

SCHOONER RIDGE
PROPERTY OWNERS ASSOCIATION

Post Office Box 8111, Duck Station
Kitty Hawk, NC 27949

ARTICLES OF INCORPORATION

BY-LAWS

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PHASE II,
AMENDMENT TO DECLARATION OF RESTRICTIVE COVENANTS

PHASE II,
AMENDMENT TO DECLARATION OF RESTRICTIVE COVENANTS

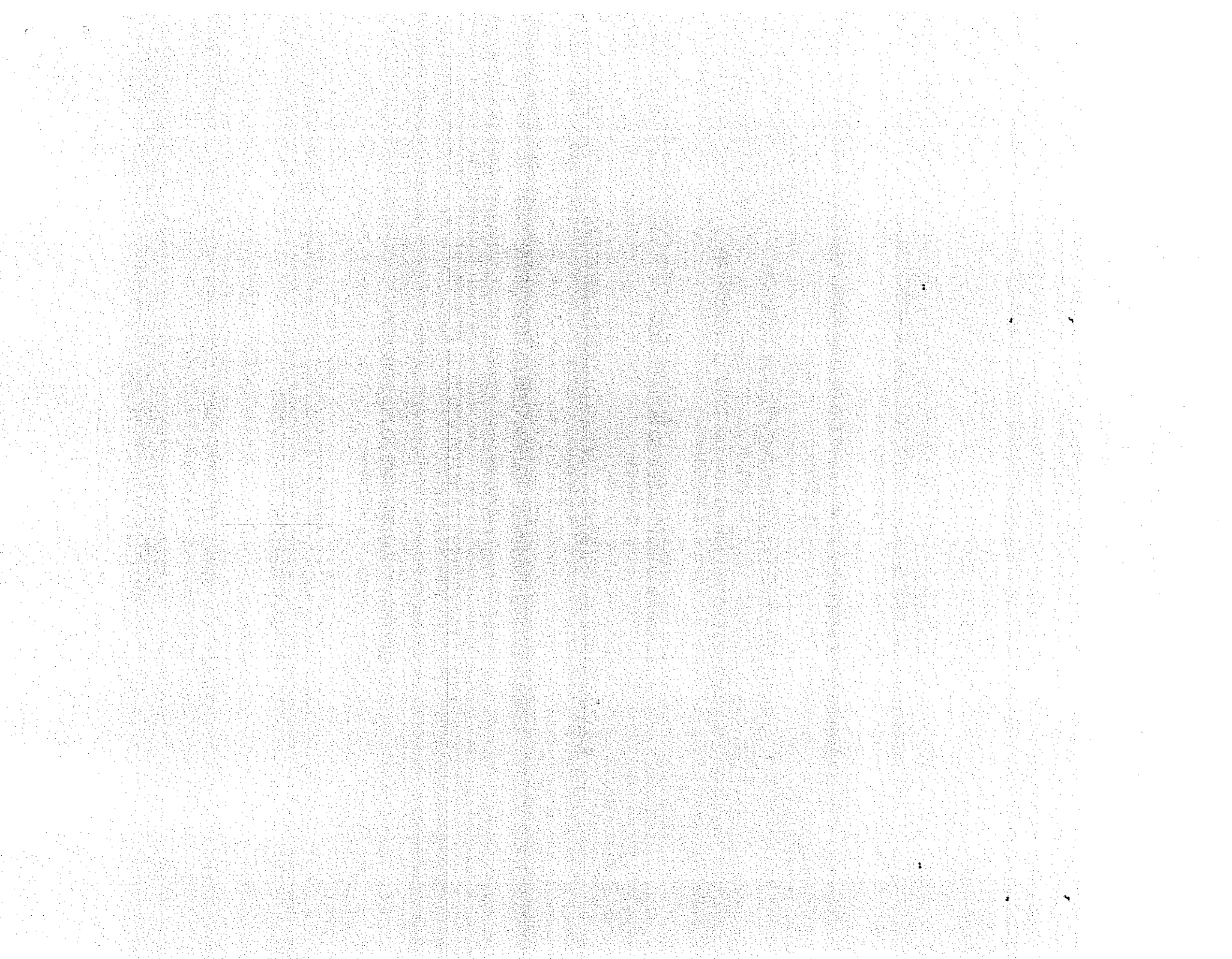
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Management Contact:
Seaside Management

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Kitty Hawk, NC 27949
(252) 261-1200

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ARTICLES OF INCORPORATION

OF

SCHOONER RIDGE PROPERTY OWNERS ASSOCIATION, INC.

I, the undersigned, being a natural person of full age, do hereby
and acknowledge these Articles of Incorporation for the purpose of creating a nonprofit corporation under the laws of the State of North Carolina, as contained in Chapter 55A of the General Statutes of North Carolina, entitled "Nonprofit Corporation Act," and the several amendments thereto do hereby set forth:

ARTICLE I.

The name of the corporation is Schooner Ridge Property Owners Association, Inc.

ARTICLE II.

The period of duration for the corporation shall be perpetual.

ARTICLE III.

The purposes for which this corporation is organized are:

- (a) To acquire, construct, maintain and operate common areas and recreation facilities in a residential development to be developed by Four Seasons Resort, Inc. on land situated in Duck, Kitty Hawk, Atlantic Township, Dare County, North Carolina.
- (b) To enforce any and all covenants, restrictions and agreements applicable to the common areas, lots and dwelling units in the development and particularly any Declarations of Covenants and Restrictions or similar declarations which may hereafter be recorded in the Dare County Registry;
- (c) To make and perform any contracts and do any acts and things, and exercise any powers suitable, convenient, proper or incidental for the accomplishment of any objects enumerated herein;
- (d) To have any and all powers, rights and privileges which a corporation organized under the laws of North Carolina, as contained in Chapter 55 A of the General Statutes of North Carolina entitled "Nonprofit Corporation Act," by law may now or hereafter exercise.

ARTICLE IV.

The corporation shall have members, as provided in the by-laws.

DOCUMENT #40399
DATE 04/27/87 TIME 1:00
FROM CLERK
SECRETARY OF STATE
NORTH CAROLINA

ARTICLE V.

Except for the Initial Board of Directors whose names are set forth in these Articles of Incorporation, the Board of Directors shall be elected or appointed as provided in the by-laws.

ARTICLE VI.

The address of the initial registered office of the corporation is S. R. 272, Duck, Kitty Hawk, Dare County, North Carolina, 27949; and the name of the initial registered agent at such address is Joseph C. Britt.

ARTICLE VII.

The number of directors constituting the initial Board of Directors shall be four (4) and the names and addresses of the persons who are to serve as directors until the first meeting of the corporation or until their successors are elected and qualified are:

<u>NAME</u>	<u>ADDRESS</u>
Joseph C. Britt.	S. R. Box 272, Duck Road Kitty Hawk, NC 27949
Barbara N. Britt	S. R. Box 272, Duck Road Kitty Hawk, NC 27949
Robert C. Cassna	S. R. Box 272, Duck Road Kitty Hawk, NC 27949
Charles S. Friedman	6057 River Crescent P. O. Box 2353 Norfolk, VA 23501

ARTICLE VIII.

The corporation shall have all powers granted corporations under the laws of the State of North Carolina. However, notwithstanding anything herein to the contrary, the corporation shall exercise only such powers as are in furtherance of the exempt purposes of organizations set forth in the subsection of Section 501(c) of the Internal Revenue Code of 1954 under which the corporation chooses to qualify for exemption, as the same now exists, or as it may be amended from time to time.

ARTICLE IX.

In the event of the dissolution of the Association, no member shall be entitled to any distribution or division of its remaining property or its proceeds, and the balance of all money and other property received by the Association from any source, after the

used or distributed exclusively for the purposes within the
Intendment of Section 501(c) of the Internal Revenue Code as the same
now exists or as it may be amended from time to time.

ARTICLE X.

The name and address of the incorporator is:

NAME

David R. Parsons

ADDRESS

Southern Shores Law Bldg.
Juniper Trail
P. O. Box 269
Kitty Hawk, NC 27949

IN WITNESS WHEREOF, I have hereunto set my hand and seal this
21st day of April, 1987.

David R. Parsons (SEAL)
David R. Parsons

NORTH CAROLINA

DARE COUNTY

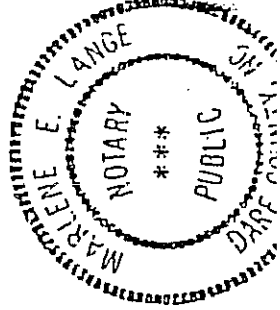
I, the undersigned notary public, do hereby certify that DAVID
R. PARSONS personally appeared before me this day and acknowledged
the due execution of the foregoing instrument for the purposes
therein expressed.

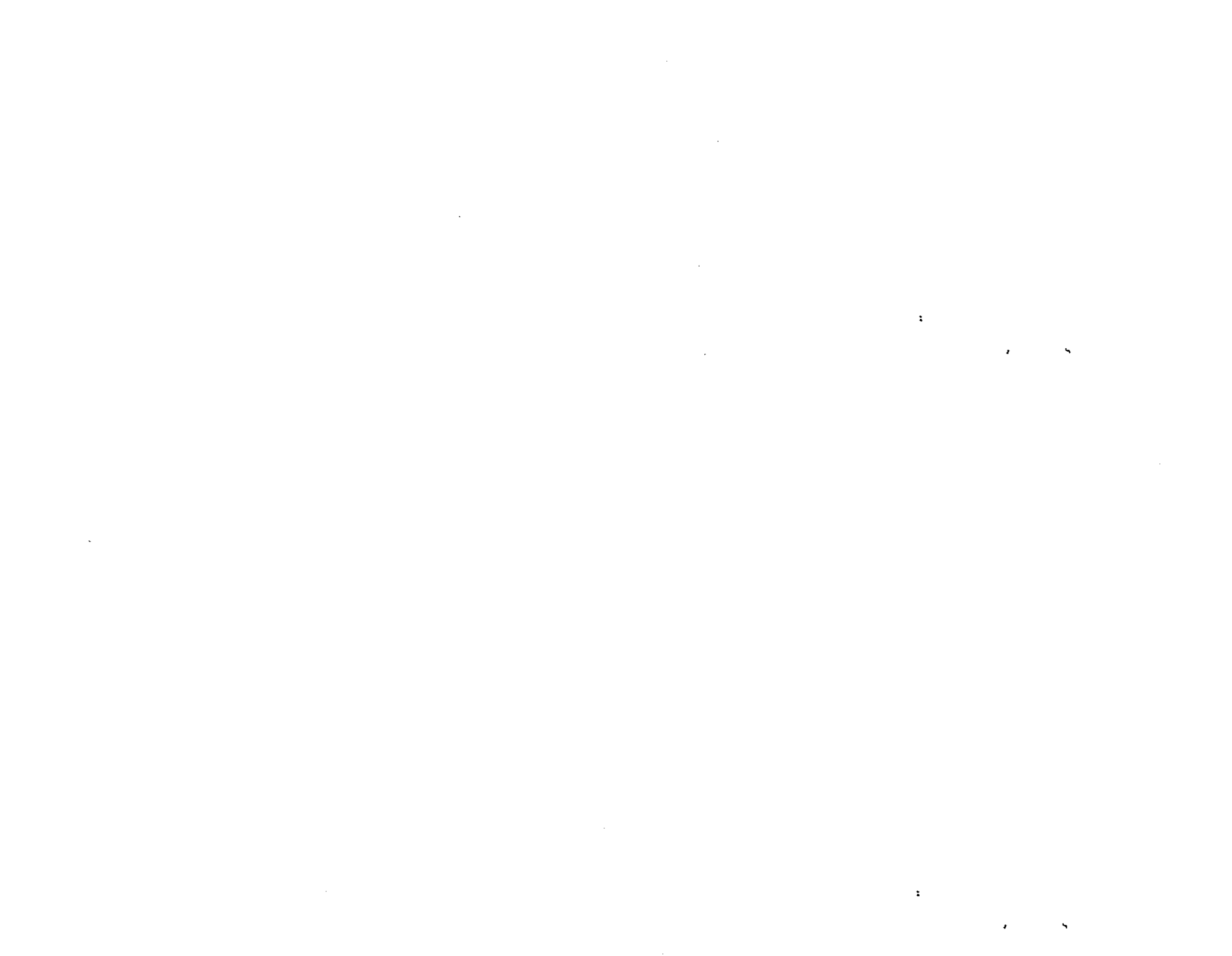
WITNESS my hand and notarial seal this 21st day of
April, 1987.

My commission expires:

9-30-90

Margaret E. Lange
Notary Public





BY-LAWS

OF

SCHOONER RIDGE PROPERTY OWNERS ASSOCIATION, INC.

ARTICLE I

In construing these By-Laws and the government of the Association, the provisions of Chapter 55A of the General Statutes of North Carolina pertaining to the government of nonprofit business corporations, shall be controlling; the owners of lots within the subdivision of Schooner Ridge, located in the Village of Duck, Dare County, being considered the members of the Association.

Section 1. 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 subdivision in any manner are subject to the regulations set forth in these By-Laws.

Section 2. Rules and Regulations: The Board of Directors may adopt, from time to time, rules and regulations regarding the use of common properties of the Association, the establishment and collection of fees and expenses for the Association, and other regulations as may be necessary to maintain the business and affairs of the Association. Such rules and regulations shall be binding upon the members as if set forth within these By-Laws.

ARTICLE II

The Owners

Section 1. Owners: The subdivision lots are owned by the owners of the lot, each of whom shall be entitled to a percentage vote for each lot owned by him. The vote percentage shall be one vote for each lot. No lessee, lienholder, mortgagee, pledge or contract purchaser shall have any voting rights with respect to the affairs of the Association.

Section 2. Annual Meetings: The Association shall hold each year, commencing with the year 1989, an annual meeting of the owners for the election of Directors and the transaction of any business within the powers of the Association. A meeting shall be held on May 28, 1989. Beginning in the fall of 1990, the meeting shall be held on the third Saturday of October, or on a day within seven days thereof as may be established by the Board of Directors. The members shall be notified of the date of the meeting at least ten (10) days prior to the meeting and if no notice is provided, the meeting shall be held on the third Saturday in the month of October. Any business of the

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 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 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 owners of Association units.

Section 4. Place of Meetings: All meetings of owners shall be held at the office of the Association in Duck, 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 (10) days nor more than ninety (90) 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 Association, with postage thereon prepaid. Notwithstanding the foregoing provisions, 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 to 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 twenty-five percent (25%) of the votes shall constitute a quorum; but this Section shall not affect any requirement under statute or under the Declaration of the Association 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 originally scheduled.

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 (11) 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 may be taken without a meeting, if a consent in writing, setting forth such action, is signed by all of the owners entitled to vote on the subject matter thereof, provided said consent is filed with the records of the Association.

ARTICLE III

Board of Directors

Section 1. Powers: The business and affairs of the Association shall be managed by the Board of Directors. The Board of Directors may exercise all powers of the 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 power in connection with, the care, upkeep, and surveillance of the building and other facilities of the Association, 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 therefor 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 payment of all sums, including assessments or against others, due the Association, including the power to enforce any lien for the same. The Board of Directors shall establish the rules and regulations described in Article 1 Section 2 of these By-Laws. The Board of Directors shall have the power to alter, amend or repeal the By-Laws or adopt new By-Laws.

Section 2. Number: The number of Directors of the Association shall be nine (9). Directors shall serve a term of three (3) years, but shall remain in office until their successors are elected and qualified. An owner shall not be eligible to serve as a Director if he is not current in his annual Association dues and all other obligations of the Association. Only one Director may serve per lot. If more than one lot is owned by an individual, partnership, corporation or joint venture, only one may serve for the lots owned by said entity. The terms of the Directors shall be adjusted so that no more than three Directors shall be elected at any meeting to fill the expired term of the prior Director or Directors. Following the meeting conducted on May 28, 1989, at which time all nine (9) Directors shall be elected, the newly elected Directors shall draw lots to determine what term of office shall apply to each, with three Directors receiving a one-year term, three Directors receiving a two-year term and three Directors receiving a three-year term.

Section 3. Vacancies: A vacancy occurring in the Board of Directors for any cause may be filled by a unanimous vote of the remaining members of the Board of Directors. A Director elected by the Board of Directors to fill a vacancy shall be elected to hold office for the unexpired term.

Section 4. Regular Meetings: 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 4:00 p.m. 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 legal holiday. Such first meeting shall be held at such place within the State of North Carolina as may be designated by the owners, or in default of such designation, at the office of the Association in 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 no less frequently than quarterly on such dates and at such places within the State of North Carolina as may be designated from time to time by the Board of Directors. A Director who fails to attend seventy-five percent (75%) of the regular meetings each year shall be removed as a Director.

Section 5. 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 a 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 the State of North Carolina as may be designated from time to time and as may be designated in the call.

Section 6. Notice of Meetings: 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 (2) 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 (5) 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 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. 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 7. Quorum: At all meetings of the Board of Directors, a majority of the 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 direct and pass any measure. At any adjourned meeting at which a quorum shall be present, any business may be transacted at the meeting as originally notified.

Section 8. 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 owners. A Director who serves the Association in any other capacity, however, may receive compensation therefor without such vote of the owners.

Section 9. 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 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 the proceedings of the Board of Directors or committee.

Section 10. Telephone Meeting: Any one or more Directors may participate in a meeting of the Board of Directors by means of a conference telephone or similar telecommunications device which allows all persons participating in the meeting to hear each other and such participation in a meeting shall be deemed presence in person at such meeting.

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 its 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 against all expenses and liabilities, including counsel fees, 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 gross 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 interests 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 fiscal year (with the fiscal year to be determined by the Board) which shall contain estimates of the costs of performing the functions of the Association including but not limited to:

I. Common Expenses of the Association

- (a) maintenance and upkeep of common areas and elements;
- (b) maintenance and upkeep of Association-owned real property and personal property;
- (c) staff payroll, supplies and office expenses;
- (d) manager's salary or fees;
- (e) insurance;
- (f) common utilities;
- (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 or lot owner on or before one month prior to the annual meeting for the fiscal 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 lot owner.

C. Accounting shall be on a cash basis and conform to generally accepted accounting principals.

ARTICLE IV

Officers

Section 1. Executive Officers: The Board of Directors shall choose a President and Vice President from among the Directors, and a Secretary and a Treasurer who need not be Directors. Any two (2) of the above-mentioned offices, 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 (1) 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 (2) 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 successor 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 offices 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 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 Association; he may sign and execute, in the name of the 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 to some other officer or agent of the Association; and, in general, he shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

Section 3. Vice President: The Vice President shall, at the request of the President, or in the absence or disability of the President, perform the duties and exercise the powers of the President, and shall perform such other duties and have such other

powers as the Board of Directors shall from time to time prescribe.

Section 4. Secretary: The Secretary shall keep the minutes of the meetings of 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 have general charge of the records of the Association; and in general, he shall perform all duties incident to the office of Secretary, and such other duties as may be assigned to him from time to time by the President or Board of Directors. This office may be combined with the following office of Treasurer with the same term, by election of the Board of Directors.

Section 5. Treasurer: The Treasurer shall have charge and be responsible for all funds, securities, receipts and disbursements of the Association and shall deposit, or cause to be deposited, in the name of the 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 Association, and in general, he shall perform all duties incident to his office and such other duties as may be assigned to him from time to time by the President or by the Board of Directors. This office may be combined with the prior office by election of the Board of Directors.

Section 6. Resignation: Any Director may resign at any time by giving written notice to the President. Such resignation shall take effect at the time specified therein, or, if no time is specified, at the time of acceptance thereof as determined by the President.

Section 7. Removal: Any officer or agent of the Association may be removed by the Board of Directors whenever, in its judgment, the best interest 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 8. Loans to Officers and Directors: No loans shall be made by the Association to any of its Directors or officers.

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 element expenses, which shall include a liability insurance policy premium and may include other insurance if

necessary for the insurance of the common properties of the Association. The assessments shall be made pro rata according to the percentage interest owned as stipulated in the Declaration. Such assessments levied upon the owner of a lot shall become a lien on said lot at the time assessed and until paid in full. Each regular assessment levied shall be due and payable within thirty (30) days after the date of assessment. 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 all maintenance and repair work within his own lot which, if omitted, would affect the general or limited common elements, or any other lot, such owner being expressly responsible for the damages and liabilities his failure to do so may engender.

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

C. An owner shall reimburse the Association for any expenditures incurred in repairing or replacing any general or limited common element damaged through his fault, other than damage arising from an insured casualty.

ARTICLE VI

Insurance

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

A. If by decision of the Board of Directors it is deemed necessary, a policy or policies insuring the common properties of the Association against loss, damage or destruction by fire or other casualty, including lightning, windstorm, hail, explosion, riot, civil commotion, aircraft, vehicle, falling object, smoke, malicious mischief, vandalism, collapse through weight of snow, ice or sleet, water, flood, and other similar casualties, in an aggregate amount equal to the full insurable replacement value of the improvements, without regard to depreciation. 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 of the Association

as shall give substantially equal or greater protection to the co-owners, as their interest 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, where necessary.

C. Such insurance as will protect the manager or agent, 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 Association 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. It is intended that the insurance described in this subparagraph C 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, as parties insured. Such public liability insurance 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 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 of 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 way serve to reduce, abate or 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 shall state that the exclusive right and authority to adjust losses under the policy shall be vested in the Board of Directors.

E. The Association shall indemnify and hold harmless the individual lot owners from any liability on matters where such liability would appropriately be borne by the Association. In the event that liability for any matter or act arising out of the ownership of the property subject to

these By-Laws or the common properties appurtenant thereto, other than intentional or malicious acts which are so adjudicated, shall be adjudicated by final decree against any one or more owners and in the further event that the liability for such act or event exceeds the policy limits of insurance or in the event that the insurance does not provide coverage for such events of liability, the owners of all of the lots in the subdivision, shall indemnify and hold harmless the parties adjudicated to be liable, in proportion to the interests held by each of them to the total lots in the subdivision, and such indemnity shall extend to and include the damages, cost of defense including attorney fees, judgment award and all other similar costs. Such indemnity shall take the form of an assessment or assessments and shall constitute a lien in the same manner as other common expenses of the Association. The provisions of this paragraph are not to be construed so as to imply that any individual owner is liable directly for the acts or responsibilities of the Association or to otherwise change the liability of any party as it would stand if not for the provisions hereof, except as stated herein.

Nothing provided in this Article VI shall prejudice the right of any owner to insure himself against liability to others.

Section 2. 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, or other orders for the payment of money, notes and other evidences of indebtedness issued in the name of the Association shall be signed by such officers, agents or manager of the Association, as determined by Board of Directors.

Section 2. Annual Reports: There shall be prepared annually a full and correct statement of the affairs of the Association, including a balance sheet and a financial statement of operations for and filed at the principal office of the Association.

Section 3. Fiscal Year: The fiscal year of the Association shall be determined by the Board of Directors.



'88 MAR 5 AM 8-37

NORTH CAROLINA

SCHOONER RIDGE, PHASE I

DARE COUNTY

DECLARATION OF RESTRICTIVE COVENANTS

WHEREAS, FOUR SEASONS RESORT, INC. (hereinafter referred to as "Four Seasons"), is the fee simple owner of those certain lots or parcels of land located near the Village of Duck, Atlantic Township, Dare County, North Carolina, and shown as Lots 1 through 18, inclusive, on map or plat entitled "Schooner Ridge, Phase I, Village of Duck, Atlantic Township, Owner/Developer, Four Seasons Resort, Inc.", by C. P. Lewis, Registered Surveyor, dated August 26, 1985, and recorded in Plat Cabinet B, Slides 380 and 381, in the office of the Register of Deeds of Dare County, North Carolina;

WHEREAS, Four Seasons intends to develop Lots 2 through 18, inclusive, as shown on the aforesaid plat according to a common scheme with the objective that the restrictions herein imposed shall inure to the benefit of each and all of the purchasers of Lots 2 through 18, inclusive, as shown on said plat; and it is the purpose of this declaration to declare and make known the covenants and restrictions which shall apply to Lots 2 through 18, inclusive, as shown on the aforesaid map;

NOW, THEREFORE, Four Seasons does by this instrument declare and make known that the following covenants and restrictions are to run with Lots 2 through 18, inclusive, as shown on the map hereinbefore designated and shall be binding upon its successors in interest:

1. All the lots in this subdivision (with the exception of Lot 1) shall be used for single-family residential purposes only.
2. No signs or posters of any nature shall be placed on the said lots (other than Lot 1) without the written permission of Four Seasons, its successors and assigns. No animals, livestock or poultry of any kind, other than household pets, shall be kept on any lots.
3. In order to preserve a desirable uniformity of beauty and to protect purchasers of lots within the

subdivision from having undesirable types of architecture placed on adjoining lots, no building, fence or other structure shall be erected, placed, moved onto, maintained or in any way altered on any lot in the subdivision until such time as the proposed building plans, specifications, exterior color or finish, plot plan (showing the proposed location and elevation of such building or structure, drives and parking areas) and construction schedule shall have been approved in writing by Four Seasons or its successor(s) in interest as developer(s) of the subdivision. All exterior antennae shall be approved in writing by Four Seasons prior to erection. Any earthmoving or earth-disturbing activity shall be approved in writing by Four Seasons prior to the commencement of such activity. Four Seasons may refuse approval of plans, location or specifications upon any ground, including purely esthetic considerations, which in the sole discretion of Four Seasons shall be deemed sufficient. No alterations in the exterior appearance of any building or other structure shall be made without similar approval being obtained from Four Seasons. One (1) copy of all plans and related data shall be furnished Four Seasons which shall be retained by it for its use.

4. The exterior of all residences and other permanent structures in the subdivision shall be completed within one (1) year after the commencement of construction. No structure shall be used at any time, either temporarily or permanently, as a residence until the exterior of such structure is complete.

5. No trailer or temporary structures, such as tents, shacks, garages, barns or other outbuildings shall be used on any lot in this subdivision at any time as a permanent or temporary residence. However, this provision shall not prevent Four Seasons or its duly authorized agent from using any such structure(s) as a sales or construction office.

6. No lot shall be used in whole or in part for the storage of rubbish of any character whatsoever, nor for the storage of any property or thing that will cause such lot to appear to be in an unclean or untidy condition, or that will be obnoxious to the eye; nor shall any substance, thing or material be kept upon any lot that will emit foul or obnoxious odors, or that will cause any noise that will or might disturb the peace, quiet, comfort or serenity of the occupants of the surrounding property. All buildings, structures and their appurtenances shall be maintained in a suitable state of repair; and in the event of destruction by fire or other casualty, the premises are to be cleared and debris removed within ninety (90) days of such casualty.

7. Easements are reserved along and within ten (10) feet of all side lot lines (20 feet on-all side lot lines abutting streets), and within twenty-five (25) feet of all front and rear lot lines for the construction and perpetual maintenance of conduits, wires and fixtures for electricity, telephone service, cablevision, water mains, sanitary and storm sewers, road drains, and other utilities or services, and to remove any obstacle which may at any time interfere or threaten to interfere with the maintenance of such lines, with right of ingress and egress from and across said premises to duly authorized maintenance personnel. This easement shall also extend along any owner's side and rear property lines where fractional lots are owned. It

shall not be considered a violation of the terms of this easement if wires or cables pass under some portion of lots not within the ten (10) foot wide strip, provided such lines do not hinder the construction and maintenance of buildings situated on any such lot.

An easement or right is hereby given, granted and conveyed to each purchaser of a lot as shown on the said plat of Schooner Ridge, Phase I, recorded in Plat Cabinet B, Slides 280 & 281, Dare County Registry, for pedestrian access only to the Atlantic Ocean and Currituck Sound. Said easement for pedestrian access only shall be five (5) feet in width running from the West right of way margin of SR 1200 to the Currituck Sound along and contiguous with the North boundary line of that certain tract or parcel of land shown on boundary plat entitled "Boundary Survey for Four Seasons Resort, Inc., Revision of Tract One, Duck, Dare County, North Carolina, Formerly Schleunes, Salzberg and Gladys Griggs Tracts" by Triangle Engineering Services, Inc., dated May 31, 1984, and recorded in Plat Cabinet B, Slide 292, in the office of the Register of Deeds of Dare County, North Carolina. Pedestrian access to the Atlantic Ocean shall be located on that certain tract of land shown on boundary plat entitled "Boundary Survey for Four Seasons Resort, Inc., Duck, Dare County, North Carolina, Formerly Schleunes, Salzberg and Gladys Griggs Tracts" by Triangle Engineering Services, Inc., dated May 31, 1984, and recorded in Plat Cabinet B, Slide 290, Dare County Registry, in such places as may hereafter be designated by Four Seasons in its sole discretion on subsequently filed plats thereof or otherwise. The aforesaid easement or right for pedestrian access only is hereby granted for the common use of and is appurtenant to and shall run with the title to the lots in Schooner Ridge, as shown on the aforesaid subdivision plat recorded in Plat Cabinet B, Slides 280 & 281, Dare County Registry, or subsequently filed plats thereof. However, Four Seasons reserves the absolute right in its sole discretion to relocate the said pedestrian access easements at some other location within the North and South boundaries of the said tracts of land shown on the aforesaid plats recorded in Plat Cabinet B, Slides 290 and 292, Dare County Registry.

8. The streets within the subdivision are private and their use shall be limited to lot owners in the subdivision and their agents, invitees and guests.

9. For the express purpose of owning and maintaining the roads, streets and other common properties in the subdivision as shown on the aforesaid plat recorded in Plat Cabinet B, Slides 280 & 281, Dare County Registry (including inter alia, Schooner Ridge Drive, and specifically including the easement for pedestrian access only to Currituck Sound and the Atlantic Ocean granted in paragraph 7 hereof) for the benefit of the said lot owners and any additions thereto, Four Seasons has caused to be incorporated a property owners association known as the Schooner Ridge Property Owners Association, Inc., of which each lot owner in Schooner Ridge, Phase I, and any additions thereto shall be a member. Four Seasons reserves the right to assign its rights pursuant to these covenants (and specifically without limitation paragraph 3 hereof), to said Association at such time as Four Seasons, in its sole discretion, determines that such Association is prepared to assume the obligations imposed by these covenants.

10. Each and every owner of a lot shown on the aforesaid plat of Schooner Ridge, Phase I, recorded in Plat Cabinet B, Slides 280 & 281, Dare County Registry, or any addition thereto, agrees to pay to the Schooner Ridge Property Owners Association Inc. (hereinafter the "Association") on July 1 of each year for the maintenance of the streets, roads and other common properties or amenities which the Association may hereafter acquire in Schooner Ridge, Phase I, as shown on the aforesaid plat and any additions thereto (including inter alia, Schooner Ridge Drive, and specifically including the easement for pedestrian access only to the Atlantic Ocean and Currituck Sound granted in paragraph 7 hereof) the sum of Three Hundred and 00/100 Dollars (\$300.00) on July 1, 1986; and the sum of Three Hundred and 00/100 Dollars (\$300.00) on each and every July 1 thereafter unless and until terminated in accordance with paragraphs 12 or 13 of these covenants. The owners of said lots shall pay said sums promptly when they become due but in any event within thirty (30) days after July 1 of each year. Upon failure of said lot owners to pay said sums when due, the amount due shall become a lien upon the lot or lots owned by such lot owners which lien may be claimed by notice and enforced by civil action in the nature of the enforcement of a laborer's and materialmen's Lien against real property pursuant to G. S. 44A-7, et seq. or, in the sole discretion of the Association, by civil action in the nature of the foreclosure of the lien of a deed of trust. In lieu of payment of said sums on lots owned by Four Seasons, it may elect, in its sole discretion, to pay the entire cost of maintaining the aforesaid roads serving the lots in the subdivision. However, such action by Four Seasons shall in no way relieve the other owners of lots in the subdivision from their obligation to pay said sums for the maintenance of the aforesaid roads, streets and other common properties in the subdivision.
11. The standard to which said roads and streets in said subdivision shall be maintained is the same standard and condition maintained by Four Seasons as of the date hereof. Except as to the width thereof, said roads and streets were built in accordance with North Carolina Department of Transportation standards and specifications existing as of July 1, 1985 (which standards and specifications are incorporated by reference) and have been maintained since that time in accordance with those standards.
12. Four Seasons may at its option, by filing a supplemental Declaration of Restrictive Covenants; bring within the scheme of this development additional lands and subject them to the restrictions herein imposed, or make such additions, deletions or other changes to these covenants as it may see fit.
13. These restrictions shall be binding on the land in the said subdivision and all parties owning the said land or in possession thereof for a period of twenty (20) years from the date hereof and shall be extended thereafter for successive periods of ten (10) years each; unless, prior to the expiration of the initial 20 year period or any such 10 year period thereafter, an instrument signed by the owners of record of a majority of the lots in the subdivision has been recorded revoking or modifying these restrictions.

IN WITNESS WHEREOF, Four Seasons has caused this instrument to be executed in its corporate name by its authorized officers and its seal to be hereunto affixed by authority of the Board of Directors, this 2nd day of December, 1985.

FOUR SEASONS RESORT, INC.



BY: [Signature]
President

WITNESSED AND ATTEST:
[Signature]
Assistant Secretary

STATE OF VIRGINIA

CITY/COUNTY OF Roanoke

I, a Notary Public of the City/County and State aforesaid, certify that W W STEPHENSON personally

came before me this 2nd day and acknowledged that she is Secretary

of FOUR SEASONS RESORT, INC., a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal and attested by her as its Secretary.



WITNESS my hand and official stamp or seal, this 2nd day of December, 1985.

[Signature]
Notary Public

My Commission Expires: Feb 16 1989

NORTH CAROLINA
DARE COUNTY

The foregoing certificate of S. S. Hillman, a notary public of Dare, is certified to be correct.

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

By: [Signature]
Deputy/Assistant Register of Deeds

[Signature]
Register of Deeds

Deputy
Recorder
Dare County
Clerk of Superior Court
MARTIN KELLLOGG, JR.
KITT HARRIS, REC.

FILED

07 FEB 26 10 3 59

BOOK 497 PAGE 873

NORTH CAROLINA
REGISTERED
DEEDS

ORIGINAL RECORDED ON
MARCH 5, 1986 at 8:37 A.M.
IN BOOK 448, PAGE 724,
DARE COUNTY REGISTRY

NORTH CAROLINA
DARE COUNTY

SCHOONER RIDGE, PHASE I
AMENDMENT TO DECLARATION
OF RESTRICTIVE COVENANTS

WHEREAS, Four Seasons Resort, Inc. has previously imposed a Declaration of Restrictive Covenants on Lots 1 through 18 inclusive of "Schooner Ridge, Phase I, Village of Duck, Atlantic Township, Owner/Developer, Four Seasons Resort, Inc.," by C. P. Lewis, Registered Surveyor, dated August 26, 1985, and recorded in Plat Cabinet B, Slides 380 and 381, in the office of the Register of Deeds of Dare County, North Carolina; and whereas, Four Seasons Resort, Inc. desires to amend the aforesaid Declaration of Restrictive Covenants to provide for the payment of FIVE HUNDRED AND NO/100THS DOLLARS (\$500.00) per year assessment to the Schooner Ridge Property Owners Association, Inc. for the maintenance of streets, roads, and other common properties or amenities by each lot owner in Schooner Ridge, Phase I, to provide for architectural review of the plans and plans for each structure to be completed in Schooner Ridge, Phase I, to establish standards and requirements with regard to the siding and roofing materials to be used on each structure, to remove a portion of the subdivision from the common areas to be owned by the Schooner Ridge Property Owners' Association, Inc., and to declare the application of those said Restrictive Covenants, as amended, to all of the lots in Schooner Ridge, Phase I as shown on plat recorded in Plat Cabinet B, Slides 380 and 381, Dare County Registry; and whereas, Thomas L. White, Jr. and Martin Kellogg, Jr. join in the execution of this instrument as trustees pursuant to the terms of that certain deed of trust dated the 29th day of August, 1985, and recorded in Book 427, Page 435, Dare County Registry, at the request of the holders of the promissory note secured thereby, Mutual Federal Savings and Loan Association, which request is evidenced by their joinder in this instrument.

NOW, THEREFORE, Four Seasons Resort, Inc. does hereby amend the Declaration of Restrictive Covenants for Schooner Ridge, Phase I as shown on plat recorded in Plat Cabinet B, Slides 380 and 381, Dare County Registry, which covenants are recorded in Book 446, Page 724, Dare County Registry, by amending covenants designated as "3" and "10" to read as follows:

3. In order to preserve a desirable uniformity of beauty and to protect purchasers of lots within the subdivision from having undesirable types of architecture placed on adjoining lots, no building, fence or other structure shall be erected, placed, moved onto, maintained or in any way altered on any lot in the subdivision until such time as the proposed building plans, specifications, exterior color or finish, plot plan (showing the proposed location and elevation of such building or structure, drives and parking areas) and construction schedule shall have been approved in writing by Four Seasons or its successor(s) in interest as developers) of the subdivision. All exterior antennae shall be approved in writing by Four Seasons prior to erection. Any earthmoving or earth-disturbing activity shall be approved in writing by Four Seasons prior to the commencement of such activity. Four Seasons may refuse approval of plans, location or specifications upon any ground, including purely aesthetic considerations, which in the sole discretion of Four Seasons shall be deemed sufficient. No alterations in the exterior appearance of any building or other structure shall be made without similar approval being obtained from Four Seasons. Two (2) copies of all plans and related data shall be furnished Four Seasons, one (1) of which shall be retained by it for its use.

In no event will Four Seasons accept plans for or allow for the construction of a dwelling in the subdivision which has exterior siding of any materials other than horizontal wood lap siding or machine cut cedar shakes, preserved with Cabots 0241 bleaching oil or an equivalent preservative effecting a gray exterior color. In no event will Four Seasons accept plans for or allow for the construction of a dwelling in the subdivision which shall have exterior roofing materials other than machine cut or hand split cedar shakes or architectural grade asphalt or fiberglass shingles, "Weathered Wood" in color.

Upon the conveyance of seventy-two (72) lots in the Schooner Ridge Subdivision, Phase I and II, to owners other than Four Seasons, or on January 1, 1990, whichever shall occur first, the duties, powers and discretions for review and approval of plots, plans and construction schedules retained herein by Four Seasons shall automatically transfer to and vest in the Architectural Review Committee of the Schooner Ridge Property Owners' Association, Inc. The Architectural Review Committee shall be appointed by the Board of Directors and shall consist of five (5) members of the Association, pursuant to Article VII, Section 9 of the By-Laws of the Association. In no event will the standards and requirements relating to building materials to be used for the exterior siding and exterior roof of each dwelling established herein be waivable by the said Architectural Review Committee.

10. Each and every owner of a lot shown on the aforesaid plat of Schooner Ridge, Phase I, recorded in Plat Cabinet B, Slides 380 and 381, Dare County Registry, or any addition thereto, agrees to pay in the Schooner Ridge Property Owners Association, Inc. (hereinafter the "Association") on March 1 of each year for the maintenance of the streets, roads and

other common properties or amenities which the Association may hereafter acquire in Schooner Ridge, Phase I, as shown on the aforesaid plat and any additions thereto (including INLET, ALLEY, Schooner Ridge Drive, and specifically including the easement for pedestrian access only to the Atlantic Ocean and Currituck Sound granted in paragraph 7 hereof) the sum of Five Hundred and No/100ths Dollars (\$500.00) on March 1, 1988, and the sum of Five Hundred and No/100ths Dollars (\$500.00) on each and every March 1 thereafter unless and until terminated in accordance with paragraphs 12 or 13 of these covenants. The owners of said lots shall pay said sums promptly when they become due but in any event within thirty (30) days after March 1 of each year. Upon failure of said lot owners to pay said sums when due, the amount due shall become a lien upon the lot or lots owned by such lot owners which lien may be claimed by notice and enforced by civil action in the nature of the enforcement of a laborer's and materialman's lien against real property pursuant to G.S. Sec. 44A-7, et seq. or, in the sole discretion of the Association, by civil action in the nature of the foreclosure of the lien of a deed of trust. In lieu of payment of said sums on lots owned by Four Seasons, it may elect, in its sole discretion, to pay the remaining cost of maintaining the aforesaid roads and other common properties or amenities serving the lots in the subdivision. However, such action by Four Seasons shall in no way relieve the other owners of lots in the subdivision from their obligation to pay said sums for the maintenance of the aforesaid roads, streets and other common properties in the subdivision.

The Association, by majority vote of the Board of Directors, may increase or decrease the said sum due for maintenance and common expenses without the Amendment of this Declaration. Provided, however, that if there is an increase of over 15% in any one year, it must also receive the affirmative vote of a majority of the membership of the Association.

And to add the following covenant to be designated as "14" which reads as follows:

"14. Four Seasons Resort, Inc. hereby excepts and reserves from the portions of Phase I, Schooner Ridge to be owned by the Schooner Ridge Property Owners' Association, Inc. as "common areas" or "common property" that certain parcel or tract being approximately seven thousand seven hundred (7,700) square feet in area lying north of Schooner Ridge Drive and directly across said Schooner Ridge Drive from Lot 2, which was previously designated as "common property" on the plat entitled "Schooner Ridge, Phase I, Village of Duck, Atlantic Township, Owner/Developer, Four Seasons Resort, Inc." by C. P. Lewis, Registered Surveyor, dated August 26, 1985, and recorded in Plat Cabinet B, Sides 300 and 381, in the office of the Register of Deeds of Dare County.

Except as herein amended, the parties hereto reaffirm and redeclare those covenants and recitals contained in the aforesaid Declaration of Restrictive Covenants dated March 5, 1986, and recorded in Book 446, Page 724, Dare County Registry.

This the 1st day of February, 1987.

By: Gerald J. Friedman
Gerald J. Friedman, President

FOUR SEASONS RESORT, INC.

(CORPORATE SEAL)

ATTEST:

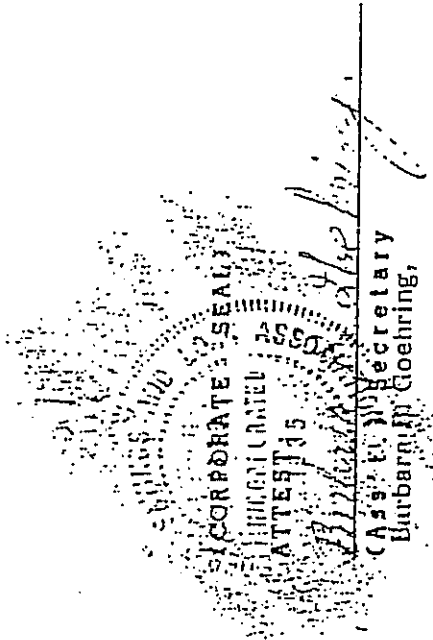
Nancy C. Friedman
Nancy C. Friedman, Secretary

Thomas L. White, Jr. (SEAL)
Thomas L. White, Jr., Trustee

Martin Kellogg, Jr. (SEAL)
Martin Kellogg, Jr., Trustee

MUTUAL FEDERAL SAVINGS AND
LOAN ASSOCIATION, INC.

By: _____
(Vice) President
S. B. Illnes,

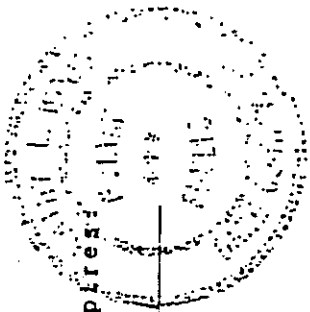


Barbara M. Goehring
(Asst. Secretary)
Barbara M. Goehring,

STATE OF North Carolina
COUNTY OF Dare

I, the undersigned Notary Public, do hereby certify that NANCY C. FRIEDMAN personally came before me this day and acknowledged that she is Secretary of Four Seasons Resort, Inc., a North Carolina corporation, and that by authority duly given and as the act of the corporation the foregoing instrument was signed in its name by its President, sealed with its corporate seal and attested by herself as its Secretary.

WITNESS my hand and notarial seal this the 10th day of April, 1987.



My commission expires: April 24, 1991

Nancy C. Friedman
Notary Public

NORTH CAROLINA
COUNTY OF DARE

I, a Notary Public of the County and State aforesaid, certify that Thomas L. White, Jr., Trustee, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand, and notarial seal this 23rd day of February, 1987.

STATE OF NORTH CAROLINA

COUNTY OF DARE

I, a Notary Public of the County and State aforesaid, certify that Martin Kellogg, Jr., Trustee, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and notarial seal, this 23rd day of February, 1987.

Barbara B. Goelming
Notary Public

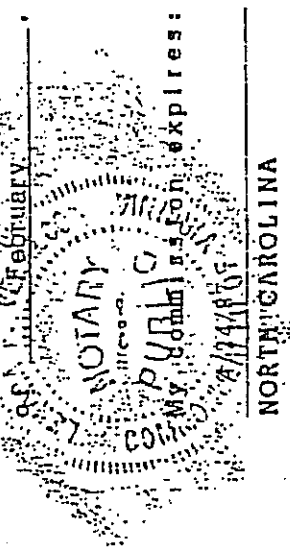
My commission expires: June 21, 1990

COUNTY OF DARE
STATE OF VIRGINIA
CITY/TOWN OF NORFOLK

I, a Notary Public of the City/Town and State aforesaid, certify that ~~Barbara B. Goelming~~ S. B. Hines, Vice President personally came before me this day and acknowledged that she is ~~XXXXXX~~ Vice ~~Secretary~~ of MUTUAL FEDERAL SAVINGS AND LOAN ASSOCIATION, a corporation organized and existing under the laws of the United States of America, and that by authority duly given and as the act of the corporation, the foregoing instrument assigned in its name by its (Vice) President, sealed with its corporate seal and attested by Barbara B. Goelming as its (Assistant) Secretary.

Witness my hand and official stamp or seal, this 17th day of February, 1987.

Barbara B. Goelming
Notary Public



DARE COUNTY

The foregoing certificates of Barbara B. Goelming of Dare County, N.C.
Barbara B. Goelming
Notary Public

are certified to be correct.

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

Barbara B. Goelming
Register of Deeds

By: Barbara B. Goelming
Deputy/Assistant Register of Deeds

PM 4 20

3K 523 PG 0053

Return to
DAVID H. PARSONS
SHELDON & ARCHITECTS
ATTORNEYS AT LAW
KITTYPHANG, NC

RECEIVED
DARE COUNTY REGISTRY
DARE COUNTY, N.C.

ORIGINAL RECORDED ON MARCH 5, 1986
at 8:37 A.M. in Book 446, Page 724,
DARE COUNTY REGISTRY

NORTH CAROLINA

DARE COUNTY

SCHOONER RIDGE, PHASE I
AMENDMENT TO DECLARATION
OF RESTRICTIVE COVENANTS

WHEREAS, Four Seasons Resort, Inc. has previously imposed a Declaration of Restrictive Covenants on Lots 1 through 18 inclusive of "Schooner Ridge, Phase I, Village of Duck, Atlantic Township, Owner/Developer, Four Seasons Resort, Inc.," by C. P. Lewis, Registered Surveyor, dated August 26, 1985, and recorded in Plat Cabinet B, Slides 380 and 381, in the office of the Register of Deeds of Dare County, North Carolina; and whereas, Four Seasons Resort, Inc. desires to amend the aforesaid Declaration of Restrictive Covenants to allow the Board of Directors of the 'Schooner Ridge Property Owners' Association, Inc. to regulate and limit the use of the common amenities and facilities of the said Association by guests or invitees of lot owners, to prohibit the sale of time shares in Schooner Ridge Subdivision and to declare the application of those said Restrictive Covenants, as amended, to all of the lots in Schooner Ridge, Phase I as shown on plat recorded in Plat Cabinet B, Slides 380 and 381, Dare County Registry;

NOW THEREFORE, Four Seasons Resort, Inc. does hereby amend the Declaration of Restrictive Covenants for Schooner Ridge, Phase I as shown on plat recorded in Plat Cabinet B, Slides 380 and 381, Dare County Registry, which covenants are recorded in Book 446, Page 724, Dare County Registry, by adding the following to be designated as paragraphs "15" and "16", to read as follows:

15. The right of use and enjoyment of the common amenities and

facilities of the Schooner Ridge Property Owners' Association, Inc. are limited to the lot owners in Schooner Ridge Subdivision, Phases I and II, their families, lessees, agents, invitees, and guests. The Board of Directors of said Association may, by majority vote, make such rules and regulations concerning the use and enjoyment of the common amenities and facilities as they may, in their sole discretion, deem proper. Said rules and regulations shall include, but not be limited to, limiting the use and enjoyment of the common amenities and facilities to a reasonable number of guests and invitees of any lot owner(s), and providing for the removal of any persons on the premises of the Schooner Ridge Subdivision, who, purporting to be guests or invitees of a lot owner, are not accompanied by the lot owner, his family or lessee.

16. No lot owner(s) shall sell or offer for sale time share interests in any lots and/or improvements thereon in Schooner Ridge Subdivision. The term "time share" shall have the same meaning as is defined by N.C.G.S. Section 93A-41(a).

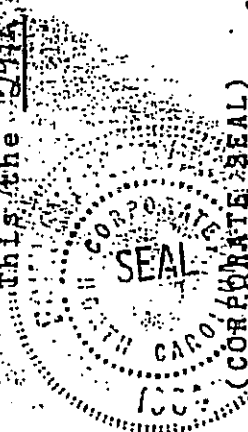
Except as herein amended, Four Seasons Resort, Inc. reaffirms and redeclares those covenants and recitals contained in the aforesaid Declaration of Restrictive Covenants dated March 5, 1986, and recorded in Book 446, Page 724, Dare County Registry.

This the 29th day of July, 1987.

FOUR SEASONS RESORT, INC.

Gerald J. Friedman
 By: _____

Gerald J. Friedman, President

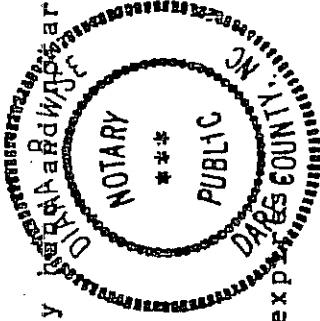


ATTEST: *Nancy Friedman*

 Secretary

NORTH CAROLINA
COUNTY OF DARE

I, the undersigned Notary Public, do hereby certify that Nancy Friedman appeared before me this day and acknowledged the (s)he is Secretary of Four Seasons Resort, Inc., and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal, and attested by him/herself as its Secretary.



Witness my hand and official seal this 29th day of July, 1987.

Diana B. Wise
Notary Public

My commission expires _____
6-17-92

NORTH CAROLINA
DARE COUNTY

The foregoing certificate of Diana B. Wise, a notary public of Dare County, NC, is certified to be correct.

Presented for registration this the 3 day of August, 1987, at 4:28 o'clock P.m., and recorded in this office in Book 523, page 53.

Dorris A Fry
Register of Deeds

By: Nancy Jean Ward
Assistant/Deputy
Register of Deeds

NORTH CAROLINA
DARE COUNTY
SCHOONER RIDGE, PHASE I
THIRD AMENDMENT TO
DECLARATION OF RESTRICTIVE
COVENANTS

WHEREAS, Four Seasons Resort, Inc. has previously imposed a Declaration of Restrictive Covenants (hereinafter the "Covenants") on Lots 2 through 18, both inclusive, of "Schooner Ridge, Phase I, Village of Duck, Atlantic Township, Owner/Developer, Four Seasons Resort, Inc." by C.P. Lewis, Registered Surveyor, dated August 26, 1985, and recorded in Plat Cabinet B, Slides 380 and 381, in the office of the Register of Deeds of Dare County, North Carolina; and

WHEREAS, Four Seasons Resort, Inc. has caused to be incorporated a property owners association known as the Schooner Ridge Property Owners Association, Inc. (hereinafter the "Association") of which each lot owner in Schooner Ridge, Phase I, and any additions thereto shall be a member; and

WHEREAS, Four Seasons Resort, Inc. has assigned its rights pursuant to the Covenants to the Association; and

WHEREAS, the Association desires to amend the Covenants to: (1) authorize the Board of Directors of the Association to file or cause to be filed a "Notice of Violation of Restrictive Covenants" in the appropriate index of the Office of the Clerk of the Superior Court of Dare County, North Carolina which shall identify the nature of violation of the Covenants by any lot owner; (2) require any lot owner who offers a property for rent to provide no less than two (2) bulk trash containers approved by the appropriate governmental authorities of Dare County, North Carolina for use by occupants of the property for curbside trash pick-up by Dare County; and (3) declare the application of those Covenants, as amended, to all of the lots in Schooner Ridge, Phase I, as shown on plat recorded in Plat Cabinet B, Slides 380 and 381, Dare County Registry.

NOW THEREFORE, by a majority of the votes cast at a duly called meeting of the Association held on October 14, 1995, at which a quorum was present, the Association does hereby amend the Covenants for Schooner Ridge, Phase I as shown on plat recorded in Plat B, Slides 380 and 381, Dare County Registry, which Covenants are recorded in Book 446, Page 724, as amended in Book 497, Page 873, and as further amended in Book 523, Page 53, Dare County Registry, by amending the covenant designated as "3" to read as set forth below and by adding the following paragraph designated as "17" to read as set forth herein.

3. In order to preserve a desirable uniformity of beauty and to protect purchasers of lots within the subdivision from having undesirable types of architecture placed on adjoining lots, no building, fence or other structure shall be erected, placed, moved onto, maintained or in any way altered on any lot in the subdivision until such time as the proposed building plans, specifications, exterior color or finish, plot plan (showing the proposed location and elevation of such building or structure, drives and parking areas) and construction schedule shall have been approved in writing by Four Seasons or its successor(s) in interest as developer(s) of the subdivision. All exterior antennae shall be approved in writing by Four Seasons prior to erection. Any earthmoving or earth-disturbing activity shall be approved in writing by Four Seasons prior to the commencement of such activity. Four Seasons may refuse approval of plans, location or specifications upon any ground, including purely aesthetic considerations.

which in the sole discretion of Four Seasons shall be deemed sufficient. No alterations in the exterior appearance of any building or other structure shall be made without similar approval being obtained from Four Seasons. Two (2) copies of all plans and related data shall be furnished Four Seasons, one (1) of which shall be retained by it for its use.

In no event will Four Seasons accept plans for or allow for the construction of a dwelling in the subdivision which has exterior siding of any materials other than horizontal wood lap siding or machine cut or hand-split cedar shakes, preserved with Cabots 0241 bleaching oil or an equivalent preservative effecting a gray exterior color. In no event will Four Seasons accept plans for or allow for the construction of a dwelling in the subdivision which shall have exterior roofing materials other than machine cut or hand split cedar shakes or architectural grade asphalt or fiberglass shingles, "Weathered Wood" in color.

Upon the conveyance of seventy-two (72) lots in Schooner Ridge Subdivision, Phase I and II to owners other than Four Seasons or on January 1, 1990, whichever shall occur first, the duties, powers and discretion for review and approval of plots, plans and construction schedules retained herein by Four Seasons shall automatically transfer to and vest in the Architectural Review Committee of the Schooner Ridge Property Owners Association, Inc. In addition to the above stated duties, powers and discretion, The Architectural Review Committee shall be responsible for notifying the Board of Directors of the Schooner Ridge Property Owners Association when it has determined that a violation of the Restrictive Covenants relating to the erection, placement, movement, or maintenance of any building, fence, or other structure constructed on the lots in Schooner Ridge has occurred. Upon receipt of said notice, the Board of Directors may, in addition to any and all other remedies available to it as provided under the Restrictive Covenants and under the laws of the State of North Carolina, record in the Office of the Register of Deeds of Dare County, North Carolina a "Notice of Violation of Restrictive Covenants" which shall identify the nature of said violation. Upon satisfaction of the violation, the Board of Directors shall cause a "Release of Notice of Violation of Restrictive Covenants" to be similarly recorded. The Architectural Review Committee shall be appointed by the Board of Directors and shall consist of five (5) members of the Association, pursuant to Article VII, Section 9 of the By-Laws of the Association. In no event will the standards and requirements relating to building materials to be used for the exterior siding and exterior roof of each dwelling established herein be waivable by the said Architectural Review Committee.

17. Any lot owner(s) who offers a property for rent shall be required to provide no less than two (2) bulk trash containers approved by the appropriate governmental authorities of Dare County, North Carolina for use by occupants of the property for curbside trash pick-up by Dare County.

Except as herein amended, the Association reaffirms and redeclares those covenants and recitals contained in the aforesaid Declaration of Restrictive Covenants recorded March 5, 1986, in Book 446, Page 724, as amended in Book 497, Page 873, and as further amended in Book 523, Page 53, Dare County Registry.

IN WITNESS WHEREOF, a majority of owners of record of lots in Schooner Ridge Subdivision, Phase I, have caused this instrument to be executed in counterparts and their seals to be hereunto affixed on the respective dates appearing on the attached signature pages.

Lot Number(s) _____

(SEAL)

Phase _____

(SEAL)

STATE OF _____,

COUNTY OF _____, to-wit:

I, a Notary Public of the County and State aforesaid, certify that
_____ personally appeared before me this day and acknowledged the
execution of the foregoing instrument. Witness my hand and official
stamp or seal this _____ day of _____,
1996.

Notary Public

My commission expires: _____

1. All the lots in this subdivision shall be used for single-family residential purposes only.
2. No signs or posters of any nature shall be placed on the said lots without the written permission of Four Seasons, its successors and assigns. No animals, livestock or poultry of any kind, other than household pets, shall be kept on any lots.
3. In order to preserve a desirable uniformity of beauty and to protect purchasers of lots within the subdivision from having undesirable types of architecture placed on adjoining lots, no building, fence or other structure shall be erected, placed, moved onto, maintained or in any way altered on any lot in the subdivision until such time as the proposed building plans, specifications, exterior color or finish, plot plan (showing the proposed location and elevation of such building or structure, drives and parking areas) and construction schedule shall have been approved in writing by Four Seasons or its successor(s) in interest as developer(s) of the subdivision. All exterior antennae shall be approved in writing by Four Seasons prior to erection. Any earthmoving or earth-disturbing activity shall be approved in writing by Four Seasons prior to the commencement of such activity. Four Seasons may refuse approval of plans, location or specifications upon any ground, including purely aesthetic considerations, which in the sole discretion of Four Seasons shall be deemed sufficient. No alterations in the exterior appearance of any building or other structure shall be made without similar approval being obtained from Four Seasons. Two (2) copies of all plans and related data shall be furnished Four Seasons, one (1) of which shall be retained by it for its use.

In no event will Four Seasons accept plans for or allow for the construction of a dwelling in the subdivision which has exterior siding of any materials other than horizontal wood lap siding or machine cut or hand-split cedar shakes, preserved with Cabots 0241 bleaching oil or an equivalent preservative effecting a gray exterior color. In no event will Four Seasons accept plans for or allow for the construction of a dwelling in the subdivision which shall have exterior roofing materials other than machine cut or hand-split cedar shakes or architectural grade asphalt or fiberglass shingles. "Weathered Wood" in color.

Upon the conveyance of seventy-two (72) lots to owners other than Four Seasons or on January 1, 1990, whichever shall occur first, the duties, powers and discretions for review and approval of plots, plans and construction schedules retained herein by Four Seasons shall automatically transfer to and vest in the Architectural Review Committee of the Schooner Ridge Property Owners' Association, Inc. The Architectural Review Committee shall be appointed by the Board of Directors and shall consist of five (5) members of the Association, pursuant to Article VII, Section 9 of the By-Laws of the Association. In no event will the standards and requirements relating to building materials to be used for the exterior siding and exterior roof of each dwelling established herein be waivable by the said Architectural Review Committee.

4. The exterior of all residences and other permanent structures in the subdivision shall be completed within one (1) year after the commencement of construction. No structure shall be used at any time, either temporarily or permanently, as a residence until the exterior of such structure is complete.

5. No trailer or temporary structures, such as tents, sheds, garages, barns or other outbuildings shall be used on any lot in this subdivision at any time as a permanent or temporary residence. However, this provision shall not prevent Four Seasons or its duly authorized agent from using any such structure(s) as a sales or construction office.

6. No lot shall be used in whole or in part for the storage of rubbish of any character whatsoever, nor for the storage of any property or thing that will cause such lot to appear to be in an unclean or untidy condition, or that will be obnoxious to the eye; nor shall any substance, thing or material be kept upon any lot that will emit foul or obnoxious odors, or that will cause any noise that will or might disturb the peace, quiet, comfort or serenity of the occupants of the surrounding property. All buildings, structures and their appurtenances shall be maintained in a suitable state of repair, and in the event of destruction by fire or other casualty, the premises are to be cleared and debris removed within ninety (90) days of such casualty.

7. Easements are reserved along and within ten (10) feet of all side lot lines and within ten (10) feet of all front and rear lot lines for the construction and perpetual maintenance of conduits, wires and fixtures for electricity, telephone service, cablevision, water mains, sanitary and storm sewers, road drains, and other utilities or services, and to remove any obstacle which may at any time interfere or threaten to interfere with the maintenance of such lines, with right of ingress and egress from and across said premises to duly authorized maintenance personnel. This easement shall also extend along any owner's side and rear property lines where fractional lots are owned.

It shall not be considered a violation of the terms of this easement if wires or cables pass under some portion of lots not within the ten (10) foot wide strip, provided such lines do not hinder the construction and maintenance of buildings situated on any such lot.

An easement or right is hereby given, granted and conveyed to each purchaser of a lot as shown on the said plat of Schooner Ridge, Phase II, recorded in Plat Cabinet C, Slides 14-E and 14-F, Dare County Registry, for pedestrian access only to the Atlantic Ocean and Currituck Sound. Said easement for pedestrian access only shall be twenty (20) feet in width running from the West right of way margin of S.R. 1200 to the Currituck Sound along and contiguous with the North boundary line of that certain tract or parcel of land shown on boundary plat entitled "Boundary Survey for Four Seasons Resort, Inc., Revision of Tract One, Duck, Dare County, North Carolina, formerly Schleunes, Salzberg and Gladys Griggs Tracts" by Triangle Engineering Services, Inc., dated May 31, 1984, and recorded in Plat Cabinet B, Slide 292, in the office of the Register of Deeds of Dare County, North Carolina. Pedestrian access to the Atlantic Ocean shall be located on that certain tract of land shown on boundary plat entitled "Boundary Survey for Four Seasons Resort Inc., Duck, Dare County, North Carolina, formerly Schleunes, Salzberg and Gladys Griggs Tracts" by Triangle Engineering Services, Inc., dated May 31, 1984, and recorded in Plat Cabinet B, Slide 290, Dare County Registry, in such places as may hereafter be designated by Four Seasons in its sole discretion on subsequently filed plats thereof or otherwise. The aforesaid easement or right for pedestrian access only is hereby granted for the common

use of and is appurtenant to and shall run with the title to the lots in Schooner Ridge, as shown on the aforesaid subdivision plat recorded in Plat Cabinet C, Slides 14-E and 14-F, Dare County Registry, or subsequently filed plats thereof. However, Four Seasons reserves the absolute right in its sole discretion to relocate the said pedestrian access easements at some other location within the North and South boundaries of the said tracts of land shown on the aforesaid plats recorded in Plat Cabinet B, Slides 280 and 292, Dare County Registry, provided such relocation is made to lots or land still owned by Four Seasons.

8. The streets within the subdivision are private and their use shall be limited to lot owners in the subdivision and their agents, invitees and guests.

9. For the express purpose of owning and maintaining the roads, streets and other common properties in the subdivision as shown on the aforesaid plat recorded in Plat Cabinet C, Slides 14-E and 14-F, Dare County Registry (including Inter Alle, Schooner Ridge Drive, and specifically including the easement for pedestrian access only to Currituck Sound and the Atlantic Ocean granted in paragraph 7 hereof) for the benefit of the said lot owners and any additions thereto, Four Seasons has caused to be incorporated a property owners association known as the Schooner Ridge Property Owners Association, Inc., of which each lot owner in Schooner Ridge, Phase II, and any additions thereto shall be a member. Four Seasons reserves the right to assign its rights pursuant to these covenants (and specifically without limiting paragraph 3 hereof) to said Association at such time as Four Seasons, in its sole discretion, determines that such Association is prepared to assume the obligations imposed by these covenants.

10. Each and every owner of a lot shown on the aforesaid plat of Schooner Ridge, Phase II, recorded in Plat Cabinet C, Slides 14-E and 14-F, Dare County Registry, or any addition thereto, agrees to pay to the Schooner Ridge Property Owners' Association, Inc. (hereinafter the "Association") on March 1 of each year for the maintenance of the streets, roads, and other common properties or amenities which the Association may hereafter acquire in Schooner Ridge, Phase II, as shown on the aforesaid plat and any additions thereto (including Inter Alle, Schooner Ridge Drive, and specifically including the easement for pedestrian access only to the Atlantic Ocean and Currituck Sound granted in paragraph 7 hereof) the sum of Five Hundred and No/100ths Dollars (\$500.00) on March 1, 1987, and the sum of Five Hundred and No/100ths Dollars (\$500.00) on each and every March 1 thereafter unless and until terminated in accordance with paragraphs 12 or 13 of these covenants. The owners of said lots shall pay said sums promptly when they become due but in any event within thirty (30) days after March 1 of each year. Upon failure of said lot owners to pay said sums when due, the amount due shall become a lien upon the lot or lots owned by such lot owners which lien may be claimed by notice and enforced by civil action in the nature of the enforcement of a laborer's and materialmen's lien against real property pursuant to G.S. §§4A-7, 41 and 42, or, in the sole discretion of the Association, by civil action in the nature of the foreclosure of the lien of a deed of trust. In lieu of payment of said sums on lots owned by Four Seasons, it may elect, in its sole discretion, to pay the remaining cost of maintaining the aforesaid roads and other common properties or amenities serving the lots in the subdivision. However, such action by Four Seasons shall in no way relieve the other owners of lots in the subdivision from

their obligation to pay said sums for the maintenance of the aforesaid roads, streets and other common properties in the subdivision.

The Association, by majority vote of the Board of Directors, may increase or decrease the said sum due for maintenance and common expenses without the amendment of this Declaration. Provided, however, that if there is an increase of over 15% in any one year, it must also receive the affirmative vote of a majority of the membership of the Association.

11. A mutual easement and right of access over the common driveway provided for Lots 51 and 52 is hereby declared and shall run with Lots 51 and 52, as shown on the map hereinbefore designated and shall be binding upon the owner(s) thereof and their successors in interest.

12. The standard to which said roads and streets in said subdivision shall be maintained is the same standard and condition maintained by Four Seasons as of the date hereof. Except as to the width thereof, said roads and streets were built in accordance with North Carolina Department of Transportation standards and specifications existing as of July 1, 1985 (which standards and specifications are incorporated by reference), and have been maintained since that time in accordance with those standards.

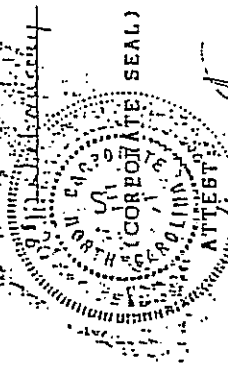
13. Notwithstanding anything herein to the contrary, Willie Horne and Alton Teague, Trustees, and Eastern Savings and Loan Association, Inc. execute this instrument solely to evidence their consent to the terms thereof and do not hereby assume any obligations or responsibilities under the terms hereof.

14. With the consent of Eastern Savings and Loan Association, Inc. SO long as the indebtedness evidenced by the deed of trust referred to herein remains unpaid, or without said consent if the indebtedness has been paid and satisfied,

Four Seasons may at its option, by filing a supplemental Declaration of Restrictive Covenants, bring within the scheme of this development additional lands and subject them to the restrictions herein imposed, or make such additions, deletions or other changes to these covenants as it may see fit.

15. These restrictions shall be binding on the land in the said subdivision and all parties owning the said land or in possession thereof for a period of twenty (20) years from the date hereof and shall be extended thereafter for successive periods of ten (10) years each, unless, prior to the expiration of the initial 20 year period or any such 10 year period thereafter, an instrument signed by the owners of record of a majority of the lots in the subdivision has been recorded revoking or modifying these restrictions.

IN WITNESS WHEREOF, The parties hereto have caused this instrument to be executed in their individual or corporate names by the authorized officers and their seals to be hereunto affixed by authority of the Board of Directors, this 19th day of February, 1987.



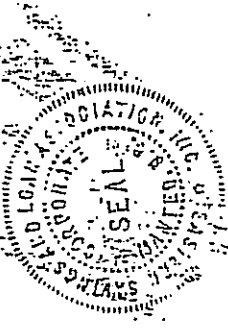
FOUR SEASONS RESORT, INC.

BY: [Signature]
President

[Signature]
(Ass't. Sec'y) Secretary

[Signature] (SEAL)
Willie Horne, Trustee

[Signature] (SEAL)
Alton Teague, Trustee



EASTERN SAVINGS AND LOAN ASSOCIATION, INC.

BY: [Signature]
Vice President

(CORPORATE SEAL)

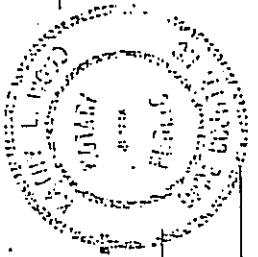
ATTEST: [Signature]
(Ass't. Sec'y) Secretary

STATE OF North Carolina
COUNTY OF Wake

I, a Notary Public of the County and State aforesaid, certify that [Signature] personally came before me this day and acknowledged that (s)he is Secretary of FOUR SEASONS RESORT, INC., a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal and attested by him/her as its Secretary.

BOOK 427 PAGE 370

WITNESS my hand and notarial seal this 19th day of February, 1987.



Charles R. Carr
Notary Public

My commission expires:

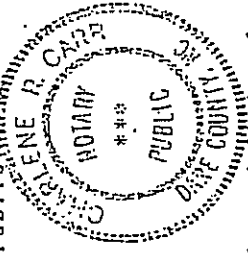
1-24-91

STATE OF D.C.
CITY/COUNTY OF Dist

I, a Notary Public of the City/County and State aforesaid, certify that WILLIE HORNE, Trustee, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand on notarial seal, this 23rd day of February, 1987.

Charles R. Carr
Notary Public



My commission expires:

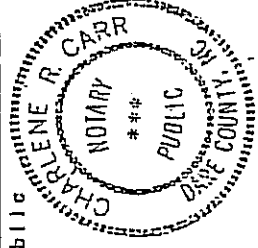
My Commission Expires 9-29-90

STATE OF W.C.
CITY/COUNTY OF Dist

I, a Notary Public of the City/County and State aforesaid, certify that ALTON TEAGUE, Trustee, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and notarial seal, this 23rd day of February, 1987.

Charles R. Carr
Notary Public



My commission expires:

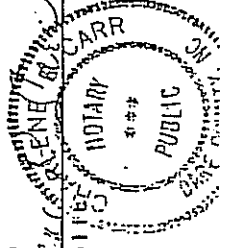
My Commission Expires 9-29-90

STATE OF W.C.
CITY/COUNTY OF Dist

I, a Notary Public of the City/County and State aforesaid, certify that Jean Peters personally came before me this day and acknowledged that she is (Assistant) Secretary of EASTERN SAVINGS AND LOAN ASSOCIATION, INC., a corporation organized and existing under the laws of the State of North Carolina, and that by authorly duly given and as the act of the corporation, the foregoing instrument is signed in its name by its (Vice) President, sealed with its corporate seal and attested by Alley as its (Assistant) Secretary.

Witness my hand and official stamp of seal, this 23rd day of February, 1987.

Charles R. Carr
Notary Public



My commission expires:

My Commission Expires 9-29-90

NORTH CAROLINA

DARE COUNTY

The foregoing certificates of Kathy L. Wood of Dare County, NC &
Charlene R. Carr of Dare County, NC both being Notaries Public

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.

Dorris A. Fry
Registrar of Deeds

By: Nama Jean Davis
Deputy/Assistant Registrar of Deeds

RECORDED: FEB. 24 1987

FILED

07 APR 3 PM 4 20

ORIGINAL RECORDED IN Book 494,
Page 702, DARE COUNTY REGISTRY

NORTH CAROLINA

SCHOONER RIDGE, PHASE II
AMENDMENT TO DECLARATION
OF RESTRICTIVE COVENANTS

DARE COUNTY

RECORDED BY
DAVID R. PARSONS
SHELDON L. KIRCHMILL
ATTORNEYS AT LAW
NORTH HAVEN, N.C.

WHEREAS, Four Seasons Resort, Inc. has previously imposed a Declaration of Restrictive Covenants on Lots 19 through 96 inclusive of Schooner Ridge, Phase II, as shown on a plat thereof recorded in Plat Cabinet C, Slides 14-E and 15-A, in the office of the Register of Deeds of Dare County, North Carolina; and whereas, Four Seasons Resort, Inc. desires to amend the aforesaid Declaration of Restrictive Covenants to allow the Board of Directors of the Schooner Ridge Property Owners' Association, Inc. to regulate and limit the use of the common amenities and facilities of the said Association by guests or invitees of lot owners, to prohibit the sale of time shares in Schooner Ridge Subdivision and to declare the application of those said Restrictive Covenants, as amended, to all of the lots in Schooner Ridge, Phase II as shown on plat recorded in Plat Cabinet C, Slides 14-E and 15-A, Dare County Registry;

NOW THEREFORE, Four Seasons Resort, Inc. does hereby amend the Declaration of Restrictive Covenants for Schooner Ridge, Phase I as shown on plat recorded in Plat Cabinet C, Slides 14-E and 15-A, Dare County Registry, which covenants are recorded in Book 494, Page 702, Dare County Registry, by adding the following to be designated as paragraphs "15" and "16", to read as follows:

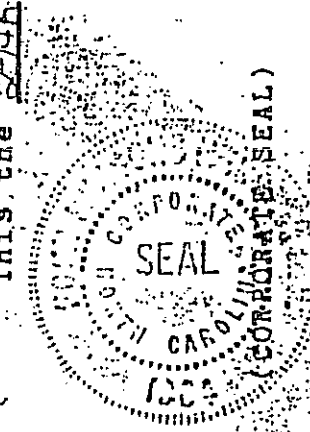
15. The right of use and enjoyment of the common amenities and facilities of the Schooner Ridge Property Owners' Association, Inc. are limited to the lot owners in Schooner Ridge Subdivision, Phases I

and II, their families, lessees, agents, invitees, and guests. The Board of Directors of said Association may, by majority vote, make such rules and regulations concerning the use and enjoyment of the common amenities and facilities as they may, in their sole discretion, deem proper. Said rules and regulations shall include, but not be limited to, limiting the use and enjoyment of the common amenities and facilities to a reasonable number of guests and invitees of any lot owner(s), and providing for the removal of any persons on the premises of the Schooner Ridge Subdivision, who, purporting to be guests or invitees of a lot owner, are not accompanied by the lot owner, his family or lessee.

16. No lot owner(s) shall sell or offer for sale time share interests in any lots and/or improvements thereon in Schooner Ridge Subdivision. The term "time share" shall have the same meaning as is defined by N.C.G.S. Section 93A-41(a).

Except as herein amended, Four Seasons Resort, Inc. reaffirms and redeclares those covenants and recitals contained in the aforesaid Declaration of Restrictive Covenants recorded in Book 494, Page 702, Dare County Registry.

This the 29th day of July, 1987.



FOUR SEASONS RESORT, INC.

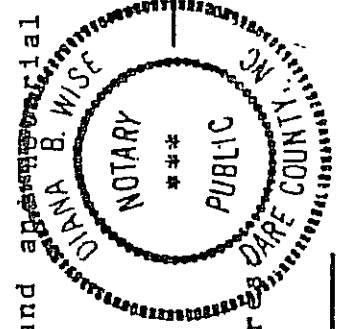
By: Gerald J. Friedman
Gerald J. Friedman, President

ATTEST: Garry Friedman
(Asst. Secretary)

NORTH CAROLINA
COUNTY OF DARE

I, the undersigned Notary Public, do hereby certify that Nancy Friedman appeared before me this day and acknowledged the (s)he is Secretary of Four Seasons Resort, Inc., and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal, and attested by him/herself as its Secretary.

Witness my hand and official seal this 29th day of July, 1987.



Diana B. Wise
Notary Public

My commission expires 6-17-92

NORTH CAROLINA
DARE COUNTY

The foregoing certificate of Diana B. Wise, a notary public of Dare Co., NC, is certified to be correct.

Presented for registration this the 3 day of Aug., 1987, at 4:28 o'clock P.m., and recorded in this office in Book 523, page 56.

Dorris A. Fry
Register of Deeds

By: Nancy Friedman
Assistant/Deputy
Register of Deeds

DORRIS A. FRY
REGISTER OF DEEDS
NORTH CAROLINA,
DARE COUNTY, N.C.
DARE COUNTY

SCHOONER RIDGE, PHASE II
AMENDMENT TO DECLARATION
OF RESTRICTIVE COVENANTS

THIS AMENDMENT TO DECLARATION OF RESTRICTIVE COVENANTS made
and entered this 3rd day of November, 1987 by FOUR
SEASONS RESORT, INC.

W I T N E S S E T H :

THAT, WHEREAS Four Seasons Resort, Inc. has previously
imposed a Declaration of Restrictive Covenants on Lots 19 through
96 inclusive of Schooner Ridge, Phase II, as shown on a plat
thereof recorded in Plat Cabinet C, Slides 14-E and 14-F, in the
office of the Register of Deeds of Dare County, North Carolina,
said Declaration being recorded on the 23rd day of February, 1987
in Book 497, page 367, Dare County Registry;

WHEREAS, said Declaration of Restrictive Covenants was
amended by Four Seasons Resort, Inc. by that certain Amendment to
Declaration of Restrictive Covenants recorded the 3rd day of
August, 1987 in Book 523, page 0056, Dare County Registry;

WHEREAS, the said Amendment to Declaration of Restrictive
Covenant contains certain errors in references to the previously
recorded plat filed in Plat Cabinet C, Slides 14-E and 14-F and
the previously recorded Declaration filed in Book 497, page 367,
all of the Dare County Registry;

AND WHEREAS, Four Seasons Resort, Inc. desires, by this
instrument, to correct the said errors in reference in the
Amendment to Declaration of Restrictive Covenants recorded in

Book 523, page 0056, Dare County Registry, and to otherwise reaffirm and acknowledge the said Declaration of Restrictive Covenants, as amended, to the lots 19 through 96 inclusive of Phase II, Schooner Ridge.

NOW, THEREFORE, the Amendment to Declaration of Restrictive Covenants recorded in Book 523, page 0056 is hereby amended to read as follows:

WHEREAS, Four Seasons Resort, Inc. has previously imposed a Declaration of Restrictive Covenants on Lots 19 through 96 inclusive of Schooner Ridge, Phase II, as shown on a plat thereof recorded in Plat Cabinet C, Slides 14-E and 14-F, in the office of the Register of Deeds of Dare County, North Carolina: and whereas, Four Seasons Resort, Inc. desires to amend the aforesaid Declaration of Restrictive Covenants to allow the Board of Directors of the Schooner Ridge Property Owners' Association, Inc. to regulate and limit the use of the common amenities and facilities of the said Association by guests or invitees of lot owners, to prohibit the sale of the time shares in Schooner Ridge Subdivision and to declare the application of those said Restrictive Covenants, as amended, to all of the lots in Schooner Ridge, Phase II as shown on plat recorded in Plat Cabinet C, Slides 14-E and 14-F, Dare County Registry;

NOW THEREFORE, Four Seasons Resort, Inc. does hereby amend the Declaration of Restrictive Covenants for Schooner Ridge, Phase I as shown on plat recorded in Plat Cabinet C, Slides 14-E

and 14-F, Dare County Registry, which covenants are recorded in Book 497, page 367, Dare County Registry, by adding the following to be designated as paragraphs "15" and "16", to read as follows:

15. The right of use and enjoyment of the common amenities and facilities of the Schooner Ridge Property Owners' Association, Inc. are limited to the lot owners in Schooner Ridge Subdivision, Phases I and II, their families, lessees, agents, invitees, and guests. The Board of Directors of said Association may, by majority vote, make such rules and regulations concerning the use and enjoyment of the common amenities and facilities as they may, in their sole discretion, deem proper. Said rules and regulations shall include, but not be limited to, limiting the use and enjoyment of the common amenities and facilities to a reasonable number of guests and invitees of any lot owner(s), and providing for the removal of any persons on the premises of the Schooner Ridge Subdivision, who, purporting to be guests or invitees of a lot owner, are not accompanied by the lot owner, his family or lessee.

16. No lot owner(s) shall sell or offer for sale time share interests in any lots and/or improvements thereon in Schooner Ridge Subdivision. The term "time share" shall have the same meaning as is defined by N.C.G.S. Section 93A-41(a).

Except as herein amended, Four Seasons Resort, Inc. reaffirms and redeclares those covenants and recitals contained in the aforesaid Declaration of Restrictive Covenants recorded in Book 497, Page 367, Dare County Registry.

IN WITNESS WHEREOF, BK 537 PG 0376
Four Seasons Resort, Inc. has executed

this instrument the day and year first above written.



FOUR SEASONS RESORT, INC.

BY: Gerald J. Friedman
Gerald J. Friedman, President

(CORPORATE SEAL)

ATTEST: Nancy Friedman
(Asst.) Secretary

NORTH CAROLINA

COUNTY OF DARE

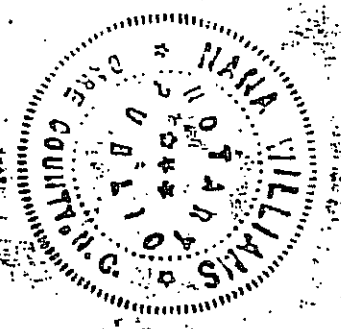
I, the undersigned Notary Public, do hereby certify that Nancy Friedman appeared before me this day and acknowledged that (s)he is Secretary of Four Seasons Resort, Inc., and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal, and attested by him/herself as its Secretary.

Witness my hand and notarial seal this 3rd day of November, 1987.

Mona Williams
Notary Public

My commission expires:

5/18/90



NORTH CAROLINA

DARE COUNTY

The foregoing certificate of Nana Williams, a notary public of Notary Public of Dare County, NC is certified to be correct.

Presented for registration this the 3 day of December, 1987, at 3:10 o'clock P.m., and recorded in this office in Book 537, page 0377.

BY: Mary B. Scarborough
Assistant/Deputy
Register of Deeds

Bertie A. Fry
Register of Deeds

NORTH CAROLINA

SCHOONER RIDGE, PHASE II
THIRD AMENDMENT TO
DECLARATION OF RESTRICTIVE
COVENANTS

DARE COUNTY

WHEREAS, Four Seasons Resort, Inc. has previously imposed a Declaration of Restrictive Covenants (hereinafter the "Covenants") on Lots 19 through 96, both inclusive, of "Schooner Ridge, Phase II, Village of Duck, Atlantic Township, Owner/Developer, Four Seasons Resort, Inc." by F. Richard Quible, Registered Surveyor, recorded December 12, 1986 in Plat Cabinet C, Slides 14E and 14F, in the office of the Register of Deeds of Dare County, North Carolina; and

WHEREAS, Four Seasons Resort, Inc. has caused to be incorporated a property owners association known as the Schooner Ridge Property Owners Association, Inc. (hereinafter the "Association") of which each lot owner in Schooner Ridge, Phase II, and any additions thereto shall be a member; and

WHEREAS, Four Seasons Resort, Inc. has assigned its rights pursuant to the Covenants to the Association; and

WHEREAS, the Association desires to amend the Covenants to: (1) authorize the Board of Directors of the Association to file or cause to be filed a "Notice of Violation of Restrictive Covenants" in the appropriate index of the Office of the Clerk of the Superior Court of Dare County, North Carolina which shall identify the nature of violation of the Covenants by any lot owner; (2) require any lot owner who offers a property for rent to provide no less than two (2) bulk trash containers approved by the appropriate governmental authorities of Dare County, North Carolina for use by occupants of the property for curbside trash pick-up by Dare County; and (3) declare the application of those Covenants, as amended, to all of the lots in Schooner Ridge, Phase II, as shown on plat recorded in Plat Cabinet C, Slides 14E and 14F, Dare County Registry.

NOW THEREFORE, by a majority of the votes cast at a duly called meeting of the Association held on October 14, 1995, at which a quorum was present, the Association does hereby amend the Covenants for Schooner Ridge, Phase II as shown on plat recorded in Plat C, Slides 14E and 14F, Dare County Registry, which Covenants are recorded in Book 497, Page 367, as amended in Book 523, Page 56, and as further amended in Book 537, Page 373, Dare County Registry, by amending the covenant designated as "3" to read as set forth below and by adding the following paragraph designated as "17" to read as set forth herein.

3. In order to preserve a desirable uniformity of beauty and to protect purchasers of lots within the subdivision from having undesirable types of architecture placed on adjoining lots, no building, fence or other structure shall be erected, placed, moved onto, maintained or in any way altered on any lot in the subdivision until such time as the proposed building plans, specifications, exterior color or finish, plot plan (showing the proposed location and elevation of such building or structure, drives and parking areas) and construction schedule shall have been approved in writing by Four Seasons or its successor(s) in interest as developer(s) of the subdivision. All exterior antennae shall be approved in writing by Four Seasons prior to erection. Any earthmoving or earth-disturbing activity shall be approved in writing by Four Seasons prior to the commencement of such activity. Four Seasons may refuse approval of plans, location or specifications upon any ground including, but not limited to, the following:

which in the sole discretion of Four Seasons shall be deemed sufficient. No alterations in the exterior appearance of any building or other structure shall be made without similar approval being obtained from Four Seasons. Two (2) copies of all plans and related data shall be furnished Four Seasons, one (1) of which shall be retained by it for its use.

In no event will Four Seasons accept plans for or allow for the construction of a dwelling in the subdivision which has exterior siding of any materials other than horizontal wood lap siding or machine cut or hand-split cedar shakes, preserved with Cabots 0241 bleaching oil or an equivalent preservative effecting a gray exterior color. In no event will Four Seasons accept plans for or allow for the construction of a dwelling in the subdivision which shall have exterior roofing materials other than machine cut or hand split cedar shakes or architectural grade asphalt or fiberglass shingles, "Weathered Wood" in color.

Upon the conveyance of seventy-two (72) lots in Schooner Ridge Subdivision, Phase I and II to owners other than Four Seasons or on January 1, 1990, whichever shall occur first, the duties, powers and discretion for review and approval of plots, plans and construction schedules retained herein by Four Seasons shall automatically transfer to and vest in the Architectural Review Committee of the Schooner Ridge Property Owners Association, Inc. In addition to the above stated duties, powers and discretion, The Architectural Review Committee shall be responsible for notifying the Board of Directors of the Schooner Ridge Property Owners Association when it has determined that a violation of the Restrictive Covenants relating to the erection, placement, movement, or maintenance of any building, fence, or other structure constructed on the lots in Schooner Ridge has occurred. Upon receipt of said notice, the Board of Directors may, in addition to any and all other remedies available to it as provided under the Restrictive Covenants and under the laws of the State of North Carolina, record in the Office of the Register of Deeds of Dare County, North Carolina a "Notice of Violation of Restrictive Covenants" which shall identify the nature of said violation. Upon satisfaction of the violation, the Board of Directors shall cause a "Release of Notice of Violation of Restrictive Covenants" to be similarly recorded. The Architectural Review Committee shall be appointed by the Board of Directors and shall consist of five (5) members of the Association, pursuant to Article VII, Section 9 of the By-Laws of the Association. In no event will the standards and requirements relating to building materials to be used for the exterior siding and exterior roof of each dwelling established herein be waivable by the said Architectural Review Committee.

17. Any lot owner(s) who offers a property for rent shall be required to provide no less than two (2) bulk trash containers approved by the appropriate governmental authorities of Dare County, North Carolina for use by occupants of the property for curbside trash pick-up by Dare County.

Except as herein amended, the Association reaffirms and redeclares those covenants and recitals contained in the aforesaid Declaration of Restrictive Covenants recorded February 23, 1987 in Book 497, Page 367, as amended in Book 523, Page 56, and as further amended in Book 537, Page 373, Dare County Registry.

IN WITNESS WHEREOF, a majority of owners of record of lots in Schooner Ridge Subdivision, Phase II, have caused this instrument to be executed in counterparts and their seals to be hereunto affixed on the respective dates appearing on the attached signature pages.

Lot Number(s) _____

(SEAL)

Phase _____

(SEAL)

STATE OF _____,

COUNTY OF _____, to-wit:

I, a Notary Public of the County and State aforesaid, certify that
_____ personally appeared before me this day and acknowledged the
execution of the foregoing instrument. Witness my hand and official
stamp or seal this _____ day of _____,
1996.

Notary Public _____

My commission expires: _____

SCHOONER RIDGE PROPERTY OWNERS ASSOCIATION, INC.
MEMORANDUM FOR THE RECORD

January 3, 2005

This Memorandum for the Record is to confirm certain actions made by the Board of Directors and Owners of the Schooner Ridge Property Owners Association, Inc.

WHEREAS a notice was sent to all homeowners of record on May 14, 2004 that the Architectural Review Committee (ARC) had recommended and the Board of Directors had unanimously approved two changes in the Declaration of Restrictive Covenants for Schooner Ridge Property Owners Association.

WHEREAS the notice stated that the first change will update the architectural guidelines to allow for cementitious (synthetic) siding that has the look and color of the gray cedar lap siding or shakes that were previously allowed by the covenants, and also removes the reference to Cabots 0241 bleaching oil; and the second change will revise the number of people on the ARC from 5 members to "up to 5 members".

WHEREAS a majority of property owners must return a signed and notarized approval, which could be executed in counterparts, in order for the above-mentioned revision to pass.

A majority of property owners did return the necessary approvals and the changes to the Declaration of Restrictive Covenants were passed. Copies of the approvals are maintained in the association's records. It was reported at the July 31, 2004, meeting of the Board of Directors and at the annual meeting of owners on Saturday, October 9, 2004, and duly recorded in those meeting minutes that these changes were passed.

The association's legal counsel will duly record the above-mentioned changes with the Dare County Register of Deeds office, and those changes will become a part of the association's governing documents.

Michael Nickelsburg
(signature)

Michael Nickelsburg, President
Schooner Ridge Property Owners Association, Inc.

STATE OF Virginia
COUNTY OF Virginia Beach, to-wit:
Cityken

I, a Notary Public of the County and State aforesaid, certify that
Michael Nickelsburg personally appeared before me this day and
acknowledged the execution of the foregoing instrument. Witness my hand and official
stamp or seal this 4th day of JANUARY, 2005 ken

Karen Munn Notary Public

My commission expires: September 30, 2008

Prepared By
Dan L. Merrell & Associates (03-645MM)
Post Office Drawer 270
Kitty Hawk, NC. 27949

NORTH CAROLINA
DARE COUNTY

PHASE I
ORIGINAL RECORDED ON
MARCH 5, 1986 at 8:37 A.M.
IN BOOK 446, PAGE 724
DARE COUNTY REGISTRY

PHASE II
ORIGINAL RECORDED ON
FEBRUARY 23, 1987 AT 4:25 P.M.
IN BOOK 497, PAGE 367
DARE COUNTY REGISTRY

SCHOONER RIDGE, PHASES I&II
FOURTH AMENDMENT TO
DECLARATION OF RESTRICTIVE
COVENANTS

3. In order to preserve a desirable uniformity of beauty and to protect purchasers of lots within the subdivision from having undesirable types of architecture placed on adjoining lots, no building, fence or other structure shall be erected, placed, moved onto, maintained or in any way altered on any lot in the subdivision until such time as the proposed building plans, specifications, exterior color or finish, plot plan (showing the proposed location and elevation of such building or structure, drives and parking areas) and construction schedule shall have been approved in writing by Four Seasons or its successor(s) in interest as developer(s) of the subdivision. All exterior antennae shall be approved in writing by Four Seasons prior to erection. Any earthmoving or earth-disturbing activity shall be approved in writing by Four Seasons prior to the commencement of such activity. Four Seasons may refuse approval of plans, location or specifications upon any ground, including purely aesthetic considerations, which in the sole discretion of Four Seasons shall be deemed sufficient. No alterations in the exterior appearance of any building or other structure shall be made without similar approval being obtained from Four Seasons. Two (2) copies of all plans and related data shall be furnished Four Seasons, one (1) of which shall be retained by it for its use.

In no event will SRPOA, ARC accept plans for or allow for the construction of a dwelling in the subdivision which has exterior siding of any materials other than horizontal wood lap siding; machine, hand-split or cementitious (synthetic) cedar shakes; or cementitious (synthetic) lap siding (exhibiting a surface texture resembling sawn cedar) and preserved with stain/paint approved for use by the SRPOA Board of directors to effect a gray exterior color. In no event will the SRPOA, ARC accept plans for or allow for the construction of a dwelling in the subdivision which shall have exterior roofing materials other than machine cut, hand split or cementitious cedar shakes or architectural grade asphalt or fiberglass shingles, "Weathered Wood" in color. All cementitious materials must be from a list approved for use by the SRPOA Board of Directors.

Upon the conveyance of seventy-two (72) lots in Schooner Ridge Subdivision, Phase I and II to owners other than Four Seasons or on January 1, 1990, whichever shall occur first, the duties, powers and discretion for review and approval of plots, plans and construction schedules retained herein by Four Seasons shall automatically transfer to and vest in the Architectural Review Committee of the Schooner Ridge Property Owners Association, Inc. In addition to the above stated duties, powers and discretion, The Architectural Review Committee shall be responsible for notifying the Board of Directors of the Schooner Ridge Property Owners Association when it has determined that a violation of the Restrictive Covenants relating to the erection, placement, movement, or maintenance of any building, fence, or other structure constructed on the lots in Schooner Ridge has occurred. Upon receipt of said notice, the Board of Directors may, in addition to any and all other remedies available to it as provided under the Restrictive Covenants and under the laws of the State of North

Carolina, record in the Office of the Register of Deeds of Dare County, North Carolina a "Notice of Violation of Restrictive Covenants" which shall identify the nature of said violation. Upon satisfaction of the violation, the Board of Directors shall cause a "Release of Notice of Violation of Restrictive Covenants" to be similarly recorded. The Architectural Review Committee shall be appointed by the Board of Directors and shall consist of up to five (5) members of the Association. In no event will the standards and requirements relating to building materials to be used for the exterior siding and exterior roof of each dwelling established herein be waivable by the said Architectural Review Committee.

Except as herein amended, the Association reaffirms and redeclares those covenants and recitals contained in the aforesaid Declaration of Restrictive Covenants recorded March 5, 1986, in Book 446, Page 724, as amended in Book 497, Page 873, and as further amended in Book 523, Page 53, Dare County Registry.

IN WITNESS WHEREOF, a majority of owners of record of lots in Schooner Ridge Subdivision, Phase I have caused this instrument to be executed in counterparts and their seals to be hereunto affixed thereto on the respective dates appearing on the attached signature pages.