

DECLARATION OF UNIT OWNERSHIP
BARRIER ISLAND STATION ONE
DARE COUNTY, NORTH CAROLINA

ALVA C. WICE

REGISTERED DEEDS

Barrier Island Station, Inc., pursuant to Chapter 47A, of the North Carolina General Statutes entitled, "Unit Ownership Act" does hereby state and declare:

SECTION 1. Statement of Submission.

A. Barrier Island Station, Inc., are the record owners of the land hereinafter described and hereby declare and submit the same to the condominium form of ownership and use in accordance with Chapter 47A of the General Statutes of North Carolina, entitled, "Unit Ownership Act".

1. The name by which the Condominium is to be identified is "The Barrier Island Station One Condominiums" located in Atlantic Township, Dare County, North Carolina.

2. The legal description of the land which is included in and submitted to the condominium ownership is located in Atlantic Township, Dare County, North Carolina, and more particularly described as shown in Exhibit "A", which is attached hereto and incorporated herein by reference as if set out word for word.

3. The Declarant is the owner of certain real property in Atlantic Township, Dare County, North Carolina, and more particularly described and defined in Exhibit "B", which Exhibit is attached hereto and incorporated herein by references if set out word for word. It is the intention of the Declarant to submit by this Declaration certain portions of the property described in Exhibit "B" in accordance with Chapter 47A of the General Statutes of North Carolina, entitled "Unit Ownership Act", (hereinafter referred to as the "Act"), thereby creating a condominium known as the Barrier Island Station One Condominiums, thereafter reserving the right to add the balance or certain portions of the balance, of the property described in Exhibit "B" to such condominiums.

4. At such time as any additional Phase shown on Exhibit "B" is hereinafter subject to this Declaration and the "Act" by an Amended Declaration the total combined property shall continue to be known as the Barrier Island Station Condominiums. At such time as additional Phases are submitted to this Declaration, all owners in all Phases subject to the Declaration shall have the rights and privileges in all the common elements located within all Phases subject to this Declaration. As each one or more Phases are added to the condominium, the percentage of interest of the Unit Owners in the common elements reduces depending on the Phase or Phases added and the total combination of Phases subject to this Declaration. The applicable percentage interest of each unit that is or may become subject to this Declaration is determined in accordance with Section 5.

5. It is the intent of the Declarant to create what is hereby referred to as an "expandable" condominium, with the maximum land that may be included in this Declaration being that tract of land lying and being in Atlantic Township, Dare County, and more fully described in Exhibit "B", together with rights, easements and appurtenances there onto belonging. The property which is hereby submitted to the "Act" by this Declaration is land on which the buildings and improvements are located in Atlantic Township, Dare County, North Carolina, being more fully described in Exhibit "A", identified as Phase I, attached hereto and made a part hereof, together with rights, easements and appurtenances there onto belonging. By Supplementary Declaration or Amended Declaration, in the manner hereinafter provided, Declarant may from time to time add one or more Phases, being portions of the land described in Exhibit "B", and subject such land and buildings

and improvements thereon to this Declaration, and thereafter such land therein described shall be and become subject to the "Act" and this Declaration as if included from the beginning. By acceptance of a Deed to a condominium unit created hereby or by Supplementary Declaration or by an Amended Declaration, each Unit Owner agrees that such additional Phases and the units therein may be added to the condominium property and that the percentage interest of common elements will be revised as set forth in Section 5 B hereof.

B. Every Grantee of any interest in the property subject to this and any Amended Declarations by the acceptance of a Deed or other conveyance of such interest, whether or not such Deed or other conveyance of such interest shall be signed by the Grantee or whether or not such person shall otherwise consent in writing, shall take subject to the provisions of the "Act", and this Declaration or Supplemental Declarations or Amended Declarations, and shall be deemed to have assented to the same.

SECTION 2. Definitions. All terms shall have the meaning as set out in Chapter 47A of the General Statutes of North Carolina and in addition thereto and for clarification, the following terms shall have the following meanings:

A. "Apartment Unit" means "condominium unit" or "unit" and is synonymous therewith as defined in N.C.G.S. 47A-3 (12).

B. "Association" or "Association of Unit Owners" means all of the unit owners acting as a group in accordance with the By-Laws and Declaration. As to the Barrier Island Station One Condominium, this term means the Barrier Island Station One Condominium Association, Inc., a non-profit corporation organized and existing under the laws of the State of North Carolina.

C. "Articles" means the Articles of Incorporation of The Barrier Island Station One Condominium Association, Inc.

D. "Building" means a building, or a group of buildings, each building containing one or more units and comprising a part of the property; provided that the property shall contain not less than two units.

E. "Common Areas" or "Common Elements" means all that portion of the condominium property which is not included in the individual condominium units and as further defined in N.C.G.S. 47A-3 (2), except those items listed in paragraph 'h' therein, unless specifically set out in this section.

F. "Common Area Association" means the Barrier Island Station Common Areas Association, Inc., non-profit corporation organized and existing under the laws of the State of North Carolina which shall hold title to the Development Project Common Areas.

G. "Common Expenses" means expenses for which the condominium unit owners are liable to the Association as defined in the North Carolina Unit Ownership Act and in the condominium documents and includes:

1. All sums lawfully assessed against the unit owners by the Association of Unit Owners;

2. Expenses of administration, maintenance, repair or replacement of the common areas and facilities, and Association owned property;

3. Expenses agreed upon as common expenses by the Association of unit owners;

4. Expenses declared common expenses by the provisions of

Chapter 47A of the General Statutes, or by this Declaration or the By-Laws;

5. Hazard insurance premiums, and other insurance premiums, if required;

6. Fees and expenses assessed by the Common Area Association to the Association.

H. "Development Area" means all that real property set forth in Exhibit "C" which is incorporated herein by reference as if set out word for word.

I. "Development Project" means the entire proposed development which is to be contained within the Development Area, including, but not limiting thereto, all proposed buildings, roads, parking areas, dumpster sites, recreational facilities, sewage areas, utility easements.

J. "Development Project Common Areas" means all of the contractual rights, easement rights, real property conveyed in fee, recreational facilities, road, and other rights and titles to real property which are conveyed by the Developer to The Barrier Island Station Common Areas Association, Inc..

K. "Condominium Associations" means all of the non-profit corporations organized and existing under the laws of the State of North Carolina which are formed within Development Area which hold title to any condominium building located within the Development Area.

L. "By-Laws" means the By-Laws of The Barrier Island Station One Condominium Association, Inc.

M. "Common profits" means the balance of all income, rents, profits, and revenues from the common areas and facilities remaining after the deduction of the common expenses.

N. "Condominium" means the ownership of single units in a multi-unit structure with common areas and facilities.

O. "Declaration" means the instrument, duly recorded, by which the property is submitted to the provisions of Chapter 47A of the General Statutes, as hereinafter provided, and as such Declaration from time to time may be lawfully amended.

P. "Limited common areas and facilities" means and includes those common areas and facilities which are agreed upon by all the unit owners to be reserved for the use of a certain number of units to the exclusion of the other units, such as special corridors, stairways and elevators, sanitary services common to the units of a particular floor, and the like.

Q. "Majority" or "majority of unit owners" means the owners of more than fifty percent (50%) of the aggregate interest in the common areas and facilities as established by the Declaration assembled at a duly called meeting of the unit owners.

R. "Person" means individual, corporation, partnership, association, trustee, or other legal entity.

S. "Phase I" means a part of the land described in Exhibit "B" and all of the lands described in Exhibit "A", said Exhibits being attached to this document incorporated hereinby reference. Additional Phases or tracts of land make up the balance of the lands describe in Exhibit "B". Phase I is fully described and identified in Exhibit "A" hereof; further Phases may be included within the Barrier Island Station One Condominiums by Supplementary or Amended Declarations in the manner hereinafter provided, and the boundaries of which are shown in Exhibit "B".

T. "Property" means and includes the land, the buildings, all improvements and structures thereon and all easements, rights and appurtenances belonging thereto, and all articles of personal property intended to be submitted to the provisions of this chapter.

U. "Owners" means the Declarant, Barrier Island Station, Inc.

V. "Supplementary Declaration" or "Amended Declaration" means the document filed by Declarant to include one or more Phases within the condominium property, in the manner provided hereafter.

W. "Recordation" means to file of record in the office of the county Register of Deeds in the County where the land is situated, in the manner provided by law for recordation of instruments affecting real estate.

X. "Time-Share Associations" means all of the non-profit corporations organized and existing under the laws of the State of North Carolina, which are formed within the Development Area which hold title to any building in which the individual units have been committed to a plan of time-sharing ownership whereby the units may be sold and conveyed in annually reoccurring parts of the calendar year by Time Intervals, which may be separately owned.

Y. "Unit" or "condominium unit" means an enclosed space consisting of one or more rooms occupying all or part of a floor or floors in a building of one or more floors or stories regardless of its designated use and shall include such assessorly spaces and areas as may be described in the Declaration, such as garage space, storage space, balcony, terrace or patio, provided it has a direct exit to a thoroughfare or a given common space leading to a thoroughfare.

Z. "Unit Designation" means the number, letter, or combination thereof designating the unit in the Declaration.

AA. "Unit Owner" means a person, corporation, partnership, association, trust or other legal entity, or any combination thereof, who owns a unit within the building.

SECTION 3. Building Description. The condominium buildings are constructed as set forth in Exhibit "D", which is attached hereto and incorporated herein by reference as if set out word for word.

SECTION 4. Apartment Unit Designation and Description. The apartment unit designation and description is as set forth in Exhibit "E", which is attached hereto and incorporated herein by reference as if set out word for word.

SECTION 5. Common Elements, Areas and Expenses Related Thereto.

A. The general common elements or areas located in The Barrier Island Station One Condominiums shall be as follows:

1. All of the land and the premises above described in Section 1 hereof, including all appurtenant rights thereto, shall be general common elements. All facilities located underground shall be general common elements, including any septic tank installation and associated pumps, pipes, tanks, drainfields, and lines, and waste treatment facilities and systems associated therewith.

2. At the ground level and extending thereupwards, all of the areas of said premises not included in the condominium units as described in Section 4 hereof and all facilities not located in said condominium areas, shall be general common elements.

3. Any lighting facilities, equipment and wiring installed to illuminate the above general common elements and all electric lines, both primary and secondary, leading to but exclusive of any individual unit electric meter, shall also be general common elements.

4. In addition, those items set out in N.C.G.S. 47A-3 (2), except as herein reserved or excepted, shall be general common elements.

5. Also included as general common elements are water supply lines to the individual common units, vent lines, plumbing facilities, sanitary sewage lines, waste pipes, and vents, located outside the individual condominium units unless specifically defined as portions of the condominium unit pursuant to Section 4.

B. Each condominium unit or apartment owner shall own a share of the common elements and in the surplus funds possessed by The Barrier Island Station One Condominiums, and shall be liable for the common expenses as set forth in Exhibit "F", which is attached hereto and incorporated herein by reference as if set out word for word.

1. As has been set forth herein, Declarant hereby has expressly reserved an option to expand the condominium from time to time without the consent of any Unit Owner by filing a Supplementary Declaration or an Amended Declaration. Declarant expressly reserves the right to add any or all portions of the property set forth in Exhibit "B" at any time, and at different times, and in any order, without limitation; provided, however, that the land subject to this Declaration shall not exceed the area described in Exhibit "B". Upon such recording, the property described in the Supplementary Declaration will become part of the Barrier Island Station One Condominiums as if such property had been included in this Declaration and by accepting a Deed subject to this Declaration and any applicable Supplementary Declaration or Amended Declaration, Unit Owners agree to such additions to the Barrier Island Station One Condominiums.

2. As each one or more Phases are added to the condominium, the percent of interest of each Unit Owner of the common elements of the condominium reduces depending on the Phase or Phases added and the total combination of Phases subject to this Declaration. To determine the applicable percentage interest of each unit that is or may become part of the condominium, determine the assigned value for the unit in question, and divide this figure by the total assigned values of all units then subject to this Declaration or any Supplementary Declaration or Amended Declaration. By acceptance of a Deed to a condominium in the Barrier Island Station One Condominiums, each owner, for himself, his heirs, successors and assigns, agrees and consents that Declarant, without need for further consent or joinder of any Unit Owner, may add any one or more of all Phases for property described in Exhibit "B" to Barrier Island Station One Condominiums, and upon the recordation by Declarant of the Supplementary Declaration or Amended Declaration, the percentage interest shall automatically be changed to the appropriate percentage interest. No Supplementary Declaration or Amended Declaration may change the percentage interest other than as set forth in this section, unless a Supplementary Declaration is joined by one hundred percent of the Unit Owners in the manner required for Amendment of the Declaration to change percentage interest of ownership in common elements.

3. The assigned values of each of the units in the Barrier Island Station One Condominiums is made by the Declarant, and in no way alters the right to sell any unit at the then existing fair market value by any Unit Owner or the Declarant herein.

4. Declarant covenants and agrees that additional Units as added to the Barrier Island Station One Condominiums shall be of a comparable nature to the general external appearance of the existing Units. However, Declarant is in no way obligated to have any Unit which is added to Barrier Island Station One Condominiums by further Phases to be of an exact nature as those which already exist as Units of Barrier Island Station One Condominiums.

SECTION 6. Limited Common Elements or Areas. There are no limited common elements or areas in Barrier Island Station One Condominiums.

SECTION 7. Easements.

A. Perpetual Non-Exclusive Easement in Common Areas. The common elements or areas shall be, and the same are hereby declared to be subject to a perpetual non-exclusive easement which easement is hereby created, in favor of all of the apartment or unit owners in the condominium for their use and for the use of their immediate families, guests, invitees, and licensees, and for all proper and normal purposes, and for the furnishing of services and facilities for which the same are reasonably intended. In addition, this easement shall run in favor of the Developer, the condominium association, and all unit owners, and may be used for ingress and egress for the providing of electric power, telephone, sewer, water, and other utility services and lighting facilities, including but not limited to television transmission facilities, security services, and facilities connected therewith. The Owners, for themselves, their heirs, and assigns, and the Association herein described reserve the right to impose upon the common elements henceforth and from time to time such easements and cross-easements for any of the foregoing purposes as they deem to be in the best interest of and necessary and proper for, the owners of apartments and units in Barrier Island Station One Condominiums.

B. Encroachment Easement. The entire condominium property, including common areas and individual condominium units or apartments shall be subject to easements for encroachments which now exist or hereafter may exist, caused by the settlement or movement of the building, or caused by minor inaccuracies in construction or reconstruction, which encroachments shall be permitted to remain undisturbed and which said easement shall run in favor of each individual condominium unit owner, the Association, and the Developer.

C. Easement for Recreation, Parking, Access, Egress, and Ingress. There is hereby conveyed and reserved a non-exclusive easement of access, egress, and ingress to and from the condominium buildings and North Carolina Secondary Road 1200, and for parking in designated parking areas, and for access, egress, and ingress to recreational facilities, and for other purposes herein expressed over, upon, and across the lands described in Section 1 of this Declaration, and the Development Area, said easement being also for the benefit of the Owners and those to whom Owners may convey a similar easement or easements as an appurtenance to any real property interest conveyed, by the Owners, their successors, heirs, and assigns, in and to the Development Area, or any other land now or hereinafter owned by the Owners, the successors, heirs, and assigns.

D. Easement for Construction. There is retained, by the Owners, and their successors, heirs, and assigns, a construction easement over, upon, and across the common elements or areas and also over, upon, and across those lands set out and described in Section One of this Declaration, for the purposes of constructing improvements on the properties now owned or hereafter acquired by the Owners, said easement to run in favor of the Owners, their heirs, successors, and assigns, their contractor and subcontractors, laborers, and materialmen. This easement shall

expire and become null and void upon the completion of all of the permanent improvements which are to be constructed upon said properties.

E. Easement for Utilities, Sewerage, Waste Treatment Facilities. There is conveyed hereby an easement of right of way in and to the lands described in Section One of this Declaration, for the benefit of the condominium unit owners and the Association, for the construction, operation, and maintenance of all utility lines, and pipes, sewerage lines, septic tanks, waste treatment facilities, pumps, drain lines and facilities related thereto, which said easement shall also inure to the benefit of the Owners, and all future property owners located or to be located in the Development Area.

F. Easement for Pipes, Wires, Flues, Ducts, Cables, Conduits, Public Utility Lines, and Other Common Elements Located Inside of Units. Each unit ownership will have an easement in common with the owners of all other units to use all pipes, wires, ducts, flues, cables, conduits, public utility lines, and other Common Elements located in any of the other units and serving his unit. Each unit shall be subject to an easement in favor of the owners of all other units to use the pipes, wires, ducts, flues, cables, conduits, public utility lines, and other common elements serving such other units and located in such unit. The Board of Directors and their authorized agents of the Association shall have a right of access to each unit to inspect the same, to remove violations therefrom and to maintain, repair, or replace the common elements contained therein, if any, or elsewhere in the building.

G. Location of Easement. Owner, its successors and assigns, reserves the right to specifically designate on the ground in the Development Area the location of the above-described easements, including but not limiting thereto, all roads, walkways, parking areas, utility lines, and recreational facilities.

H. Easement to Barrier Island Station Common Area Association, Inc. There is hereby conveyed to The Barrier Island Station Common Area Association, Inc., its successors and assigns, the easements set forth in Paragraphs A, B, C, D, and E above.

I. Further Easements. Owner specifically reserves the right for itself its successors and assigns the right to convey easements to and rights of use in any of the recreational facilities owned by either Barrier Island Station One or the Barrier Island Station Common Areas Association or owned by Declarant to any other entity, person or appurtenant to any other property. Said rights shall include the right to use all roads, walkways, parking areas, utility lines, and recreational facilities.

SECTION 8. Statement of Purpose, and Restrictions as to Use.

A. The Barrier Island Station One Condominiums are residence type condominiums and shall be used for single-family residences, vacation or resort living units by the unit owner, his family, servants and guests, or tenants and leasees, their servants and guests, and for no other purposes. No condominium unit may be used for a commercial, professional, or home business enterprise or as a hotel or motel, provided, however, that this Section will not prevent any unit owner from renting or leasing his condominium unit either himself or through his agent. Developer may use the units as models and sales offices.

B. Each condominium unit is subject to alienation, mortgage or transfer as is any other real property located within the State of North Carolina, however, no condominium unit owner may mortgage or convey by deed of trust his apartment or condominium unit or convey the same as collateral, to any person, firm or corporation except as said conveyance, mortgage, or deed of trust shall be a

first lien deed of trust or first mortgage or a purchase money mortgage or deed of trust on the condominium unit, unless prior approval is obtained from the Association.

C. The space within any of the condominium units and common elements shall not be further subdivided and any instrument, whether a conveyance, mortgage, deed of trust or otherwise, which describes only a portion of the space within any apartment shall be deemed to describe the entire apartment unit owned by the person, firm or corporation executing such instrument.

D. No condominium unit owner shall show, nor authorize anyone else to show any sign, advertisement, or notice on any of the common elements, windows, porches, or balconies, or upon his condominium unit and shall erect no exterior antenna or antenna upon any portion of any part of his apartment or on any of the common elements. The Developer may show whatever signs Developer desires on any unsold unit or anywhere on the Common Areas.

E. Any individual condominium unit owner may keep a pet or pets in his unit, but only under the regulations as promulgated by the Association from time to time, and no person may keep any other animals, livestock or poultry nor may any of the same be raised, bred or kept upon any portion of the condominium property, including the common elements, balconies and terraces. The Association shall have the authority to declare any pet or pets a nuisance and may cause the owner thereof to remove the same from his condominium property.

F. No apartment or unit owner shall permit or suffer anything to be done or kept in his unit which will increase the insurance rates of his unit or the common elements, or which will obstruct or interfere with the rights of other unit owners or the Association, by unreasonable noises, odors or otherwise; nor shall an individual unit owner commit or permit any nuisance, immoral or illegal act in his unit, or on the common elements.

G. No trailer, tent, storage shed, garage, or other similar outbuildings or structure shall be placed on the Development Area at any time, either temporarily or permanently, excepting that individual boat trailers and travel trailers not being used as living quarters, neither of which exceeding the size of one parking space, may be permitted provided said parking space or area is properly assigned to the individual unit owner who owns said boat trailer or travel trailer or the express written consent of any other unit owner for the use of his assigned parking space therefore. This restriction shall not apply to the Owners, their contractor, subcontractors, laborers, or materialmen until such time as all apartments or condominium units in the Development Area have been constructed and sold.

H. No condominium unit owner shall make structural modifications or alterations in his unit or the permanent fixtures therein unless he has previously obtained approval therefore, in writing from the Board of Directors of the Association.

I. Unit owners shall abide by and be subject to such rules and regulations as may be adopted by the Association and as may be set out herein or in the By-Laws of the Association as the same from time to time may be amended.

SECTION 9. Use and Transfer of Parking Spaces.

A. The Owners shall assign the use of one (1) particular parking space to a particular condominium unit at the time the unit is originally acquired from the Owners. The assignment of use shall be made by describing the particular parking space by reference thereto in a book entitled, "Parking Space Assignments" which book shall be maintained by the Owners and at such time as the Owners transfer all authority to the Association, which said

book shall be for the purpose of listing each assignee of each parking space and the transfer thereof. Each transfer shall be recorded in the book and the owner of the unit to which its use is assigned shall have the exclusive right to the use thereof. Upon a conveyance of or the passing of title to the condominium unit to which said parking space is assigned, the owner of said unit making the conveyance shall deliver notice of transfer thereof to the Association which shall thereupon cause to be executed a new assignment in the assignment book.

B. Parking spaces may be separately transferred upon the following conditions:

1. At any time a parking space may be surrendered or transferred by a unit owner to the Association.

2. The use of a parking space may be transferred by a unit owner to any other unit owner within the condominium provided that written notice thereof, executed by the transferor and the transferee shall be submitted to the Association which shall record such transfer in the assignment book.

3. The Association shall have the absolute right to assign parking spaces assigned or transferred to the Association and requests for the assignment of parking spaces held by the Association shall be considered by the Association on a first come first serve basis or on such other terms and conditions as may be adopted by the Association.

C. Owners will further provide sufficient parking spaces such that each unit will have a minimum of two (2) parking spaces, one of which being the specifically assigned parking space pursuant to this Section.

D. No trucks used for commercial purposes, or trucks over one-half ton capacity may be parked overnight. Only vehicles bearing current license and registration tags may be parked overnight. The Association shall have the right to authorize the towing away of any violating vehicles with costs to be borne by the owner or operator thereof.

SECTION 10. Maintenance and Alteration of Apartments.

A. The Association shall maintain, repair and replace all portions of the condominium buildings (except interior surfaces and walls) contributing to the support of the apartment building, which portions shall include but not be limited to the outside walls of the apartment building and all fixtures, including plumbing and electrical fixtures, on the exterior thereof; boundary walls of apartments; floor slabs and roofs; and load-bearing piers and load-bearing walls.

B. The responsibility of the apartment unit owner shall be:

1. To maintain, repair and replace at his expense all portions of his apartment unit except the portions to be maintained, repaired and replaced by the Association.

2. Not to paint or otherwise decorate or change the appearance of any portion of the exterior of the condominium building.

3. To repair any frozen pipes, repair any stopped sewer and sink lines, to repair any heating and air conditioning equipment which services his unit, whether located within an apartment unit or on a common element, and to replace any broken window panes, torn screening, or doors that serve as an individual apartment unit.

4. To promptly report to the Association any defect or

need for repairs, the responsibility for which is that of the Association.

5. To drain all water from all pipes which service his unit from the point of the unit's individual water meter when the unit is not in use to prevent the freezing and bursting of said pipes. Said unit owner shall be responsible for any damage due to his negligence in failing to perform this requirement.

C. Neither a unit owner nor the Association shall make any alteration in the portions of any apartment unit or the building which is to be maintained by the Association, or remove any portion thereof, or make any additions thereto, or do anything which would jeopardize the safety or soundness of the building, or impair any easement, without first obtaining approval in writing of owners of all apartment units in the condominium building.

SECTION 11. Maintenance and Alterations of Common Elements and Association Property.

A. The maintenance and operation of the common elements, and property, real and personal, owned by the Association shall be the responsibility and expense of the Association.

B. After the completion of the improvements including the common elements which are contemplated by this Declaration including the completion of all Phases of the Barrier Island Station One Condominiums, there shall be no alteration or further improvement of the real property constituting the common elements without the prior approval in writing by the owners of not less than 75% of the common elements and any such alteration or improvement shall not directly interfere with the rights of any unit owner, without first obtaining his written consent. There shall be no change in the shares and rights of any unit owner in the common elements which are altered or further improved, whether or not such unit owner contributes to the cost thereof, except by an Amended Declaration.

SECTION 12. Assessments.

A. Assessments against apartment unit owners for common expenses shall be made pursuant to North Carolina General Statutes §47A-12 and the By-Laws of the Association and shall be allocated as set forth in Section 5, Paragraph B of this Declaration. Assessments shall be collected on a monthly basis and the assessments of the Barrier Island Station One shall commence upon the conveyance of the first unit with all units, either sold or unsold, liable for the assessments at that time. If additional Phases are added, said units within the additional Phases, whether sold or unsold, shall be liable for the assessments at the time of filing of the Supplementary Declaration or Amended Declaration.

B. Any sums assessed by the Association for the share of the common expenses chargeable to any unit, and remaining unpaid for a period of thirty (30) days or longer, shall constitute a lien on such apartment unit when filed for record in the Office of the Clerk of Superior Court of Dare County by the Association under the provisions of Article 8 of Chapter 44 of the North Carolina General Statutes and any amendments or supplements thereto. A lien created herein shall be prior to all other liens except (a) liens for real estate taxes due and unpaid, (b) all sums unpaid on deed of trust and other encumbrances recorded against the unit prior to the docketing of this lien, and (c) materialmen's and mechanic's liens.

C. A lien created pursuant to Paragraph B may be foreclosed by suit by the Board of Directors of the Association, acting on behalf of the apartment unit owners, in like manner as a foreclosure of a deed of trust or mortgage of real property. The Board of Directors of the Association, acting on behalf of the

apartment unit owners, may maintain a suit to recover a money judgment for unpaid common expenses without foreclosing or waiving the lien securing said common expenses. The unit owner shall be responsible for all court costs, interest and reasonable attorney's fees incurred in the collection, by foreclosure or otherwise, of said liens for common expenses. Except for purchasing at foreclosure as herein stated, the Association shall not purchase or own a condominium unit.

D. Any sum assessed by the Association for the share of the common expenses due prior to the acquisition of title to an apartment unit pursuant to a foreclosure proceeding of a mortgage or deed of trust shall not be assessed against the mortgagee of the mortgage or deed of trust of record who forecloses said mortgage or other purchaser of the apartment unit as a result of the foreclosure of a mortgage. Any sums assessed against the apartment unit which is the subject of a foreclosure of a mortgage shall be collectible out of the proceeds thereof or from the former owner, or if not collectible, from all apartment unit owners, including the purchaser at the foreclosure sale, in the proportions which their shares in the common elements bear to each other.

E. No apartment unit owner may exempt himself from contributing toward the common expenses by waiver of the use or enjoyment of the common elements and facilities or by abandonment of the apartment unit belonging to him or by waiving his right to use or enjoy the Development Project Common Areas.

SECTION 13. Association. The operation of the condominium shall be by The Barrier Island Station One Condominium Association, Inc., hereinafter called the Association, a corporation organized under the laws of North Carolina which shall be organized and shall fulfill its functions pursuant to the following provisions:

A. The members of the Association shall be the condominium unit owners.

B. The Association shall be incorporated under the Articles of Incorporation in the form attached as Exhibit "G", but the Articles of Incorporation may be amended as permitted by law without amending this Declaration.

C. The initial By-Laws of the Association shall be in the form attached as Exhibit "H", but may be amended as therein provided or as permitted by law without amending this Declaration, except as required by law.

D. The share of a member in the funds and assets of the Association cannot be assigned, hypothecated, or transferred in any manner except as an appurtenance to such member's apartment unit.

E. Whenever the decision of an apartment unit owner is required upon any matter, whether or not the subject of an Association meeting, such decision shall be expressed by the same person, in person or by proxy, who would cast the vote of such owner if in an Association meeting. Where any unit is owned as a tenancy in common or as a tenancy by the entirety, said tenants may determine between or among themselves how the vote to which they are entitled shall be cast, but the chairman of the meeting of the Association shall not accept any division of a vote that said owners would otherwise be entitled to cast if said tenants do not unanimously agree between or among themselves as how their vote would be cast.

SECTION 14. Insurance.

A. Insurance policies upon the condominium property covering the items described in Paragraph B of this Section shall be

purchased by the Association for the benefit of the Association and the apartment unit owners and their mortgagees as their interest may appear. Such policies and endorsements shall be issued in the name of and deposited with the Board of Directors of the Association as Trustee for each of the apartment unit owners in the percentages of interest of each apartment unit owner established in this Declaration in Section 5.

B. Insurance shall cover the following:

1. All buildings and improvements upon the land and all personal property included in the common elements shall be insured in an amount equal to the maximum insurable replacement value without deduction for depreciation, as determined annually by the Board of Directors of the Association. Such coverage shall afford protection against loss or damage by fire and other hazards covered by a standard extended coverage endorsement, including flood insurance and such other risks as are customarily covered with respect to buildings similar to the buildings on the land, such as vandalism and malicious mischief.

2. Public liability insurance in such amounts and with such coverages as shall be required by the Board of Directors of the Association, and with a cross liability endorsement to cover liabilities of the apartment unit owners as a group to an apartment unit owner.

3. Workmen's compensation as required by law.

4. Such other insurance as the Board of Directors of the Association may determine from time to time to be desirable.

C. Premiums upon insurance policies purchased by the Association shall be paid by the Association as a common expense.

D. The Board of Directors of the Association, acting on behalf of the apartment unit owners, is hereby irrevocably appointed agent for each apartment owner to adjust all claims arising under insurance policies purchased by the Association, and to authorize the officers of the Association to execute and deliver Releases upon the payment of claims.

E. All apartment unit owners and mortgagees of apartment unit owners shall be furnished copies of each insurance policy purchased by the Association, showing the name of the insurance Trustee, the name of the insurance company, the policy number, the effective date and the expiration date of the policy, the total amount of the policy and the name and address of the insurance agent issuing the policy. The copy shall also provide that the apartment unit owner and the mortgagee of each apartment unit owner shall be furnished notice of any change in or cancellation of the policy with thirty (30) days prior to the effective date of said change or cancellation.

F. Each apartment unit owner shall have the right to insure his own apartment unit for his own benefit, though this provision will not alter or vary the requirement that the Association purchase insurance on the building and improvements in the condominium. Any apartment unit owner that has made, or does make, permanent improvements within his apartment unit that have become or will become affixed to the realty, and who desires additional specific contingent insurance on such improvements, may request the Association's Insurance Trustee to include this coverage as a separate item in the standard Improvements and Betterments clause of the Association's policy, the premiums for said additional coverage to be paid in advance by the apartment unit owner so requesting the coverage at his own expense and said premiums shall not be a portion of the common expenses of the Association. The Association's Insurance Trustee may not

unreasonably deny such a request, but it shall not be liable for failure to see that such additional insurance is properly issued.

G. The Association will not purchase or obtain insurance to cover the personal property of an apartment unit owner, nor will the Association purchase or obtain insurance to cover the individual liability of an apartment unit owner for injuries and damages suffered by anyone or anything within an apartment unit if said injuries or damages are not a liability of the Association.

SECTION 15. Repair and Replacement of Destroyed Property.

A. Damage to or destruction of the building and improvements, but not the individual condominium unit, shall be promptly repaired and restored by the Board of Directors of the Association using the proceeds of insurance for that purpose. If there is a deficiency in the proceeds of the insurance policies, the apartment unit owners shall be assessed, as a common expense, the difference between the amount of the insurance proceeds and the amount necessary to repair, rebuild, or replace the damaged building or improvement to its original condition.

B. All repairs or reconstruction shall be made substantially in accordance with the plans and specifications used for the original structures or buildings, which plans are attached hereto as Exhibit "K".

C. If the building shall be more than two-thirds ($2/3$) destroyed by fire or other disaster and the owners of three-fourths ($3/4$) of the units duly resolve not to proceed with repair or restoration, then and in that event:

1. The property shall be deemed to be owned as a tenancy in common by the unit owners;

2. The undivided interests in the property owned by the unit owners as tenants in common which shall appertain to each unit owner shall be the percentage of undivided interest previously owned by such owner in the common areas and facilities;

3. Any liens affecting any of the units shall be deemed to be transferred in accordance with the existing priorities to the percentage of the undivided interest of the unit owner in the property as provided herein;

4. The property shall be subject to an action for sale for partition at the suit of any unit owner, in which event the net proceeds of sale, together with the net proceeds of insurance policies, if any, shall be considered as one fund and shall be divided among all the unit owners in proportion to their respective undivided ownership of the common areas and facilities, after first paying out the respective shares of unit owners, to the extent sufficient for that purpose, all liens on the unit of each unit owner; and

5. All real property owned by the Association itself shall be transferred by recordable instrument to the individual unit owners in the same proportions as their ownership in the common areas appears.

D. Any proceeds remaining from any insurance policies after damages for which proceeds have been paid for repair or restoration, and such repair or restoration has been completed, shall be paid to the Association to be applied to common expenses.

E. If damage occurs only to those parts of an apartment unit for which the responsibility of maintenance and repair is that of the apartment unit owner as provided in Section 10, then the apartment unit owner shall be responsible for construction and

repair after casualty.

F. In all decisions made by the Association, it shall be held to a reasonable man's standard whether the decisions deal with amount of assessments, purpose of assessments, what property was being repaired and how it was to be repaired.

SECTION 16. Compliance and Default.

A. Each apartment unit owner shall be governed by and shall comply with the terms of this Declaration, the By-Laws of the Association, and the regulations adopted pursuant thereto, the By-Laws of the Common Areas Association, and the regulations adopted pursuant thereto, and by such documents and regulations as the same may be amended from time to time. A violation of default shall entitle the Association, or other apartment unit owners, to the relief described in Paragraph D of this Section in addition to the remedies provided in the Unit Ownership Act.

B. The apartment unit owner shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his act, neglect, or carelessness or by that of any member of his family or his or their guests, tenants, employees, agents, or leasees. This provision shall apply even though the maintenance, repair, or replacement would otherwise be a common expense to be paid by the Association or what would ordinarily be an expense of the Common Areas Association. Such liability shall include an increase in fire insurance rates occasioned by use, misuse, occupancy or abandonment of an apartment unit or its appurtenances.

C. The failure of the Association, or Common Areas Association, or any apartment unit owner to enforce any covenant, restriction, or other provision of this Declaration, the By-Laws of the Association, or the regulations adopted thereto, or the By-Laws of the Common Areas Association, or the regulations adopted thereto, shall not constitute a waiver of the right to do so thereafter.

D. Any unit owner, the manager, the Board of Directors of the Association, the Board of Directors of the Common Areas Association, or any combination of unit owners may invoke an appropriate civil remedy to enforce the terms of this Declaration, or the By-Laws of the Association, or the By-Laws of the Common Areas Association, or any Regulations adopted pursuant to either.

SECTION 17. Amendments. This Declaration may be amended by the Association in the following manner:

A. Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting of the members of the Association at which a proposed amendment is to be considered.

B. A resolution adopting a proposed amendment may be proposed by either the Board of Directors of the Association or by any member of the Association. Directors and members not present or by proxy present at any meeting considering the amendment, may express their approval in writing, providing such approval is delivered to the secretary at or prior to the meeting. Except as elsewhere provided, such approvals must be not less than 75% of the entire membership of the Association. However, it is expressly understood that Declarant may add additional Phases or Units to become a portion of Barrier Island Station One Condominiums, which shall change Unit Owners share in the common elements, by filing a Supplementary or Amended Declaration without the necessity of obtaining the approval of any Unit Owner.

C. No amendment shall discriminate against any apartment unit owner or against any apartment unit or class or group of apartment units unless the apartment unit owners so affected shall consent.

No amendment shall change any apartment unit owner's share in the common elements appurtenant to his unit, nor increase the apartment unit owner's share of the common expenses, unless the record Owner of the apartment unit and all record owners of liens thereon shall join in the execution of the amendment. None the less, a Supplementary Declaration or Amended Declaration may change a Unit Owners share in the common elements appurtenant to his unit if the same is filed by the Declarant to add an additional Phase or Phases to the Barrier Island Station One Condominiums.

D. A copy of each amendment shall be certified by the President and Secretary of the Association as having been duly adopted and shall be effective when recorded in the Office of the Dare County Register of Deeds.

SECTION 18. Agent for the Service of Process.

A. John T. Lancaster, whose address is P. O. Box 130, Nags Head, North Carolina, 27959, is hereby designated as the agent upon whom service of process may be made in any action or proceeding brought against the condominium.

SECTION 19. Termination.

A. This condominium may be terminated by all of the apartment unit owners executing an instrument for that purpose to be recorded in the Dare County Registry. Said instrument shall also include the consent of all holders of liens on apartment units that his or its lien may be transferred to the percentage of the undivided interest of the apartment unit owner subsequent to termination.

B. When a termination has been effected as herein provided, all the property previously subject to the Unit Ownership Act shall be deemed to be owned by all of the apartment unit owners as tenants in common, with an undivided interest in all the real property owned by the Association which shall be conveyed by a duly executed Deed of Conveyance. Each tenant's undivided interest shall be that percentage of the undivided interest previously owned by such apartment unit owner in the common elements and facilities.

SECTION 20. Status of Owners.

A. Upon the initial creation of The Barrier Island Station One Condominium Association, Inc., the Owners shall have control of and shall appoint the Board of Directors therefore. Within three years the following conveyance of the first unit or within ninety days after three-fourths (3/4) of the units are conveyed in the condominium buildings, whichever shall occur first, the Owners shall turn over and deliver control of the Condominium Board of Directors to the duly elected officers of The Barrier Island Station One Condominium Association, Inc., as provided in the Articles of Incorporation and the By-Laws. As used herein three-fourths (3/4) of the Units shall mean three-fourths (3/4) of the Units of all Phases of Barrier Island Station One Condominiums which have been made subject to this Declaration by this Declaration and any Supplementary or Amended Declaration.

B. For as long as the Owners are the record owners of one or more condominium apartment units which remain unsold, the Owners shall be responsible for and pay their prorata portion of the common expenses as determined by the Association.

C. Until the Owners have sold all of the apartment units neither the condominium unit owners, nor the Association, nor the use of the condominium property shall interfere with the completion of the contemplated improvements and sale of the condominium units. The Owners may make use of the unsold

condominium apartment units and common areas as may facilitate completion of the construction thereof and sale, including but not limited to the maintenance of a sales office, model apartment, the showing of the property and displaying of advertising signs.

D. Upon the initial creation of The Barrier Island Station Common Areas Association, Inc., the Owners shall have control of and shall appoint the Board of Directors therefore. Within five years following the conveyance of the first unit or within ninety days after three-fourths (3/4) of the condominium units and/or time share units which are proposed for the Development Area (a total of 134 units) are conveyed, whichever shall occur first, the Owners shall turn over and deliver control of the Common Areas Association Board of Directors to the duly elected officers and directors of The Barrier Island Station Common Areas Association, Inc., as provided for in the Articles of Incorporation and the By-Laws.

SECTION 21. Common Areas Association. The operation, maintenance and upkeep of the Development Project Common Areas shall be by The Barrier Island Station Common Areas Association, Inc., hereinafter called the Common Areas Association, a corporation under the laws of the State of North Carolina which shall be organized and shall fulfill its functions pursuant to the following provisions:

A. The members of the Common Areas Association shall be The Condominium Associations or Time-Share Associations which are formed within the Development Area.

B. The Common Areas Association shall be incorporated under the Articles of Incorporation in the form attached as Exhibit "I", but the Articles of Incorporation may be amended as permitted by law without amending this Declaration.

C. The initial By-Laws of the Common Areas Association shall be in the form attached as Exhibit "J", but the same may be amended as therein provided, or as permitted by law without amending this Declaration, except as required by law.

D. The share of a member in the funds and assets of the Common Areas Association cannot be assigned, hypothecated, or transferred in any manner except as an appurtenance to a Condominium Association's or Time-Share Association's building.

E. The Developer will be conveying to the Common Areas Association the Development Project Common Areas. The Common Areas Association shall be responsible to repair, replace, and maintain all of the Development Project Common Areas, including but not limiting thereto, all roads, parking areas, walkways, dempsey dumpsters, trash screening area, pool, tennis courts, oceanfront decking, landscaping, sewage tank systems, which are a portion of the Development Project Common Areas. However, each individual Condominium Association shall be responsible for the maintenance, repair, and replacement of any item which is contained upon the Development Property but owned by the Condominium Association.

F. Insurance policies upon the Development Project Common Areas covering the items described in Subparagraph 1 of this Paragraph shall be purchased by the Common Areas Association for the benefit of the Common Areas Association and the Condominium Associations or Time-Share Associations as their interest may appear. Such policies and endorsements shall be issued in the name of and deposited with the Board of Directors of the Common Areas Association as the Trustees for the Common Areas Association and for each of the Condominium Associations and Time-Share Associations in the percentage of interest of each Condominium Association or Time-Share Association established pursuant to Paragraph H of this Section.

(a) All buildings and improvements upon the land and all personal property included in the Development Project Common Areas shall be insured in an amount equal to the maximum insurance replacement value without deductions for depreciation, as determined annually by the Board of Directors of the Common Areas Association. Such coverage shall afford protection against loss or damage by fire and other hazards covered by a standard extended coverage endorsement, including flood insurance and such other risks as are customarily covered in respect to buildings and recreational facilities similar to the buildings on the land, such as vandalism and malicious mischief.

(b) Public liability insurance in such amounts and such coverage as shall be required by the Board of Directors of the Common Areas Association, and with cross-liability endorsement to cover liabilities of the Condominium Associations and Time-Share Associations.

(c) Workmen's Compensation as required by law.

(d) Such other insurance as the Board of Directors of the Common Areas Association may determine from time to time to be desirable.

2. Premiums upon insurance policies purchased by the Common Areas Association shall be paid by the Common Areas Association and assessed against the Condominium Associations and Time-Share Associations.

3. The Board of Directors of the Common Areas Association, acting on behalf of the Condominium Associations and Time-Share Associations, is hereby irrevocably appointed agent for each Condominium Association and Time-Share Association to adjust all claims arising under insurance policies purchased by the Common Areas Association, and to authorize the officers of the Association to execute and deliver Releases upon the payment of claims.

4. All Condominium Associations and Time-Share Associations shall be furnished copies of each insurance policy purchased by the Common Areas Association, showing the name of the insurance Trustee, the name of the insurance company, the policy number, the effective date and expiration date of the policy, the total amount of the policy and the name and address of the insurance agent insuring the policy.

G. Assessments against the Condominium Association and Time-Share Associations for expenses of the Common Areas Association shall be made pursuant to the By-Laws of the Common Areas Association and shall be allocated as set forth in Section 21, Paragraph H of this Declaration.

H. Each Condominium Association and Time-Share Association shall be a member of the Common Areas Association and shall be liable for the expenses of the Common Areas Association. The percent interest of membership and liability for assessments of each Condominium Association or Time-Share Association shall be determined by dividing the fair market value of all of the condominium units or time-share units comprising the Condominium Association or Time-Share Association as set forth in the Condominium Association's Declaration by an amount equal to the fair market value of all of the condominium units in all of the Condominium Associations and the fair market value of all of the time-share units in all of Time-Share Associations as set forth in their various Declarations.

I. Damage to or destruction of any of the Development Project Common Areas shall be promptly repaired and restored by the Board of Directors of the Common Areas Association using the proceeds of insurance for that purpose. If there is a deficiency in the

proceeds of the insurance policies, the Condominium Associations and Time-Share Associations shall be assessed, as a common expense, the difference between the amount of the insurance proceeds and the amount necessary to repair, rebuild, or replace the damaged Development Project Common Area to its original condition.

J. The Common Areas Association shall be responsible to maintain in good repair all of the Development Project Common Areas and shall be held to a reasonable man's standards as to all determinations concerning assessments, property to be maintained, property repaired, and all other decisions.

SECTION 22. Mortgage Holders.

A. The Common Areas Association and/or The Barrier Island Station One Condominium Association are required to make available to unit estate owners and lenders, and to holders, insurers or guarantors of any first mortgage, current copies of the Declaration, By-Laws, other rules concerning the project and books, records and financial statements of the Association or the Associations. Said availability shall be upon request during normal business hours or under reasonable circumstances. Any holder, insurer or guarantor of a first mortgage shall be entitled, upon written request, to an audited financial statement for the immediately preceding fiscal year, free of charge to the party so requesting. Said financial statement shall be furnished within a reasonable time following such request.

B. Upon written request to the Common Areas Association or The Barrier Island Station One Condominium Association, identifying the name and address of the holder, insurer or guarantor and the unit estate number or address, such mortgage holder, insurer or guarantor shall be entitled to timely written notice of:

1. Any condemnation loss or any casualty loss which affects the material portion of the project or any unit estate on which there is a first mortgage held, insured, or guaranteed by such eligible mortgage holder, or eligible insurer or guarantor, as applicable;

2. Any delinquency in the payment of assessments or charges owed by any owner of a unit estate subject to a first mortgage held, insured or guaranteed by such eligible holder or eligible insurer or guarantor, which remains uncured for a period of sixty days;

3. Any lapse, cancelation or material modification of any insurance policy or fidelity bond maintained by the Association or Associations;

4. Any proposed action which would require the consent of a specified percentage of eligible mortgage holders, as specified below.

C. To the extent permitted by applicable law, and notwithstanding anything else herein contained, eligible mortgage holders shall also be afforded the following rights:

1. Any restoration or repair of the project, after a partial condemnation or damage due to an insurable hazard, shall be performed substantially and in accordance with the Declaration and the original plans and specifications, unless other action is approved by eligible holders holding mortgages on unit estates which have at least 51% of the votes of unit estates subject to eligible holder mortgages.

2. Any election to terminate the legal status of the project after substantial destruction or a substantial taking in

condemnation of the project property must require the approval of eligible holders holding mortgages on unit estates which have at least 51% of the votes of unit estates subject to eligible holder mortgages.

3. No reallocation of interest in the common areas resulting from a partial condemnation or partial destruction of such project may be affected without the prior approval of eligible holders holding mortgages on all remaining unit estates whether existing in whole or in part, and which have at least 51% of the votes of such remaining unit estates subject to eligible holder mortgages.

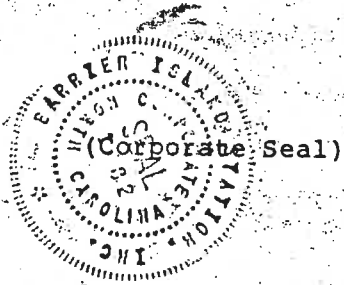
4. The approval of eligible holders holding mortgages on unit estates which have at least 67% of the votes of unit estates subject to eligible holder mortgages, shall be required to terminate the legal status of the project as a condominium.

5. The approval of eligible holders holding mortgages on unit estates which have at least 51% of the votes of unit estates subject to eligible holder mortgages, shall be required to add or amend any material provisions of the constituent documents of the project which establish, provide for, govern or regulate any of the following:

- a. voting;
- b. assessments, assessment liens or subordination of such liens;
- c. reserves for maintenance, repair and replacement of common areas (or units if applicable);
- d. insurance or fidelity bonds;
- e. rights to use the common areas;
- f. responsibility for maintenance and repair of the several portions of the project;
- g. expansion or contraction of the project or the addition, annexation or withdrawal of the property to or from the project;
- h. boundaries of any unit;
- i. the interest in the general or limited common areas;
- j. the convertibility of units into common areas or of common areas into units;
- k. imposition of any right of first refusal or similar restriction on the right of a unit estate owner to sell, transfer, or otherwise convey his or her unit estate;
- l. any provisions which are for the express benefit of mortgage holders, eligible mortgage holders or eligible insurers or guarantors of first mortgage on unit estates.

IN WITNESS WHEREOF, the Declarant has caused this instrument to be signed in its Corporate Name by its duly authorized officers and its seal to be hereunto affixed by authority of its Board of Directors, the day and year first above written.

BARRIER ISLAND STATION, INC

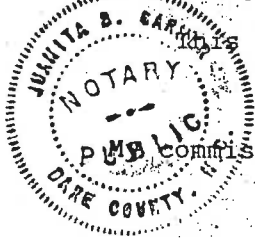


By: Julia P. Lee President

ATTEST:
By: John J. Sarrator Secretary

NORTH CAROLINA
COUNTY OF DARE

I, a Notary Public of the County and State aforesaid, certify that John J. Sarrator personally came before me this day and acknowledged that he is Secretary of Barrier Island Station, 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 Y102 President, sealed with its corporate seal and attested by James its Secretary.



This the 20th day of December, 1982.

My commission expires: 5/21/85

Juanita B. Garner
Notary Public

NORTH CAROLINA
DARE COUNTY

The foregoing Certificate(s) of Juanita B. Garner A Notary Public of Dare County, North Carolina is/are certified to be correct. This instrument and this certificate are duly registered at the date and time and in the Book and Page shown on the first page hereof.

Deva L. Wise Register of Deeds for Dare County
By _____ Deputy/Assistant-Register of Deeds

RECORDED: Dec 21 1982

EXHIBIT "A"

Exhibit "A" for The Barrier Island Station One Condominium

PROPERTY DESCRIPTION

All that Lot or Parcel of land located and being in Atlantic Township, Dare County, North Carolina, and more particularly described as follows:

Beginning at a certain point, said point being the following calls and distances from the Eastern edge of the 60 foot right of way of North Carolina Secondary Road 1200 where the South line of that Lot or Parcel of land now or formerly owned by Dr. William T. Ward intersects the Eastern edge of said right of way; N 85° 58' 35" E 1015.29 feet, S 04° 01' 25" E 59.23 feet; from said beginning point S 42° 03' 49" W 28.0 feet to a point; thence N 47° 56' 11" W 25.0 feet to a point; thence S 42° 03' 49" W 1.5 feet to a point; thence N 47° 56' 11" W 4.0 feet to a point; thence S 42° 03' 49" W 2.5 feet to a point; thence N 47° 56' 11" W 8.0 feet to a point; thence S 42° 03' 49" W 16.3 feet to a point; thence N 47° 56' 11" W 12.3 feet to a point; thence S 42° 03' 49" W 4.0 feet to a point; thence S 47° 56' 11" E 4.0 feet to a point; thence S 42° 03' 49" W 8.7 feet to a point; thence N 47° 56' 11" W 4.0 feet to a point; thence S 42° 03' 49" W 22.0 feet to a point; thence N 47° 56' 11" W 20.5 feet to a point; thence N 42° 03' 49" E 8.0 feet to a point; thence N 47° 56' 11" W 4.5 feet to a point; thence N 42° 03' 49" E 4.0 feet to a point; thence N 84° 30' 58" W 7.0 feet to a point; thence N 42° 03' 49" E 13.0 feet to a point; thence N 87° 03' 49" E 8.5 feet to a point; thence N 42° 03' 49" E 12.0 feet to a point; thence N 02° 56' 11" W 5.7 feet to a point; thence N 42° 03' 49" E 21.0 feet to a point; thence S 47° 56' 11" E 4.0 feet to a point; thence N 42° 03' 49" E 4.0 feet to a point; thence S 47° 56' 11" E 6.0 feet to a point; thence S 42° 03' 49" W 4.0 feet to a point; thence S 47° 56' 11" E 3.0 feet to a point; thence N 87° 03' 49" E 2.1 feet to a point; thence S 47° 56' 11" E 3.3 feet to a point; thence S 02° 56' 11" E 2.1 feet to a point; thence S 47° 56' 11" E 9.0 feet to a point; thence N 04° 09' 35" W 9.2 feet to a point; then N 88° 17' 14" E 9.2 feet to a point; thence N 42° 03' 49" E 13.6 feet to a point; thence S 47° 56' 11" E 12.7 feet to a point; thence S 42° 03' 49" W 8.0 feet to a point; thence S 47° 56' 11" E 2.8 feet to a point; thence N 87° 03' 49" E 2.1 feet to a point; thence S 47° 56' 11" E 3.3 feet to a point; thence S 02° 56' 11" E 2.1 feet to a point; thence S 47° 56' 11" E 2.8 feet to a point; thence N 42° 03' 49" E 8.8 feet to a point; thence S 47° 56' 11" E 25.0 feet to a point; thence S 42° 03' 49" W 8.0 feet to the point and place of beginning.

EXHIBIT "B"

Exhibit "B" for The Barrier Island Station One Condominium

PROPERTY DESCRIPTION

All that Lot or Parcel of land located in Atlantic Township, Dare County, North Carolina, and more particularly described as follows:

Beginning at an iron pipe or other monument, said iron pipe being in and on the Southern boundary of that property now or formerly owned by Dr. William T. Ward, said beginning point being N 85° 58' 35" E 516.50 feet from the Eastern edge of the 60 foot right of way of North Carolina Secondary Road 1200 as it intersects with the South line of that Lot or Parcel of land now or formerly owned by Dr. William T. Ward; from said beginning point N 85° 58' 35" E 517.50 feet along the Southern boundary of the property now or formerly owned Dr. William T. Ward to an iron pin or other monument; thence S 04° 01' 25" E 147.50 feet to a point; thence S 85° 58' 35" W 100.00 feet to a point; thence S 04° 01' 25" E 35.96 feet to a point; thence S 85° 58' 35" W 300.00 feet to a point; thence N 04° 01' 25" W 35.96 feet to a point; thence S 85° 58' 35" W 117.50 feet to a point; thence N 04° 01' 25" W 147.50 feet to the point and place of beginning.

Excepting from the above described real property all that Lot or Parcel of land set forth in Exhibit "A" of the Barrier Island Station One Declaration of Unit Ownership.

EXHIBIT "C"

Exhibit "C" for The Barrier Island Station One Condominium

PROPERTY DESCRIPTION

All that Lot or Parcel of land located and being in Atlantic Township, Dare County, North Carolina, and more particularly described as follows:

Beginning at a certain point, said point being N 85° 58' 35" E 188.00 feet from a concrete monument located in and on the Eastern edge of the 60 foot right of way of North Carolina Secondary Road 1200 as the same is intersected by the South line of that Lot or Parcel of land now or formerly owned by Dr. William T. Ward; from said beginning point N 85° 58' 35" E 328.50 feet to a concrete monument; thence N 85° 58' 35" E 517.50 feet to a concrete monument; thence N 85° 58' 35" E 1188.28 feet to an iron hub; thence N 85° 58' 35" E 182.00 feet more or less, to the mean high water mark of the Atlantic Ocean; thence S 16° 08' 23" E 397.63 feet to a point; thence S 85° 58' 35" W 134.00 feet to an existing concrete monument; thence S 85° 58' 35" W 1285.74 feet to an existing iron pipe; thence S 85° 58' 35" W 1018.26 feet to a point; thence N 14° 36' 04" E 422.31 feet to the point and place of beginning.

EXHIBIT "D"

Exhibit "D" for The Barrier Island Station One Condominium

BUILDING DESCRIPTION

The condominium building constructed on the hereinabove described real property consists of four (4) floors in the building. The first floor of the building is constructed upon 8-inch reinforced concrete. The reinforcing consists of 6" x 6", 10/10, (a type of wire mesh) on a polyethylene vapor barrier with perimeter insulation. The remaining floors consist of 2" x 8" joists located 16-inches on center with 3/4 inch plywood tongue and groove. The ceiling on the first and second floor consist of 5/8-inch fire-code sheetrock. The ceiling on the third floor will be exposed 2" x 6" tongue and groove resting on 4" x 8" exposed beams at 4-feet on center. The ceiling of the fourth floor, being a habitable attic space will be 5/8-inch fire-code sheetrock. The first floor will have 2" x 6" walls with 2" x 6" walls with 2" x 4" walls on second and third floors. All exterior walls are constructed of 2" x 4" studs located at 16-inches on center with R-13 insulation with 5/8-inch fire-code sheetrock on the inside and 1/2-inch plywood covered by 15 pound felt and 5/8 inch exterior sidings of various types. In addition the party walls located between the apartment units will be constructed by 2" x 4" studs located 16-inches on center with R-11 insulation covered with 1/2-inch soundboard on each side. 5/8-inch fire-code sheetrock will cover the soundboard on each side of the party walls for an STC rating of 54. The roof consists of 340 pound shingles over 15 pound felt over 1/2-inch plywood supported by 2" x 10" rafters which are 2-feet off center and containing R-19 insulation. The windows are Norandex Thermalseal triple-pane windows of various sizes. All decks consist of salt-treated decking consisting of 5 1/4" x 6" planks resting on 2" x 6" deck joists on 16-inch center supported by 4" x 10" girders resting on 6" x 6" posts.

EXHIBIT "E"

Exhibit "E" for The Barrier Island Station One Condominium

APARTMENT UNIT DESIGNATION AND DESCRIPTION

There are seven (7) condominium units within The Barrier Island Station One Condominiums, Phase I. It is anticipated and proposed that there will be eighteen (18) total units within Barrier Island Station One Condominiums.

Each apartment unit is designated by a three digit numerical figure. The first number is the building number and second two numbers are the unit designation numbers. Barrier Island Station One, Phase I, is composed of Units 113 through 119. The units are briefly described as follows:

UNIT NR.BRIEF DESCRIPTION

119	This unit contains 1890 sq. ft. of living area spread over four floors of the building. It consists of three bedrooms, study, two and a half baths, living room, dining room and kitchen. Its floor plan is designated "C" in the master plan.
118	This unit contains 1116 sq. ft. of living area spread over the two top floors of the building. It consists of two bedrooms, two baths, living room, dining room and kitchen. Its floor plan is designated "BB" in the overall master plan.
117	This unit contains 1266 sq. ft. of living area spread over the bottom two floors of the building. It consists of two bedrooms, one bath, living room, dining room, and kitchen. Its floor plan is designated "B" on the overall plan.
116	This unit contains 985 sq. ft. of living area spread over the top two floors of the building. It consists of two bedrooms, two baths, living room, dining room, and kitchen. Its floor plan is designated "AA" on the overall master plan.
115	This unit contains 1248 sq. ft. of living area spread over the bottom two floors of the building. It consists of three bedrooms, two baths, living room, dining room, and kitchen. Its floor plan is designated "A-1" on the overall master plan.
114	This unit contains 1116 sq. ft. of living area spread over the top two floors of the building. It consists of two bedrooms, two baths, living room, dining room, and kitchen. Its floor plan is designated "BB" on the overall master plan.
113	This unit contains 1266 sq. ft. of living area spread over the bottom two floors of the building. It consists of two bedroom, two baths, living room, dining room and kitchen. Its floor plan is designated "B" on the master plan.

Each of the condominium living units will be known and designated by the number shown for each unit on the Foundation Plan, Floor Plan Sheet. Each unit shall consist of an enclosed space designated as a dwelling occupying part of a floor or floors in a building as shown on the plats recorded in the Dare County Registry and lying between the unfinished surface of the floor and the unfinished surface of the ceiling of the top floor of the particular unit and between the interior unfinished surface on the inside of each unit as shown on the aforementioned Foundation Plan and Floor Plan Sheets. Any balcony adjoining any unit shall be part thereof and shall be bounded horizontally by vertical planes coinciding with the interior surface of the railings, and the exterior surface of the wall of the building, and extending vertically from the top of the unfinished floor of the balcony to a horizontal plane in an extension of the bottom of the unfinished ceiling of the unit.

Each condominium living unit shall include the exclusive right to all space and facilities located within the area above-described for each such unit including, but not limiting to, partitions, doors, windows, plumbing, heating, electric, and other facilities located within that condominium unit, except such elements hereinafter described as general common elements and further subject to an easements set out herein. Each condominium unit shall also consist of and contain that unit's "air to air" heat pump system including, but not limiting it thereto, its air handler, coils, ducts, condensor, gas lines, and thermostat.

EXHIBIT "F"

Exhibit "F" for The Barrier Island Station One Condominium

<u>UNIT</u>	<u>FAIR MARKET VALUE</u>	<u>PROPORTIONATE SHARE</u>
113	\$119,000.00	.14245
114	104,900.00	.12557
115	117,300.00	.14042
116	92,600.00	.11086
117	119,000.00	.14245
118	104,900.00	.12557
119	177,660.00	.21268
	\$835,360.00	100%

ARTICLES OF INCORPORATION

OF

THE BARRIER ISLAND STATION ONE CONDOMINIUM ASSOCIATION, INC.

I, the undersigned, natural person of the age of eighteen years or more, do hereby make and acknowledge these Articles of Incorporation for the purpose of forming a Non-Profit Corporation under and by virtue of the laws of the State of North Carolina, as contained in Chapter 55A of the General Statutes of North Carolina, entitled, "Non-Profit Corporation Act", and the several amendments thereto, and to that end hereby set forth:

I

NAME

The name of the corporation is The Barrier Island Station One Condominium Association, Inc.

II

DURATION

The period of duration of the corporation shall be perpetual.

III

PURPOSES AND POWERS

The purposes for which this corporation is organized are:

(a) The operation and management of condominium apartment buildings known as The Barrier Island Station One Condominiums, which may be established in accordance with Chapter 47A of the General Statutes of North Carolina UNIT OWNERSHIP ACT and to that end shall have power and authority;

(i) To undertake the performance of, and carry out the acts and duties incident to the administration of the operation and management of The Barrier Island Station One Condominiums in accordance with the terms, provisions, conditions and authorization contained in these Articles and in the Declaration which shall be recorded in the Public Records of Dare County, North Carolina, at such time as portions of real property and the improvements thereon are submitted to a plan of unit ownership;

(ii) To make, establish and enforce reasonable rules and regulations governing the use of condominium units, common elements, limited common elements, condominium property and real and personal property which may be owned by the Association itself;

(iii) To make, levy and collect assessments against condominium unit owners; to provide the funds to pay for common expenses of the condominium as provided in the condominium documents and the Unit Ownership Act and, to use and expend the proceeds of assessments in the exercise of the powers and duties of the Association;

(iv) To maintain, repair, replace and operate the condominium property, specifically including all portions of the condominium property to which the Association has the right and power to maintain, repair, replace and operate in accordance with the condominium documents and the Unit Ownership Act;

(v) To reconstruct improvements within the condominium property in the event of casualty of other loss;

(1)

(vi) To enforce by any legal means, the provisions of the condominium documents, including the Declaration, these Articles, the By-Laws of the Association, and the rules and regulations for the use of the condominium property;

(vii) To contract for the management of the Condominium and to delegate to such manager or managers all powers and duties of the Association except those powers and duties which are specifically required by the Declaration to have approval of the Board of Directors or the membership of the Association.

(b) The Association shall have all the common law and statutory powers of a non-profit corporation which are not in conflict with the terms of the Condominium Declaration and the Unit Ownership Act, and in addition shall have all of the powers of Condominium Association under and pursuant to the Unit Ownership Act, including all of the powers reasonably necessary to implement the purposes of the Association.

IV

MEMBERSHIP

A. The membership of The Barrier Island Station One Condominium Association, Inc., shall consist of all of the owners of the condominium units in The Barrier Island Station One Condominiums. Membership shall be established by acquisition of fee title to a condominium unit in The Barrier Island Station One Condominiums, whether by conveyance, devise, or judicial decree. A new owner designated in such deed or other instrument shall thereupon become a member of the Association, and the membership of the prior owner as to the condominium unit designated shall be terminated. Each new owner shall deliver to the Association a true copy of such deed or instrument of acquisition of title.

B. The share of a member in the funds and assets of the Corporation, and membership in the Corporation cannot be assigned, hypothecated or transferred in any manner except as an appurtenance to a condominium unit.

C. There shall be one class of membership in The Barrier Island Station Condominium Association, Inc., which shall consist of members owning the condominium units in The Barrier Island Station One Condominiums.

V

DIRECTORS

A. The number of Directors and the method of election of the Directors shall be fixed by the By-Laws, however, the number of Directors shall not be less than three (3).

B. The number of Directors constituting the initial Board of Directors shall be five (5) and the names and addresses of the persons who are to serve as the first Board of Directors are as follows:

NAME	ADDRESS
John T. Lancaster	P. O. Box 130, Nags Head, Dare County, North Carolina 27959
Paul F. M. Shaver, III	P. O. Box 130, Nags Head, Dare County, North Carolina 27959
Robert Bradshaw Furr	P. O. Box 771, Kill Devil Hills, Dare County, North Carolina 27948

Julia Lee

P. O. Box 130, Nags Head, Dare County
North Carolina 27959

Jude LeBlanc

P. O. Box 1269, Kill Devil Hills, Dare
County, North Carolina 27948

C. The first election by the members of the Corporation for Directors shall not be held until after the Developer has relinquished control of the Association as described in Paragraph D of this Article VI. Thereafter, the election of Directors shall take place at the annual meeting of the membership as provided in the By-Laws. After the Developer has relinquished control, there shall be a special meeting of the membership for the purpose of electing a Board of Directors to serve until the next annual meeting and until new Directors are elected and qualified.

D. Upon the initial creation of the Barrier Island One Station Condominium Association, Inc., the Owner shall have control of and shall appoint the Board of Directors therefore. Within three years following conveyance of the first unit or within ninety days after three-fourths (3/4) of the Units are conveyed in the Condominium Building known as the Barrier Island Station One, whichever shall occur first, the Owner shall turn over and deliver control of the Condominium Board of Directors to the duly elected officers of the Barrier Island Station One Condominium Association, Inc., as provided in the by-laws.

VI

REGISTERED OFFICE AND REGISTERED AGENT

A. The address of the initial registered office of the Corporation is P. O. Box 130, Nags Head, Dare County, North Carolina, 27959, and the name of the initial registered agent at such address is John T. Lancaster.

VII

TAX STATUS

The corporation shall have all the powers granted non-profit corporations under the laws of the State of North Carolina. Notwithstanding any other provisions of these Articles, this corporation shall not carry on any activities not permitted to be carried on by a corporation exempt from federal income tax under Section 528 of the Internal Revenue Code. It is further provided that no distributions of income of the corporation are to be made to members, directors or officers of the corporation provided, however, that members of the corporation may receive a rebate of any excess dues and assessments.

VIII

INCORPORATOR

The name and address of the incorporator is: John T. Lancaster, P. O. Box 130, Nags Head, Dare County, North Carolina, 27959.

IN TESTIMONY WHEREOF, I have hereunto set my hand and seal,
this the _____ day of _____, 1982.

John T. Lancaster (SEAL)

NORTH CAROLINA
DARE COUNTY

This is to certify that on the _____ day of _____, 1982,
before me, a Notary Public, personally came JOHN T. LANCASTER,
who, I am satisfied is the person named in and who executed the
foregoing Articles of Incorporation, and I, having first made
known to him the contents thereof, he did acknowledge that he
signed and delivered the same as his voluntry act and deed for the
uses and purposes therein expressed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed
my official seal, this the _____ day of _____, 1982.

Notary Public

My commission expires: _____

BY LAWS

OF

BARRIER ISLAND STATION ONE CONDOMINIUM ASSOCIATION, INC.

ARTICLE IPLAN OF UNIT OWNERSHIP

SECTION 1. Unit Ownership. The Barrier Island Station One Condominiums hereinafter referred to as Condominium, located in Atlantic Township, Dare County, North Carolina, is submitted to the provisions of Chapter 47A of the General Statutes of North Carolina, "Unit Ownership Act". The Administration thereof shall be by the Board of Directors herein described, subject to the powers of the owners as herein specified.

SECTION 2. By-Laws Applicability. The provisions of these By-Laws are applicable to the Condominium. The term "Condominium" as used herein shall mean The Condominium Buildings and shall include the land directly beneath as well as the improvements thereon. In construing these By-Laws, and the government of the Condominium thereto, the provisions of Chapter 55A of the North Carolina General Statutes pertaining to the government of nonprofit business corporations, shall be considered as governing to the extent not inconsistent with the provisions of Chapter 47A of the North Carolina General Statutes, the Declaration of Unit Ownership and these By-Laws, the condominium being considered the corporation and the owners being considered the members.

SECTION 3. Personal Application. All present and future owners, tenants and future tenants, and their employees, and any other person that may at any time use the facilities of the Condominium in any manner are subject to the regulations set forth in these By-Laws and to the declarations set forth in the Declaration of Unit Ownership (hereinafter referred to as Declaration), to which these By-Laws are attached.

The mere acquisition or rental of any of the Condominium Units (hereinafter referred to as "Units") or the mere act of occupancy of any of said units will signify that these By-Laws as they may be amended from time to time, are accepted, ratified, and will be complied with.

ARTICLE IITHE OWNERS

SECTION 1. Owners. The Condominiums are owned by the owners of the units, each of whom shall be entitled to a percentage vote for each unit owned by him. The vote to be determined by the percentage of ownership of the General Common elements as specified in Section 5 of the Declaration. No leasee, lienholder, mortgagee, pledge or contract purchaser shall have any voting rights with respect to the affairs of the Condominium except as set forth in the Declaration. As additional Phases are added to Barrier Island Station One, each Unit Owner of such additional Phases shall be considered an Owner as defined herein.

SECTION 2. Annual Meetings. The Condominium shall hold each year, commencing with the year 1983, an annual meeting of the owners for the election of directors and the transaction of any business within the powers of the Condominium, at 10:00 A.M. on the first Monday in May, in each year if not a legal holiday, and if a legal holiday, then on the first day following which is not a Sunday or holiday. Any business of the Condominium may be

(1)

transacted at an annual meeting without being specifically required by statute, by the Declaration or these By-Laws to be stated in the notice. Failure to hold an annual meeting at the designated time shall not, however, invalidate the Condominium's existence or affect its otherwise valid acts.

SECTION 3. Special Meetings. At any time in the interval between annual meetings, special meetings of the Condominium may be called by the President or by a majority of the Board of Directors by vote at a meeting or in writing with or without a meeting, or by one third (1/3) of the record owners of Condominium Units.

SECTION 4. Place of Meeting. All meetings of owners shall be held at the principal office of the Condominium in Dare County, North Carolina, except in cases in which the notice thereof designates some other place, but all such meetings shall be held within the State of North Carolina.

SECTION 5. Notice of Meetings. Not less than ten days nor more than ninety days before the date of every owners' meeting, the secretary shall give to each owner entitled to vote at such meeting, written or printed notice stating the time and place of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, either by mail or by presenting it to him personally or by leaving it at his residence or usual place of business. If mailed, such notice shall be deemed to be given when deposited in the United States mail addressed to the owner at his post office address as it appears on the records of the Condominium, with postage thereon prepaid. Notwithstanding the foregoing provision, a waiver of notice in writing signed by the person or persons entitled to such notice and filed with the records of the meeting, whether before or after the holding thereof, or actual attendance at the meeting in person or by proxy, shall be deemed equivalent to the giving of such notice to such persons. Any meeting of owners, annual or special, may adjourn from time to time to reconvene at the same or some other permitted place, and no notice need be given of any such adjourned meeting other than by announcement.

SECTION 6. Quorum. At any meeting of owners, the presence in person or by proxy of owners entitled to cast a majority of the votes there at shall constitute a quorum; but this section shall not affect any requirement under statute or under the Declaration of the Condominium for the vote necessary for the adoption of any measure. In the absence of a quorum the owners present in person or by proxy, by majority vote and without notice other than by announcement, may adjourn the meeting from time to time until a quorum shall attend. At any such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally notified.

SECTION 7. Votes Required. A majority of the votes cast at a meeting of owners, duly called and at which a quorum is present, shall be sufficient to take or authorize action upon any matter which may properly come before the meeting, unless more than a majority of votes cast is required by statute or by the Declaration.

SECTION 8. Proxies. An owner may vote either in person or by proxy executed in writing by the owner or by his duly authorized attorney-in-fact. No proxy shall be valid after eleven months from its date, unless otherwise provided in the proxy. Every proxy shall be in writing, subscribed by the owner or his duly authorized attorney, and dated, but need not be sealed, witnessed or acknowledged.

SECTION 9. List of Owners. At each meeting of owners, a full, true and complete list in alphabetical order of all owners entitled to vote at such meeting shall be furnished by the

Secretary.

SECTION 10. Voting. In all elections for directors every owner shall have the right to vote, in person or by proxy, for as many persons as there are directors to be elected. At all meetings of owners, the proxies and ballots shall be received, and all questions touching the qualification of voters and the validity of proxies and the acceptance or rejection of votes shall be decided by the chairman of the meeting. Unless demanded or ordered by a majority of owners present, no vote need be by ballot, and voting need not be conducted by inspectors.

SECTION 11. Informal Action by Owners. Any action required or permitted to be taken at any meeting of owners may be taken without a meeting, if a consent in writing, setting forth such action, is signed by all the owners entitled to vote on the subject matter thereof, provided said consent is filed with the records of the Condominium.

ARTICLE III

BOARD OF DIRECTORS

SECTION 1. Powers. The business and affairs of the Condominium shall be managed by its Board of Directors. The Board of Directors may exercise all powers of the Condominium Association except such as are by statute or the Declaration or the By-Laws conferred upon or reserved to the owners. In particular, but not by way of limitation, the Board of Directors shall be responsible for, and have all necessary powers in connection with the care, upkeep, and surveillance of the building and other facilities of the Condominium, including its general and limited common elements, services, and Association owned property, designation, hiring and dismissal of the personnel necessary for the good working order of the buildings and to provide services for the buildings. The Board of Directors may delegate any of such responsibilities or all, and the expenses therefore shall be a common expense. The Board of Directors, or any officer or officers to whom such power may be delegated, shall have power to take any action necessary or appropriate to enforce payments of all sums, including assessments against others, due the Condominium, including the power to enforce any lien for the same. Such Board shall not undertake to provide luxury services, such as maid services, common telephone switchboard service and the like, to the condominium units without the unanimous vote of all owners.

SECTION 2. Number of Directors. The number of directors of the Condominium shall be five, until such number be changed as herein provided. By vote of majority of the entire Board of Directors, the number of directors may be increased or decreased, from time to time, to not exceed seven nor less than three directors, but the tenure of office of a director shall not be affected by any decrease in the number of directors so made by the Board.

SECTION 3. Election of Directors. Until the successors are duly elected and qualified the Board shall consist of John T. Lancaster, Paul F. M. Shaver, III, Robert Bradshaw Furr, Julia Lee and Jude LeBlanc. At such time as three years following conveyance of the first unit has elapsed or ninety days after three-fourths (3/4) of the units are conveyed in the Association's building, whichever shall occur first the Developer shall turnover and deliver control of the Condominium Association Board of Directors to the duly elected officers and directors at a special meeting called pursuant to these By-Laws. At the first annual meeting of owners after control of the Association is delivered to the Unit Owners, the owners shall elect directors, one-third to serve for one year, one-third to serve for two years, and

one-third to serve for three years. Thereafter, directors shall be elected for three year terms or until their successors are elected and qualify (or for a shorter term to fill a vacancy arising for an uncompleted term), one-third of the directors being elected at each annual meeting to succeed the directors whose terms are expiring. At any meeting of owners, duly called and at which a quorum is present, the owners may, by the affirmative vote of the holders of a majority of the votes entitled to be cast thereon, remove any director or directors from office and elect a successor or successors to fill any resulting vacancies for the unexpired terms of removed directors.

SECTION 4. Vacancies. Any vacancy occurring in the Board of Directors for any cause other than by reason of an increase in the number of directors may be filled by a majority of the remaining members of the Board of Directors, although such majority is less than a quorum. Any vacancy occurring by reason of an increase in the number of directors may be filled by action of a majority of the entire Board of Directors. A director elected by the Board of Directors to fill a vacancy shall be elected to hold office until the next annual meeting of owners or until his successor is elected and qualifies.

SECTION 5. Regular Meeting. After each meeting of owners at which a Board of Directors shall have been elected, the Board of Directors so elected shall meet as soon as practicable for the purpose of organization and the transaction of other business, at such time as may be designated by the owners at such meeting; and in the event that no other time is designated by the owners, the Board of Directors shall meet at 12:00 o'clock noon on the day of such meeting of the owners, if not a legal holiday, and if a legal holiday, then on the first day following which is not a Sunday or a legal holiday. Such first meeting shall be held at such place within or without the State of North Carolina as may be designated by the owners, or in default of such designation at the place designated by the Board of Directors for such first regular meeting, or in default of such designation at the office of the Condominium in Dare County, North Carolina. No notice of such first meeting shall be necessary if held as hereinabove provided. Other regular meetings of the Board of Directors shall be held on such dates and at such places within or without the State of North Carolina as may be designated from time to time by the Board of Directors.

SECTION 6. Special Meetings. Special meetings of the Board of Directors may be called at any time by the President or by the Board of Directors by vote at a meeting, or by a majority of the directors in writing with or without a meeting. Such special meetings shall be held at such place or places within or without the State of North Carolina as may be designated from time to time by the Board of Directors. In the absence of such designation, such meetings shall be held at such places as may be designated in the call.

SECTION 7. Notice of Meeting. Except as provided in Section 5 of this Article, notice of the place, day and hour of every regular and special meeting shall be given to each director two days (or more) before the meeting, by delivering the same to him personally, or by sending the same to him by telegraph, or by leaving the same at his residence or usual place of business, or, in the alternative, by mailing such notice five days (or more) before the meeting, postage prepaid, and addressed to him at his last known post office address, according to the records of the Condominium. Unless required by these By-Laws or by resolution of the Board of Directors, no notice of any meeting of the Board of Directors, need state the business to be transacted thereat. No notice of any meeting of the Board of Directors need be given to any director who attends, or to any director who, in writing, executed and filed with the records of the meeting either before or after the holding thereof, waives such notice. Any meeting of

the Board of Directors, regular or special, may adjourn from time to time to reconvene at the same or some other place, and no notice need be given of any such adjourned meeting other than by announcement.

SECTION 8. Quorum. At all meetings of the Board of Directors, one-half of the entire Board of Directors, but in no case less than two directors, shall constitute a quorum for the transaction of business. Except in cases in which it is by statute, by the Declaration or by the By-Laws otherwise provided, the vote of a majority of such quorum at a duly constituted meeting shall be sufficient to elect and pass any measure. In the absence of a quorum, the directors present by majority vote and without notice other than by announcement may adjourn the meeting to another time and/or place. At any such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally notified.

SECTION 9. Compensation. By resolution of the Board of Directors expenses of attendance, if any, may be allowed to directors for attendance at each regular or special meeting of the Board of Director or of committees thereof, but directors as such shall not receive any compensation for their services except such as may be authorized or permitted by vote of the unit owners. A director who serves the Condominium in any other capacity, however, may receive compensation therefor without such vote of the owners.

SECTION 10. Informal Action by Directors. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if a written consent to such action is signed by all members of the Board of such committee, as the case may be, and such written consent is filed with the minutes of proceedings of the Board or committee.

SECTION 11. Committees. The Board of Directors may by resolution provide for such standing or special committees as it deems desirable, and discontinue the same at pleasure. Each such committee shall have such powers and perform such duties, not inconsistent with law, as may be assigned to it by the Board of Directors.

SECTION 12. Indemnification. Every Director and every officer of the Association shall be indemnified by the Association against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him in connection with a Court proceeding to which he may become involved, by reason of his being or having been a director or officer of the Association, whether or not he is a Director or officer at the time such expenses are incurred, except in such cases wherein the Director or officer is adjudged guilty of malfeasance or negligence in the performance of his duties; provided, that in the event of a settlement, the indemnification herein shall apply only when the Board of Directors approves such settlement and reimbursement as being in the best interest of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all rights of indemnification to which such Director or officer may be entitled.

SECTION 13. Budget.

A. The Board of Directors shall adopt a budget for each calendar year which shall contain estimates of the costs of performing the functions of the Association including but not limited to:

1. COMMON EXPENSES OF THE CONDOMINIUM

- (a) maintenance and upkeep of common areas and elements
- (b) maintenance and upkeep of association owned real and personal property
- (c) staff payroll, supplies and office expenses
- (d) managers' salary or fees
- (e) insurance
- (f) common utilities, waste water treatment and disposal system maintenance and upkeep, which shall receive first priority of common expense funds
- (g) service contracts
- (h) fees and permits
- (i) assessments and fees which are assessed against the Association due to its membership in the Barrier Island Station Common Areas Association, Inc.

2. CAPITAL IMPROVEMENTS RESERVE

3. ANTICIPATED SPECIAL ASSESSMENTS

B. Copies of the proposed budget shall be transmitted to each member or unit owners on or before January 1 of the year for which the budget is made. If the budget is subsequently amended, then a copy of the amended budget shall be furnished immediately to each unit owner.

C. Accounting shall be on a cash basis and conform to generally acceptable accounting standards.

SECTION 14. Management Contract. The Board of Directors shall be authorized to enter into a contractual agreement with a management firm to manage the Barrier Island Station One Condominiums. However, any such management agreement may not be for a period greater than five years and shall contain a provision allowing either party to the agreement to terminate the agreement upon ninety days notice to the other party.

ARTICLE IVOFFICERS

SECTION 1. Executive Officers. The Board of Directors shall choose a President and a Vice President from among the directors, and a Secretary and a Treasurer who need not be directors. The Board of Directors may also choose an Assistant Secretary and an Assistant Treasurer, none of whom need be a director. Any two of the above-mentioned officers, except that of President and Vice President, may be held by the same person, but no officer shall execute, acknowledge or verify any instrument in more than one capacity if such instrument be required by statute, by the By-Laws or by resolution of the Board of Directors to be executed, acknowledged or verified by any two or more officers. Each such officer shall hold office until the first meeting of the Board of Directors after the annual meeting of owners next succeeding his election, and until his successors shall have been duly chosen and qualified, or until he shall have resigned or shall have been removed. Any vacancy in any of the above officers may be filled for the unexpired portion of the term by the Board of Directors at any regular or special meeting.

SECTION 2. President. The President shall preside at all meetings of the owners and of the Board of Directors at which he shall be present; he shall have general charge and supervision of the business of the Condominium; he may sign and execute, in the name of the Condominium, all authorized deeds, mortgages, bonds, contracts or other instruments, except in cases in which the signing and execution thereof shall have been expressly delegated in some other officer or agent of the Condominium; and, in general, he shall perform all duties incident to the office of President, and such other duties as, from time to time, may be assigned to him by the Board of Directors.

SECTION 3. Vice President. The Vice President, at the request of the President or in his absence or during his inability to act, shall perform the duties and exercise the functions of the President, and when so acting, shall have the powers of the President. The Vice President shall have such other powers and perform such other duties as may be assigned to him by the Board of Directors or the President.

SECTION 4. Secretary. The Secretary shall keep the minutes of the meetings of the owners and of the Board of Directors in books provided for the purpose; he shall see that all notices are duly given in accordance with the provisions of the By-Laws or as required by law; he shall be custodian of the records of the Condominium; and in general he shall perform all duties incident to the office of Secretary, and such other duties as, from time to time, may be assigned to him by the Board of Directors of the President.

SECTION 5. Treasurer. The Treasurer shall have charge of and be responsible for all funds, securities, receipts and disbursements of the Condominium, and shall deposit, or cause to be deposited, in the name of the Condominium, all monies or other valuable effects in such banks, trust companies or other depositories as shall from time to time be selected by the Board of Directors; he shall render to the President and to the Board of Directors, whenever, requested, an account of the financial condition of the Condominium, and, in general, he shall perform all duties as may be assigned to him by the Board of Directors or the President.

SECTION 6. Assistant Officers. The Assistant Secretary, if any, shall have such duties as may from time to time be assigned to him by the Board of Directors or the Secretary. The Assistant Treasurer, if any, shall have such duties as may from time to time be assigned to him by the Board of Directors or the Treasurer.

SECTION 7. Compensation. The Board of Directors shall have power to fix the compensation of all officers of the Condominium Association.

SECTION 8. Removal. Any officer or agent of the Association may be removed by the Board of Directors whenever, in its judgment, the best interests of the Association will be served thereby, but such removal shall be without prejudice to the contractual rights, if any, of the person so removed.

SECTION 9. Loans to Directors and Officers. No loans shall be made by the Association to any of its Directors or Officers. The Directors who vote or assent to the making of such loans, shall be jointly and severally liable to the Association for the amount of such loan until the repayment thereof.

ARTICLE V

OBLIGATIONS OF THE OWNERS

SECTION 1. Assessments. Each owner is obligated to pay the assessments imposed upon him by the Association to meet general

common expenses as delineated in the Declaration, which shall include a liability insurance policy premium and shall include a fire and other hazard premium, including flood insurance. The assessments shall be made prorata according to the percentage interest owned as stipulated in the Declaration. Such assessments may include payments to a general operating reserve. Any such assessments levied upon the owner of a unit shall become a lien on said unit at the time assessed and until paid in full. Each regular assessment levied shall be due and payable monthly, ten (10) days after assessed. Any special assessment, designated as such by the Board of Directors shall be due and payable when assessed. There will be no declaration in trust for enforcement of said lien.

SECTION 2. Maintenance and Repair.

(a) Every owner must perform promptly all maintenance and repair work within his own unit which, if omitted, would affect the general or limited common elements, or any other unit, such owner being expressly responsible for the damages and liabilities his failure to do so may engender.

(b) All the repair of internal installations of the unit such as water, light, power, telephones, cable television, doors, windows, lamps and all other accessories belonging to the unit area shall be at the owner's expense.

(c) An owner shall reimburse the Condominium for any expenditures incurred in repairing or replacing any general or limited common element damaged through his fault, or the fault of his family, guests, renters, invitees, or others using these areas at his bequest or on his behalf, other than damage arising from an insured casualty.

SECTION 3. Destruction of Buildings.

(a) In the event of the destruction of any part of the buildings of the Condominium, such destroyed part or parts shall be rebuilt unless such destruction amounts to more than two-thirds (2/3) in value of the total value of the building. In such rebuilding the proceeds of any casualty insurance shall be used to the extent available, and as permitted and provided by the provisions of Section 2 of Article VI of these By-Laws, being allocated to the Units, general common elements and limited common elements, damaged or destroyed, in proportion to the cost of restoring each such improvement or facility. Costs in excess of such proceeds shall be paid, as to each Unit, by the owner thereof and, as to the general common elements and limited common elements, by assessment as for repairs to such elements.

(b) In the event of the destruction of any part or all of the building of the Condominium amounting to more than two thirds (2/3) in value of the total value of the building, if three-fourths (3/4) of the owners of units shall duly resolve not to rebuild or restore the building at any owner's meeting called to consider the question of such restoration, the building shall not be restored, then and in that event:

(1) The property shall be deemed to be owned as a tenancy in common by the unit owners;

(2) The undivided interest in the property owned by the unit owners as tenants in common which shall appertain to each unit owner shall be the percentage of undivided interest previously owned by such owner in the common areas and facilities;

(3) Any liens affecting any of the units shall be deemed to be transferred in accordance with the existing priorities to the percentage of the undivided interest of the unit owner in the property as provided herein;

(4) The property shall be subject to an action for sale for partition at the suit of any unit owner, in which event the net proceeds of sale, together with the net proceeds of insurance policies, if any, shall be considered as one fund and shall be divided among all the unit owners in proportion to their respective undivided ownership of the common areas and facilities, after first paying, out of the respective shares of unit owners, to the extent sufficient for that purpose, all liens on the unit of each unit owner; and

(5) All real property owned by the Association itself shall be transferred by recordable instrument to the individual unit owners in the same proportions as their ownership in common areas appears.

(6) Each tenant in common shall be a member of The Barrier Island Station Common Areas Association, Inc., with their percent interest of membership determined by multiplying the percent interest of The Barrier Island Station One Condominium Association, Inc., in The Barrier Island Station Common Areas Association, Inc., by the former unit owners interest in the common areas and facilities of The Barrier Island Station One Condominium Association, Inc. Each tenant in common shall be liable for the assessments of The Barrier Island Station Common Areas Association, Inc., based on their percent interest of membership.

(c) In the event of partial or complete destruction of any waste water treatment facility or any appurtenance thereto, the same shall be immediately reconstructed to original specifications meeting with the approval of the Dare County Health Department and other appropriate governmental agencies, with the first proceeds of the insurance thereon, or in the event insurance proceeds are delayed, the same shall be reconstructed in capital improvement reserve funds and with common expense funds as may be necessary for said reconstruction. Provided, however, this provision shall not apply in the event that said condominium building itself is destroyed and the owners of units therein shall duly resolve not to rebuild or restore said buildings as provided in Section 3, Paragraph (b) hereinabove.

SECTION 4. Use of Condominium Units-Internal Changes. An owner shall not make structural modifications or alterations in his unit or installations located therein unless he has previously notified the Condominium in writing through the President or the Board of Directors and received no objection thereto. The Condominium shall have the obligation to answer within thirty (30) days, and failure to do so within the time shall mean that there is no objection to the proposed modification or alteration.

SECTION 5. Use of General Common Elements. The rules pertaining to the use of common elements shall also pertain to those properties conveyed to or owned by the Association which, for the purposes of these By-Laws and for the determination of common expenses are treated as common elements. An owner shall not place or cause to be placed in the general common elements any furniture, packages or objects of any kind, except that he may temporarily place chairs, umbrellas or other beach paraphernalia in open areas. The remaining general common elements shall be used for no other purposes than for normal transit through them, or for such other restricted uses as may be designated by the Board of Directors.

SECTION 6. Right of Entry. An owner shall grant right of entry to any person authorized by the Board of Directors of the Condominium in case of any emergency originating in or threatening his Unit, whether the owner is present at the time or not.

SECTION 7. Rules of Conduct.

(a) No resident of the Condominium shall post any advertisements or posters of any kind on the exterior of the Condominium or on common elements.

(b) Residents shall exercise care about making noises or in the use of musical instruments, radios, televisions and amplifiers that may disturb other residents.

(c) Clothing, towels and other items of personal property shall not be hung on exterior railings or on any other exterior part of the building.

ARTICLE VI

INSURANCE

SECTION 1. Protective Policies. The Board of Directors, shall procure and maintain, in the name as agent or trustees for the benefit of the co-owners who shall be deemed parties insured, policies of insurance in stock insurance companies licensed to do business in the State of North Carolina, to the extent obtainable, as follows:

(a) A policy or policies insuring the building against loss, damage or destruction by fire or other casualty, including lightning, windstorm, hail, explosion, riot, civil commotion, aircraft, vehicle, falling objects, smoke, malicious mischief, vandalism, collapse through weight of snow, ice or sleet, water, flood and other similar casualty, in an aggregate amount equal to the full insurable replacement value of the building, without regard to depreciation. The policy or policies, unless otherwise insuring the Condominium Units against loss, damage or destruction, may have a contingent or conditional endorsement, with limits equal to the replacement value of the Condominium Units, providing for payment by the insurer of a sum sufficient for restoration of each unit to a tenantable condition, in the event that the owner thereof shall fail or refuse to restore his unit within a reasonable time after loss, damage or destruction of such unit, by fire or other casualty insured against. In lieu of the foregoing insurance, the Board of Directors may procure and maintain such other insurance against loss, damage or destruction of the general common elements, limited common elements and the Condominium Units, as shall give substantially equal or greater protection to the co-owners as their interests may appear.

(b) Such insurance as will protect the owners, and each of them, from claims under workmen's compensation acts and other employee benefit acts.

(c) Such insurance as will protect the Manager, the Board of Directors, the owners, and each of them, from claims for damage to the property, any or all of which may arise out of or result from ownership of any interest in the Condominium Project or the management or operation of said project, or because of any injury or damage sustained on or attributable to the property, including the ownership, maintenance and use of the parking areas outside the building. It is intended that the insurance described in this subparagraph be a comprehensive general liability policy endorsed to protect each co-owner against all liability arising out of or otherwise attributable to the property, including operation of the premises, products liability, liability attributable to work or other act of an independent contractor, or let or sublet work, landlord-tenant liability, and contractual liability. Further, the insurance shall cover the liability of one or more co-owners, though also parties insured. Such public liability insurances shall be in the limits of at least \$100,000.00 for injuries or damages sustained by any one person, \$300,000.00 for injuries or damages sustained by two or more persons, \$300,000.00 for injuries

or damages sustained by two or more persons in any one accident, and \$10,000.00 for property damage. The public liability insurance policy shall be so endorsed as to protect the insured against liability imposed or assumed by any contract.

(d) In all events, each policy of insurance procured under this Section 1 Article VI shall contain a waiver of the insurer's subrogation rights against each co-owner, and a waiver of any defense maintainable by the insurer by reason of any co-insurance provision of any policy or by reason of any act or neglect of any co-owner, whether before or after the loss, damage or destruction may occur. Further, each policy of insurance shall provide that any co-owner in his own right may procure other insurance, fire, casualty, liability or otherwise, and that such other insurance shall in no wise serve to reduce, abate, diminish, or cause any proration in payment of the total loss by the insurer. Each policy of insurance procured under Paragraphs (a) or (b) of this Section 1 shall state that the exclusive right and authority to adjust losses under the policy shall be vested in the Board of Directors.

Nothing provided in this Article VI shall prejudice the right of any co-owner to insure his Condominium Unit on his account and for his own benefit, or to insure himself against liability to others. If the co-owners, however, shall procure fire or other casualty insurance covering his Condominium Unit or his interest in the Condominium Project, he shall file with the Board of Directors a duplicate of the insurance policy.

SECTION 2. Repairs and Replacement. Unless more than two thirds (2/3) of the buildings are destroyed, the proceeds of any insurance policy procured under the provisions of paragraph (a) of Section 1 of Article VI shall be applied to repair, restore and construct the common elements destroyed by the casualty insured against and thereafter, if there be any surplus, to repair or restore the Condominium Units damaged by said casualty. If the proceeds of insurance are insufficient to cover the cost of any necessary repair, replacement or restoration of the common elements, such excess cost shall be paid by the co-owners as a common expense, upon special assessment therefore and levy thereof by the Board of Directors against each co-owner in accordance with his percentage interest factor.

SECTION 3. Disbursement of Insurance Proceeds. If more than two-thirds (2/3) of the buildings are destroyed, then the disbursement of the proceeds of all insurance policies shall be paid in accordance with and governed by the provisions of Section 3 of Article V, supra.

SECTION 4. Application for Insurance. Each owner shall furnish such information and sign such application forms or other documents, if any, as may be required to obtain insurance as provided in this Article VI.

ARTICLE VII

FINANCE

SECTION 1. Checks, Drafts, etc. All checks, drafts and orders for the payment of money, notes and other evidences of indebtedness, issued in the name of the Condominium, shall be signed by officers, agents or manager of the Condominium, as determined by the Board of Directors.

SECTION 2. Annual Reports. There shall be prepared annually a full and correct statement of the affairs of the Condominium, including a balance sheet and a financial statement of operations for the proceeding fiscal year, which shall be audited by an independent public accountant and submitted at the annual meeting of the owners and filed within twenty (20) days thereafter at the

principal office of the Condominium.

SECTION 3. Fiscal Year. The fiscal year of the Condominium shall be the calendar year, unless otherwise provided by the Board of Directors.

ARTICLE VIII

AMENDMENTS

SECTION 1. By-Laws. These By-Laws may be amended by the Condominium Association at any duly constituted meeting, provided the notice thereof shall specify the amendment to be voted on, and provided the same is approved by at least two-thirds (2/3) of the owners; subject, however, to the restrictions set forth in Article II, Section 1 of the By-Laws. All Unit Owners shall be bound by an amendment upon the same being duly passed and set forth in an Amended Declaration duly recorded in the Dare County Registry.

ARTICLE IX

MORTGAGES

SECTION 1. Notice to Association. Any owner who mortgages his unit shall notify the President of the Board of Directors of the name and address of his mortgagee; and the Condominium shall maintain such information in a book entitled "Mortgagees of Units". Provided further, each Condominium Unit is subject to alienation, mortgage or transfer as is any other real property located within the State of North Carolina, however, no Condominium Unit owner may mortgage or convey by deed of trust his apartment or Condominium Unit or convey the same as collateral, to any person, firm or corporation except as said conveyance, mortgage is a purchase money mortgage or deed of trust on the Condominium Unit, unless prior approval is obtained from the Association.

SECTION 2. Mortgage Holders.

A. The Barrier Island Station One Condominium Association is required to make available to unit estate owners and lenders, and to holders, insurers or guarantors of any first mortgage, current copies of the Declaration, By-Laws, other rules concerning the project and books, records and financial statements of the Association or the Associations. Said availability shall be upon request during normal business hours or under reasonable circumstances. Any holder, insurer or guarantor of a first mortgage shall be entitled, upon written request, to an audited financial statement for the immediately preceding fiscal year, free of charge to the party so requesting. Said financial statement shall be furnished within a reasonable time following such request.

B. Upon written request to The Barrier Island Station One Condominium Association, identifying the name and address of the holder, insurer or guarantor and the unit estate number or address, such mortgage holder, insurer or guarantor shall be entitled to timely written notice of:

1. Any condemnation loss or any casualty loss which affects the material portion of the project or any unit estate on which there is a first mortgage held, insured, or guaranteed by such eligible mortgage holder, or eligible insurer or guarantor, as applicable;

2. Any delinquency in the payment of assessments or charges owed by any owner of a unit estate subject to a first mortgage held, insured or guaranteed by such eligible holder or eligible insurer or guarantor, which remains uncured for a period of sixty days;

3. Any lapse, cancelation or material modification of any insurance policy or fidelity bond maintained by the Association or Associations;

4. Any proposed action which would require the consent of a specified percentage of eligible mortgage holders, as specified below.

C. To the extent permitted by applicable law, and notwithstanding anything else herein contained, eligible mortgage holders shall also be afforded the following rights:

1. Any restoration or repair of the project, after a partial condemnation or damage due to an insurable hazard, shall be performed substantially and in accordance with the Declaration and the original plans and specifications, unless other action is approved by eligible holders holding mortgages on unit estates which have at least 51% of the votes of unit estates subject to eligible holder mortgages.

2. Any election to terminate the legal status of the project after substantial destruction or a substantial taking in condemnation of the project property must require the approval of eligible holders holding mortgages on unit estates which have at least 51% of the votes of unit estates subject to eligible holder mortgages.

3. No reallocation of interest in the common areas resulting from a partial condemnation or partial destruction of such project may be affected without the prior approval of eligible holders holding mortgages on all remaining unit estates whether existing in whole or in part, and which have at least 51% of the votes of such remaining unit estates subject to eligible holder mortgages.

4. The approval of eligible holders holding mortgages on unit estates which have at least 67% of the votes of unit estates subject to eligible holder mortgages, shall be required to terminate the legal status of the project as a condominium.

5. The approval of eligible holders holding mortgages on unit estates which have at least 51% of the votes of unit estates subject to eligible holder mortgages, shall be required to add or amend any material provisions of the constituent documents of the project which establish, provide for, govern or regulate any of the following:

- a. voting;
- b. assessments, assessment liens or subordination of such liens;
- c. reserves for maintenance, repair and replacement of common areas (or units if applicable);
- d. insurance or fidelity bonds;
- e. rights to use the common areas;
- f. responsibility for maintenance and repair of the several portions of the project;
- g. expansion or contraction of the project or the addition, annexation or withdrawal of the property to or from the project;
- h. boundaries of any unit;
- i. the interest in the general or limited common

areas;

j. the convertibility of units into common areas or of common areas into units;

k. imposition of any right of first refusal or similar restriction on the right of a unit estate owner to sell, transfer, or otherwise convey his or her unit estate;

l. any provisions which are for the express benefit of mortgage holders, eligible mortgage holders or eligible insurers or guarantors of first mortgage on unit estates.

ARTICLE X

RESIDENT AGENT

SECTION 1. Resident Agent. The resident agent heretofore named in the Declaration shall be authorized to accept service of process in any action relating to two (2) or more Units or to the common elements as authorized in Chapter 47A of the General Statutes of North Carolina, or any amendments thereof. The Board of Directors may, at its discretion, substitute another Resident Agent for the purpose of accepting such service of process as set forth above, provided that proper notification of such change be promptly filed with the Secretary of State of North Carolina.

ARTICLE XI

COMPLIANCE

SECTION 1. Compliance. These By-Laws are set forth to comply with the requirements of Chapter 47A of the General Statutes of North Carolina. In case any of these By-Laws conflict with the provisions of said statute, it is hereby agreed and accepted that the provisions of the statute will apply.

ARTICLE XII

BARRIER ISLAND STATION COMMON AREAS ASSOCIATION, INC.

SECTION 1. Members. The Association is a member of the Barrier Island Station Common Areas Association, Inc.

SECTION 2. Withdraw. The Association and the Board of Directors shall not withdraw from the Barrier Island Station Common Areas Association, Inc.

SECTION 3. Expenses. The Board of Directors, on behalf of the Association, shall pay to the Barrier Island Station Common Areas Association, Inc., the Association's allocated share of the expenses of the Barrier Island Station Common Areas Association, Inc.

SECTION 4. Certificates. Membership in the Barrier Island Station Common Areas Association, Inc., shall be evident by membership certificate which shall be issued to the Board of Directors.

SECTION 5. Transfer of Unit. No transfer of a Unit shall be made without the transfer of the Unit Owner's equitable interest in the Barrier Island Station Common Areas Association, Inc., and any sale of a Unit Owner's equitable interest in the Barrier Island Station Common Areas Association, Inc.

SECTION 6. Rules and Regulations. Rules and regulations contained within the By-Laws of the Barrier Island Station Common Areas Association, Inc., and any other rules and regulations promulgated by the Barrier Island Station Common Areas Association, Inc., shall be considered rules and regulations

binding upon each individual Unit Owner as if said rules and regulations were passed by the Association Board of Directors and shall be enforceable against each individual Unit Owner, tenants and future tenants, and their employees, and any other person who may at any time use the Development Project's Common Areas in any manner. Mere acquisition or rental of any of the Condominium Units or the mere act of occupancy of any of said Units will signify that these rules and regulations as they may be amended from time to time, are accepted, ratified, and will be complied with. Said rules and regulations may be enforced against all present and future owners, tenants and future tenants, and their employees, and any other person who may at any time use said facilities by either the Developer, the Barrier Island Station Common Areas Association, Inc., or by its Association.

ARTICLE XII

MISCELLANEOUS

SECTION 1. Invalidity. The invalidity of any part of these By-Laws shall not impair or affect in any manner the validity, enforceability, or effect of the balance of these By-Laws.

SECTION 2. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit, or describe the scope of these By-Laws, or the intent of any provision thereof.

SECTION 3. Gender. The use of the masculine gender in these By-Laws shall be deemed to include the feminine gender and the use of the singular shall be deemed to include the plural, whenever the context so requires.

SECTION 4. Waiver. No restriction, condition, obligation, or provision contained in these By-Laws shall be deemed to be an abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or the breaches thereof which may occur.

This the _____ day of _____, 1982.

BARRIER ISLAND STATION ONE CONDOMINIUMS

By: _____
President

ARTICLES OF INCORPORATION
OF
BARRIER ISLAND STATION COMMON AREAS ASSOCIATION, INC.

I, the undersigned, natural person of the age of eighteen years or more, do hereby make and acknowledge these Articles of Incorporation for the purpose of forming a Non-Profit Corporation under and by virtue of the laws of the State of North Carolina, as contained in Chapter 55A of the General Statutes of North Carolina, entitled, "Non-Profit Corporation Act", and the several amendments thereto, and to that end hereby set forth:

I

NAME

The name of the corporation is The Barrier Island Station Common Areas Association, Inc.

II

DURATION

The period of duration of the corporation shall be perpetual.

III

PURPOSES AND POWERS

The purposes for which this corporation is organized are:

(a) The operation and management of the Common Areas of the Development Project known as The Barrier Island Station Condominiums, The Barrier Island Station Condominiums being established in accordance with Chapter 47A of the General Statutes of North Carolina UNIT OWNERSHIP ACT and to that end shall have power and authority:

(i) To undertake the performance of, and carry out the acts and duties incident to the administration of the operation and management of the Common Areas of the Development Project known as The Barrier Island Station Condominiums in accordance with the terms, provisions, conditions and authorization contained in these Articles and in the Declarations which shall be recorded in the Public Records of Dare County, North Carolina, at such time as portions of real property and the improvements thereon are submitted to a plan of unit ownership;

(ii) To make, establish and enforce reasonable rules and regulations governing the use of the common areas of the Development Project known as The Barrier Island Station Condominiums and any other real and personal property which may be owned by the Association itself;

(iii) To make, levy and collect assessments against the Condominium Associations and Time Share Associations of the Development Project known as The Barrier Island Station Condominiums; To provide the funds to pay for the maintenance and upkeep and operation of the Common Areas of the Development Project;

(iv) To maintain, repair, replace and operate the Common Areas of the Development Project property, specifically including all portions of the Development Project property to which the Association has the right and power to maintain, repair, replace and operate in accordance with these Articles of Incorporation, the By-Laws and Declaration of Unit Ownership and the Unit

Ownership Act;

(v) To reconstruct improvements within the Development Property in the event of casualty of other loss;

(vi) To enforce by any legal means, the provisions of the Condominium Documents, including the Declarations, these Articles, the By-Laws of the Association, and the rules and regulations for the use of the property in the Development Area;

(vii) To contract for the management of the Common Areas and to delegate to such manager or managers all powers and duties of the Association except those powers and duties which are specifically required by the Declarations to have approval of the Board of Directors or the membership of the Association.

(b) The Association shall have all the common laws and statutory powers of a non-profit corporation which are not in conflict with the terms of the Condominium Documents, these Articles of Incorporation, and the By-Laws of the Association, including all of the powers reasonably necessary to implement the purposes of the Association.

IV

MEMBERSHIP

A. The membership of The Barrier Island Station Common Areas Association, Inc., shall consist of all of the Condominium Associations for each and every condominium which is established within the Development Project known as The Barrier Island Station Condominiums and the Time Share Associations for each building dedicated to integral ownership use within the Development Area. The membership shall be established by the formation of and filing of the Articles of Incorporation of the Condominium Association or Time Share Association with the Secretary of State's Corporations Office.

B. The share of a member in the funds and assets of the Corporation, and membership in the Corporation cannot be assigned, hypothecated or transferred in any manner except as an appurtenance to the Condominium Association or Time Share Association.

C. There shall be one class of membership in The Barrier Island Station Common Areas Association, Inc., which shall consist of members which are Condominium Associations established for all condominiums within The Barrier Island Station Condominium Project or Time Share Associations established for each building dedicated to integral ownership use within the Development Area (Barrier Island Station Condominium Project).

V

DIRECTORS

A. The number of Directors and the method of electing the Directors shall be fixed by the By-Laws, however, the number of Directors shall not be less than three (3).

B. The number of Directors constituting the initial Board of Directors shall be five (5) and the names and addresses of the persons who are to serve as the first Board of Directors are as follows:

NAME	ADDRESS
John T. Lancaster	P. O. Box 130, Nags Head, Dare County, North Carolina 27959

Paul F. M. Shaver, III

P. O. Box 130, Nags Head, Dare County,
North Carolina 27959

Robert Bradshaw Furr

P. O. Box 771, Kill Devil Hills, Dare
County, North Carolina 27948

Julia Lee

P. O. Box 130, Nags Head, Dare County
North Carolina 27959

Jude LeBlanc

P. O. Box 1269, Kill Devil Hills, Dare
County, North Carolina 27948

C. The first election by the members of the Corporation for Directors shall not be held until after the Developer has relinquished control of the Association as described in Paragraph D of this Article VI. Thereafter, the election of Directors shall take place at the annual meeting of the membership as provided in the By-Laws. After the Developer has relinquished control, there shall be a special meeting of the membership for the purpose of electing a Board of Directors to serve until the next annual meeting and until new Directors are elected and qualified.

D. Within five years after date of first conveyance of the first unit of the Development Area or within ninety days after three-fourths (3/4) of the Condominium Units and/or Time Share Units which are proposed for the Development Area (a total of 134 units) are conveyed, whichever shall occur first, the Developer shall call a special meeting of the members at which meeting the Board of Directors and Officers controlled by the Developer shall resign to be replaced by directors and officers voted on by the membership pursuant to the By-Laws. The Developer/Owner may, at any time, relinquish its right to appoint directors and cause the special meeting of the members to replace the same.

VI

REGISTERED OFFICE AND REGISTERED AGENT

A. The address of the initial registered office of the Corporation is P. O. Box 130, Nags Head, Dare County, North Carolina, 27959, and the name of the initial registered agent at such address is John T. Lancaster.

VII

TAX STATUS

The corporation shall have all the powers granted non-profit corporations under the laws of the State of North Carolina. Notwithstanding any other provisions of these Articles, this corporation shall not carry on any activities not permitted to be carried on by a corporation exempt from federal income tax under Section 528 of the Internal Revenue Code. It is further provided that no distributions of income of the corporation are to be made to members, directors or officers of the corporation provided, however, that members of the corporation may receive a rebate of any excess dues and assessments.

VIII

INCORPORATOR

The name and address of the incorporator is: John T. Lancaster, P. O. Box 130, Nags Head, Dare County, North Carolina, 27959.

IN TESTIMONY WHEREOF, I have hereunto set my hand and seal, this the _____ day of _____, 1982.

John T. Lancaster (SEAL)

NORTH CAROLINA
DARE COUNTY

This is to certify that on the _____ day of _____, 1982, before me, a Notary Public, personally came JOHN T. LANCASTER, who, I am satisfied is the person named in and who executed the foregoing Articles of Incorporation, and I, having first made known to him the contents thereof, he did acknowledge that he signed and delivered the same as his voluntry act and deed for the uses and purposes therein expressed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal, this the _____ day of _____, 1982.

Notary Public My commission expires: _____

BY LAWS

OF

BARRIER ISLAND STATION COMMON AREAS ASSOCIATION, INC.

ARTICLE IPLANNED DEVELOPMENT

SECTION 1. Property. Barrier Island Station, Inc., a North Carolina Corporation, hereinafter referred to as Developer or Owner, is developing certain real property located in Atlantic Township, Dare County, North Carolina, hereinafter referred to as the Development Area as a proposed condominium and possibly time-sharing site.

SECTION 2. Common Areas. The Developer intends to convey to Barrier Island Station Common Areas Association, Inc., hereinafter referred to as Common Areas Association, certain contractual rights, easement rights and fee title to certain real property, hereinafter referred to as the Development Project Common Areas.

SECTION 3. Personal Application. All present and future owners of property, in the Development Area, tenants and future tenants, and their employees, and any other person that may at any time use the facilities of the Development Project Common Areas in any manner are subject to the regulations set forth in these By-Laws and to the declarations set forth in the Declaration of Unit Ownership for any of the Condominium Associations formed within the Development Area and to the rules and regulations of any Time Share Association.

The mere acquisition or rental of any of the condominium unit or time-share unit within the Development Area, or the mere act of occupancy of any of said units will signify that these By-Laws as they may be amended from time to time, are accepted, ratified, and will be complied with.

ARTICLE IITHE MEMBERS

SECTION 1. Members. The members of the Common Areas Association are the Condominium Associations and Time-Share Associations which are formed within the Development Area. Condominium Association shall mean the non-profit corporations formed pursuant to Chapter 55A of the North Carolina General Statutes to hold title to a condominium building which is submitted to the provisions of Chapter 47A of the North Carolina General Statutes known as the "Unit Ownership Act". A Time-Share Association shall mean an association formed pursuant to Chapter 55A of the North Carolina General Statutes to hold title to a building within which time-share units are contained. Both of these corporations hereinafter shall be referred to as Associations within these By-Laws.

Each Association shall be entitled to a percent membership/ownership of the Common Areas Association and shall be entitled to a vote based on that percent of membership/ownership. Said percent membership/ownership shall be determined by dividing the fair market value of all of the condominium units or time-share units within the particular Condominium Association or Time-Share Association as set forth in the Condominium Association's Declaration or Time-Share Association's Declaration by an amount equal to the fair market value of all of the condominium units and time-share units of all the Condominium

Associations and Time-Share Associations as set forth in all of their Declarations in the Development Area.

Each Association shall be considered to be a member as of the time that its Declaration is filed in the Dare County Registry of Deeds. It is specifically understood that the percent membership/ownership of the Common Areas Association and the voting rights based on that percent of membership/ownership shall be adjusted and changed each time an additional Association becomes a new member of the Common Areas Association. The percent interest of membership/ownership shall be determined as set forth in the preceeding paragraph.

SECTION 2. Annual Meetings. The Common Areas Association shall hold each year, commencing with the year 1983, an annual meeting of the members for the election of directors and the transaction of any business within the powers of the Common Areas Association at 4:00 P.M. on the first Monday in May, in each year if not a legal holiday, and if a legal holiday, then on the first day following which is not a Sunday or holiday. Any business of the Common Areas Association may be transacted at an annual meeting without being specifically required by statute, by the Declaration or these By-Laws to be stated in the notice. Failure to hold an annual meeting at the designated time shall not, however, invalidate the Common Areas Association's existence or affect its otherwise valid acts.

SECTION 3. Special Meetings. At any time in the interval between annual meetings, special meetings of the Common Areas Association may be called by the President or by a majority of the Board of Directors by vote at a meeting or in writing with or without a meeting, or by one third (1/3) of the record members/owners of the Common Areas Association.

SECTION 4. Place of Meeting. All meetings of members shall be held at the principal office of the Common Areas Association in Dare County, North Carolina, except in cases in which the notice thereof designates some other place, but all such meetings shall be held within the State of North Carolina.

SECTION 5. Notice of Meetings. Not less than ten days nor more than ninety days before the date of every members' meeting, the secretary shall give to each Association entitled to vote at such meeting, written or printed notice stating the time and place of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, either by mail or by presenting it to it personally or by leaving it at its business office. If mailed, such notice shall be deemed to be given when deposited in the United States mail addressed to the Association at its post office address as it appears on the records of the Common Areas Association with postage thereon prepaid. Notwithstanding the foregoing provision, a waiver of notice in writing signed by the Association entitled to such notice and filed with the records of the meeting, whether before or after the holding thereof, or actual attendance at the meeting in person or by proxy, by the authorized agent of the Association, shall be deemed equivalent to the giving of such notice to such persons. Any meeting of owners, annual or special, may adjourn from time to time to reconvene at the same or some other permitted place, and no notice need be given of any such adjourned meeting other than by announcement.

SECTION 6. Quorum. At any meeting of members, the presence in person or by proxy of owners entitled to cast a majority of the votes there at shall constitute a quorum; but this section shall not affect any requirement under statute or these By-Laws for the vote necessary for the adoption of any measure. In the absence of a quorum the members present in person or by proxy, by majority vote and without notice other than by announcement, may adjourn the meeting from time to time until a quorum shall attend. At any

such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally notified.

SECTION 7. Votes Required. A majority of the votes cast at a meeting of members, duly called and at which a quorum is present, shall be sufficient to take or authorize action upon any matter which may properly come before the meeting, unless more than a majority of votes cast is required by statute or by these By-Laws.

SECTION 8. Proxies. A member may vote either in person by the Association's authorized agent, or by proxy executed in writing by the member. No proxy shall be valid after eleven months from its date, unless otherwise provided in the proxy. Every proxy shall be in writing, subscribed by the member and dated, but need not be sealed, witnessed or acknowledged.

SECTION 9. Agents. The President of each Association shall be deemed to be the agent of each Association for casting its votes unless the Association files with the Secretary of the Common Areas Association a written document signed by a majority of that Association's Board of Directors appointing someone else to cast its votes.

SECTION 10. List of Members. At each meeting of members, a full, true and complete list in alphabetical order of all members entitled to vote at such meeting shall be furnished by the Secretary.

SECTION 11. Voting. In all elections for directors every member shall have the right to vote, in person or by proxy, for as many persons as there are directors to be elected. At all meetings of members, the proxies and ballots shall be received, and all questions touching the qualification of voters and the validity of proxies and the acceptance or rejection of votes shall be decided by the chairman of the meeting. Unless demanded or ordered by a majority of members present, no vote need be by ballot, and voting need not be conducted by inspectors.

SECTION 12. Informal Action by Members. Any action required or permitted to be taken at any meeting of members may be taken without a meeting, if a consent in writing, setting forth such action, is signed by all the members entitled to vote on the subject matter thereof, provided said consent is filed with the records of the Common Areas Association.

ARTICLE III

BOARD OF DIRECTORS

SECTION 1. Powers. The business and affairs of the Common Areas Association shall be managed by its Board of Directors. The Board of Directors may exercise all powers of the Common Areas Association except such as are by statute or the By-Laws conferred upon or reserved to the members. In particular, but not by way of limitation, the Board of Directors shall be responsible for, and have all necessary powers in connection with the care, upkeep, and surveillance of Development Project Common Areas, and other Common Areas Association owned property designation, hiring and dismissal of the personnel necessary for the good working order of the Development Project Common Areas. The Board of Directors may delegate any of such responsibilities, or all and the expenses therefore shall be a common expense. The Board of Directors, or any officer or officers to whom such power may be delegated, shall have power to take any action necessary or appropriate to enforce payments of all sums, including assessments against others, due the Common Areas Association including the power to enforce any lien for the same. Such Board shall not undertake to provide luxury services, such as maid services, common telephone

switchboard service and the like, to the member Associations without the unanimous vote of all members.

SECTION 2. Number of Directors. The number of Directors of the Common Areas Association shall be five, until such number be changed as herein provided. By vote of majority of the entire Board of Directors, the number of Directors may be increased or decreased, from time to time, to not exceed seven nor less than three Directors, but the tenure of office of a Director shall not be affected by any decrease in the number of Directors so made by the Board.

SECTION 3. Election of Directors. Until the successors are duly elected and qualified the Board shall consist of John T. Lancaster, Paul F. M. Shaver, III, Robert Bradshaw Furr, Julia Lee and Jude LeBlanc. Within five years of the date of the conveyance of the first unit in the Development Area, or within ninety days after three-fourths (3/4) of the condominium units and/or time-share units which are proposed for the Development Area (a total of 134 units) are conveyed, whichever shall occur first, the Developer shall call a special meeting of the members at which meeting the Board of Directors and Officers controlled by the Developer shall resign and be replaced by directors and officers voted on by the membership. At said special meeting, the members shall elect Directors, one to serve one year, two to serve two years, and two to serve for three years. Thereafter, Directors shall be elected for three year terms until their successors are elected and qualified (or for a shorter term to fill a vacancy arising from an uncompleted term), with Directors being elected at each annual meeting to succeed the Directors whose terms are expiring. At any meeting of members, duly called, and at which a quorum is present, the members may, by the affirmative vote of the holders of a majority of the votes entitled to be cast thereon, remove any Director or Directors from office and may elect a successor or successors to fill any resulting vacancies for the unexpired terms of removed Directors.

SECTION 4. Vacancies. Any vacancy occurring in the Board of Directors for any cause other than by reason of an increase in the number of Directors may be filled by a majority of the remaining members of the Board of Directors, although such majority is less than a quorum. Any vacancy occurring by reason of an increase in the number of Directors may be filled by action of a majority of the entire Board of Directors. A director elected by the Board of Directors to fill a vacancy shall be elected to hold office until the next annual meeting of members and until his successor is elected and qualified.

SECTION 5. Regular Meetings. After each meeting of the members at which a Board of Directors shall have been elected, the Board of Directors so elected shall meet as soon as practicable for the purpose of organization and the transaction of other business, at such time as may be designated by the members at such meeting; and in the event that no other time is designated by the members, the Board of Directors shall meet at 6:00 p.m. on the day of such meeting of the members, if not a legal holiday, and if a legal holiday, then on the first day following which is not a Sunday or a legal holiday. Such first meeting shall be held at such place within or without the State of North Carolina as may be designated by the members, or in default of such designation at the place designated by the Board of Directors for such first regular meeting, or in default of such designation at the office of the Common Area Association in Dare County, North Carolina. No notice of such first meeting shall be necessary if held as hereinabove provided. Other regular meetings of the Board of Directors shall be held on such dates and at such places within or without the State of North Carolina as may be designated from time to time by the Board of Directors.

SECTION 6. Special Meetings. Special meetings of the Board of Directors may be called at any time by the President or by the Board of Directors by vote at a meeting, or by a majority of the directors in writing within or without a meeting. Such special meetings shall be held at such place or places within or without the State of North Carolina as may be designated from time to time by the Board of Directors. In the absence of such designation, such meetings shall be held at such places as may be designated in the call.

SECTION 7. Notice of Meeting. Except as provided in Section 5 of this Article, notice of the place, day and hour of every regular and special meeting shall be given to each director two days (or more) before the meeting, by delivering the same to him personally, or by sending the same to him by telegraph, or by leaving the same at his residence or usual place of business, or, in the alternative, by mailing such notice five days (or more) before the meeting, postage prepaid, and addressed to him at his last known post office address, according to the records of the Common Areas Association. Unless required by these By-Laws or by resolution of the Board of Directors, no notice of any meeting of the Board of Directors, need state the business to be transacted thereat. No notice of any meeting of the Board of Directors need be given to any director who attends, or to any director who, in writing, executed and filed with the records of the meeting either before or after the holding thereof, waives such notice. Any meeting of the Board of Directors, regular or special, may adjourn from time to time to reconvene at the same or some other place, and no notice need be given at such adjourned meeting other than by announcement.

SECTION 8. Quorum. At all meetings of the Board of Directors, one-half of the entire Board of Directors, but in no case less than two directors, shall constitute a quorum for the transaction of business. Except in cases in which it is by statute, by the Declaration or by the By-Laws otherwise provided, the vote of a majority of such quorum at a duly constituted meeting shall be sufficient to elect and pass any measure. In the absence of a quorum, the directors present by majority vote and without notice other than by announcement may adjourn the meeting at which a quorum shall attend. At any such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally notified.

SECTION 9. Compensation. By resolution of the Board of Directors expenses of attendance, if any, may be allowed to directors for attendance at each regular or special meeting of the Board of Directors or of committees thereof, but directors as such shall not receive any compensation for their services except such as may be authorized or permitted by vote of the members. A director who serves the Common Areas Association in any other capacity, however, may receive compensation therefor without such vote of the members.

SECTION 10. Informal Action by Directors. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if a written consent to such action is signed by all members of the Board or such committee, as the case may be, and such written consent is filed with the minutes of proceedings of the Board or committee.

SECTION 11. Committees. The Board of Directors may by resolution provide for such standing or special committees as it deems desirable, and discontinue the same at pleasure. Each such committee shall have such powers and perform such duties, not inconsistent with law, as may be assigned to it by the Board of Directors.

SECTION 12. Indemnification. Every Director and every officer of the Common Areas Association shall be indemnified by the Common Areas Association against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him in connection with a Court proceeding to which he may become involved, by reason of his being or having been a director or officer of the Common Areas Association, whether or not he is a Director or officer at the time such expenses are incurred, except in such cases wherein the Director or officer is adjudged guilty of malfeasance or negligence in the performance of his duties; provided, that in the event of a settlement, the indemnification herein shall apply only when the Board of Directors approves such settlement and reimbursement as being in the best interest of the Common Areas Association. The foregoing right of indemnification shall be in addition to and not exclusive all rights of indemnification to which such Director or officer may be entitled.

SECTION 13. Budget.

A. The Board of Directors shall adopt a budget for each calendar year which shall contain estimates of the costs of performing the functions of the Association including but not limited to:

1. COMMON EXPENSES OF THE CONDOMINIUM

- (a) maintenance and upkeep of the Development Project Common Area
- (b) maintenance and upkeep of association owned real and personal property
- (c) staff payroll, supplies and office expenses
- (d) managers' salary or fees
- (e) insurance
- (f) common utilities, waste water treatment and disposal system maintenance and upkeep, which shall receive first priority of common expense funds
- (g) service contracts
- (h) fees and permits

2. CAPITAL IMPROVEMENTS RESERVE

3. ANTICIPATED SPECIAL ASSESSMENTS

B. Copies of the proposed budget shall be transmitted to each member on or before January 1 of the year for which the budget is made. If the budget is subsequently amended, then a copy of the amended budget shall be furnished immediately to each member.

C. Accounting shall be on a cash basis and conform to generally acceptable accounting standards.

SECTION 14. Management Contract. The Board of Directors shall be authorized to enter into a contractual agreement with a management firm to manage the Common Areas Association. However, any such management agreement may not be for a period greater than five years and shall contain a provision allowing either party to the agreement to terminate the agreement upon ninety days notice to the other party.

ARTICLE IVOFFICERS

SECTION 1. Executive Officers. The Board of Directors shall choose a President and a Vice President from among the directors, and a Secretary and a Treasurer who need not be directors. The Board of Directors may also choose an Assistant Secretary and an Assistant Treasurer, none of whom need be a director. Any two of the above-mentioned officers, except that of President and Vice President, may be held by the same person, but no officer shall execute, acknowledge or verify any instrument in more than one capacity if such instrument be required by statute, by the By-Laws or by resolution of the Board of Directors to be executed, acknowledged or verified by any two or more officers. Each such officer shall hold office until the first meeting of the Board of Directors after the annual meeting of owners next succeeding his election, and until his successors shall have been duly chosen and qualified, or until he shall have resigned or shall have been removed. Any vacancy in any of the above officers may be filled for the unexpired portion of the term by the Board of Directors at any regular or special meeting.

SECTION 2. President. The President shall preside at all meetings of the members and of the Board of Directors at which he shall be present; he shall have general charge and supervision of the business of the Common Areas Association; he may sign and execute, in the name of the Common Areas Association all authorized deeds, mortgages, bonds, contracts or other instruments, except in cases in which the signing and execution thereof shall have been expressly delegated in some other officer or agent of the Common Areas Association and, in general, he shall perform all duties incident to the office of President, and such other duties as, from time to time, may be assigned to him by the Board of Directors.

SECTION 3. Vice President. The Vice President, at the request of the President or in his absence or during his inability to act, shall perform the duties and exercise the functions of the President, and when so acting, shall have the powers of the President. The Vice President shall have such other powers and perform such other duties as may be assigned to him by the Board of Directors or the President.

SECTION 4. Secretary. The Secretary shall keep the minutes of the meetings of the members and of the Board of Directors in books provided for the purpose; he shall see that all notices are duly given in accordance with the provisions of the By-Laws or as required by law; he shall be custodian of the records of the Common Areas Association and in general he shall perform all duties incident to the office of Secretary, and such other duties as, from time to time, may be assigned to him by the Board of Directors or the President.

SECTION 5. Treasurer. The Treasurer shall have charge of and be responsible for all funds, securities, receipts and disbursements of the Common Areas Association and shall deposit, or cause to be deposited, in the name of the Common Areas Association all monies or other valuable effects in such banks, trust companies or other depositories as shall from time to time be selected by the Board of Directors; he shall render to the President and to the Board of Directors, whenever requested, an account of the financial condition of the Common Areas Association and, in general, he shall perform all duties as may be assigned to him by the Board of Directors or the President.

SECTION 6. Assistant Officers. The Assistant Secretary, if any, shall have such duties as may from time to time be assigned

to him by the Board of Directors or the Secretary. The Assistant Treasurer, if any, shall have such duties as may from time to time be assigned to him by the Board of Directors or the Treasurer.

SECTION 7. Compensation. The Board of Directors shall have power to fix the compensation of all officers of the Common Areas Association.

SECTION 8. Removal. Any officer or agent of the Common Areas Association may be removed by the Board of Directors whenever, in its judgment, the best interests of the Common Areas Association will be served thereby, but such removal shall be without prejudice to the contractual rights, if any, of the person so removed.

ARTICLE V

OBLIGATIONS OF THE MEMBERS

SECTION 1. Assessments. Each member is obligated to pay the assessments imposed upon it by the Common Areas Association to meet general expenses as delineated herein. The assessments shall be made prorata according to the percentage of interest owned by the member. Each regular assessment levied shall be due and payable quarterly, fifteen (15) days after assessed. Any special assessment, designated as such by the Board of Directors shall be due and payable when assessed.

SECTION 2. Destruction of Improvements.

(a) In the event of the destruction of any improvement owned by the Common Areas Association, or which the Common Areas Association has a contractual obligation to repair or replace, such destroyed part or parts shall be rebuilt, repaired, or replaced unless such destruction amounts to more than three-fourths ($3/4$) value of the value of the improvement. In such rebuilding such proceeds of any casualty insurance shall be used to the extent available, and as permitted and provided by the provisions of Section 2 of Article VI of these By-Laws. Cost in excess of such proceeds shall be assessed against and paid by each member pursuant to their percent interest in the Common Areas Association.

(b) In the event of the destruction of any part or all of an improvement owned by the Common Areas Association or which the Common Areas Association has a contractual right to rebuild or repair, said destruction amounting to more than three-fourths ($3/4$) in value of the total value of said improvement, if more than three-fourths ($3/4$) of the percent interest of the members resolve not to build or restore said improvement which was destroyed, at any members meeting called to consider the question of such restoration, the improvement shall not be restored except as set forth in Subsection (c).

(c) In the event of partial or complete destruction of any waste water treatment facility or any appurtenance thereto, the same shall be immediately reconstructed to original specifications meeting with the approval of Dare County Health Department and other appropriate governmental agencies, with the first proceeds of insurance thereon, or in the event insurance proceeds are delayed, the same shall be reconstructed with capital improvement reserve funds and with general expense funds as may be necessary for reconstruction. Provided, however, this provision shall not apply in the event that all condominium and time-share buildings which are served by said waste water treatment facility and its appurtenances are destroyed and all of the Associations owning title to said buildings vote affirmatively pursuant to their By-Laws not to rebuild.

SECTION 3. Right of Entry. Each member hereby grants a right of entry to any person authorized by the Board of Directors of the Common Areas Association to go over, in, upon, across all property owned by each Association whenever the Board of Directors of the Common Areas Association believes said entry to be necessary or convenient.

SECTION 4. Rules of Conduct.

(a) No Association, unit owner, time-share owner, invitee, guest, employee, or agent shall post any advertisements or posters of any kind upon the Development Area except the Developer may post whatever signs the Developer deems to be reasonably necessary.

(b) Individuals using the Development Project Common Areas shall exercise care about making noises or in the use of musical instruments, radios, televisions, and amplifiers that may disturb other residents.

(c) Clothing, towels, furniture packages or objects of any kind, all other items of personal property shall not be placed upon the Development Project Common Areas except an individual may temporarily place chairs, umbrellas, or other beach paraphernalia in open areas and upon or near any pool area.

(d) The Common areas Association, by and through its Board of Directors and/or its officers, may enact such rules and regulations for the use of any of the Development Project Common Areas as they deem desirable.

ARTICLE VI

COMMON AREAS ASSOCIATION PROPERTIES

SECTION 1. Use By Non-Members. The Developer may grant the right of use in/or easements of access to non-members for the use and enjoyment of the recreational facilities, easements rights and contractual rights which the Developer intends to convey to the Common Areas Association. The Developer may, but is not obligated to, have the recipients of these rights who are non-members of the Common Areas Association contractually obligated to pay fees and/or assessments to the Common Areas Association for their use.

SECTION 2. Parking Areas. It is understood that the Developer will convey to the Common Areas Association fee title to or easement rights in various streets, roadways and parking lot areas. The Board of Directors of the Association shall assign to each Member Association a minimum of two specific parking places per each unit in that Association Building.

SECTION 3. Recreational Facilities. By the very fact of being a member of the Common Areas Association, each Condominium Association or Time-Share Association shall have rights of use in all recreational facilities, roadways, streets and all other amenities owned by the Common Areas Association or within which the Common Areas Association has either easement rights or contractual rights too. Each Member Association shall be deemed and considered to have assigned rights of use in these to that Associations individual Unit or Time-Share Owners.

ARTICLE VII

INSURANCE

SECTION 1. Protective Policies. The Board of Directors, shall procure and maintain, in its own name as agent or trustees for the benefit of the Common Areas Association, policies of insurance in stock insurance companies licensed to do business in

(a) A policy or policies insuring any permanent improvement owned by the Common Areas Association, or which the Common Areas Association is contractually obligated to maintain, repair, or rebuild, against loss, damage or destruction by fire or other casualty, including lightning, windstorm, hail, explosion, riot, civil commotion, aircraft, vehicle, falling objects, smoke, malicious mischief, vandalism, collapse through weight of snow, ice or sleet, water, flood and other similar casualty, in an aggregate amount equal to the full insurable replacement value of said improvement, without regard to depreciation.

(b) Such insurance as will protect the members, and each of them, and the Common Areas Association, from claims under workmen's compensation acts and other employee benefit acts.

(c) Such insurance as will protect the Manager, the Board of Directors, the members, and the Common Areas Association, and each of them, from claims for damage to the property, any or all of which may arise out of or result from ownership of any interest in the Common Areas Association or the management or operation of said project, or because of any injury or damage sustained on or attributable to the property, within the Development Area Project. It is intended that the insurance described in this subparagraph be a comprehensive general liability policy endorsed to protect each of the above against all liability arising out of or otherwise attributable to the Development Project Common Areas or any other area within the Development Project, including operation of the premises, products liability, liability attributable to work or other act of an independent contractor, or let or sublet work, landlord-tenant liability, and contractual liability. Further, the insurance shall cover the liability of one or more of the above, though also parties insured. Such public liability insurances shall be in the limits of at least \$100,000.00 for injuries or damages sustained by any one person, \$300,000.00 for injuries or damages sustained by two or more persons, \$300,000.00 for injuries or damages sustained by two or more persons in any one accident, and \$10,000.00 for property damage. The public liability insurance policy shall be so endorsed as to protect the insured against liability imposed or assumed by any contract.

(d) In all events, each policy of insurance procured under this Section 1 Article VII shall contain a waiver of the insurer's subrogation rights against each member and a waiver of any defense maintainable by the insurer by reason of any co-insurance provision of any policy or by reason of any act or neglect of any member whether before or after the loss, damage or destruction may occur. Further, each policy of insurance shall provide that any member in his own right may procure other insurance, fire, casualty, liability or otherwise, and that such other insurance shall in no wise serve to reduce, abate, diminish, or cause any proration in payment of the total loss by the insurer. Each policy of insurance procured under Paragraphs (a) or (b) of this Section 1 shall state that the exclusive right and authority to adjust losses under the policy shall be vested in the Board of Directors.

Nothing provided in this Article VII shall prejudice the right of any member to insure their condominium building and their interest in the Development Project Common Areas for its own benefit, or to insure itself against liability to others. If the members, however, shall procure any form of insurance covering any item in the Common Areas it shall file with the Board of Directors of the Common Areas Association a duplicate of the insurance policy.

SECTION 2. Unless more than three-fourths (3/4) of the value of any improvement owned by the Common Areas Association or which the Common Areas Association has a contractual obligation to repair or replace, has been destroyed, the proceeds of any insurance policy procured under the provisions of this Article

shall be applied to repair, restore and construct the improvement so destroyed by the casualty insured against. If the proceeds of insurance are insufficient to cover the cost of any necessary repair, replacement or restoration of an improvement, such excess cost shall be paid by the co-owners as a common expense upon special assessment therefore and levied thereof by the Board of Directors against each member in accordance with its percent interest factor.

SECTION 3. Acquisition for Insurance. Each member shall furnish such information and sign such application forms or other documents, if any, as may be required to obtain insurance as provided in this Article.

ARTICLE VIII

FINANCE

SECTION 1. Checks, Drafts, etc. All checks, drafts and orders for the payment of money, notes and other evidences of indebtedness, issued in the name of the Common Areas Association shall be signed by officers, agents or manager of the Common Areas Association as determined by the Board of Directors.

SECTION 2. Annual Reports. There shall be prepared annually a full and correct statement of the affairs of the Common Areas Association including a balance sheet and a financial statement of operations for the preceding fiscal year, which shall be audited by an independent public accountant and submitted at the annual meeting of the members and filed within twenty (20) days thereafter at the principal office of the Common Areas Association.

SECTION 3. Fiscal Year. The fiscal year of the Common Areas Association shall be the calendar year, unless otherwise provided by the Board of Directors.

ARTICLE IX

AMENDMENTS

SECTION 1. By-Laws. These By-Laws may be amended by the Common Areas Association at any duly constituted meeting, provided the notice thereof shall specify the amendment to be voted on, and provided the same is approved by at least two-thirds (2/3) of the members; subject, however, to the restrictions set forth in Article II, Section 1 of the By-Laws. All members shall be bound by an amendment upon the same being duly passed and set forth in an Amended Declaration duly recorded in the Dare County Registry.

ARTICLE X

SECTION 1. Mortgage Holders.

A. The Common Areas Association is required to make available to unit estate owners and lenders, and to holders, insurers or guarantors of any first mortgage, current copies of the Declaration, By-Laws, other rules concerning the project and books, records and financial statements of the Association or the Associations. Said availability shall be upon request during normal business hours or under reasonable circumstances. Any holder, insurer or guarantor of a first mortgage shall be entitled, upon written request, to an audited financial statement for the immediately preceding fiscal year, free of charge to the party so requesting. Said financial statement shall be furnished within a reasonable time following such request.

B. Upon written request to the Common Areas Association identifying the name and address of the holder, insurer or guarantor and the unit estate number or address, such mortgage holder, insurer or guarantor shall be entitled to timely written

notice of:

1. Any condemnation loss or any casualty loss which affects the material portion of the project or any unit estate on which there is a first mortgage held, insured, or guaranteed by such eligible mortgage holder, or eligible insurer or guarantor, as applicable;

2. Any delinquency in the payment of assessments or charges owed by any owner of a unit estate subject to a first mortgage held, insured or guaranteed by such eligible holder or eligible insurer or guarantor, which remains uncured for a period of sixty days;

3. Any lapse, cancelation or material modification of any insurance policy or fidelity bond maintained by the Association or Associations;

4. Any proposed action which would require the consent of a specified percentage of eligible mortgage holders, as specified below.

C. To the extent permitted by applicable law, and notwithstanding anything else herein contained, eligible mortgage holders shall also be afforded the following rights:

1. Any restoration or repair of the project, after a partial condemnation or damage due to an insurable hazard, shall be performed substantially and in accordance with the Declaration and the original plans and specifications, unless other action is approved by eligible holders holding mortgages on unit estates which have at least 51% of the votes of unit estates subject to eligible holder mortgages.

2. Any election to terminate the legal status of the project after substantial destruction or a substantial taking in condemnation of the project property must require the approval of eligible holders holding mortgages on unit estates which have at least 51% of the votes of unit estates subject to eligible holder mortgages.

3. No reallocation of interest in the common areas resulting from a partial condemnation or partial destruction of such project may be affected without the prior approval of eligible holders holding mortgages on all remaining unit estates whether existing in whole or in part, and which have at least 51% of the votes of such remaining unit estates subject to eligible holder mortgages.

4. The approval of eligible holders holding mortgages on unit estates which have at least 67% of the votes of unit estates subject to eligible holder mortgages, shall be required to terminate the legal status of the project as a condominium.

5. The approval of eligible holders holding mortgages on unit estates which have at least 51% of the votes of unit estates subject to eligible holder mortgages, shall be required to add or amend any material provisions of the constituent documents of the project which establish, provide for, govern or regulate any of the following:

- a. voting;
- b. assessments, assessment liens or subordination of such liens;
- c. reserves for maintenance, repair and replacement of common areas (or units if applicable);

- e. rights to use the common areas;
- f. responsibility for maintenance and repair of the several portions of the project;
- g. expansion or contraction of the project or the addition, annexation or withdrawal of the property to or from the project;
- h. boundaries of any unit;
- i. the interest in the general or limited common areas;
- j. the convertibility of units into common areas or of common areas into units;
- k. imposition of any right of first refusal or similar restriction on the right of a unit estate owner to sell, transfer, or otherwise convey his or her unit estate;
- l. any provisions which are for the express benefit of mortgage holders, eligible mortgage holders or eligible insurers or guarantors of first mortgage on unit estates.

ARTICLE XI

RESIDENT AGENT

SECTION 1. Resident Agent. The initial registered agent of the Common Areas Association is named within the Articles of Incorporation. The Board of Directors may, at its discretion, substitute another Resident Agent for the purpose of accepting such service of process as set forth above, provided that proper notification of such change be promptly filed with the Secretary of State of North Carolina.

ARTICLE XII

MISCELLANEOUS

SECTION 1. Invalidity. The invalidity of any part of these By-Laws shall not impair or affect in any manner the validity, enforceability, or effect of the balance of these By-Laws.

SECTION 2. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit, or describe the scope of these By-Laws, or the intent of any provision thereof.

SECTION 3. Gender. The use of the masculine gender in these By-Laws shall be deemed to include the feminine gender and the use of the singular shall be deemed to include the plural, whenever the context so requires.

SECTION 4. Waiver. No restriction, condition, obligation, or provision contained in these By-Laws shall be deemed to be an abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or the breaches thereof which may occur.

EXHIBIT "K"

Exhibit "K" for The Barrier Island Station One Condominium.

SEE SHEETS SHOWING THE UNITS AS BUILT AS SET FORTH IN THE UNIT
BOOK 2, SHEETS 103 THROUGH 109.