

SEA DUNES TOWNHOMES

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SEA DUNES

RULES

AND

REGULATIONS

SEA DUNES RULES, REGULATIONS AND GENERAL INFORMATION

RECREATION FACILITIES: are open from 8:00 AM to 10:00 PM. This includes the Clubhouse with its racquetball court, exercise room and video games, the pool and spa, the basketball court, and the tennis court. You can make arrangements with the staff for early morning tennis. For sunrise joggers we recommend and glass bottles are not allowed around the pool. The courtyard has tables for eating. Also no surfboards, etc. around the pool. Please do not use the "people" shower on the deck pool to wash off surfboards and observe the rules that are posted at the pool. NOTE: there is no lifeguard at the pool.

PARKING: Vehicles must be parked in the two car space between the white lines in front of your unit or in the garage. **DO NOT** park in front of an adjacent unit! Additional vehicles may be parked in the overflow parking area in front of the Clubhouse. Only park in designated parking areas. **DO NOT** park on the grass! Our lawns cover the sprinkler system lines and septic system drain fields, both of which can be easily damaged by vehicles. When parked in the overflow lot, place your parking permit on the dashboard. A parking pass will be included in the WELCOME packet you will receive when you check in at the Clubhouse Saturday or Sunday.

TRAILERS: Boat trailers, campers, etc. can be parked in the trailer parking area across from Building G.

SEPTIC SYSTEMS: Sea Dunes Townhomes operate on septic systems. There are no garbage disposals. Please do not put grease, oils, garbage, etc. down the drain. If disposable diapers and similar non degradable items are flushed down the drain, they are likely to block the main waste line and cause waste water to back up into the units. Report problems to your rental agent.

GRILLING: Grilling on the decks is **PROHIBITED**. Outdoor grilling is permitted on the concrete or asphalt parking area in front of the garage and at least three feet from any wall. If you need more room, park your car in front of the Clubhouse. **DO NOT PUT LIVE COALS IN A DUMPSTER.!!**

TRASH: Five dumpsters are available within the complex for your garbage and household trash. Please carry your garbage to the dumpster in plastic bags. Construction debris, appliances, furniture, etc cannot be disposed of in the dumpsters. They must taken to land fills for disposal. The dumpster truck driver will not empty the dumpster with these items in it. Nor will the driver pick up any trash outside the dumpster. A map with the dumpster locations will be in your WELCOME packet.

AIR CONDITIONING: please be conservative while using air conditioning and make sure all windows and doors are kept closed. Best temperature is about 76-78 degrees. **NOTE:** air conditioning will only cool to about 30 degrees below the outside temperature. Running fans help move cooled air.

PHONE USE: long distance calls must be made collect or charged to your calling card or home phone

DECK RAILINGS: Towels and clothing are not to be hung over the deck railings.

QUIET HOURS: Sea Dunes is a great family residential and recreational community. Please help us maintain this family atmosphere and observe quiet hours between 10:00 PM and 8:00 AM.

PETS: The lawns at Sea Dunes are playgrounds therefore, pets are not allowed!

PROBLEMS: report problems with your unit to your rental agent as soon as possible. Problems outside your unit, on the grounds or in the Clubhouse or recreation complex should be reported to the Sea Dunes Staff or the Association Manager.

DEPARTING: when departing after vacation rental, please comply with the 10:00 AM check-out time and before leaving the premises do the following:

1. Wash dishes.
2. Take trash to dumpsters.
3. Check for personal items in closets, drawers, etc.
4. Close and lock all windows and doors.
5. Return keys and rental items to the rental agent.

EMERGENCY NUMBER: 911. KITTY HAWK POLICE (non emergency): 261-3895.
KITTY HAWK FIRE DEPT. (non emergency): 261-2666. **RESCUE SQUAD:** 441-1551

BY-LAWS OF SEA DUNES HOMIEOWNERS ASSOCIATION, INC.

BY-LAWS
OF
SEA DUNES HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

Names and Offices

Section 1. NAME. The name of the Corporation shall be Sea Dunes Homeowners Association, Inc.

Section 2. OFFICES. The principal office of said Association shall be in Duck, Atlantic Township, Dare County, North Carolina. The Association may also have offices at such other places as the Board of Directors may from to time appoint or the purposes of the Association may require.

ARTICLE II

Definitions

The following words when used in these By-Laws (unless the context shall otherwise require), shall have the following meaning:

(a) The "Association" shall mean Sea Dunes Homeowners Association, Inc., its successors and assigns.

(b) The "Development" shall mean the real property described in the Declaration of Covenants and Restrictions and the Supplement thereto.

(c) The "Common Areas" shall mean all those areas of land, except Dwelling Units and Lots (hereinafter defined), including the facilities being constructed thereon, owned by the Association and described in the Declaration of Covenants and Restrictions recorded in Book 284, page 272, Dare County Registry.

(d) "Owner" shall mean the record owner, whether one or more persons or entities, of the fee simple title to any lot, but shall not mean or refer to any mortgagee or subsequent holder of a mortgage, unless and until such mortgagee or holder has acquired title pursuant to foreclosure or any proceeding in lieu of foreclosure.

(e) The "Developer" shall mean Sea Dunes Partnership, its successors and assigns.

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(f) "Member" shall mean and refer to all those Owners who are members of the Association as provided in Article II, Section 1 of the Declaration recorded in Book 284, page 272, Dare County Registry.

(g) "Lot" shall mean any lot on which a Dwelling Unit is or may be constructed.

(h) The "Declaration" shall mean the Declaration of Covenants and Restrictions recorded in Book 284, page 272, Dare County Registry and as may be amended from time to time.

ARTICLE III

Objectives

The objectives of the Association shall be (a) to acquire, repair, maintain and operate the Common Property of the Association, (b) to enforce any and all covenants, restrictions and agreements applicable to the Common Areas and the Lots in the Development and particularly the Declaration or similar declaration as may be made with respect to the Development, and which hereafter may be recorded in the office of the Registrar of Deeds of Dare County, North Carolina and (c) to make and perform any contracts and do any acts or things, and exercise any powers suitable, convenient, proper or incidental for the accomplishment of any of the objectives enumerated herein.

ARTICLE IV

Membership and Voting Rights in the Association

Section 1. Membership. Every person who is an owner of any lot which is subject to the Declaration's Assessment by the Association shall be a member of the Association.

Section 2. Voting Rights. The Association shall have two classes of voting membership.

Class A. Class A Members shall be all Owners except the developer. Each Class A Member shall be entitled to one vote for each lot in which he holds the interest required for membership by Section 1 of this Article IV. In no event shall more than one vote be cast in the Association with respect to any such lot.

Class B. The Class B Member shall be the developer, its successors and assigns. The Class B Member shall be entitled to five votes in the Association for each unsold lot, whether or not improved, provided that upon the happening of either of the following events, whichever first occurs, the Class B Membership

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In the Association shall cease and be converted to Class A Membership:

- (a) When the total votes outstanding in Class A Membership in the Association equals — or
(b) On Dec 31, 1986.

When a purchaser of a lot takes title thereto from the Developer, the purchaser becomes a Class A Member of the Association and the membership of the Developer with respect to that lot shall cease.

Section 3. Suspension of Membership. The rights of membership are subject to the payment of annual and special assessments levied by the Association. The obligation for payment of assessments is imposed upon each owner. The obligation for payment of assessments, of all owners subject to the Declaration's assessments, (or the assessment of any supplement thereto) becomes a lien upon the lot against which such assessments are made as provided by Article V of the Declaration. If a member fails to make payment of any annual or special assessment levied by the Association within thirty (30) days after same shall become due and payable, the voting rights of such member and such member's right to use of the Association's facilities may be suspended by the Board of Directors until such assessment has been made. Such rights of a member may also be suspended after notice and hearing, for violation of any rules and regulations established by the Board of Directors governing the use of common areas.

ARTICLE V

Assessments

The obligations with respect to Assessments are governed by Article V of the Declaration, as the same may be amended from time to time.

ARTICLE VI

Meetings

Section 1. Annual Meetings. The annual meeting of Members for the election of directors, the presentation of the annual financial report of the Association and for the transaction of such other business as the Board of Directors may determine, shall be held at the principal office of the Association on the first Tuesday in April, or at such other time and place as may be fixed by the Board of Directors, but in no event later than June

30.

Section 2. Special Meetings. Special meetings of Members of all dwelling units in the development (or any one of them) for any purpose may be called at any time by (1) the President of the Association, or (11) any two (2) directors of the Association, and (111) shall be called by the written request of Members of the Association entitled to cast one-third of all votes of the entire Membership or who are entitled to cast one-third of all votes of the Class A Membership. Special meetings shall be held solely for such purpose or purposes as are set forth in the notice or waiver of notice of the meeting.

Section 3. Special Meetings for the Election of Directors.

(a) If for a period of one (1) month after the date fixed herein for the annual meeting of Members, there is a failure of the Members of any one dwelling unit to elect a director, the Board of Directors shall call a special meeting of the Members of that dwelling unit for the election of a director or directors. If such special meeting is not called by the Board within two (2) weeks after the expiration of such period or if it is called but there is a failure to elect such directors for a period of two months after the expiration of such period, Members entitled to cast ten (10%) percent of the total number of votes entitled to be cast in an election of directors may, in writing, demand the call of a special meeting for the election of directors specifying the date and month thereof, which shall not be less than two (2) nor more than four (4) weeks from the date of such written demand. The Secretary of the Association upon receiving the written demand shall promptly give notice of such meeting, or, if he fails to do so within five (5) business days thereafter, any Member signing such demand may give such notice. The meeting shall be held at the principal office of the Association or at such other place as may be fixed in the notice of meeting.

(b) At any such special meeting called on the demand of Members, notwithstanding the provisions of these By-Laws, members attending, in person or by proxy, and entitled to vote in an election of directors shall constitute a quorum for the purpose of electing directors, but not for the transaction of any other business.

Section 4. Notice and Waiver of Notice of Annual and Special Meetings. Notice of the time, place and purpose or purposes of every meeting of the Members shall be served (except as provided in Section 3, Article VI of these By-Laws), either personally or by mail, not less than ten (10) nor more than fifty (50) days before the meeting, upon each person who appears upon

the books of the Association as a Member or if mailed, such notice shall be directed to the Member at his address as it appears on the books of the Association, unless he shall have filed with the Secretary of the Association a written request that notices intended for him be mailed to some other address, in which case it shall be mailed to the address designated in such request. The notice provided for herein is not indispensable and any meeting of Members shall be deemed validly called for all purposes if all members are represented thereat in person or by proxy, or if a quorum is present and waivers of notice of the time, place, and purpose of such meeting shall be duly executed in writing either before or after said meeting by those members not so represented or not given such notice. The attendance of any Member at a meeting in person or by proxy, without protesting prior to the conclusion of the meeting the lack of notice of such meeting, shall constitute a waiver of notice by him.

Section 5. Quorum. At any meeting of Members the presence in person or by proxy of fifty (50%) percent of Members entitled to vote thereat shall be necessary to constitute a quorum for the transaction of business, except as otherwise expressly provided by law, by the Articles of Incorporation of the Association, the Declaration, or elsewhere in these By-Laws. In the absence of a quorum, or when a quorum is present, a meeting may be adjourned from time to time by a vote of a majority of Members entitled to vote present in person or by proxy, without notice other than by announcement at the meeting and without further notice to any absent Member. After reconvening an adjourned meeting at which a quorum had been present, any business may be transacted which might have been transacted at the meeting as originally scheduled.

Section 6. Voting.

If a quorum is present the affirmative vote of a majority of Members represented at the meeting shall be the act of all members, unless the act of a greater number is expressly required by law or by the Articles of Incorporation of the Association, the Declaration, or elsewhere in these By-Laws. Any Member may vote either in person or by proxy appointed by an instrument executed in writing by such Member or his duly authorized attorney-in-fact and delivered to the Secretary of the meeting. No proxy shall be valid after the expiration of eleven months from the date of its execution unless the Member executing it shall have specified therein its duration. Every proxy shall be revocable at the pleasure of the person executing it, or his personal representatives or assigns. Upon direction of the presiding officer or upon demand of a Member, the vote upon any business before a meeting shall be by ballot, but otherwise any such vote need not be by ballot.

Section 7. Action Without a Meeting. Whenever Members are required or permitted to take any action by vote, such action may be taken without a meeting on written consent setting forth the action so taken, signed by all Members entitled to vote thereon.

Section 8. Inspectors of Election. The Board of Directors in advance of any meeting of Members may appoint one or more inspectors of election to act at the meeting or any adjournment thereof. If inspectors are not so appointed, the person presiding at a Members' meeting may, and on the request of any Member entitled to vote thereat shall, appoint one or more inspectors. In case any person appointed as inspector fails to appear or act, the vacancy may be filled by the Board in advance of the meeting or at the meeting by the person presiding thereat. Each inspector, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of his ability, and the oath so taken shall be signed by the inspector before the person presiding at the meeting and shall be filed with the Secretary of the Association. No director, or candidate for director at a meeting, one of the purposes of which is to elect directors, shall act as inspector thereat.

ARTICLE VII

Board of Directors

Section 1. Management of the Affairs of the Association. The management of the affairs of the Association shall be vested in a Board of Directors which may exercise all such powers of the Association and do all such lawful acts and things as are not by statute or by the Articles of Incorporation By-Laws directed or required to be exercised or done by the members.

Section 2. Election of Directors. The Board of Directors shall consist of not less than three (3) nor more than nine (9) directors and the number of persons constituting the whole Board of Directors shall be fixed from time to time by resolution of the Board of Directors. The initial Board of Directors shall consist of three (3) directors with one director being elected from each dwelling unit. Directors shall be a least twenty-one years of age and must be members of the Association or the spouse or adult child of a Member of the Association. Except as otherwise provided by law or in these By-Laws, the directors shall be elected at each annual meeting of Members by a plurality of votes cast.

Section 3. Vacancies. Vacancies in the Board of Directors resulting from death, resignation or removal may be filled without notice to any Members by a vote of a majority of the remaining directors present at the meeting at which such election is held, even though a quorum is not present, which election may be held at any regular meeting of the Board of Directors or any special meeting thereof called for such purpose. A director elected to fill a newly created directorship shall serve in office during the unexpired portion of the term of his predecessor and until his successor is elected and qualified.

Section 4. Nomination of Directors. Not later than four (4) weeks prior to the date set for each annual meeting of Members, the President of the Association shall appoint a committee of members consisting of three (3) Members to nominate candidates for election as directors at the annual meeting. The recommendations of the nominating committee, together with a brief description of each candidate, shall be transmitted to the membership at the same time the notice of annual meeting of Members is distributed. Additional nominations may be made from the floor by any member at the annual meeting.

Section 5. Meetings. Meetings of the Board of Directors, regular or special, shall be held in the State of North Carolina. The first meeting of the Board of Directors following the annual meeting of Members shall be held not later than one (1) week after the annual meeting of Members. Thereafter, regular meetings of the Board of Directors shall be held not less than annually. Meetings may be held upon such notice, or without notice, and at such time and place, as shall be determined by the Board. Special meetings of the Board of Directors may be called by the President, at such time and place as he shall determine, on five (5) days notice to each director, either personally or by mail or by telegram; special meetings shall be called by the President or Secretary in like manner and on like notice on the written request of three (3) directors. Notice of a meeting need not be given to any director who submits a signed waiver of notice whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting, except where otherwise required by law or by these By-Laws. A majority of the entire Board of Directors shall constitute a quorum for the transaction of business except as otherwise expressly provided by law or by the Articles of Incorporation of the Association, or by the Declaration or elsewhere in these By-Laws. The act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a

greater number is required by law or by the Certificate of Incorporation of the Association, or by the Declaration or elsewhere in these By-Laws. If a quorum shall not be present at any meeting of directors, the directors present may adjourn the meeting from time to time, without notice or other than announcement at the meeting, until a quorum shall be present. At all meetings of the Board of Directors, each director shall be entitled to one vote.

Section 6. Resignation and Removal. Any director may resign at any time by written notice delivered or sent by certified or registered mail, return receipt requested to the President or Secretary of the Association. Such resignation shall take effect at the time specified therein, and, unless specifically requested, acceptance of such resignation shall not be necessary to make it effective.

Any director may be removed from office with or without cause by members of the Association at a meeting duly called for that purpose or with cause by the Board.

Section 7. Compensation. No salary or other compensation for services shall be paid to any director of the Association for services rendered as such director, but this shall not preclude any director from performing any other service for the Association and receiving compensation therefor.

Section 8. Executive Committee. The Board of Directors may, by resolution adopted by a majority of the entire Board, appoint from among its members an Executive Committee consisting of three (3) or more persons, which shall have and may exercise during the intervals between the meetings of the Board all powers vested in the Board, with the exceptions of those forbidden by law. The Board may at any time change the members of and fill vacancies in the Executive Committee. The Executive shall report same to the Board of Directors when required. The Executive Committee may make rules for the conduct of its business and may appoint any sub-committees and assistants it considers necessary. A majority of the members of the Executive Committee shall constitute a quorum of the transaction of business.

Section 9. Other Committees. From time to time the Board of Directors may appoint, from among the directors, Members, and other persons, other committees for any purpose or purposes with such powers as are conferred by the resolution of appointment and as are permitted by law. The President of the Association shall be an ex-officio member of all committees so appointed.

Section 10. Annual Report. The Board of Directors shall present at the annual meeting of Members a report of the

financial and other affairs of the Association during the preceding year. The Board of Directors shall provide all Members, at the expense of the Association and within four (4) months of the end of year, a copy of an annual audited financial statement of the Association prepared by an independent certified public accountant.

ARTICLE VIII

Officers

Section 1. Election. The Board of Directors, at its first meeting after the annual meeting of Members, shall elect from their number a President and Vice President, and shall elect a Secretary and Treasurer, each officer to hold office until the meeting of the Board of Directors following the next annual meeting of Members and until their successors are elected and qualified. The Board may from time to time appoint such other officers as it considers desirable to hold office at the pleasure of the Board. Any two of such offices, except those of President and Secretary, may be held by the same person.

Section 2. Assistants. The Board of Directors may at any time or from time to time appoint one or more Assistant Secretaries and one or more Assistant Treasurers to hold office at the pleasure of the Board. Such assistants, if any, in order of their seniority or in any other order determined by the Board of Directors shall, in the absence or disability of the Secretary or Treasurer, as the case may be, perform the duties and exercise the powers of the Secretary or Treasurer, as the case may be, and shall perform such other duties as the Board of Directors or the Secretary or Treasurer, as the case may be, shall prescribe.

Section 3. Qualifications: Removal and Vacancies. Officers need not be Members of the Association. Any officer elected or appointed by the Board of Directors pursuant to the provisions of Sections 1 and 2 of this Article VIII may be removed by the Board of Directors at any time, with or without cause. Vacancies occurring in any office may be filled by the Board of Directors at any time.

Section 4. Duties of President and Vice President. The President shall be the chief executive and operating officer of the Association and shall preside at all meetings of the Members and of the Board of Directors. The President or the Vice President may sign the name of the Association on all certificates and contracts and other instruments which are authorized from time to time by the Board of Directors. The President, subject to the control of the Board of Directors, shall have general management of the affairs of the Association

and perform all the duties incidental to the office. If the President is absent from the State of North Carolina or is unable to act, the Vice President shall have the powers and perform the duties of the President.

Section 5. Duties of Treasurer. Subject to the control of the Board of Directors, the Treasurer shall have the care and custody of all funds and securities of the Association, and all books and records relating thereto and shall deposit such funds in the name of the Association in such bank or trust companies as the Board of Directors may determine, and he shall perform all other duties incidental to this office. If so required by the Board of Directors, he shall, before receiving any such funds, furnish to the Association a bond with a surety company as surety, in such form and amount as the Board of Directors from time to time shall determine. The premium upon such bond shall be paid by the Association. The duty of the Treasurer to maintain accounts for funds may be delegated to the management firm by contract and in such event, the management firm, not the Treasurer, must be bonded in an amount and form approved by the Board but at the expense of the Association.

Section 6. Duties of Secretary. The Secretary shall keep the minutes of the meetings of the Board of Directors and of the meetings of the Members. He shall attend to the giving and serving of all notices of the Association, and shall be empowered to affix the corporate seal to all written instruments authorized by the Board of Directors of these By-Laws. He shall also perform all other duties incidental to his office. He shall cause to be kept a record book containing the names, alphabetically arranged, and addresses, of all Members and the date they became such.

Section 7. Compensations. No salary or other compensations for services shall be paid to any officer of the Association for services rendered as such officer, but this shall not preclude an officer of the Association from performing any other service for the Association and receiving compensation therefor.

ARTICLE IX

Financial Matters

Section 1. Depositories. Unless delegated to the management firm the Board of Directors shall select such depositories as it considers proper for the funds of the Association. All checks and drafts against such deposited funds shall be signed and countersigned by person specified.

Section 2. Contracts. The Board of Directors may authorize

any officer or officers, agent or agents, in addition to those specified in these By-Laws, to enter into any contract of execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances. Unless so authorized by the Board of Directors, no officer, agent or employee shall have any power or authority to bind the Association by any contract or engagement or to pledge its credit or render it liable for any purpose or to any amount.

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

ARTICLE X

Indemnification of Directors, Officers and Employees

Section 1. Right to Indemnification. Any person made a party to any action, suit or proceeding by or in the right of the Association to procure a judgment in its favor by reason of the fact that he, his testator or intestate, is or was a director or officer of the Association, shall be indemnified by this Association, to the extent permitted and in the manner provided by law, against the reasonable expenses, including attorney's fees, actually and necessarily incurred by him in connection with an appeal therein, except in relation to matters as to which such director or officer is adjudged to have breached his duty to the Association under the laws of the State of North Carolina, but such indemnification shall in no case include:

(1) Amounts paid in settling or otherwise disposing of a threatened action, suit or proceeding, or a pending action, suit or proceeding, with or without court approval, or

(2) Expenses incurred in defending a threatened action, suit or proceeding, or a pending action, suit or proceeding, which is settled or otherwise disposed of without court approval.

Any person, made, or threatened to be made, a party to an action, suit or proceeding other than one by or in the right of the Association to procure a judgment in its favor, whether civil or criminal, including an action, suit or proceeding by or in the right of any other corporation of any type or kind, domestic or foreign, which any director or officer of the Association served in any capacity at the request of the Association, or served such other corporation in any capacity, shall be indemnified by this Association against judgments, fines, amounts paid in settlement and reasonable expenses, including attorneys' fees actually and necessarily incurred as a result of such action, suit or

proceeding, or any appeal therein, if such director or officer acted, in good faith, for the purpose which he reasonably believed to be in the best interests of the Association and in criminal actions or proceedings, in addition, had no reasonable cause to believe that his conduct was unlawful. The termination of any such civil or criminal action, suit or proceeding by judgment, settlement, convictions or upon a plea of nolo contendere, or its equivalent, shall not in itself create a presumption that any such director or officer did not act in good faith, for a purpose which he reasonably believed to be in the best interest of the Association, or that he had reasonable cause to believe that his conduct was unlawful.

Section 2. Other Rights. Payment. Any such right of indemnification as set forth in Section 1 of Article X of these By-Laws shall not be deemed exclusive or any other rights to which any such director or officer may be lawfully entitled apart from the provisions of laws of the State of North Carolina. Any amount payable by reason of indemnity under this Article shall be determined and paid in accordance with the laws of the State of North Carolina or in any other lawful manner.

ARTICLE XI

Dissolution

In the event the Association is dissolved in accordance with the provisions of the Association's Articles of Incorporation and the assets, both real and personal, of the Association are dedicated to a governmental authority, the covenants and restrictions contained in the Declaration, other than those applying to assessments, shall remain in full force and effect. It shall be a requirement of the Association, prior to its dissolution, to establish an appropriate authority or corporation for enforcing said covenants and restrictions.

In the event that such dedication to a governmental authority is refused acceptance, such assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust or other organization to be devoted to purposes as nearly as practicable the same as those to which they were required to be devoted by the Association. In such event the covenants and restrictions contained in the Declaration, including those applying to assessments, shall remain in full force and effect. No such disposition of the Corporation's properties shall be effective to divest or diminish any right or title or any member vested in him under the Declaration and deed applicable to his property unless made in accordance with the provisions of the Declaration and deed.

SEA DUNES

ARTICLE XIII

Construction

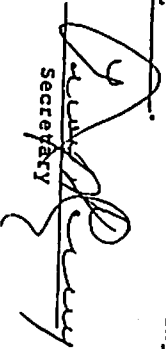
In the case of any conflict between the Articles of Incorporation or the Association and these By-Laws, the Articles of Incorporation of the Association shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

ARTICLE XIII

Amendments

These By-Laws may be amended or repealed in conformity with the Articles of Incorporation of the Association and the Declaration by the affirmative vote of two-thirds of the Directors present at any meeting of the Board of Directors and by the affirmative vote of a majority of the membership entitled to vote for the election of directors, provided, however, that no such amendment or repeal adopted by the Board of Directors shall become effective until thirty (30) days after notice thereof shall have been transmitted to the Members of the Association. The notice of any meeting of Members and the Board of Directors at which such action shall be considered shall contain a notice of the proposed amendment, or repeal. Any by-law adopted by the Board of Directors may be amended or repealed by the Members, and Association, an amendment of these By-Laws adopted by the Members, may be amended or repealed by the Board.

I certify the foregoing to be the By-Laws of Sea Dunes Homeowners Association, Inc., as adopted at the first meeting of the Directors on April 18 1984.


Secretary

DECLARATION

OF

COVENANTS

AND

RESTRICTIONS

DK 304 PC 0972

PREPARED BY AND RETURN TO:
JOHN C. GAW, JR.
P. O. BOX 1895
MILL DEVIL HILLS, NC 27848

DK 304 PC 0973

NORTH CAROLINA

SEA DUNES

DARE

DECLARATION OF COVENANTS AND RESTRICTIONS

Whereas, R. Guy Mayo, Jr., is the fee simple owner of that certain tract or parcel of land located in Atlantic Township, Dare County, North Carolina and more particularly described as follows:

Beginning at a concrete monument located in and on the eastern right of way or margin of U.S. 158 Bypass, said concrete monument having North Carolina grid coordinates X = 2,977,481.642 Y = 858,549.573, said concrete monument also marking the southwest corner of property now or formerly owned as R. V.'s Restaurant property; thence running north 37 deg. 28 min. 12 sec. east 846.29 feet to a concrete monument in and on the western right of way or margin of U.S. 158 Bypass and a corner; thence turning and running along and with said western right of way or margin of U.S. Highway 158 Bypass south 30 deg. 26 min. 40 sec. east 123.00 feet to an iron pin and a corner; thence turning and running south 43 deg. 00 min. 00 sec. west 252.95 feet to an iron pin; thence turning and running south 30 deg. 26 min. 40 sec. east 274.00 feet to an iron pin and a corner; thence turning and running south 59 deg. 33 min. 20 sec. west 197.40 feet to an iron pin and a corner; thence turning and running north 33 deg. 26 min. 40 sec. west 132.46 feet to an iron pin; thence running north 59 deg. 00 sec. 94.51 feet to an iron pin and a corner; thence turning running south 37 deg. 28 min. 12 sec. west 25.31 feet to an iron pin; thence following along and with a curve in the eastern right of way or margin of Perry Street having a radius of 81.713 feet and an arc of 66 deg. 58 min. 50 sec. to an iron pin; thence running along and with said right of way or margin south 29 deg. 30 min. 30 sec. east 15.69 feet to an iron pin and a corner; thence turning and crossing Perry Street south 60 deg. 29 min. 22 sec. west 225.48 feet to the western right of way or margin of U.S. 158 Bypass and a corner; thence turning and running along with said western right of way or margin of U.S. 158 Bypass north 29 deg. 30 min. 38 sec. west 60.87 feet to a concrete monument and the point of beginning.

RECORDED IN PLAT BOOK 274 PAGE 189
JUL 23 1984
COUNTY OF DARE
REGISTERED

Whereas, said tract or parcel of land is shown on that certain plat titled Sea Dunes, Phase I, dated July 23, 1984, by Stroud Land Surveying, Co., and recorded in Plat Cabinet B, Slide 274, in the office of the Register of Deeds of Dare County, North Carolina, and has platted thereon lots (hereinafter defined), together with the Common Areas (hereinafter defined) for the use and benefit of the Owners (hereinafter defined) and their guests;

Whereas, the undersigned desires to provide for the preservation of the values and amenities in the Development (hereinafter defined) and for the maintenance of said Common Areas (including utilities and amenities) and, to this end, desires to subject the real property described herein to the covenants, restrictions, easements, charges and liens hereinafter set forth, each and all of which are for the benefit of the said tract or parcel of land and each Owner; and

Whereas, the undersigned, has deemed it desirable for the efficient preservation of the values and amenities in the Development, that there be an entity to which will be delegated and assigned the powers of maintaining and administering the Common Area and improvements thereon, administering and enforcing the covenants and restrictions, and levying, collecting and disbursing the assessments and charges hereinafter permitted and described; and

Whereas, there has been incorporated under the laws of the State of North Carolina, as a nonprofit corporation, The Sea Dunes Homeowners Association, Inc., for the purpose of exercising the aforesaid functions:

Whereas, Sea Dunes has joined in the execution of this instrument for the purpose of evidencing its consent to the scheme and plan of development herein.

NOW, THEREFORE, R. Guy Mayo, Jr., individually as the fee simple owner of the land herein described, declares that the real property described herein and shown on that certain plat titled "Sea Dunes, Phase I, Kitty Hawk, Atlantic Township, Dare County, North Carolina," dated July 23, 1984, and recorded in Plat Cabinet B, Slide 274, Dare County registry, described herein above, is to be held, transferred, sold, conveyed and occupied subject to the covenants, restrictions, easements, charges and liens (sometimes referred to as "Covenants and Restrictions") hereinafter set forth which shall run with the land.

ARTICLE I

Definitions

The following words when used in this Declaration or any supplemental Declaration (unless the context shall otherwise require) shall have the following meaning:

(a) The "Association" shall mean The Sea Dunes Homeowners Association, Inc., its successors and assigns.

(b) The "Development" shall mean the real property described herein and shown on that certain plat titled "Sea Dunes, Phase 1, Kitty Hawk, Atlantic Township, Dare County, North Carolina," dated July 23, 1984, and recorded in Plat Cabinet B, Slide 274, Dare County Register, together with all buildings and improvements thereon, as well as such additional real property (subsequent phases), buildings and improvements which the Developer may, from time to time and in its discretion, subject to this Declaration of Covenants and Restrictions.

(c) The "Common Areas" shall mean all those areas of land except lots (herein defined), including the improvements and facilities (including utilities) being constructed thereon, owned by the Association and described herein and on that certain plat titled "Sea Dunes, Phase 1, Kitty Hawk, Atlantic Township, Dare County, North Carolina," dated July 23, 1984, and recorded in Plat Cabinet B, Slide 274, Dare County Register, together with buildings and improvements thereon, as well as such additional real property (subsequent phases), buildings and improvements which the Developer may, from time to time and in its discretion, subject to this Declaration of Covenants and Restrictions, as well as like areas designated and shown on plats of subsequent phases of the Development filed with the Dare County Register of Deeds and which have been subjected to this Declaration of Covenants and Restrictions and any amendments thereto. Said areas are intended to be devoted to the common use and enjoyment of the members of the Association (hereinafter defined), and are not dedicated for use by the general public.

(d) "Lot" shall mean any lot and dwelling unit or improvements located on said lot in the Development that shall not include the Common Areas.

(e) "Owner" shall mean the record owner, whether one or more persons or entities, of the fee simple title to the lot, but shall not mean or refer to any mortgagee or subsequent holder of a mortgage, unless and until such mortgagee or holder has acquired title pursuant to foreclosure or any proceeding in lieu of foreclosure.

(f) The "Developer" shall mean Sea Dunes, its successors and assigns and R. Guy Mayo, Jr., individually.

(g) "Member" shall mean and refer to all those Owners who are members of the Association as provided in Article II, Section 1 hereof, including those owners of lots in subsequent phases, if any, in the Development.

ARTICLE II

Membership and Voting Rights in the Association

Section 1. Membership. Every person who is an Owner of any lot which is subject to this Declaration's assessment (or the assessment of any supplement thereto) by the Association shall be a member of the Association.

Section 2. Voting Rights. The Association shall have two classes of voting membership.

Class A. Class A Member shall be all Owners except the Developer. Each Class A Member shall be entitled to one vote in the Association for each lot in which he holds the interest required for membership by Section 1 of this Article II.

Class B. The Class B Member shall be the Developer, its successors and assigns. The Class B Member shall be entitled to five votes in the Association for each unsold lot in each phase submitted to this declaration, provided that upon the happening of either of the following events, whichever first occurs, the Class B Membership in the Association shall cease and be converted to Class A Membership: (a) when the total votes outstanding in the Class A Membership in the Association equals 60 or (b) on December 31, 1987.

When a purchaser of a lot takes title thereto from the Developer, the purchaser becomes a Class A Member of the Association and the membership of the Developer with respect to

that lot shall cease.

ARTICLE III

Property Rights and Common Areas

Section 1. Member's Easements of Enjoyment. Subject to the provisions of section 3 of this Article III, every Member of the Association shall have a right and easement of enjoyment in and to the Common Areas and improvements and such easement shall be appurtenant to and shall pass with the title to every lot.

Section 2. Title to Common Areas. The Developer hereby covenants for itself, its successors and assigns, that prior to December 31, 1987, it will convey by non-warranty deed to the Association its interest and title to the Common Areas and improvements thereon, free and clear of all covenants, restrictions, easements, encumbrances and liens except covenants, restrictions, easements, encumbrances and liens created by or pursuant to this Declaration, (including 1984 ad valorem taxes and the lien of the Deeds of Trust recorded in Book 365, page 478 and Deed Book 373, page 849 in the Dare County Registry to John S. Moore II, trustee for United Carolina Bank.)

Section 3. Dunes Building and Utility Easements. There is hereby conveyed and the Owner does hereby declare, publish, give, grant and convey to the lot and dwelling unit owners, their heirs, successors and assigns, subject to the conditions set forth herein, a perpetual light and easement to construct, or erect, build, repair and maintain dwelling units or portions thereof across and outside of the lot lines as shown on the Sea Dunes recorded plats and upon the common areas of the association, as well as an easement for any utilities and cable T.V. necessary for the use and enjoyment of said dwelling units built or to be built on the aforesaid lots. The rights and easements shall be appurtenant to the lot for which it is necessary and shall extend a distance of three (3) feet in all directions from the original building foundation which supports the exterior load bearing walls (excluding foundations of porches, decks, stoops, stairways, walkways, and overhanging or cantilevered decks or porches), but in no event shall said easements cross over the lot line of any other lot on said plat

and some portion of the foundation of the dwelling unit shall lie within the boundary and upon some portion of the lot as shown and delineated on the applicable recorded plat of Sea Dunes (it being the intention of the parties hereto that a portion of the building as constructed shall be within the boundaries and upon one of the lots as shown on the aforementioned plat). The easement and rights shall be appurtenant to and run with each of the aforesaid lots.

Section 4. Easements - Septic and Drainfield.

(a) The Developer reserves unto itself, its successors and assigns and grants and conveys to each lot owner, and said owners, heirs, successors and assigns a septic system and drainfield easement for the maintenance, repair, and replacement of the septic tank system and drainfield for each dwelling now or subsequently constructed in the Sea Dunes, Phase 1 Development. The septic system easement (including drainfield) shall be on, upon and beneath the surface area of the land. At the completion of any land disturbing activity necessary to replace or repair a portion of the entire septic system and/or drainfield, the disturbed surface of the land shall be restored to essentially the same condition as prior to the land disturbing activity.

The lot owners shall have the duty and obligation to maintain, repair and replace (if necessary) the septic system and drainfield which is used by their lot and dwelling. In the event a septic system and drainfield are jointly used, the cost of repairing, maintaining and replacing said septic system and drainfield shall be shared proportionately and equally among the joint owners.

In the event a septic system and/or drainfield fails and the owner or owners do not repair or replace the system as provided herein, then the Homeowner's Association, after giving the owner(s) seven (7) days written notice, may employ a firm or individual necessary to correct the failure, including replacing the system and/or drainfield, and such firm or employee shall have the same right to effect the work, repair, or replace the system as that of the lot owner. The cost shall be assessed by the Homeowner's Association against the lot(s) and dwellings and

owner(s) as a separate charge. The lot owner(s) shall pay the separate charge within 30 days after receiving notice of the amount due and lot owners' failure to pay such sum when due shall subject the owners' lot(s) to a lien for the unpaid amount. The lien shall be enforced as provided in this Declaration of Covenants for the enforcement of liens.

Section 5. Extent of Members' Easements. The rights and easements granted Members hereby shall be subject to the following:

(a) The rights of the Association, in accordance with its Articles of Incorporation and Bylaws, to borrow money for the purpose of improving the Common Areas and in aid thereof, to mortgage or otherwise secure such borrowings by creating a lien or other security interest in said Common Areas and right of any mortgagee of said property or others holding a security interest created for the purpose aforesaid shall be superior to the rights of the Owners hereunder;

(b) The right of the Association to take such steps as are reasonably necessary or desirable to protect the Common Areas against foreclosure;

(c) The right of the Association to suspend the enjoyment rights of any Member to the Common Areas for any period during which any assessment remains unpaid or for any infraction of any rules and regulations;

(d) The right of the Association to charge reasonable admission and other fees for the use of the Common Areas or any portions thereof;

(e) The right of the Association to dedicate or transfer all or any part of the Common Areas to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Members, provided that no such dedication, transfer or determination as to the purposes or as to the conditions thereof shall be effective unless an instrument, signed by members entitled to cast two-thirds of the votes of the Class B Membership, if any, has been recorded, and unless written notice of the action is sent to every Member not less than 10 nor more than 50 days in advance of any action

taken; and

(f) The right of the Developer, unilaterally and/or in conjunction with the Association, to grant and reserve easements and rights of way through, under, over, and across the Common Areas, for the installation, maintenance and inspection of the lines and appurtenances for public or private water, sewer, drainage, fuel oil, cablevision and other utilities and services, and the right of Developer to grant and reserve easements and rights of way through, over, upon and across the Common Areas for the completion of Developer's work in connection with the construction of improvements in the Common Areas and for the completion of Developer's work and for the operation and maintenance of the Common Areas.

(g) The right of the Developer, unilaterally, to dedicate the roads and streets in the Development to public use.

(h) The right of the Developer to unilaterally grant and reserve the right and easement of enjoyment in and to the Common Areas to every Owner of a lot located in the Development, which right and easement shall be appurtenant to and shall pass with the title to every lot.

Section 5 added

ARTICLE IV

Completion, Maintenance and Operation of Common Areas and Covenant for Assessments Thereof

Section 1. Completion of Common Areas by the Developer.

(a). Prior to the conveyance of the last lot of the last phase submitted to this Declaration in the Development, the Developer shall construct the amenities and all other improvements (including utilities referred to herein) shown on the aforesaid plat, which improvements shall be located on the Common Areas.

(b). Developer's obligation to complete the construction of said improvements, at the Developer's sole cost and expense, shall survive the conveyance of the Common Areas to the Association.

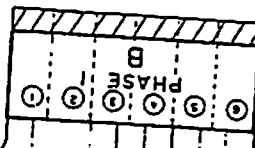
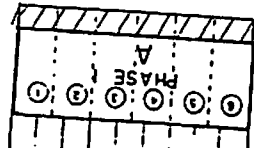
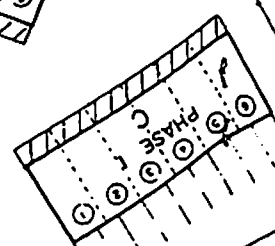
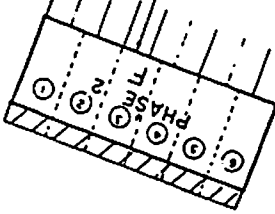
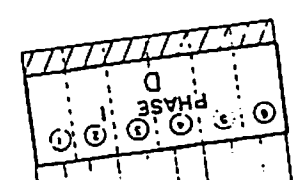
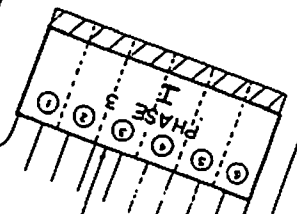
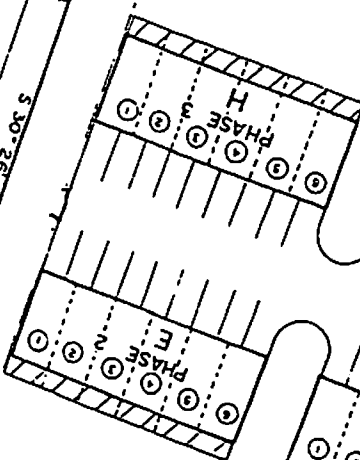
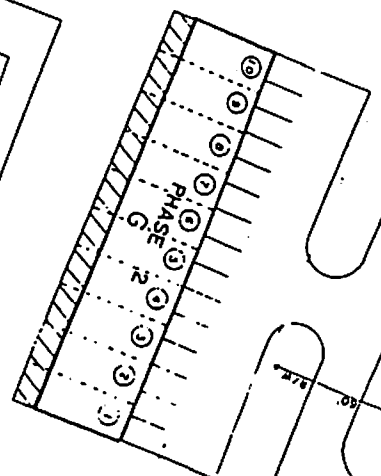
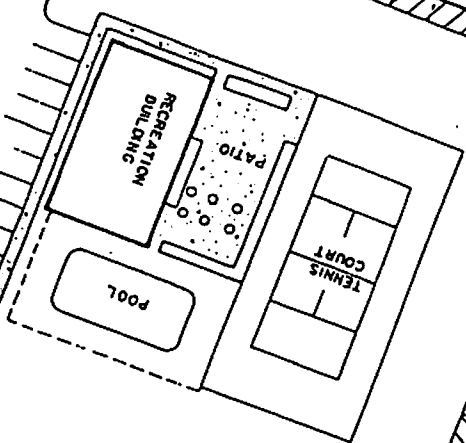
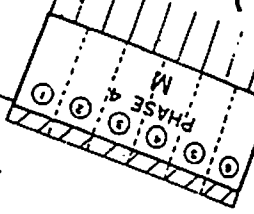
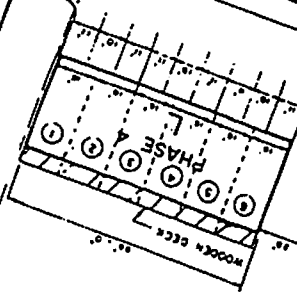
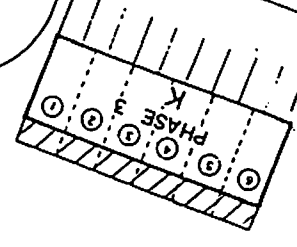
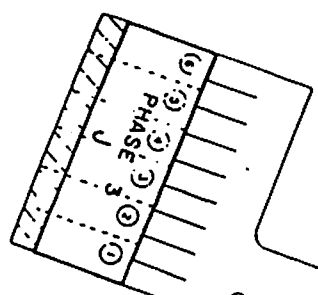
Section 2. Operation and Maintenance of Common Areas.

Commencing on the date of the conveyance of the fifth lot, the Association shall operate and maintain the Common Areas at

539' 48" 34° W - 18E

250.35'

559' 34' 13" W - 200.21'



U.S. 158 BUSINESS

S 30° 26' 40" E - 527.65'

N 30° 26' 40" W - 476.18'

WOODEN W

846.29'

N 37° 28' 12" E

its sole expense.

Section 3. Assessments.

(a) Commencing on the date of conveyance of the first lot in the Development and thereafter, the Developer, for each lot in the Development phase owned by the Developer, hereby covenants and agrees to pay to the Association: (1) annual assessments (maintenance charges) and (2) special assessments for capital improvements, such assessments to be fixed, established and collected from time to time as herein provided.

(b) Each subsequent owner of any lot by acceptance of a deed or other conveyance, shall be deemed to covenant and agree to pay to the Association: (1) annual assessments (maintenance charges), and (2) special assessments for capital improvements, such assessments to be fixed, established, and collected from time to time as herein provided.

(c) The assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the residents in the Development in connection with their use and enjoyment of the Common Areas and improvements, including, but not limited, to, the payment of taxes, insurance premiums and debt service on mortgages, if any, any repair, replacement and addition to the Common Areas, the cost of labor, equipment, materials, management and supervision of the Common Areas, or for creating reserves for such purposes, all of which obligations the Association hereby assumes as of the date of the conveyance of title to the Common Areas by the Developer. The Developer shall have no obligation to operate and maintain the Common Areas after the conveyance of the Common Areas to the Association.

Section 4. Amount and Payment of Annual Assessment. The Association shall from time to time fix the amount of the annual assessment at a sum sufficient to pay the anticipated costs of maintaining and operating the Common Areas and improvements as contemplated by Section 3 (b) of this Article IV and any operating deficits previously sustained. The proportionate share of the aggregate assessments of the Association chargeable to each lot shall be the said aggregate annual assessment divided by

the number of lots owned by Class A and Class B Members. An Owner's annual obligation shall be payable as directed by the Association. The annual assessment due the Association from each Owner of a lot for the year 1984 (and thereafter until changed by the Association) shall be nine hundred sixty dollars and NO/100 (\$960.00).

Section 5. Special Assessments for Capital Improvements.

In addition to the annual assessments authorized by Section 4 of this Article IV, the Association may levy special assessments (which shall be fixed in accordance with the proportions set forth in section 4 of this Article IV) for all lots for the purposes of defraying, in whole or in part, the cost of any construction, reconstruction or replacement of a capital improvement upon the Common Areas, including the necessary fixtures and personal property related thereto, as well as necessary waste water treatment facilities, provided that any such special assessments shall have the assent of two-thirds of the vote of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all Members not less than 10 days nor more than 50 days in advance of the meeting, setting forth the purpose of the meeting. The due date of any specified assessments shall be fixed in the resolution authorizing such assessments.

Section 6. Duties of the Board of Directors. In the

event of any change in the annual assessments as set forth above, the Board of Directors of the Association shall fix the date of commencement and the amount of the assessment against each lot for such assessment period at least 30 days in advance of such date or period and shall, at that time, prepare a roster of the lots and assessments applicable thereto, which shall be maintained by the Association and shall be open to inspection by any Owner.

Written notice of the assessments shall thereupon be sent to every Owner subject thereto.

The Association shall, upon demand at any time, furnish to any Owner liable for said assessment, a certificate in writing, signed by an officer of the Association, setting forth

whether said assessment has been paid. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been made.

Section 7. Nondayment of Assessments: The Personal Obligation of the Owner: The Lien and Remedies of the Association. Every assessment, together with such interest thereon and cost of collection thereof as are hereinafter provided, from the time made and until it is paid, shall constitute and continue as a lien on each lot, and shall also be a personal obligation of the Owner of the lot on the date when such assessment is due and payable, but the personal obligation for assessments made but unpaid shall not thereafter pass to the successors in title of the Owner unless responsibility therefor shall be assumed by them in writing. If any such assessment is not paid within 30 days after the date upon which it is due and payable, such assessment shall bear interest from the date on which it is due and payable at the maximum legal rate of interest allowed by law on judgments.

The Association may bring a legal action against any Owner personally obligated to pay any assessment and/or may enforce or foreclose the lien against the lot in respect of which any assessment, or interest thereon, has not been paid. In that event a judgment shall include interest on the assessment as above-provided and a sum, to be fixed by the Court, to reimburse the Association for all costs, disbursements and expenses (including without limitation, reasonable attorney's fees) incurred by the Association in connection with said action.

Section 8. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any mortgage, deed of trust or other security interest now or hereafter placed upon any lot. Any and all assessments which may become due and payable prior to a sale or transfer of the lot pursuant to a decree of a foreclosure, or by conveyance in lieu of foreclosure shall be paid by the purchaser, except where the purchaser is the holder of the obligation secured by any such mortgage, deed of trust or security interest.

Section 9. Obligation of Owner of Dwelling Unit to Maintain Insurance Coverage and Owner's Duty to Rebuild, Repair, or Restore Damaged Units. Each owner of a Dwelling Unit shall obtain and maintain in force such insurance coverage on his Dwelling Unit as the Board of Directors of the Association may determine or require in sufficient amounts to replace his Dwelling Unit. Each owner of a Dwelling Unit shall furnish to the Board of Directors of the Association such evidence of insurance coverage as the said Board of Directors may from time to time require. In the event an owner fails to maintain such coverage or furnish evidence thereof, the Association may obtain policies providing such coverage and pay the premiums therefor, which premiums shall be chargeable against the owner of a Dwelling Unit failing to maintain such coverage or failing to furnish evidence thereof as aforesaid, which premiums shall constitute and continue as a lien on the Dwelling Unit of any such owner and shall also be a personal obligation of any such owner and be enforced as provided in Article IV, Section 7 hereof.

In the event any unit is or units are partially or wholly destroyed, the owner covenants and agrees to rebuild, repair or restore the units to essentially the same condition and appearance (including using the same or similar materials) as existed prior to the partial or total destruction thereof. The Homeowner's Association shall retain and safely keep a set of plans and specifications for each building within the Development for the use by an owner who is rebuilding, repairing or restoring a partially or wholly destroyed unit.

ARTICLE V

Use of Property

Section 1. FENCE. No fence or fence of any type shall be erected or placed upon said lot except with the prior written approval of Developers.

Section 2. Obstructions. There shall be no obstruction of the Common Areas nor shall anything be stored in the Common Areas without prior consent of the Board of Directors of the Association.

Section 3. **PLANTING.** No Owner, other than the Developer, shall plant or install any trees, bushes, shrubs, or other plantings, or authorize the same to be done, in any Common Areas, without the written approval of the Board of Directors of the Association.

Section 4. **EASEMENTS.**

(a) Perpetual easements in the Development for the installation and maintenance of sewer, water, gas, electrical, telephone, cablevision, drainage facilities, and other utilities or services, for the benefit of the adjoining land owners, the County of Dare or any other municipality having jurisdiction over the development, any municipal, public or private utility company ultimately operating such facilities are reserved to the Developer, its successors and assigns, for the purpose of dedication to such persons or entities.

(b) Easements in general in and over each Dwelling Unit and/or Lot for the installation and maintenance of electric, gas and telephone facilities are reserved to the Developer, its successors and assigns. No building or structure shall be erected within the easement areas occupied by such facilities.

Section 5. **RESIDENTIAL USE.** All Dwelling Units or Lots shall be used for residential purposes only, but this shall not prohibit the owner from renting the unit for residential purposes. No building shall be erected or placed or permitted to remain on any lot other than one single-family dwelling.

Section 6. **SIGNS.** No sign of any kind shall be displayed to the public view on any lot except one sign of not more than five square feet advertising the property for sale or rent or signs used by the Developer to advertise the property during the construction and sale period.

Section 7. **ANIMALS.** No animals, livestock or poultry of any kind, other than household pets, shall be kept on any Dwelling Unit or Lot. No household pets shall be housed outside a Dwelling Unit or permitted to run free.

Section 8. **TRAILERS.** No trailer or temporary structures, such as tents, shacks, garages, barns or other outbuildings, campers, modular or prefabricated structures,

shall be moved onto, maintained, placed, used or permitted to remain on a Dwelling Unit or Lot.

Section 9. **COMMON AREAS.** The Common Areas may be used by an owner and his guests or tenants only as provided by this Declaration, the Bylaws of the Association and/or rules duly promulgated by the Association. No commercial use may be made of any recreational facilities located on the Common Areas and no loud speakers shall be permitted or used. Any outdoor lighting used in connection with recreational facilities shall be extinguished between 10 o'clock p.m. and 7 o'clock a.m. each day.

Section 10. **ARCHITECTURAL REVIEW.** The design, materials, construction and location on each lot of any home, residence, commercial structure or other permitted building or buildings or the alteration or addition thereto, before the beginning of any work thereon, shall be submitted to the Developer and the Sea Dunes Homeowner's Association, Inc., Board of Directors for approval and its approval shall be a condition precedent to the beginning of work on said structure; except however, original construction by the Developer shall not require the approval of the Board of Directors of the Sea Dunes Homeowner's Association, Inc. No owner shall change the exterior color of his unit without the prior written consent and approval of the color selected by the Developer, its successors or assigns, and the Board of Directors of the Association.

Section 11. **ALTERATIONS AND REPAIRS.** Alterations of every nature to a Dwelling Unit or Lot, including, but not limited to, screening porches, installing screen doors, screens, stairs or windows or exterior painting, shall be approved by the Board of Directors of the Association.

Damage to or destruction of any one or all of the Dwelling Units and/or improvements shall be promptly repaired and restored by the Owner using the proceeds of insurance for that purpose as provided in Article IV, Section 9 of this Declaration. All repairs or reconstruction shall be made substantially in accordance with the plans and specifications used for the original structures.

Section 12. Porch Railing. No articles, including, but not limited to, towels, blankets or flags, shall be permitted on porch railings or otherwise attached to a Dwelling Unit.

Section 13. Waste and Rubbish. No lot shall be used or maintained as a dumping ground for rubble. All trash, garbage or other waste shall be kept in sanitary containers and all incinerators or other equipment for the storage or disposal of such materials shall be kept in a clean and sanitary condition.

Section 14. Offensive Activity. No noxious or offensive activity shall be carried on upon any lot nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood.

Section 15. Developer's Assents. Whenever in these restrictions any approval, authority, act or deed is required of the Developer, the same may be taken as done if such approval, authority, act or deed is given or done by an agent authorized to act on behalf of the Developer. Until the Developer files a writing in the Dare County Register of Deeds office to the contrary, Terry J. Dixon or Leroy Cherry shall be agents of the Developer for the purpose of granting approvals, authority, acts and deeds required of the Developer pursuant to these restrictions.

ARTICLE VI

Section 1. Additional Development. The Developer, its successors or assigns, reserves the right to develop neighboring tracts or parcels of land and impose upon the land so developed these covenants and restrictions. The owners of lots and/or units which are a part of subsequent phases of Sea Dunes and upon which this Declaration of Covenants and Restrictions (including any amendments) has been imposed shall become members of the Sea Dunes Homeowner's Association, Inc., with the same rights, benefits, duties and obligations as set forth herein, and contained in the Articles of Incorporation of the Association and the By-Laws of Sea Dunes Home Owner's Association, Inc., with respect to all Common Areas, including all improvements, facilities and amenities thereon, shown on the plat of each phase of Sea Dunes duly recorded in the office of the Registrar of

Deeds of Dare County and provided further that said phase has been subjected to this Declaration of Covenants and Restrictions, as the same may be amended from time to time.

The subsequent phases of Sea Dunes shall become a part of and be included in the Sea Dunes development at such time as the plat of said subsequent phase and an instrument containing a description thereof and which imposes these restrictions and covenants thereon have been filed with the Dare County Register of Deeds. Thereafter, the owners of lots in subsequent phases shall pay the annual assessments declared by the Association for the calendar year in which the owner acquires title, prorated as of the settlement date.

ARTICLE VII
Party Walls

Section 1. General Rules of Law to Apply. The term "party wall", as used herein shall mean and refer to the entire wall, from front to rear, all or a portion of which is used for support or fire wall protection between each adjoining Dwelling Unit situated, or intended to be situated, in the boundary line between adjoining Dwelling Units.

To the extent not inconsistent with the provisions of this Article VI, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions, shall apply to each party wall which is built as part of the original construction of the town houses located in the development and any replacement thereof.

In the event that any portion of any structure, originally constructed by the Developer, including a party wall, shall protrude into an adjoining lot or Dwelling Unit, such structure or party wall shall not be deemed to be an encroachment upon the adjoining lot or Dwelling Unit. Owners shall neither maintain any action for the removal of the party wall or projection nor any action for damages. In the event there is a projection as described in the immediately preceding sentence, it shall be deemed that said Owner have granted perpetual easements to the adjoining owner or owners for continuing maintenance and use of the projection or party wall. The foregoing shall also apply to

any replacements of any structures, or party walls if they are constructed in conformance with the original structure, or party wall constructed by the Developer. These rights and easements shall be appurtenant to the Dwelling Units and/or Lots and shall pass to each owner's successor in title.

Section 2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of the party wall shall be shared equally by the Owners who make use of the wall.

Section 3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any owner who has used the wall may restore it, and if the other owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligence or willful acts or omissions.

Section 4. Damage and Repair. Notwithstanding any other provisions of this Article, an owner who by his negligent or willful act causes the party wall to be damaged, shall bear the whole cost of repairing such damage.

Section 5. Right to Contribution Runs With Land. The right of any owner to contribution from any other owner under this Article shall be appurtenant to the Dwelling Units and/or Lots and shall pass to such owner's successors in title.

Section 6. Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, such dispute shall be settled by arbitration in accordance with Chapter 1, Article 45 of the General Statutes of North Carolina known as the Uniform Arbitration Act.

ARTICLE VIII

General Provisions

Section 1. Duration and Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, or any Owner, their respective heirs, successors and assigns, until December 31, 2014, unless otherwise expressly

limited herein, after which time the said covenants and restrictions shall be automatically extended for successive periods of ten years each unless an instrument signed by the Owners of seventy-five percent of the Lots has been recorded, agreeing to change or terminate the said covenants and restrictions. Provided, however, that no such agreement to change shall be effective unless made and recorded at least six (6) months in advance of the effective date of such change and unless written notice of the proposed agreement is sent to every owner at least ninety (90) days in advance of any action taken.

This Declaration may be amended at any time by an instrument signed by Members holding not less than two-thirds of the votes of all classes of the membership. Any such amendment must be recorded in the office of the Register of Deeds of Dare County to be effective.

Section 2. Notices. Any notice required or permitted to be sent to any Member or owner under the provisions of this Declaration shall be deemed to have been properly sent when mailed first class mail, postage prepaid, to the last known address of the person who appears as Member or Owner on the records of the Association at the time of such mailing.

Section 3. Enforcement. The Association, any Member, or any Owner shall have the right to enforce these covenants and restrictions against any person or persons violating or attempting to violate any covenant or restriction, to restrain violations, to require specific performance and/or recover damages; and against the land to enforce any lien created by these covenants; and failure by the Association or Member or any owner to enforce any covenants or restrictions herein contained shall in no event be deemed a waiver of the right to do so thereafter. The expense of enforcement shall be chargeable to the owner violating these covenants and restrictions and the expense so incurred by the Association shall constitute a lien on such Owner's Dwelling Unit and Lot, collectible in the same manner as assessments hereunder.

Section 4. Dissolution of Association. In the event the

Association is dissolved in accordance with the provisions of the Association's articles of Incorporation and the assets, both real and personal, of the Association are dedicated to a governmental authority having ad valorem taxing powers, the covenants and restrictions contained herein, other than those applying to assessments, shall remain in full force and effect. It shall be an obligation of the Association, prior to said dissolution, to establish an appropriate authority, corporation or other entity for enforcing the liens and restrictions contained herein.

In the event that such dedication to a governmental authority is refused acceptance, such assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust or other organization to be devoted to purposes nearly as practicable the same as those to which they were required to be devoted by the Association. In such event the covenants and restrictions contained in the Declaration, including those applying to assessments, shall remain in full force and effect. No such disposition of the properties if the Association shall be effective to divest or diminish any right or title of any Member vested in him under the Declaration and deed applicable to his property unless made in accordance with the provisions of the Declaration and deed.

Section 5. **Conflicts.** In case of any conflict between this Declaration, as the same may be amended from time to time, and the Articles of Incorporation and the Bylaws of the Association, as they may be amended from time to time, the provisions of this Declaration shall control.

Section 6. **Severability.** Invalidation of any one of these covenants or restrictions by judgement or court order shall in no way affect the validity of any other provisions, which shall remain in full force and effect.

IN WITNESS WHEREOF, the Developer has executed this Declaration of Covenants and Restrictions and adopted as its seal the word "SEAL" appearing at the end of their respective signature lines the day and year first above written and R. Guy Hayo, Jr., has adopted as his seal the word "SEAL" appearing at the end of his signature line.

PREPARED BY AND RETURN TO:
JOHN G. GAY, JR.
P. O. BOX 1005,
KILL DEW HILLS, NC 27540

DECLARATION OF COVENANTS AND RESTRICTIONS
REGISTERED DEEDS
DARE COUNTY, N.C.

WHEREAS, R. Guy Hayo, Jr., is the fee simple owner of that certain tract or parcel of land located in Atlantic Township, Dare County, North Carolina and more particularly described in the Declaration of Covenants and Restrictions of Sea Dunes filed in Book 384, page 972 of the Dare County Public Registry and shown and delineated on that certain plat titled Sea Dunes, Phase 1, dated July 23, 1984, by Stroud Land Surveying, Co., and recorded in Plat Cabinet B, Slide 274, in the office of the Registrar of Deeds of Dare County, North Carolina; and

WHEREAS, said Declaration of Covenants and Restrictions provides that the same may be amended from time to time and at any time by an instrument signed by the members holding not less than two-thirds of the votes of all classes of the membership; and

WHEREAS, the Developer is the holder of all shares of Class B membership and Robert A. Grim and wife, Joyce E. Grim are the holders of the only Class A memberships as of the date hereof; and

WHEREAS, the Developer and owner believe that said Declaration of Covenants and Restrictions should be amended as hereinafter set forth in order to further define, clarify and enhance the common scheme and plan of development of the project as well as enhance the common interests and welfare of the owners of lots and units;

NOW, THEREFORE, R. Guy Hayo, Jr., as the fee simple owner of the land described in the aforesaid Declaration of Covenants and Restrictions and the aforesaid plat of Sea Dunes, Phase 1, declares that the real property described therein and shown on that certain plat titled "Sea Dunes, ~~Phase 1~~ Kitty Hawk, Atlantic Township, Dare County, North Carolina," dated July 23, 1984, and recorded in Plat Cabinet B, Slide 274, Dare County Register, is to be held, transferred, sold, conveyed and occupied

subject to the covenants, restrictions, easements, charges and liens (sometimes referred to as "Covenants and Restrictions") set forth and recorded in Book 384, page 972 of the Dare County Registry as the same are herein amended and modified, and the same shall be referred to together (along with any subsequent amendments thereto) as the "Covenants and Restrictions" of Sea Dunes and the same shall run with the land. Except as herein amended said Covenants recorded in Book 384, page 972 of the Dare County Registry shall remain in full force and effect.

ARTICLE I

Definitions

(d) "Lot" shall mean any lot and dwelling unit or improvements located on said lot in the development that shall not include the Common Areas; and "Lot" shall consist of all of the area within the bold solid lines within the numbered parcels as shown on the plat of Sea Dunes, Phase I (as well as subsequent phases subjected to these Covenants and Restrictions and Amendments), including that area designated on some numbered parcels for parking.

ARTICLE II

Membership and Voting Rights in the Association

Section 1. Limitation on Security Interest in Common Areas. The Association shall have no right to mortgage or encumber by a security interest, any portion of Common Area or Common Area improvement which are necessary for the use and habitation of units or dwellings on lots, which by way of illustration but not limitation, shall include septic tanks and septic system components (drainfields), roads, walkways, and utilities.

ARTICLE III

Property Rights and Common Areas

Section 2. Extend of Member's Easements. The rights and easements granted members hereby shall be subject to the following:

(a) The rights of the Association, in accordance with its Articles of Incorporation and By-Laws, to borrow money for the purpose of improving the Common Areas and in aid thereof, to mortgage or otherwise secure such borrowings by creating a lien or other security interest in such Common Areas (excluding any such areas necessary for the habitation of a unit or units, i.e., septic tank, drainfields, septic lines, roads and utilities within the development) and the right of any mortgagee of said property or others holding a security interest created for the purpose aforesaid shall be superior to the rights of the owners hereunder;

(e) The right of the Association to dedicate or transfer all or any part of the Common Areas to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Members, provided that no such dedication, transfer or determination as to the purposes or as to the conditions thereof shall be effective unless an instrument, signed by members entitled to cast two-thirds of the votes of the Class A Membership, if any, has been recorded, agreeing to such dedication, transfer, purpose or condition, and unless written notice of the action is sent to every Member not less than 10 nor more than 50 days in advance of any action taken; and

ARTICLE IV

Completion, Maintenance and Operation of Common Areas and Covenant for Assessments Therefor

Section 1. Completion of Common Areas By the Developer.

(a) Prior to the conveyance of the last lot of the last phase submitted to this Declaration in the Development, the Developer shall construct the Clubhouse, (including ragueeball court), tennis court and swimming pool, and all other improvements (including utilities referred to herein) shown on the aforesaid plat, which improvements

shall be located on the Common Areas.

Section 2. Obligation of Owner of Dwelling Unit to Maintain Insurance Coverage and Owner's Duty to Rebuild, Repair, or Restore Damaged Units. Upon taking title to a lot and unit in the development, the owner shall have in effect fully paid fire and extended coverage insurance, and the owner shall furnish evidence of the insurance as well as payment of the premium to the Association within ten days of the title transfer date. Thereafter, each owner of a Dwelling Unit shall obtain and maintain in force such insurance coverage on his Dwelling Unit as the Board of Directors of the Association may determine or require in sufficient amounts to replace his Dwelling Unit. Each owner of a Dwelling Unit shall furnish to the Board of Directors of the Association such evidence of insurance coverage as the said Board of Directors may from time to time require. In the event an owner fails to maintain such coverage or furnish evidence thereof, the Association may obtain policies providing such coverage and pay the premiums therefor, which premiums shall be chargeable against the owner of a Dwelling Unit failing to maintain such coverage or failing to furnish evidence thereof as aforesaid, which premiums shall constitute and continue as a lien on the Dwelling Unit of any such owner and shall also be a personal obligation of any such owner and be enforced as provided in Article IV, Section 7 hereof.

In the event any unit is or units are partially or wholly destroyed, the owner covenants and agrees to rebuild, repair or restore the units to essentially the same condition and appearance (including using the same or similar materials) as existed prior to the partial or total destruction thereof. The Homeowner's Association shall retain and safely keep a set of plans and specifications for each building within the development for the use by an owner who is rebuilding, repairing or restoring a partially or wholly destroyed unit.

ARTICLE VII
Party Walls

Section 2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of the party wall shall be shared equally by the Owners who make use of the wall. In the event the Owners who make use of the wall fail or refuse to effect reasonable repair and maintenance of the party wall, or in the event said Owners fail or refuse to repair, rebuild, or restore the party wall after it is partially or wholly destroyed or damaged by any cause whatsoever, then the Association shall have the right, but not obligation, to maintain, repair, restore, or refurbish (or cause the same to be effected) such as to restore the party wall to essentially the same condition and appearance (including using the same or similar materials) as originally existed prior to the partial or total destruction thereof. For this purpose, each Dwelling Unit Owner is deemed to have made an assignment of any insurance proceeds payable to said unit and lot owner because of a claim under the policy then in effect by reason of said partial or whole damage or destruction to said party wall, and any such insurance proceeds paid to the Association shall be used by the Association to pay for the cost of labor and material necessary to maintain, repair, rebuild, or restore said party wall. The cost of repairing, restoring, and reconstructing said damaged party wall, to the extent not satisfied by available insurance proceeds, shall be paid by the lot and Dwelling Unit Owner within seven days of receiving written notification and demand therefore by the Association. In the event the cost of labor and materials is not paid by the Owners who use the party wall within said seven days, then the Association may pay the cost thereof, and said amount paid shall be charged in full to and equally against the Owners (jointly and severally) of the Dwelling Units using the party wall, and said total sum shall constitute and continue as a separate charge and lien on the dwelling units of any such owners and shall also be a personal obligation of any such owner, which may be enforced as provided in Article VI, Section 7 hereof and in any other manner as by law provided.

ARTICLE VIII

General Provisions

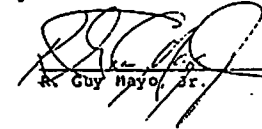
Section 1. Duration and Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, or any Owner, their respective heirs, successors and assigns, until December 31, 2014, unless otherwise expressly limited herein, after which time the said covenants and restrictions shall be automatically extended for successive periods of ten years each unless an instrument signed by the Owners of seventy-five percent of the Lots has been recorded, agreeing to change or terminate the said covenants and restrictions. Provided, however, that no such agreement to change shall be effective unless made and recorded at least six (6) months in advance of the effective date of such change and unless written notice of the proposed agreement is sent to every owner at least ninety (90) days in advance of any action taken.

Except as hereinafter provided, this Declaration may be amended at any time by an instrument signed by Members holding not less than two-thirds of the votes of all classes of the membership. Any such amendment must be recorded in the office of the Register of Deeds of Dare County to be effective.

Any amendment to this declaration which subjects subsequent phases of the development to this declaration and/or its amendments shall not require the signature, approval, or consent of any member or owner. The declaration amendment subjecting subsequent phases of the project to this Declaration of Covenants and Restrictions, as the same may be amended from time to time, may be effected at any time by the Developer and may include rights, duties, obligations, easements, restrictions and covenants which apply solely to and apply only to those Owners of that specific phase or subsequently designated phases, and further provided that the Developer may make no such amendment otherwise changing or effecting the Declaration of Covenants and Restrictions applicable to Phase 1 of Sea Dunes without the written consent of not less than two-thirds of the Class A

Members. All amendments must be recorded in the Office of the Register of Deeds of Dare County to be effective.

IN WITNESS WHEREOF, the Developer-Owner has executed this Amendment to Declaration of Covenants and Restrictions and adopted as his seal the word "SEAL" appearing at the end of his signature line, this the 14 day of November, 1984.

 (SEAL)
R. Guy Mayo, Jr.

STATE OF NORTH CAROLINA
COUNTY OF Pitt

I, a Notary Public of the State and County aforesaid, do hereby certify that on this date personally appeared before me R. Guy Mayo, Jr., who acknowledged the due execution of the foregoing instrument for the purposes therein expressed.

Witness my hand and notarial seal this the 14 day of November, 1984.

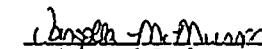
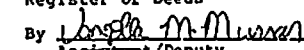



Notary Public

STATE OF NORTH CAROLINA
COUNTY OF DARE

The foregoing certificate of Grover S. Edwards a Notary Public, 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.


Register of Deeds
By 
Assistant/Deputy
Register of Deeds

RECORDED: NOV. 21 1984

NOW THEREFORE, The Sea Dunes Homeowners' Association, Inc. does hereby make known that the following *Amendments* to the *Declaration of Covenants and Restrictions of Sea Dunes* as recorded in Deed Book 384, Page 972, and as amended in Deed Book 385, Page 775; Deed Book 405, Page 928; and Deed Book 533, Page 129; which such declaration and amendments are hereby modified as follows:

Filed Book: 1400 Page: 309 Doc Id: 6090675
03/07/2003 04:30PM Receipt #: 74198
Doc Code: RCMT
BARBARA M GRAY, REGISTER OF DEEDS DARE CO, NC

6090675
Page: 1 of 50
03/07/2003 04

Prepared by:
E. Crouse Gray, Jr.
Return to:
Gray & Lloyd, LLP
3120 N. Croatan Hwy., Ste. 100
Kill Devil Hills, NC 27948
File Number 6289-001

Amendment to
Sea Dunes
Declaration of Covenants and Restrictions

THIS AMENDMENT to *Sea Dunes Declaration of Covenants and Restrictions* entered into this, the 4th day of MARCH, 2003, by The Sea Dunes Homeowners' Association, Inc.

WITNESSETH:

WHEREAS, R. Guy Mayo, Jr. caused to be recorded a *Declaration of Covenants and Restrictions* in Deed Book 384, Page 972, creating Sea Dunes, Phase One; and

WHEREAS, such covenants and restrictions were amended and/or additional properties were added by documents recorded in Deed Book 385, Page 775; Deed Book 405, Page 928; and Deed Book 533, Page 129; Dare County Public Registry; and

WHEREAS, by *Amendment to Sea Dunes Declaration of Covenants and Restrictions* as recorded in Deed Book ____, Page ____, the lot owners in Sea Dunes Town Home project amended their declarations to provide that the provisions of Chapter 47F, the North Carolina Planned Unit Community Act, shall apply to the Sea Dunes Town Home project; and

WHEREAS, the lot owners in Sea Dunes Town Home project believe it is in their best interest to amend their declaration to grant certain rights to the Board of Directors of the Sea Dunes Homeowners' Association, Inc., for authorizing and requiring having certain types of repairs done to the buildings which comprise the Sea Dunes Town Home project;

- 1. Article III, Section 4, Easements - Septic and Drain Field, shall be deleted in its entirety and in its place and stead the following substituted:

Section 4. Easements - Septic and Drain Field.

(a) The Developer reserves unto itself, its successors and assigns and grants and conveys to each lot owner, and said owners, heirs, successors and assigns a septic system and drain field easement for the maintenance, repair, and replacement of the septic tank system and drain field for each dwelling now or subsequently constructed in the Sea Dunes, Phase 1 Development. The septic system easement (including drain field) shall be on, under and beneath the surface area of the land. At the completion of any land disturbing activity necessary to replace or repair a portion of the entire septic system and/or drain field, the disturbed surface of the land shall be restored to essentially the same condition as prior to the land disturbing activity.

The lot owners shall have the duty and obligation to maintain, repair and replace (if necessary) the septic system and drain field which is used by their lot and dwelling. In the event a septic system and drain field are jointly used, the cost of repairing, maintaining and replacing said septic system and drain field shall be shared proportionality and equally among the joint owners.

(b) The Board of Directors of the Association shall have the right, but not the obligation, to replace, maintain, or repair the septic system and/or drain field as is set forth in Article V, Section 11A.

- 2. A new Article IV, Section 5A shall be added to the declaration which shall read as follows:

Section 5A. Limited Repair Assessment. If the Board of Directors determines to replace, maintain, repair, alter, or improve the buildings on a lot or portions thereof, the Board of Directors shall have the right to pay for such repairs from annual assessments to request a special assessment as set forth in Section 5 above, or shall have the right, but not the obligation, to assess each specific lot where the replacement, maintenance, repair or alteration and improvement has been done for their pro rated share for the

actual cost incurred for such replacement, maintenance, repair or alteration and improvement. Any invoicing to a lot owner for their pro rated share shall be deemed to be an assessment which shall be due upon receipt by the lot owner and if not paid shall be subject to the rights, duties and obligations as contained with this Article IV.

3. Article IV, Section 9 shall be amended by adding a new paragraph to the bottom thereof which shall read as follows:

The obligations contained in this Article IV, Section 9 shall apply irrespective of the provisions contained in Article V, Section 11A.

4. A new Article V, Section 11A shall be added which such provision shall provide as follows:

Section 11A. Repairs by Association. Notwithstanding Section 11 above, the Board of Directors of the Association shall have the right, but not the obligation, to contract for and have altered or repaired or replaced the following portions of any building or portion(s) of such building as the Board of Directors shall deem appropriate. The Board of Directors their employees, agents, contractors and subcontractors shall have the right to go upon any such lot or any portion of such lot to repair, maintain, restore or reconstruct the building or any portion of the building. Any such repair, replacement alteration or improvement to a building on a lot or any portion thereof by the Board of Directors of the Association may be billed by the Board of Directors of the Association and paid for either through the funds of the annual assessments and/or through special assessments for capital improvements or may be billed on a pro rated basis to those specific lot owners on a pro rated basis to those lot owners whose lots are actually affected by the replacement, maintenance, repair, alteration and improvement. The choice of how to pay for any such replacement, maintenance, repair, alteration and improvement shall be solely made by the Board of Directors, subject to the provisions of Article IV.

The areas that the Board of Directors shall have the authority of but not the obligation for replacement, maintenance, repair, alteration and improvement of a building on a lot or a portion thereof shall be for the following:

Roofs, siding, painting, septic systems, decks, and where the cost of the repair does not exceed \$100, lattice repair. For lattice repair, the Board of Directors must give written notice to the homeowner that they intend to perform such lattice repair and request the homeowner to perform such repair and if the homeowner refuses to do so, then, and only under those circumstances, can lattice repair be authorized by the Board of Directors.

5. This *Amendment* has been made by an affirmative vote or written agreement signed by owners of lots to which at least sixty-seven percent (67%) of the votes the Association are allocated.

SEA DUNES HOMEOWNERS ASSOCIATION ARTICLES OF INCORPORATION

State of North Carolina



FILED
'84 OCT 25 PM 3 51
Department
of State
DARE COUNTY, N.C.
Secretary of State

To all to whom these presents shall come, Greeting:
I, Thad Eure, Secretary of State of the State of
North Carolina, do hereby certify the following and
hereto attached (4 sheets) to be a true copy of

ARTICLES OF INCORPORATION
OF
SEA DUNES HOMEOWNERS ASSOCIATION, INC.

and the probates thereon, the original of which was
filed in this office on the 12th day of April 19 84,
after having been found to conform to law.

In Witness Whereof, I have herunto set my hand
and affixed my official seal.

Done in Office, at Raleigh, this 12th day
of April in the year of our Lord 19 84.



Thad Eure
Secretary of State

Apr 12 10 49 AM '84

FILED
THAD EURE
SECRETARY OF STATE
NORTH CAROLINA
ARTICLES OF INCORPORATION
OF
SEA DUNES HOMEOWNERS ASSOCIATION, INC.

The undersigned, being of full age, hereby makes and
acknowledges these Articles of Incorporation for the purpose of
forming a non-profit corporation under and by virtue of the laws
of the State of North Carolina, as contained in Chapter 55-A 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 shall be Sea Dunes Homeowners
Association, Inc.

ARTICLE II

The period of duration of the corporation shall be perpetual.

ARTICLE III

The purposes for which the corporation is organized are:

(a) To acquire, construct, maintain and operate common
areas and recreation facilities in a residential development
known as Sea Dunes on land situated in 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 declaration which may
hereafter be made with respect to the development and 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 engage in any lawful act or activity for which
corporations may be organized under Chapter 55A of the General

LAW OFFICE
DINA C. CAVI, JR.
P.O. BOX 1805
CARRINGTON, N.C.

Statutes 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 Section 501(c) of the Internal Revenue Code of 1954 and the regulations thereunder as the same now exist or as they may be hereafter amended from time to time.

ARTICLE IV

The Corporation shall have members as provided by the By-laws.

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 Corporation shall have all the 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 VII

No part of the net earnings of the Corporation shall inure to the benefit of any officer, director or member of the Corporation; and upon dissolution of the Corporation, the assets thereof shall, after all of its liabilities and obligations have been discharged or adequate provision made therefor, be distributed exclusively to any association or associations organized for the purposes similar to those set forth in Article III hereinabove or to charitable, religious, scientific, literary or educational organizations which would then qualify under the provisions of Section 501(c) (3) of the Internal Revenue Code of 1954 and its regulations as they now exist or as may be amended from time to time.

LAW OFFICE
JOHN C. GAW, JR.
P. O. BOX 1895
KILL DEVIL HILLS, N.C.

LAW OFFICE
JOHN C. GAW, JR.
P. O. BOX 1895
KILL DEVIL HILLS, N.C.

ARTICLE VIII

The address of the initial registered office of the Corporation in the State of North Carolina is John G. Gaw, Jr., Law Offices, Seagate North Shopping Center, P. O. Box 1895, Kill Devil Hills, North Carolina; and the name of its initial registered agent at such address is John G. Gaw, Jr. *Wake County*

ARTICLE IX

The number of directors constituting the initial board of directors shall be three (3); 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:

NAME	ADDRESS
Terry J. Dixon	SR 1200, P. O. Box 65 Kitty Hawk, NC 27949
Leroy T. Cherry	105 West Greenville Blvd. Greenville, NC 27834
R. Guy Mayo	105 West Greenville Blvd. Greenville, NC 27834

ARTICLE X

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 payment of all debts and obligations of the Association, shall be 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 XI

The name and address of the incorporator is:

Name	Address
Betty Lou Williams	Seagate North Shopping Center Post Office Box 1895 Kill Devil Hills, N. C. 27948

IN WITNESS WHEREOF, I have hereunto set my hand and seal
this 10th day of April, 1984.

s/s Betty Lou Williams (SEAL)
Betty Lou Williams