Taylor, President
of RESORT WORLD, INC., personally came before me this day and acknowledged
the execution of the foregoing instrument for and on behalf of the Corporation.

Witness my hand and seal, this the 1st day of September,
1983.

NOTARIAL SEAL



Melrose P. Sink
Notary Public

My commission expires: October 29, 1986

The foregoing certificates of Shirley A. O'Neal and Melrose P. Sink, Notaries
Public of Dare County, North Carolina, are certified to be correct. This
instrument and this certificate are duly registered at the date and time and in the
book and page shown on the first page hereof.

Alva D. Wise
Register of Deeds for Dare County
By Vanessa McMurran
Deputy Register of Deeds

RECORDED September 2, 1983

NORTH CAROLINA
DARE COUNTY

ALL RIGHTS
RESERVED
DEEDS
N.C.

AGREEMENT

This Agreement made and entered into this 23rd day of August, 1983, by FIVE SEASONS, a North Carolina partnership and RESORT WORLD, INC., a North Carolina corporation.

WITNESSETH:

WHEREAS, FIVE SEASONS is in the process of developing and selling Co-Ownership Interest in Unit 7, Lot 4, Conch Shell Estates, Nags Head, North Carolina, which Co-Ownership Interest contemplates management by an Agent for the use, enjoyment and benefit of all Owners of the Unit; and

WHEREAS, the parties hereto desire to enter into this Agreement to employ Agent as the initial Agent for said Unit, subject to the rights of Owners to modify or terminate this Agreement as provided for in the Declaration that creates the Co-Ownership Interest in each Unit.

NOW, THEREFORE, in consideration of the premises and of the mutual promises herein contained, it is agreed between the parties that Agent shall have the following duties and responsibilities.

1. To repair, maintain, repaint, remodel, furnish or refurnish the Unit or any part thereof; to establish reserves for anticipated costs, including the acquisition and replacement of Common Furnishing; and to acquire and pay for materials, supplies, furniture, furnishing, labor or services which the Agent deems necessary or proper for the maintenance and operation of the Unit that have been previously approved in the budget adopted by the Owners of said Unit. The Agent shall be permitted to make emergency capital expenditures from the reserve funds not exceeding \$2,000.00 without prior consent of the Owners if for instance, the air conditioner or heating plant needs repair or replacement. The Agent shall not, however, make any other capital expenditures without the prior approval of a Two-Third's Majority in Interest of Owners of the Unit.
2. To pay all taxes and assessments, including assessments by any Homeowners Association to which the property may be deemed to be a member hereafter, on which the Unit is situated, and other costs or charges affecting or relating to the Unit, and to discharge, contest or protest liens or charges affecting the Unit.
3. To open a bank account in the name of FIVE SEASONS UNIT 7 and collect and deposit therein the maintenance fees of the Owners.
4. To obtain and pay the costs of electrical, water, sewer, telephone, cable television and other utility services for the Unit.
5. To adopt from time to time and enforce reasonable rules relating to the possession, use and enjoyment of the Unit by the Owners.
6. To obtain and pay the cost of legal and accounting services necessary or proper in the maintenance and operation of the Unit and the enforcement of the Declaration.
7. To obtain and pay the cost of (I) insurance covering the Unit and the Common Furnishings against loss or damage by fire and other hazards customarily covered by fire insurance policies written with extended coverage; (II) public liability insurance, insuring against liability for personal injury or property damage resulting from an occurrence in, on or about the Unit; (III) flood hazard insurance, and (IV) any other insurance deemed necessary or desirable by the Agent or by a Two-Third's Majority in Interest of Owners of the Unit. The Policies of insurance shall cover such risks, be written by such insurers, and in such amounts, as the Agent shall deem proper, provided insurance for the full replacement value of the improvements shall be maintained.

8. To do all other acts or things necessary or appropriate to the ordinary and necessary operation and maintenance of the Unit or to preserve and protect the Unit in the event of any emergency.
9. To delegate the authority and responsibilities of Agent hereunder to one or more subagents for such periods and upon such terms as the Agent deems proper.
10. To collect, either in advance of disbursement or following disbursement if the Agent advances sums in payment of any of the foregoing, each Owner's share of the aforesaid costs and any other amounts properly expended by the Agent; to estimate any such expenditures in advance, and to bill the Owners accordingly; and to take proper steps to enforce any Owner's obligations under the Declaration.
11. Each year, prior to November 1, the Agent shall submit to each Owner a proposed budget for each Owner's Unit for the forthcoming calendar year specifying the amounts that will be required for maintenance, expenses, utilities, services and reserves. The budget proposed by the Agent shall be deemed to be adopted if the Agent does not receive objections to the proposed budget from Two-Third's Majority in Interest of Owners of the Unit prior to the next January 1, and each Owner shall pay his proportionate share of the budget so adopted in advance in monthly installments on or before the first day of each month.
12. The Agent shall provide each Owner an Income and Disbursement Statement within thirty (30) days after the end of each calendar year showing the receipts of common assessments and fees and the balance in the reserve fund. The Agent shall retain all invoices, paid receipts and cancelled checks for each Unit for a period of seven (7) years subsequent to the furnishing of each Income and Disbursement Statement for audit and review by any Owner or attorney or agent of any Owner.
13. The Agent shall be under no obligation to, but may in its discretion, advance sums required to pay the obligations of any one or more of the Owners or to make the aforesaid payments or incur obligations within the Agent's authority, notwithstanding the failure of any one or more of the Owner's to provide funds therefore. Any advanced sums will come from either the Agent himself or will be transferred from any Budgetary Accounts until this shortage can be rebudgeted and consequently replaced. The Agent shall not be responsible for the acts or conduct of any of the Owners or for the breach of any of the obligations of any of the Owners under the Declaration. The Agent shall not be liable to any Owner in the absence of bad faith or negligence but shall hold the Owners harmless from and against any and all claims, expenses, liabilities, demands, causes of action, awards or judgments rendered against the Agent or the Owners arising out of or in connection with the negligent conduct of the Agent, its officers, employees or subagents. In addition to the enforcement of a lien for the payment of an Owner's share of the costs and expenses, the Agent is hereby granted the right to prohibit any Owner from using and occupying the Unit at any time the Owner is in arrears in his share of costs and expenses. In the event there is any dispute as to the nature or amount of any charges sought to be collected, the Owner may pay such charges under protest and sue for a refund in Dare County District or Superior Court, whereupon the Owner shall be entitled to the use, possession and occupancy of the Unit for the Owner's Season Week or Weeks.
14. Upon request by any Owner or prospective purchaser of a Co-Ownership Interest, or attorney or agent of any Owner or prospective purchaser, the Agent shall furnish a written statement setting forth the date to which the Co-Owner's maintenance fee is paid and the month's amount due to be paid, and said statement shall be binding on the Agent in favor of any person who in good faith relies upon it. Upon a sale or transfer of any Owner's Co-Ownership Interest, any funds so held by the Agent, or held otherwise for an Owner, shall be deemed transferred with the Co-Ownership Interest so transferred.

15. The Agent shall obtain and keep in force a surety bond for the faithful performance of his duties in the amount of \$10,000 unless otherwise directed in writing by a Two-Third's Majority in Interest of Owners of the Unit and the premium for such bond shall be an expense of the Unit.
16. The Agent may be removed upon thirty (30) days written notice which shall also set forth the appointment of a successor Agent and shall be signed, or otherwise consented to, by a Two-Third's Majority in Interest of Owners of the Unit. The Agent may resign upon giving ninety (90) days notice to each of the Co-Owners of the Unit. The Agent shall be entitled to compensation from the Owners for its services at the rate provided for and adopted in the budget each year unless the Agent and a Two-Third's Majority Interest of the Owners of the Unit shall otherwise agree or unless a new rate shall be established by the Clerk of Superior Court upon the appointment of a successor agent as provided above.
17. Rentals and sales by the Agent are not a part of this Agreement and any such rentals or sales will be handled under a separate agreement between the Agent and Co-Owners.
18. The Agent will establish the one-week period to start at 4:00 PM on Friday and end on 11:00 AM the following Friday. This five (5) hour period will be the available time allowed to perform the weekly services required in the agreement.
19. When the Agent submits the proposed budget to each Owner prior to November 1, each year, he shall at the same time provide each Owner with the calendar indicating which weeks are allocated to each Owner for the forthcoming year, together with the names and addresses of the Owners and the number of the period of use for each Owner, including all houses in the development. In the event the Agent determines that the assignment procedures set forth in the Declaration are unmanageable or are, for any reason, unfair to the Owners, the Agent may, without the consent of the Owners, revise restrictions and limitations deemed necessary to assure a manageable and fair procedure for use by Owners. In no event, however, will the period of use of five (5) weeks per year, one (1) for each of the four established regular seasons, and one (1) week for the Holiday Season, be diminished.
20. The Agent shall perform any other duties or responsibilities contained in that Declaration dated August 23, 1983 not specifically set forth herein and all actions of the Agent shall be subject to the terms of the Declaration.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in duplicate originals, one of which is retained by each party, this the August 23, 1983.

FIVE SEASONS

By C. M. Edwards

RESORT WORLD, INC.

By Charles Taylor

NORTH CAROLINA
DARE COUNTY

I, Shirley A. O'Neal, a Notary Public of the
aforesaid County and State, do hereby certify that Carolyn Taylor
General Partner of FIVE SEASONS, a North Carolina
General Partnership, personally came before me this day and acknowledged the
execution of the foregoing instrument.

Witness my hand and seal, this the 1st day of September,
1983.

NOTARIAL SEAL

SHIRLEY A. O'NEAL
NOTARY PUBLIC
DARE COUNTY, NORTH CAROLINA

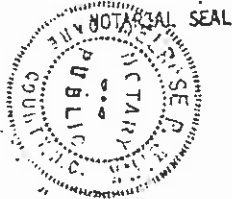
Shirley A. O'Neal
Notary Public

My commission expires: 10-8-84

NORTH CAROLINA
DARE COUNTY

I, Melrose P. Sink, a Notary Public of the
aforesaid County and State, do hereby certify that Carolyn Taylor, President
of RESORT WORLD, INC., personally came before me this day and acknowledged
the execution of the foregoing instrument for and on behalf of the Corporation.

Witness my hand and seal, this the 1st day of September,
1983.



Melrose P. Sink
Notary Public

My commission expires: October 2, 1986

The foregoing certificates of Shirley A. O'Neal and Melrose P. Sink, Notaries
Public of Dare County, North Carolina, are certified to be correct. This
instrument and this certificate are duly registered at the date and time and in the
book and page shown on the first page hereof.

Alva D. Wise
Register of Deeds for Dare County
By Vanzella M. Musican
Deputy Register of Deeds

RECORDED September 2, 1983