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NORTH CAROLINA
COUNTY OF DAREDORRIS A. FRY
REGISTER OF DEEDS
DARE COUNTY, N.C.SUPPLEMENT TO
DECLARATION OF COVENANTS

DECLARANTS:

Joseph A. Stott (Lot 1)
 Frank and Laurene E. Jennings (Lot 2)
 Hatteras Island Club, Inc. (Lot 3 & 4)
 Robert K. and Ann Edwards and Emanuel N. Stevens
 (Lot 5)
 Jeffrey K. and Robin S. Aiken (Lot 6)
 James V. Hoey and Thomas P. Hoey
 (Lots 7, 8, 9, 10)
 John S. Davis, MD Chartered Money Purchase Pension
 Plan and Trust (Lot 11)
 Robert W. and Carolyn Waddell (Lot 12)
 James E. Simmons, IV and Elizabeth Simmons
 (Lot 13)
 William J. Smith (Lot 14)
 John A. Pierce (Lot 15)

DATE:

January 25, 1989

LOTS:

Lots 1 through 15 as shown on the map or plat of
 Hatteras Island Club recorded in Map Book 8 at page
 55, Dare County Registry.

RECITATIONS

The DECLARANTS are owners of the LOTS which are shown on the plat of Hatteras Island Club. The LOTS are linked to NC Highway 12 by a "30' Easement", "Con. Bridge" and "Egress and Ingress Easement" as shown on the plat. These access areas are in poor repair and the DECLARANTS are interested in providing for immediate repairs and future maintenance, all to benefit all of the lots in the subdivision. Other owners may consent to this SUPPLEMENT and thereby bind themselves and their lots at any future time.

The DECLARANTS concurrent with signing of this SUPPLEMENT have caused to be organized a non-profit corporation to be called "Hatteras Island Club Property Owners Association, Inc." (hereinafter "Association") in which all DECLARANTS shall be members. Because of the mutual benefits to be derived from improved and maintained access to the LOTS it is the DECLARANTS' intention that each LOT shall hereafter be encumbered by an assessment which shall be levied and administered by the Association. The assessment shall become a lien against each of the LOTS.

COVENANT

For and inconsideration of the mutual benefits and obligations recited above, and in consideration of the payment of valuable consideration in reliance on the signing of this SUPPLEMENT these DECLARANTS hereby declare, make known and publish this SUPPLEMENT to DECLARATION of COVENANTS which shall run with the LOTS, and said SUPPLEMENT shall be binding on all DECLARANTS, their heirs and designees or any other person or entity claiming under them:

MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

Section 1. Membership. Every person or entity who is a record owner of a fee simple interest in any Lot is subject by this Declaration to assessment by the Association and shall be a Member of the Association; provided, however, that any such person or entity holding such interest merely as a security for the performance of an obligation shall not be a Member.

Section 2. Voting Rights. The Association shall have one class of voting membership:

Class A: Class A Members shall be all Owners of Lots subject to this Supplement. Any Class A Member shall be entitled to one and one-half (1½) votes for each Dwelling Unit which he/she owns. An Owner of a Lot upon which a Dwelling Unit has not been constructed shall be entitled to one (1) vote for each Lot which he/she owns. It is the intent of this provision that so long as property qualifies as a Lot, by virtue of the fact that improvements have not been constructed thereon, the Owner thereof shall have only one (1) vote, but once the improvements are constructed (the improvements shall be deemed to be "constructed" upon obtaining a permit from Dare County for the hook up of permanent power) on said Lot and it loses its character as a Lot and becomes a Dwelling Unit the Owner thereof shall have a total of one and one-half (1½) votes for the ownership of such property.

When more than one person or entity holds an interest in any Lot or Dwelling Unit, all such persons shall be Members, and the vote for such Lot or Dwelling Unit shall be exercised as they among themselves determine and such persons shall designate one (1) person to vote their Lot or Dwelling Unit, but in no event shall more than one (1) vote be cast with respect to any such Lot or one and one-half (1½) votes with respect to any such Dwelling Unit.

COVENANT FOR PAYMENT OF ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation for Assessments. The Declarants, for each Lot and Dwelling Unit owned by them, hereby covenants and each future Owner of any Lot or Dwelling Unit, by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, does hereby covenant and agree to pay the Association annual assessments or charges to be fixed, established, and collected from time to time as herein provided, and any damages or charges, together with costs, fees and expenses (including reasonable attorney's fees) incurred by the Association incidental to the enforcement or collection of assessments. The annual and special assessments and any liquidated damages or summary charges as herein provided, together with such interest thereon and costs of collection thereof as herein provided, shall be a charge on the land and shall be a continuing lien upon the Lot or Dwelling Unit against which each such Assessment is made. Each such assessment, together with such interest thereon and cost of collection thereof as hereinafter provided, shall also be the personal obligation of the person or persons jointly and severally, who is (are) the Owner(s) of such Lot or Dwelling Unit at the time when the assessment became due.

Section 2. Purpose of Assessment. The assessment levied by the Association shall be used exclusively to promote the safety and welfare of the Declarants and in particular for:

(a) the improvement, maintenance, and replacement of the "30' Easement", "Con. Bridge" and "Egress and Ingress Easement" as shown on the plat recorded in Map Book 8 at page 55, Dare County Registry;

(b) establishment of capital replacement reserves, and

(c) for the acquisition of services devoted to the foregoing purposes including but not limiting to the cost of repairs, replacements, additions, the cost of labor, equipment, materials, management and supervision, the procurement and maintenance of insurance, and such other requirements as be necessary to perform all of the aforesaid functions and purposes.

Section 3. Assessment of Uniform Rates Within Different Categories or Forms of Ownership. Assessments shall be fixed at uniform rates for every Lot or Dwelling Unit within the category or form of ownership applicable to such Lot or Dwelling Unit. Assessments may differ depending on whether a lot contains a Dwelling Unit. Assessments with respect to such categories shall be determined by the cost to the Association, experienced or reasonably anticipated, of carrying out the purposes and functions set forth in Section 2, above.

Section 4. Application of Minimum and Maximum Assessment. The minimum regular annual assessment, as set forth in the schedule herein, shall be levied by the Association unless the Board of the Association, by majority vote, determines that the important and essential functions of the Association may be properly funded only by an assessment above the minimum but not more than the applicable maximum regular assessment, as set forth in the schedule below. If the Board of Directors shall levy the applicable minimum assessment for any assessment year and thereafter, during such assessment year, determine that the important and essential functions of the Association cannot be funded by the minimum assessment, the Board, by unanimous decision, may levy a supplemental assessment but in no event shall the sum of the minimum and supplemental regular annual assessment for the year exceed the applicable maximum regular assessment.

With the signing of the Supplement each Declarant shall pay to the Association the sum of \$1,600.00 per lot owned by each Declarant. This sum shall be to construct a new bridge in place of that shown on the plat as "Con. Bridge."

With the calendar year beginning in January 1989, the annual assessment minimum and maximum amount shall be the sums calculated in accordance with the following schedule:

Lots: Minimum Regular Annual Assessments	Maximum Regular Annual Assessments
Per Lot \$50.00	\$200.00
Plus Per Dwelling Unit \$50.00	\$200.00

The Board of Directors may by unanimous decision, after consideration of the current cost and future needs of the Association, fix the annual regular assessment for any year at an amount less than the applicable minimum regular annual assessment, but such action shall not constitute a waiver by the Association of its right to revert to the full regular minimum assessment in subsequent years.

Section 5. Date of Commencement of Regular Annual Assessments; Due Dates. The first full regular annual assessments shall commence on January 1, 1989, and such assessment shall constitute the first regular annual assessment which shall be for the balance of the calendar year and shall become due and payable on an annual basis, in advance, on the first day of the next succeeding month, after notice as to the amount of the regular annual assessment due by any Owner, is received by an Owner from the Board.

Section 6. Duties of the Board of Directors. Commencing with the first regular annual assessment (with the 1989 calendar year), the Board of Directors of the Association shall fix the date of commencement and the amount of the assessment or assessments against each Lot and Dwelling Unit, for each assessment period at least fifteen (15) days in advance of such date or period and shall, at that time, prepare a roster of the Lots and Dwelling Units and assessments applicable thereto which shall be kept in the Office of the Association, or at any other place designated by the Board upon notice to the Members, and shall be open to inspection by any Owner. Written notice of the assessment or assessments thereupon shall be sent to every Owner subject thereto.

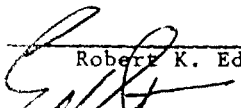
The Association shall, upon demand, furnish at any time to any Owner liable for said assessment or assessments, a certificate in writing, signed by an officer of the Association, setting forth whether said assessment(s) has been paid.

Section 7. Effect of Non-Payment of Assessment: The Personal Obligation of the Owner; the Lien, Remedies of Association. If the assessments are not paid on the date due then such assessment shall become delinquent and shall, together with such interest thereon and cost of collection thereof as herein provided, become a continuing lien on the Lot or Lots, or Dwelling Unit or Dwelling Units, which shall bind such Lot or Lots, or Dwelling Unit or Dwelling Units, in the hands of the then-Owner, his heirs, devisees, personal representatives, successors and assigns. The personal obligation of the then-Owner to pay such assessment, however, shall remain his personal obligation and shall not pass to his successors in title as a personal obligation unless expressly assumed by them.

If the assessment is not paid within thirty (30) days after the delinquency date, the assessment or assessments shall bear interest from the date of delinquency at the rate of interest set by the Board, not to exceed the maximum rate permitted by law, the Board acting on behalf of the Association, may authorize its officers to bring appropriate civil action against the Owner personally obligated to pay the same or to foreclose the lien against any such Lot or Lots, or Dwelling Unit or Dwelling Units, and there shall be added to the amount of such assessments the costs of such action and reasonable attorney's fee or other cost incurred by the officers of the Association pursuant to authority of the Board. In the event a judgment is obtained against any Owner for such assessments, such judgment shall include interest on the assessment as above provided and a reasonable attorney's fee to be fixed by the Court, together with the cost of the action.

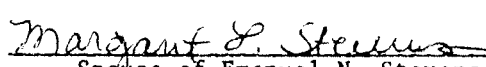
Section 8. Subordination of the Lien to Mortgages or Deeds of Trust. The lien of the assessments provided for herein shall be absolutely subordinated to the lien of any first mortgage or deed of trust now or hereafter placed upon any Lot or Lots, or Dwelling Unit or Dwelling Units, subject to assessment. The subordination shall not relieve any Lot or Lots, or Dwelling Unit or Dwelling Units, from liability for any assessments now or hereafter due and payable, but the lien thereby created shall be secondary and subordinate to any first mortgage or deed of trust as if said lien were a second mortgage, irrespective or when such first mortgage or deed of trust was executed and recorded.

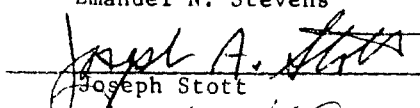
IN WITNESS WHEREOF, the DECLARANTS have hereunto set their hands and seals day and year first above written.

 (SEAL)
Robert K. Edwards

Ann Edwards (SEAL)

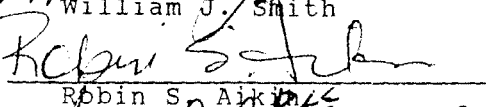
 (SEAL)
Emanuel N. Stevens

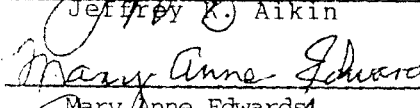
 (SEAL)
Spouse of Emanuel N. Stevens

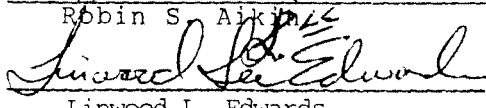
 (SEAL)
Joseph Stott

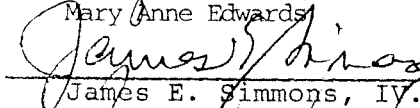
 (SEAL)
William J. Smith

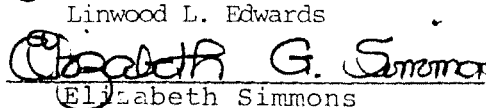
 (SEAL)
Jeffrey K. Aikin

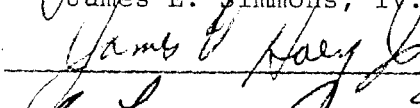
 (SEAL)
Robin S. Aikin

 (SEAL)
Mary Anne Edwards

 (SEAL)
Linwood L. Edwards

 (SEAL)
James E. Simmons, IV.

 (SEAL)
Elizabeth G. Simmons

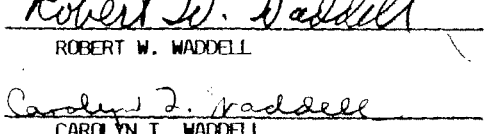
 (SEAL)
James V. Gray

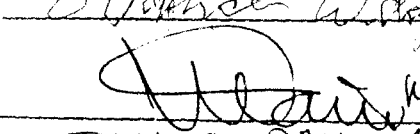
 (SEAL)
Thomas P. Gray

 (SEAL)
Frank Laurene Jennings

 (SEAL)
ROBERT W. WADDELL

 (SEAL)
Eleanor Waddell

 (SEAL)
CAROLYN T. WADDELL

 (SEAL)
JOHN S. DAVIS, M.D.

(SEAL)

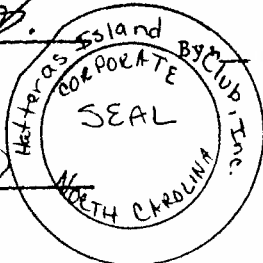
Chartered Money Purchase Pension Plan
and Trust

Hatteras Island Club, Inc.

By Alexander B. King
President

Attest:

Betty B. Hendrick
Secretary



STATE OF:

COUNTY OF:

I, a Notary Public of the County and State aforesaid, certify that Robert K. Edwards & wife, Ann Edwards, personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and notarial seal, this _____ day of _____, 1989.

Notary Public

My Commission Expires:

STATE OF: California

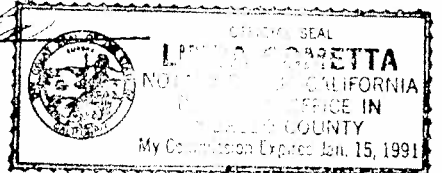
COUNTY OF: Merced

I, a Notary Public of the County and State aforesaid, certify that Emanuel N. Stevens & wife, Margaret L. Stevens, personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and notarial seal, this 14th day of April, 1989.

[Signature]
Notary Public

My Commission Expires:

1-15-91



STATE OF:

COUNTY OF:

I, a Notary Public of the County and State aforesaid, certify that JOSEPH STOTT, personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and notarial seal, this 8th day of June, 1989.

Elizabeth Mahan
Notary Public

My Commission Expires:

AUGUST 25, 1992

STATE OF: North Carolina

COUNTY OF: DARE

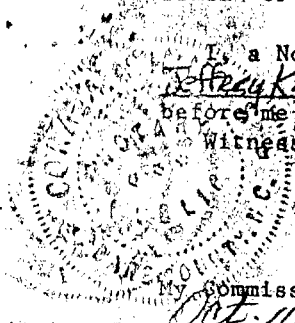
I, a Notary Public of the County and State aforesaid, certify that WILLIAM J. SMITH, personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and notarial seal, this 5 day of July, 1989.

Cora A. Simmons
Notary Public

My Commission Expires:

Oct. 11, 1989

STATE OF: North Carolina COUNTY OF: DARE



I, a Notary Public of the County and State aforesaid, certify that Gregory K. Aiken and Robin S. Aiken, personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and notarial seal, this 5 day of July, 1989.

Carol A. Simmons
Notary Public

My Commission Expires: Oct. 11, 1989

STATE OF: Virginia CITY: City
COUNTY OF: Var Beach

I, a Notary Public of the County and State aforesaid, certify that Linwood L. Edwards and Mary Anne Edwards, personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and notarial seal, this 21st day of July, 1989.

Franklin Fort
Notary Public

My Commission Expires: 4/13/92

STATE OF: COUNTY OF:

I, a Notary Public of the County and State aforesaid, certify that James E. Simmons, IV & Elizabeth Simmons, personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and notarial seal, this 4th day of August, 1989.

Delores R. Everett
Notary Public

My Commission Expires: 6-29-91

STATE OF: New Jersey COUNTY OF: Somerset

I, a Notary Public of the County and State aforesaid, certify that JAMES V. HOEY JR + THOMAS R. HOEY, personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and notarial seal, this 15 day of August, 1989.

Kimberlee Silverstein
Notary Public

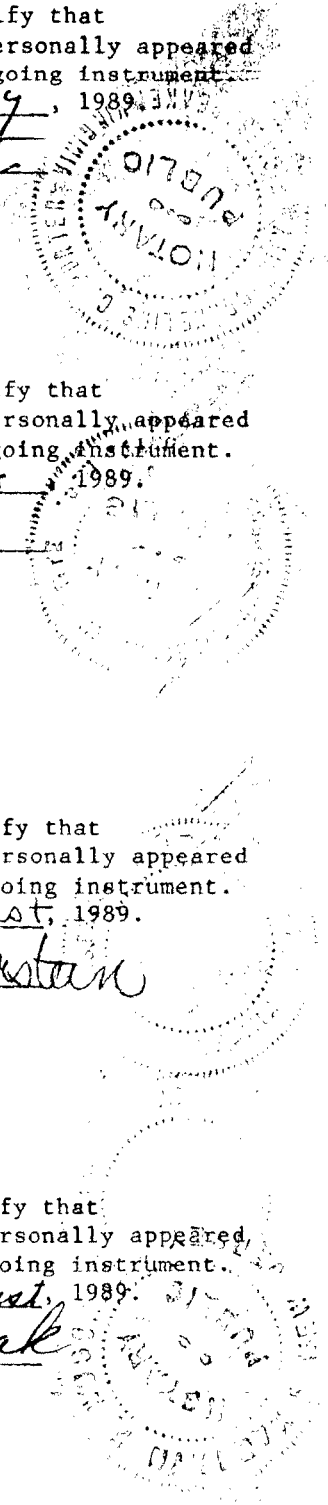
My Commission Expires: KIMBERLEE SILVERSTEIN
NOTARY PUBLIC OF NEW JERSEY

My Commission Expires Aug. 24, 1993
STATE OF: New Jersey COUNTY OF: Ocean

I, a Notary Public of the County and State aforesaid, certify that Frank + Lauren Jennings, personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and notarial seal, this 2nd day of August, 1989.

Harilyn F. Kuschak
Notary Public

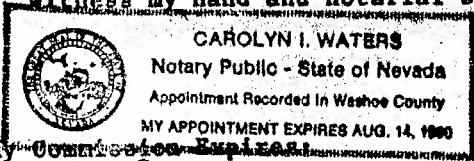
My Commission Expires: HARILYN F. KUSCHAK
Notary Public of New Jersey
My Commission Expires May 24, 1994



STATE OF: Nevada COUNTY OF: Washoe

BK 653 PG 0605

I, a Notary Public of the County and State aforesaid, certify that JOHN S. DAVIS, M.D. Chartered Money, Purchase Pension Plan & Trust personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and notarial seal, this 29 day of August 1989.

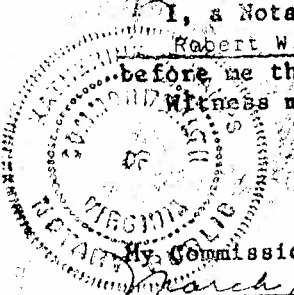


Carolyn I. Waters
Notary Public

My Commission Expires: 8-14-90

STATE OF: Virginia COUNTY OF:

I, a Notary Public of the County and State aforesaid, certify that Robert W. Waddell and Carolyn T. Waddell, personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and notarial seal, this 15th day of September, 1989.

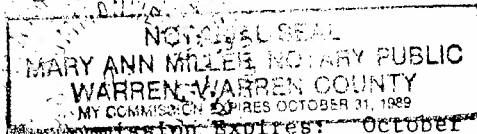


Kathleen C. Kamps
Notary Public

My Commission Expires: March 23, 1993

STATE OF: PENNSYLVANIA COUNTY OF: WARREN

I, a Notary Public of the County and State aforesaid, certify that C. Vance Weld, widower, personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and notarial seal, this 23rd day of August, 1989.

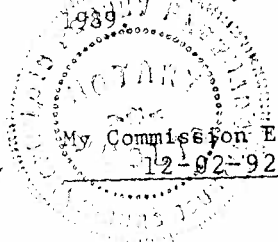


Mary Ann Miller
Notary Public
Warren, Warren County, Pennsylvania

My Commission Expires: October 31, 1989.

STATE OF: North Carolina COUNTY OF: Mecklenburg

I, a Notary Public of the County and State aforesaid, certify that Alexander B. Wilkins, Jr., personally came before me this day and acknowledged that he is President ~~Secretary~~ of HATTERAS ISLAND CLUB, INC., a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal and attested by Asst. as its Asst. Secretary. Witness my hand and official stamp or seal, this 7th day of September, 1989.



Lois Penney Plowman
NOTARY PUBLIC

NORTH CAROLINA
DARE COUNTY

The foregoing Certificates of Linda Cometta, Notary Public of Merced County, California; Elizabeth Mahan, Notary Public of New Jersey; Cora A. Simmons, Notary Public of Dare County, North Carolina; Cornelius C. Porter, North Carolina of City of Chesapeake, VA; Delores R. Everette, Notary Public of Edgecombe County, NC; Kimberlee Silverstein, Notary Public of New Jersey; Marilyn F. Huschak, Notary Public of New Jersey; Carolyn I. Waters, Notary Public of State of Nevada; Katherine C. Kamps, Notary Public of Commonwealth of Virginia; * are certified to be correct. This instrument and this certificate are duly registered at the date and time an din the Book and Page shown on the first page hereof.

* Mary Ann Miller, Notary Public of Commonwealth of Pennsylvania; Lois Penney Plowman, Notary Public of Mecklenburg County, NC
Register of Deeds of Dare

Louis A. Bary
County.

By John Dean Ward
Deputy/Assistant - Register of Deeds