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THAD EURE SECRETARY OF STATE NORTH CAROLINA ARTICLES OF INCORPORATION OF THE QUAY OWNERS ASSOCIATION, INC.

I, the undersigned, being a person of full age, do make and acknowledge these Articles of Incorporation for the purpose of forming a non-profit corporation, under and by virtue of Chapter 55-A of the General Statutes of the State of North Carolina.

ARTICLE I

The name of the corporation is The Quay Owners Association, Inc.

ARTICLE II

The period of duration of the corporation is perpetual.

ARTICLE III

The purposes for which the corporation is organized are:

1. To administer the operation and management of The Quay Condominium, situated in Mags Head, North Carolina, in accord with the Declaration of Unit Ownership filed in the office of the Register of Deeds of Dare County, North Carolina and, in connection therewith, to:
 - a. Manage, maintain operate and repair the units of The Quay Condominium and the common property areas appurtenant thereto.
 - b. To make and collect assessments against members to defray the cost of maintenance, operation and repairs in the common property areas of the Association.
 - c. To use the proceeds of assessments in the exercise of its powers and duties.
 - c. To reconstruct improvements after casualty and to replace furniture, fixtures and appliances as needed and to that end, to assess the membership.
 - e. To make and amend reasonable regulations respecting the use of the property within the condominium units and to enforce the covenants of the Declaration.
 - f. To own, operate, lease, sell, trade and otherwise deal in the property of the Association, whether real or personal, as may be necessary and desirable in the administration of the condominium project.

ARTICLE IV

The Association shall have the power to perform and do any and all acts permitted by the Non-Profit Corporation Act, Chapter 55-A of the General Statutes of North Carolina and to exercise all powers that may be necessary or desirable in the conduct and continuation of the management and operation of the condominium and as provided in the Declaration.

ARTICLE V

There shall be but one class of membership in the Association and the one class of membership shall consist of the owners of each condominium unit.

1. The owners of each condominium unit, shall automatically, upon becoming an owner of such unit or interest therein, be a member of the Association and shall remain a member of the Association until such time as his/her ownership

interest ceases. A person, firm or corporation or other entity capable of holding title in North Carolina qualifies as a member of the Association upon a purchase of a unit; or upon the probate of a Will of a deceased purchaser, the devisee therein becomes a member, or upon the death of an owner intestate such owner's heirs become members. A membership is terminated upon the conveyance of the unit, or upon death or upon such unit being transferred out of said purchaser in any manner, whether by voluntary conveyance, foreclosure under the terms of the deed of trust or mortgage, taxes, or execution against such purchaser to satisfy any lien or judgment.

2. Each unit shall be entitled to one vote at any meeting of the Association.

ARTICLE VI

VOTING. If a unit is owned by one or more persons, the owner shall designate one person as a voting member. Each owner shall be entitled to one vote for each unit owned.

ARTICLE VII

The affairs of the Association shall be managed by the Board of Directors and the initial Board of Directors shall be three in number and such additional number as may be provided by the By-Laws of the Association. Notwithstanding the foregoing so long as Seawatch Ltd. owns one of the condominium units, but in no event no longer than the 31st day of March, 1984, Seawatch Ltd. shall have the right to designate and select a majority of the persons who serve as members of the Board of Directors. Such members during this period of time shall not need to be a member of the Association but thereafter anyone serving as a member of the Board of Directors shall be a member of the Association. This paragraph applies as to Phase I of the Quay only.

ARTICLE VIII

Every director and every officer of the Association shall be indemnified by the Association against all expenses and liabilities including counsel fees, reasonable incurred by or imposed upon him/her in connection with any proceeding to which he/she may be a party or in which he/she may become involved, by reason of him/her being or having been a director or officer of the Association, whether or not he/she is a director or an officer of the Association at the time such expenses are incurred, except in such cases where the director or officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his/her duties. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights which such director or officer may be entitled.

ARTICLE IX

The Association is organized on a non-profit basis for the use and benefit of its members and consequently, will not have any profits to pay dividends. After all expenses of the Association have been paid and a reasonable reserve, as determined by the Board of Directors, has been set aside, the net earnings of the Association shall be accumulated in a surplus fund for the purpose of replacing furniture, fixtures and other properties within the condominium and the common areas, and for such other purposes as the Board of Directors may be determined to be for the best interest of the Association. These surplus funds or any portion thereof which may arise from time to time at the discretion of the Board of Directors, may be distributed to the members of the Association as provided in the Bylaws and based on assessments and charges which have been made and levied against and paid by such members and shall be in the nature of a rebate and not a distribution of income. The Association shall not carry on any activities which are not permitted to be carried on by corporations exempt from Federal income tax under the Internal Revenue Code. Upon the dissolution of the Association, the assets thereof shall, after the payment of all liabilities and obligations, or the adequate provision therefore, be distributed to the members on a basis of assessment charges which have been made and levied against them and paid by such members.

ARTICLE X

The address of the initial registered office of the corporation is Mile Post 14, U.S. Highway Business, East/side, Nags Head, Dare County, North Carolina Post Office Box 596, Nags Head, North Carolina 27959; and the name of the initial registered agent is C. Howard Cliborne.

ARTICLE XI

The number of directors constituting the initial Board of Directors shall be three in number and the names and addresses of the persons who are to serve as the initial directors are:

C. Howard Cliborne
Mile Post 14, U.S. Highway Business
Dare County
Post Office Box 596
Nags Head, North Carolina 27959

Theo H. Pitt, Jr.
244 South Franklin Street
Nash County
Post Office Drawer 2088
Rocky Mount, North Carolina 27801

Wallace H. McCown
208 Sir Walter Raleigh Street
Dare County
Post Office Box 757
Manteo, North Carolina 27954

ARTICLE XII

The name and address of the incorporator is Wallace H. McCown, 208 Sir Walter Raleigh Street, Dare County, Post Office Box 757, Manteo, North Carolina 27954.

ARTICLE XIII

No member who ceases to be a record owner of property within The Quay Condominium shall thereafter have any interest in or claim upon the property or assets of this non-profit corporation.

This 22nd day of September, 1983.

Wallace H. McCown
Wallace H. McCown SEAT

NORTH CAROLINA
DARE COUNTY

This is to certify that on the 22nd day of September, 1983, before me, Shirley A. O'Neal, a Notary Public of the aforesaid County and State, personally appeared Wallace H. McCown, who, I am satisfied is the person named in and who executed the foregoing Articles of Incorporation and I, having first made known to him the contents hereof, do certify that he did acknowledge that he signed and delivered the same as his voluntary act and deed for the uses and purposes therein expressed.

NOTARIAL SEAL



Shirley A. O'Neal
Notary Public
My commission expires: 10-08-84

NORTH CAROLINA

DARE COUNTY

THIS DECLARATION OF UNIT OWNERSHIP, made this 1st day of September, 1983,
By SEAMATCH, LTD, a North Carolina Partnership, hereinafter called "Declarant",
on behalf of itself, its Grantees, successors and assigns;

W I T N E S S E T H :

THAT WHEREAS, the Declarant is the owner of certain real property situated in the Town of Nags Head, Dare County, North Carolina, described in Exhibit "I", which is attached hereto and made a part hereof; and

WHEREAS, the Declarant hereby establishes by this Declaration a plan under Chapter 47A of the General Statutes of North Carolina for the individual ownership of the real property estates consisting of the units in the structure placed on the real property described in Exhibit "J";

The Declarant for itself, its successors and assigns, reserves the right herein, but shall not be obligated, to submit additional property to the provisions of the Unit Ownership Act and to the provisions of this Declaration, for an additional 18-unit condominium by the filing of Amendments to this Declaration in the office of the Register of Deeds of Dare County, North Carolina and the property which may be subject to such additional declarations is described in Exhibit "I" attached hereto and made a part of this Declaration.

A. Phase I Condominium is more fully described as follows:

The improvements will be constructed by the Developer substantially in accordance with plans therefor prepared by Best and Associates, Inc., Raleigh, North Carolina which are on record in the Dare County Registry File Unit Ownership Book 2, Pages 163-175, and the Specifications which are attached hereto as Exhibit "III". The Phase I Condominium will include three apartment buildings containing six units each. Each building will be constructed with eight inch masonry firewalls between each apartment with brick exterior finished walls. Each unit will have a ground floor carport, utility storage and entrance foyer. The second and third floors will contain living and bedroom areas with exterior decks as shown on the architectural plans. The Phase I Condominium will also include landscaping, a tennis court, exterior parking and walkways/gazebos substantially as shown on the plans.

B. Phase II Condominium is more fully described as follows:

The improvements will be constructed by the Developer substantially in accordance with plans therefor prepared by Best and Associates, Inc., Raleigh, North Carolina which are on record in the Dare County Registry File Unit Ownership Book 2, Pages 163-175, and the Specifications which are attached hereto as Exhibit "II". The Phase II Condominium will include three apartment buildings containing six units each. Each building will be constructed with eight inch masonry firewalls between each apartment with brick exterior finished walls. Each unit will have a ground floor carport, utility storage and entrance foyer. The second and third floors will contain living and bedroom areas with exterior decks as shown on the architectural plans. The Phase II Condominium will also include landscaping, a swimming pool, an office building, exterior parking, and walkways/gazebos, substantially as shown on the plans.

Section I, Description of Apartments

A. Each building shall contain six apartment units which will be substantially identical to each other and built from the same typical floor plan.

A three bedroom unit shall contain approximately 1677 square feet of heated living space and consist of the following:

- (1) Ground floor - carport, enclosed storage and entrance foyer.
- (2) Second floor - living room with fireplace, dining area, wet bar, kitchen, one full bath, one bedroom, and balconies from living room and bedroom.
- (3) Third floor - two bedrooms, two full baths, two vanity/dressing areas, laundry room, and balconies from each bedroom.

Details of the above mentioned floor plans are on record in the Dare County Registry, File No. _____; Unit Ownership Book 2, Page 163-175.

RESERVATION: The Declarant reserves the absolute right to reverse the second and third floor arrangement, both as to the interior and exterior of the building in Phase II. This reservation shall be accomplished by an amendment to this Declaration requiring only the signature of the Declarant and the lender; and by the filing of an amendment to the architectural plans indicating the apartments which have a reverse arrangement from the original building as to the second and third floor, which such amendment shall be filed of Record.

B. Each apartment building shall be designated and identified by the use of the capital letter shown on each building site shown on the survey on record in the Dare County Registry, Unit Ownership Book 2, Page 163, by Wesley M. Meekins, Jr., RLS, dated August 31, 1983, entitled "The Quay - Master Unit Layout", and each apartment within each building shall be numbered from (1) to (6), from left to right when facing the entrance of the building.

C. The dimensions and boundaries of the apartment units shall be in accord with those plans and specifications of Best and Associates, Inc., wherein the dividing line between such units are delineated on said plans and illustrated thereon.

Section 2, Shares - Each Unit's Share of Common Areas and Share of Common Expenses

A. Phase I

Units A - 1 and 6	5.5865%	11.1730%
Units B - 1 and 6	5.5865%	11.1730%
Units C - 1 and 6	5.6080%	11.2160%
Units A - 2, 3, 4, 5	5.5365%	22.1460%
Units B - 2, 3, 4, 5	5.5365%	22.1460%
Units C - 2, 3, 4, 5	5.5365%	22.1460%
		100.00 %

B. When Phase II is by Declaration Amendment added to the project, the Shares shall be as follows:

Units A - 1 and 6	2.7933%	5.5866%
Units B - 1 and 6	2.7933%	5.5866%
Units C - 1 and 6	2.7933%	5.5866%
Units D - 1 and 6	2.7933%	5.5866%
Units E - 1 and 6	2.7933%	5.5866%
Units F - 1 and 6	2.81390%	5.6278%
Units A - 2, 3, 4, 5	2.7683%	11.0732%
Units B - 2, 3, 4, 5	2.7683%	11.0732%
Units C - 2, 3, 4, 5	2.7683%	11.0732%
Units D - 2, 3, 4, 5	2.7683%	11.0732%
Units E - 2, 3, 4, 5	2.7683%	11.0732%
Units F - 2, 3, 4, 5	2.7683%	11.0732%
		100.00 %

(1) For accounting purposes the unit owners shall be billed monthly for 1/18th (in Phase I) and 1/36th (in Phase II) of the annual common expenses established. At least once annually and at the end of the fiscal year, the minute fraction differentiating the individual unit's share shall be billed to and paid by the respective unit owners.

- C. So long as Developer is the record owner of one or more apartment units on which construction has been completed but remain yet unsold, and Developer is in the process of offering and showing such apartment units for sale, including a "model" or "demonstration" unit, Developer shall not be liable or responsible for a fractional share of the common expenses for the Condominium attributable to the unsold apartment units. However, if Developer should utilize or cause to be used, any such apartment unit as an office, for sales or otherwise, or if Developer shall lease or let to any persons, firm or corporation any such apartment unit, then Developer shall be liable and responsible for the common expenses of the Condominium to the same extent as if said apartment unit had been purchased by any individual, firm or corporation from Developer.

Section 3. Common Elements and Facilities

A. Phase I Condominium

- (1) The land subject to the Unit Ownership Act, except those portions over which an apartment building is situated.
- (2) The roads, streets, driveways, sidewalks, parking areas and landscaping.
- (3) One tennis court, fences, nets and related facilities.
- (4) All sewer lines serving each building from the point of connection to each unit to the Hags Head Village Service Co., Inc., and manholes which are located along the right of way of Virginia Dare Trail.
- (5) All water lines, meters, cut-offs, mains and related facilities except those retained and owned by the Town of Hags Head.
- (6) Anything situated on the land hereinabove described as the Phase I Condominium that is not hereafter described as a limited common element or a part or portion of any apartment unit.

B. Phase II Condominium

- (1) All common elements of the Phase I Condominium
- (2) The land subject to the Unit Ownership Act except those portions over which an apartment building is situated.
- (3) The roads, streets, driveways, sidewalks, parking areas and landscaping.
- (4) All sewer lines serving each building from the point of connection to each unit to the Hags Head Village Service Co., Inc. manholes which are located along the right of way of Virginia Dare Trail.
- (5) All water lines, meters, cut-offs, mains and related facilities except those retained and owned by the Town of Hags Head.
- (6) The office building including all furnishings, equipment and related facilities.
- (7) The swimming pool.

- C. DEFINITIONS: Said definitions being used herein and as shown on Exhibit VI, attached hereto and made a part of this Declaration.

Section 4. Limited Common Elements and Facilities

- A. The exterior walls, roof, the exterior portion only of the fireplace chimney, interior boundary walls, foundations, concrete parking area and sidewalks under each building on the ground floor, and structural floor and roof systems of any apartment building shall be limited common elements, and shall apply to each unit as shown on Plans and Specifications.
- B. The exterior decks and steps as shown on the architectural plans shall be limited common areas appurtenant to the apartment unit to which they are attached and shall be an exclusive easement running to the owner of each appurtenant apartment unit, as shown on Plans and Specifications.

Section 5. Maintenance and Alteration of Apartments

- A. The apartment unit owner shall maintain, repair and replace at his/her sole expense, all portions of his/her apartment unit including, but not limited to, all doors, windows, glass, screens, electric panels, electric wiring, electric outlets and fixtures, heaters, hot water heaters, refrigerators, dishwashers and other appliances, drains, plumbing fixtures and connections, interior surfaces of all walls, floors and ceilings and all other portions of his/her apartment unit. The apartment unit owner shall also maintain, repair and replace at his/her sole expense the air conditioning compressor or condensing unit, refrigerant and electrical lines appurtenant to his apartment unit and the area within the enclosure of his/her patio. In addition, the apartment unit owner shall maintain, repair replace at his/her sole expense the sewer and water lines serving his/her unit and the fixtures on the exterior of his/her apartment unit including, but not limited to, storm doors and windows and his/her patio gate. The apartment unit owner shall also be solely responsible for unblocking clogged sewer lines when the stoppage occurs in the service lines serving his/her apartment.
- B. No apartment unit owner shall make any material alteration, addition or modification to the exterior of his apartment unit without the prior written consent of the Board of Directors of the Association.
- C. Neither an apartment unit owner nor the Association shall make any alteration in the portions of any apartment building which are to be maintained by the Association, or remove any portion thereof, or make any additions thereto, or do anything which would jeopardize the safety or soundness of the apartment building, or impair any easement, without first obtaining approval in writing of all the owners within the Condominium Project in which such work is to be done and the approval of the Board of Directors of the Association.

Section 6. Maintenance, Alteration and Operation of Common Elements

- A. The maintenance, alteration and operation of the common elements and the limited common elements (except those limited common elements which shall be maintained by the apartment unit owners as provided in Section 5, Paragraph A above) shall be the responsibility and the expense of the Association.
- B. After the completion of the improvements included in the common elements which are contemplated by this Declaration, there shall be no alteration or further improvement of the real property constituting the common elements without prior approval in writing by the owners of not less than 75% of the common elements and any such alteration or improvement shall not directly interfere with the rights of any apartment owner, without first obtaining his written consent. There shall be no change in the shares and rights of an apartment unit owner in the common elements which are altered or further improved, whether or not the apartment unit owner contributes to the cost thereof.

Section 7, Assessments

A. Assessments against apartment unit owners for common expenses shall be made pursuant to North Carolina General Statutes Section 47A-12 and the By-Laws of the Association and shall be allocated as set forth in Sections 7 and 9 of the By-Laws of the Association.

B. Any sum assessed by the Association for the share of the common expenses chargeable to any unit, and remaining unpaid for a period of thirty (30) days or longer, shall constitute a lien on such apartment unit when filed for record in the office of Clerk of Superior Court of Dare County by the Association under the provisions of Article 8 of Chapter 44 of the North Carolina General Statutes and any amendments or supplements thereto. The lien created herein shall be prior to all other liens except (a) liens for real estate taxes due and unpaid, (b) all sums unpaid on deed of trust and other encumbrances recorded against the unit prior to the docketing of this lien, and (c) material- men's and mechanics' liens. The sum constituting said lien shall include an entire year's assessment or the unpaid balance thereof together with interest thereon at the highest rate permitted by law or such other penalties as the Board of Directors of the Association may impose.

C. A lien created pursuant to Paragraph B above may be foreclosed by suit by the Board of Directors of the Association, acting on behalf of the apartment unit owners, in like manner as a foreclosure of a deed of trust or mortgage of real property. The Board of Directors of the Association, acting on behalf of the apartment unit owners, shall have power to bid in the unit at the foreclosure sale, and to acquire and hold, lease, mortgage and convey the same. In the alternative, the Board of Directors of the Association, acting on behalf of the apartment unit owners, may maintain a suit to recover a money judgment for the sum constituting the lien pursuant to Paragraph B above. The unit owner shall be responsible for all court costs, interest and reasonable attorneys' fees incurred in the collection, by foreclosure or otherwise, of said lien.

Section 8, Association - The operation of the Condominium shall be by The Quay Owners Association, Inc., herein called the Association; a Non-Profit Corporation under the laws of North Carolina which shall be organized and shall fulfill its functions pursuant to the following provisions:
A. The members of the Association shall be the apartment owners.
B. The Association shall be incorporated under the articles of incorporation in the form attached as Exhibit "IV", but the articles of incorporation may be amended as permitted by law without amending this Declaration.
C. The initial By-Laws of the Association shall be in the form attached as Exhibit "V", but may be amended as therein provided or as permitted by law by filing an amendment to this Declaration.
D. The share of a member in the funds and assets of the Association cannot be assigned, hypothecated, or transferred in any manner except as an appurtenance to such member's apartment unit.
E. Whenever the decision of an apartment unit owner is required upon any matter, whether or not the subject of an Association meeting, such decision shall be expressed by the same person who would cast the vote of such owner if in an Association meeting. Where any unit is owned as tenants in common or as tenants by the entirety, said tenants may determine between or among themselves how the vote they are entitled to shall be cast, but the Chairman of a meeting of the Association shall not accept any division of a vote that said owners would otherwise be entitled to cast if said tenants do not unanimously agree between or among themselves of how their vote should be cast.

Section 9, Insurance

- A. Insurance policies upon the Condominium property covering the items described in Paragraph B of this Section shall be purchased by the Association for the benefit of the Association and the apartment unit owners and their mortgages as their interest may appear. Such policies and endorsements shall be issued in the name of and deposited with the Board of Directors of the Association as Trustee for each of the apartment unit owners in the percentages of interest of each apartment unit owner established in this Declaration in Section 2.
- B. Insurance shall cover the following:
- (1) All buildings and improvements upon the land and all personal property included in the common elements in an amount equal to the maximum insurable replacement value without deduction for depreciation, as determined annually by the Board of Directors of the Association. Such coverage shall afford protection against loss or damage by fire, flood or other hazards covered by a standard extended coverage endorsement, and such other risks as are customarily covered with respect to buildings similar to the buildings on the land, such as vandalism and malicious mischief.
 - (2) Public liability insurance in such amounts and with such coverage as shall be required by the Board of Directors of the Association, and with a cross liability endorsement to cover liabilities of the apartment unit owners as a group to an apartment unit owner.
 - (3) Workmen's compensation as required by law.
 - (4) Insurance coverage shall be provided to protect the Directors of the Association from any and all liability arising out of the performance of their duties.
 - (5) Such other insurance as the Board of Directors of the Association shall determine from time to time to be desirable.
- C. Premiums upon insurance policies purchased by the Association shall be paid by the Association as a common expense, except such additional insurance as may be desired by a unit owner under Paragraph F herein.
- D. The Board of Directors of the Association, acting on behalf of the apartment unit owners, is hereby irrevocably appointed agent for each apartment owner to adjust all claims arising under insurance policies purchased by the Association, and to execute and deliver releases upon the payment of claims.
- E. All apartment unit owners and mortgagees of apartment unit owners may request copies of each insurance policy purchased by the Association, showing the name of the insurance trustee, the name of the insurance company, the policy number, the effective date and the expiration date of the policy, the total amount of the policy and the name and address of the insurance agent issuing the policy. The copy shall also provide that the apartment unit owner and the mortgagee of each apartment unit owner shall be furnished notice of any change in or cancellation of the policy with thirty (30) days prior written notice before the effective date of said change or cancellation.
- F. Each apartment unit owner shall have the right to insure his own apartment unit for his own benefit, though this provision will not alter or vary the requirement that the Association purchase insurance on all buildings and improvements in the Condominium. Any apartment unit owner that has made, or does make, permanent improvements, which have been approved in writing by the Association, within his/her apartment unit that have become or will become affixed to the realty, and who desires additional specific contingent insurance on such improvements, may request the Association's insurance trustee to include this coverage as a separate item in the Association's policy's standard Improvements and Betterments clause, the premiums for said additional coverage to be paid for in advance by the apartment unit owner at his/her own expense and said premium shall not be a portion of the common

expenses of the Association. The Association's insurance trustee may not unreasonably deny such a request, but it shall be liable for failure to see that such additional insurance is properly issued.

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

Section 10, Repair and Replacement of Destroyed Property

- A. Damage to or destruction of any one or all of the buildings and/or improvements shall be promptly repaired and restored by the Board of Directors of the Association using the proceeds of insurance for that purpose. If there is a deficiency in the proceeds of the insurance policies, the apartment unit owners shall be assessed, as a common expense, the difference between the amount of the insurance proceeds and the amount necessary to repair, rebuild or replace the damaged building or improvement to its original condition.
- B. All repairs or reconstruction shall be made substantially in accordance with the plans and specifications used for the original structures or buildings, which plans are recorded in Unit Ownership Book 2, Page 163-175, of the Public Registry of Dare County, North Carolina.
- C. Because of the horizontal development of The Quay Condominium, in the event an apartment building is totally destroyed, the Board of Directors of the Association is hereby directed to promptly cause the erection of an identical building to be commenced, using the proceeds of insurance for that purpose. If there is any deficiency in the insurance proceeds for complete restoration, the difference shall be borne by all the apartment unit owners in the Condominium as a common expense.
- D. Only in the event of a destruction of two-thirds (2/3) of all apartment buildings situated on land subjected to the Unit Ownership Act, shall the provisions of North Carolina General Statutes Section 47A-25 become operative. This provision shall in no way derogate from North Carolina General Statutes Section 47A-16 providing for termination of unit ownership.
- E. Any proceeds remaining from any insurance policies after damages for which proceeds have been paid for repair or restoration, and such repair or restoration has been completed, shall be paid to the Association to be applied to common expenses.
- F. If damage occurs only to those part of an apartment unit for which the responsibility of maintenance and repair is that of the apartment unit owner as provided in Section 5.A., then the apartment unit owner shall be responsible for construction and repair after casualty.

Section 11, Use Restrictions

- A. Each of the apartment units shall be occupied only by a family, its servants and guests, or tenants and their servants and guests, as a residence, or vacation or resort retreat, and for no other purpose. No apartment unit may be used for any commercial or professional purpose, provided, however, this restriction shall not prohibit any unit owner from renting, leasing or letting his unit for any period of time.
- B. The common elements shall be used only for the purposes for which they are intended in the furnishing of services and facilities for the enjoyment of the apartment units.
- C. No use or practice shall be permitted on the Condominium property which is the source of annoyance to residents or which interferes with the peaceful possession and proper use of the property by its residents. All parts of the property shall be kept in a clean and sanitary condition, and no rubbish, refuse, or garbage shall be allowed to accumulate nor shall any fire hazard be allowed to exist. The use of clotheslines, except inside the patio area out of the view of any other apartment unit, is prohibited. No apartment unit owner shall

- No immoral, improper, offensive, or unlawful use shall be made of the Condominium property or any part thereof. All valid laws, zoning ordinances, and regulations of all governmental bodies having jurisdiction thereof shall be observed. The responsibility of meeting the requirements of governmental bodies which require maintenance, modifications, or repair of the Condominium property shall be the same as the responsibility for the maintenance and repair of the property concerned.
- D. No trailer, tent, barn, storage shed, garage, tree house or other similar outbuilding or structure shall be placed on the property at any time, either temporarily or permanently. This restriction shall not apply to the Developer, or his contractor and subcontractors, until such time as all apartment units have been constructed and sold.
 - E. No signs (including but not limited to "for sale", "for rent", or the unit owner's name) shall be erected or maintained on any apartment unit or any portion of the common elements, except with the written consent of the Board of Directors, it being understood that the Board of Directors will not grant permission for said signs unless their erection is reasonably necessary, or unless said sign conforms with a previously adopted sign format adopted by the Board of Directors to indicate the apartment unit owner's name.
 - F. Until the Developer has completed and sold all of the apartment units, neither the apartment unit owners, nor the Association, nor the use of the Condominium property shall interfere with the completion of the contemplated improvements and the sale of the apartment units. The Developer may make such use of the unsold apartment units and common areas as may facilitate such completion and sale, including but not limited to the maintenance of a sales office, the showing of the property and the display of signs.
 - H. All utilities serving the Condominium property (including but not limited to electrical utility service, telephone service, television coaxial cable service, water, sewage and drainage) shall be located underground along and under easements heretofore reserved in Paragraph B of Section 17 of this Declaration. The use of exterior radio or television antennas on the roof or outside of any building is expressly prohibited. Each apartment unit owner shall be responsible for all charges and assessments made by any utility company or municipal agency for service furnished each individual apartment unit. Charges and assessments for utilities furnished to the common elements shall be a common expense borne by the Association.
 - I. The terms and conditions of those agreements between Seawatch Ltd., Nags Head Village Service Company, Inc., Nags Head Village Owners Association, the Town of Nags Head, are incorporated herein by reference as if fully set forth herein.
 - J. Reasonable regulations concerning the use of the Condominium property may be made and amended from time to time by the Association in the manner provided by its By-Laws. Copies of such regulations and amendments thereto shall be furnished by the Association to all apartment unit owners upon request.
 - K. In the event of a violation or breach of any of these use restrictions or of any other covenant of this Declaration by any property owner or his guest, tenant, invitee, licensee or agent, the owner of any apartment unit shall have the right to proceed at law or in equity to compel a compliance of the terms hereof or to prevent the violation or breach in any event.
 - L. No property subject to this Declaration of Unit Ownership shall be used purchased, owned, or sold on a "time-sharing" or "interval ownership" basis, or on any other basis substantially similar to such form of ownership, or designed so as to produce similar results. For this

purpose "time-sharing" means a combination of (1) an undivided interest in a present estate in fee simple in a unit, the magnitude of that interest having been established by a declaration or by a deed conveying the time-share estate, coupled with (2) the exclusive right to possession and occupancy of that unit during a regularly recurring period designated by that deed or by a recorded document referred to therein. For this purpose "interval ownership" means a combination of (1) an estate for years in a unit, during the term of which title to the unit rotates among the time-share owners thereof, vesting in each of them in turn for periods established by a fixed recording schedule, with the series thus establishing recurring regularly until the term expires, coupled with (2) a vested undivided fee simple interest in the remainder in that unit the magnitude of that interest having been established by a declaration or by a deed creating the interval estate.

Section 12. Compliance and Default

- A. Each apartment unit owner shall be governed by and shall comply with the terms of this Declaration, by the By-Laws of the Association and the regulations adopted pursuant thereto, and by such documents and regulations as they may be amended from time to time. A default shall entitle the Association, or other apartment unit owners, to the relief described in Paragraph B of this Section in addition to the remedies provided by the Unit Ownership Act.
- B. An apartment unit owner shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his act, neglect or carelessness or by that of any member of his family or his or thier guests, tenants, employees, agents or lessees. This provision shall apply even though the maintenance, repair or replacement would otherwise be a common expense to be paid by the Association. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy or abandonment of an apartment unit or its appurtenances.
- C. The failure of the Association or any apartment unit owner to enforce any covenant, restriction or other provision of this Declaration, the By-Laws of the Association or the regulations adopted pursuant thereto, shall not constitute a waiver of the right to do so thereafter.

Section 13. Amendments - This Declaration may be amended by the Association in the following manner:

- A. Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting of the members of the Association at which a proposed amendment is to be considered.
- B. A resolution adopting a proposed amendment may be proposed by either the Board of Directors of the Association or by any member of the Association. Directors and members not present in person or by proxy at any meeting considering the amendment may express their approval in writing, providing such approval is delivered to the Secretary at or prior to the meeting. Except as elsewhere provided, such approvals must be either by (i) not less than 66 2/3% of the entire membership of the Board of Directors and by not less than 66 2/3% of the votes of the entire membership of the Association; or (ii) not less than 80% of the votes of the entire membership of the Association.
- C. No amendment shall discriminate against any apartment unit owner or against any apartment unit or class or group of apartment units unless the apartment unit owners so affected shall consent. No amendment shall change any apartment unit nor the share in the common elements appurtenant to it, nor increase the apartment unit owner's share of the common expenses, unless the record owner of the apartment unit and all record owners of liens thereon shall join in the execution of the amendment. All unit owners shall be bound to abide by any amendment so adopted. All unit owners must consent to and join in such amendment.

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

Section 14, Agent for the Service of Process

C. Howard Cliborne, whose address is Post Office Box 596, Mags Head Dare County, North Carolina, 27959, is hereby designated as the agent upon whom service of process may be made in any action or proceeding brought against the Condominium.

Section 15, Termination

- A. This Condominium may be terminated by all of the apartment unit owners executing an instrument for that purpose to be recorded in the Dare County Registry. Said instrument must also include the consent of all holders of liens on apartment units, or must include the consent of all holders of liens on apartment units that his or its lien may be transferred to the percentage of the undivided interest of the apartment unit owner subsequent to termination.
- B. When a termination has been effected as herein provided, all the property previously subject to the Unit Ownership Act shall be deemed to be owned by all of the apartment unit owners as tenants in common, including those parcels of land over which an apartment unit is situated. Each tenant's undivided interest shall be that percentage of the undivided interest previously owned by such apartment unit owner in the common elements and facilities.

Section 16, Severability

The invalidity in whole or in part of any covenant or restriction, or any section, subsection, paragraph, sentence, clause, phrase or word, or other provision of this Declaration, or the By-Laws and regulations of the Association, shall not affect the validity of the remaining portions thereof.

Section 17, Miscellaneous Provisions and Declarant's Rights

- A. Encroachment Easement - The entire condominium property including the common areas and individual apartments shall be subject to easements for encroachments which now exist or hereafter may exist, caused by the settlement or movement of the building, or caused by minor inaccuracies in construction or reconstruction, which encroachments shall be permitted to remain undisturbed and which easements shall run in favor of the apartment owners, the Association, and the Declarant.
- B. The Declarant reserves the right to grant such easements for utility service, drainage, pedestrian and vehicular traffic, or otherwise, as may be considered by the Declarant, or its successors or assigns, desirable for the use of the property of the condominium for the purposes herein stated or to provide utility service, drainage, pedestrian and vehicular access to and from the adjoining property of the Declarant. In conjunction with the reservation as aforesaid, the Declarant expressly reserves a perpetual easement over all driveways and parking areas constituting a part of the common properties plus such areas as may be needed to connect said driveways and parking areas with U.S. Highway 158 Business, and adjoining property of Declarant, location of such driveways and parking areas to be chosen by the Declarant, or its successors and assigns. Such easement shall be considered an easement appurtenant to said property and all portions thereof and to run with said property and all portions thereof.

- C. Parking - Inasmuch as each apartment owner has parking space beneath the apartment unit which is a part of the individual condominium unit for the exclusive use of the owner of such unit, remaining parking areas are considered common properties and the Association may from time to time adopt regulations as necessary for the use of the common parking areas. The parking area beneath each unit is the parking space for such unit, as shown on Plans and Specifications and Plat.
- D. Waiver of Partition - No owner or other person or entity acquiring any right, title and interest in any apartment unit shall seek or obtain through any legal procedure, judicial partition of the apartment unit at any time. If however, any individual apartment units shall be owned by two or more persons as tenants in common or as joint tenants, herein shall prohibit judicial sale of the entire apartment in lieu of partition as between co-tenants or joint tenants.
- E. Right of Entry into Condominium Units in Emergencies - In the case of any emergency originating in or threatening any condominium unit, regardless of whether the owner or his lessee is present at the time of such emergency, the Board of Directors of the Association, or any other person authorized by it, or the managing agent, shall have the right to enter such condominium unit for the purpose of remedying or abating the cause of such emergency and such right of entry shall be immediate.
- F. Right of Entry for Maintenance of Common Property - Whenever it may be necessary to enter any condominium unit for the purpose of performing any maintenance, alteration or repair to any portion of the common property, the owner of each condominium unit shall permit other owners or their representatives or the duly authorized agent of the Association or the managing agent, to enter such condominium unit for such purposes, provided that the entry shall be only at reasonable times and with reasonable advance notice.
- G. Right of Association to Alter, Improve Common Property and Assessments Therefor - The Association shall have the right to make or cause to be made such alterations or improvements to the common property which do not prejudice the rights of the owner of any condominium unit in the use and enjoyment of his/her condominium unit, provided such alterations and improvements are approved by the Board of Directors of the Association and an affirmative vote of 75% of the membership of the Association, and the cost of such alteration and improvement shall be a common expense to be assessed and collected from all owners of the condominium units. However, where any alterations or improvements are exclusively or substantially for the benefit of owner or owners of certain condominium units requesting the same, then the cost of such alteration or improvement shall be assessed against and collected solely from the owner or owners of the condominium unit or units exclusively or substantially benefited, the assessment to be levied in such portion as may be determined by the Board of Directors of the Association.
- H. Association to Maintain Registry of Owners and Mortgagees - The Association shall at all times maintain a registry setting forth the name or names of all owners of the condominium units. In the event of the sale or transfer of any condominium unit to a third party, the purchaser or transferee shall notify the Association in writing of his interest in such condominium unit, together with such recorded information that shall be pertinent to identify the interest by which such purchaser or transferee has acquired his interest in any condominium unit and his address. Further, the owner of each condominium unit shall notify the names of the parties holding any mortgage or mortgages on any condominium, and such other necessary information so as to

identify the mortgagee and the mortgagee's address for purposes of notice in the event of any breach of an obligation of the condominium. The Association shall register and maintain in its files all pertinent information relating thereto for purposes of notice.

- I. All references to the Developer in the establishment of the Owners Association before March 31, 1984, refers to Phase I in all cases. The turnover for Phase II will be provided in the amended Declaration, bringing Phase II into the terms of this original Declaration.
- J. The Association on behalf of Unit Owners, shall become a member of the Nags Head Village Owners Association for the purpose of administering common areas of Nags Head Village, as required by the Town of Nags Head.

Spruilco, Ltd., Trustee, and Home Savings and Loan Association join in this Declaration for the sole purpose of consenting to the submission of all that portion of the property herein described in the Unit Ownership Act which is described in a deed of trust from Seawatch Ltd., a Partnership to: Spruilco, Ltd., Trustee, for the benefit of Home Savings and Loan Association duly recorded in Book 335, at Page 1022 of the Public Registry of Dare County, North Carolina. and Spruilco, Ltd., Trustee, and Home Savings and Loan Association agree that the land conveyed in the aforementioned deed of trust shall be subject to the provisions of this Declaration, for the purposes of creating a condominium form of ownership of said land, but in no way shall this joinder affect the validity of the lien of the aforementioned deed of trust, it being expressly retained on all the property therein described.

IN WITNESS WHEREOF, Seawatch Ltd., Spruilco, Ltd., Trustee, and Home Savings and Loan Association have caused this instrument to be executed by their duly authorized corporate officers and partnership parties in their respective corporate and partnership capacities this day and year first above written.

SEAWATCH LTD., A NORTH CAROLINA PARTNERSHIP

By: HSL INVESTORS, INC., a Partner

By: Sheldon H. P.S., Jr.
President

ATTEST:

Danille R. Greene
Secretary

(CORPORATE SEAL)

By: K G CONSTRUCTION, INC., a Partner

By: Howard Chobin
President

ATTEST:

Selenia B. Cliborne
Secretary

(CORPORATE SEAL)

SPRUILLCO, LTD., A NORTH CAROLINA CORPORATION

By: Geoffrey Poro
(Vice) President

ATTEST:

William S. Clary
Secretary

(CORPORATE SEAL)

HOME SAVINGS AND LOAN ASSOCIATION

By: Sheldon H. P.S., Jr.
President

ATTEST:

Danille R. Greene
Secretary

(CORPORATE SEAL)

NORTH CAROLINA
GARE COUNTY
Wash

I, Carol C. Pelt, a Notary Public of the County and State aforesaid, certify that Danille R. Greene personally came before me this day and acknowledged that he/she is Secretary of HSL Investors, 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 Danille R. Greene, as its Secretary, on behalf of the corporation in its capacity as a partner in Seawatch Ltd., a North Carolina Partnership.

Witness my hand and notarial seal, this the 12th day of September, 1983.

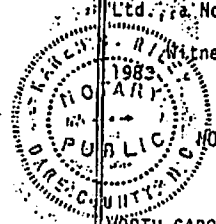
NOTARIAL SEAL

Carol C. Pelt
Notary Public
My commission expires: 7/25/86

CAROL C. PELT
NOTARY PUBLIC
NORTH COUNTY, N. C.

NORTH CAROLINA
COUNTY OF DARE

I, Karen C. Riley, a Notary Public of the County and State afore-
said, certify that Helen Cliborne personally came before me this day and
acknowledged that he/she is Secretary of K G Construction, Inc., and
that by authority duly given and as the act of the corporation, the foregoing
instrument was signed in its name by its President, sealed with its
corporate seal, and attested by her, as its
Secretary, on behalf of the corporation in its capacity as a partner in Seawatch
Ltd. a North Carolina Partnership.



Witness my hand and notarial seal, this the 10th day of October

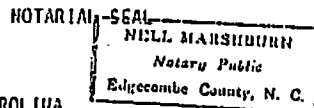
NOTARIAL SEAL

Karen C. Riley
Notary Public
My commission expires: 10-26-86

NORTH CAROLINA
COUNTY OF Edgecombe

I, Nell Marshburn a Notary Public of the County and State afore-
said, certify that William S. Whinnery, Jr. personally came before me this
day and acknowledged that he/she is Asst. Secretary of Spruilco, Ltd., 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 Vice
President, sealed with its corporate seal and attested by him/her as its Asst.
Secretary.

Witness my hand and notarial seal, this the 4th day of October
1983.



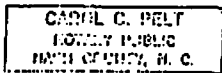
Nell Marshburn
Notary Public
My commission expires: 1-24-85

NORTH CAROLINA
COUNTY OF Nash

I, Carol C. Pelt, a Notary Public of the County and State afore-
said, certify that James A. Williams personally came before me this
day and acknowledged that he/she is Secretary of Home Savings and Loan
Association, and that by authority duly given and as the act of the Corporation,
the foregoing instrument was signed in its name by its President,
sealed with its corporate seal and attested by him/her as its Secretary.

Witness my hand and notarial seal, this the 12th day of September
1983.

NOTARIAL SEAL



Carol C. Pelt
Notary Public
My commission expires: 7/25/86

NORTH CAROLINA
DARE COUNTY

The foregoing certificates of Carol C. Pelt, a Notary Public of Nash County,
North Carolina, Karen C. Riley, a Notary Public of Dare County, North Carolina,
and Nell Marshburn, a Notary Public of Edgecombe County, North Carolina.

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

Alvin H. White REGISTER OF DEEDS FOR DARE COUNTY
By Deputy/Assistant Register of Deeds

EXHIBIT I

All that certain parcel of land situated in the Town of Nags Head, Nags Head Township, Dare County, North Carolina, adjoining U.S. Highway 158 Business known as Virginia Dare Trail, Atlantic Ocean, other lands of the Florence Epstein Estate and a seventy foot parcel of land owned by the Town of Nags Head, extending from said highway to the Atlantic Ocean and more particularly described as follows:

Beginning at an existing concrete monument in the Southwest corner of property conveyed to the Town of Nags Head at a 70 foot right of way, running thence from said beginning point North 63 deg. 25 min. 54 sec. East a distance of 450 feet more or less to the high water mark of the Atlantic Ocean; thence turning and running Southerly along the high water mark of the Atlantic Ocean a distance of 346.10 feet to a point; thence turning and running South 63 deg. 28 min. 02 sec. West a distance of 450 feet more or less to an iron pipe situated in and on the Eastern margin of U.S. Highway 158 Business known as Virginia Dare Trail; said point being on a course of South 26 deg. 30 min. 15 sec. East a distance of 346.10 feet from the point of beginning; thence turning and running North 26 deg. 30 min. 15 sec. West and along the Eastern margin of the aforesaid highway right of way a distance of 346.10 feet to the concrete monument at the point or place of beginning.

Said lands being shown on a map or plat entitled "The Quay" bearing date of August 31, 1983, by W. M. Meekins, Jr. and Associates, duly recorded in Unit Ownership Book 221 Page 163, of the Public Registry of Dare County, North Carolina.

EXHIBIT II

All that certain parcel of land situated in the Town of Hags Head, Hags Head Township, Dare County, North Carolina, adjoining the Atlantic Ocean; U.S. Highway 158 Business known as Virginia Dare Trail, other lands of the Florence Epstein Estate, property of the Quay, Phase I, and more particularly described as follows:

Beginning at an iron pipe situated in and on the Eastern margin of U.S. Highway 158 Business known as Virginia Dare Trail, said beginning point being situated on a course of South 26 deg. 30 min. 15 sec. East a distance of 346.10 feet from a concrete monument situated in the Southwest corner of a parcel of land owned by the Town of Hags Head designated as a 70 foot right of way, running thence from said beginning point North 63 deg. 28 min. 02 sec. East a distance of 450 feet more or less to the shore of the Atlantic Ocean; thence turning and running in a Southerly direction along the shore of the Atlantic Ocean 285.20 feet to a point; thence turning and running South 63 deg. 29 min. 45 sec. West 450 feet more or less to a concrete monument situated on the Eastern margin of the aforesaid highway right of way; thence turning and running along the Eastern margin of the aforesaid highway right of way North 25 deg. 30 min. 15 sec. West a distance of 286.10 feet to the point or place of beginning.

Said parcel of land being designated by the number II on a plat entitled "The Quay" prepared by W. M. Meekins, Jr. and Associates, dated August 31, 1983, and duly recorded in Unit Ownership Book 2, Page 163, of the Public Registry of Dare County, North Carolina.

EXHIBIT III

THE QUAY
SPECIFICATIONS FOR NEW CONSTRUCTION

1. **PILINGS:**
Provide 108 30,000 pound pilings, per building, driven to a depth of maximum resistance as shown on plans. Maximum piling penetration - 20 feet below foundation.
2. **FOUNDATIONS:**
Each wall area shall have a continuous concrete beam poured over each piling and connected along the entire wall length with a network of 3/4", 7/8" and 1" steel re-bars installed as per plans. Concrete design mix shall be 3,000 psi minimum compressive strength. Termite protection YES
3. **MASONRY WALLS:**
Each unit shall be partitioned from the adjoining unit with a 8" wall of 75% solid masonry units conforming to Section 716.2 of the N.C. Building Code and shall be approved to have a 4 hour fire resistance rating. Each party wall between living units extend a minimum of 3 feet above the roof line in accordance with the Town Hags Head Zoning Ordinance for Townhouse construction within Hags Head Village. All end walls outside of each living area shall be brick veneer or solid brick construction. Masonry reinforcement shall be standard wire construction every other block course and with 7/8" and 3/4" re-bars every 4 feet along the entire length for the full height of the wall. At each floor level a continuous bond beam shall be laid the length of the wall to be filled with 3,000 pound concrete and 2 5/8" steel rods. Steel bolts shall be installed under the 5/8" rods to anchor floor plates.
4. **EXTERIOR WALLS:**
Wood frame: Grade and species - SYP #2 Studs: 2 x 4 16" O/C. Headers as required for openings. Sheathing to be exterior grade sheetrock with waterproof surface. Exterior finish surface to be Dryvit Outsulation as manufactured by Dryvit System Inc.
5. **FLOOR & ROOF FRAMING:**
Shall be in accordance with "Design Criteria for Trusses Rafters". Material shall be #2 SYP and in size 2" x 14" placed 2 feet O/C in accordance with plans for floor trusses. Roof Trusses shall be on 24" centers, 58'7" in length. Blocking to be furnished as required.
6. **SUBFLOORING:**
Material shall be 3/4" plywood with tongue and grooved edges. Each joint shall be properly glued and nailed to floor joists. Foyer, utility and carport area - to be 4" poured in place concrete with wire mesh reinforcement.
7. **ROOFING:**
Sheathing shall be 1/2" plywood deck covered with required layers of 15# felt. Shingles shall be a minimum of 235 lbs. per 100 square feet of Class A fire resistive fiberglass material providing "hold down" features against wind damage per coastal requirements of the N.C. Building Code. Flashing to be 26 gauge galvanized and provided as required by drawings.
8. **EXTERIOR TRIM & FINISH:**
All fascia boards at roof will be stained, all other wood on balconies, trim, and steps shall be #2 SYP salt-treated without stain. Utility and carport walls shall be stained and/or painted as required. All balcony decks to be finished with lightweight concrete surfaces.
9. **EXTERIOR DOOR AND WINDOWS:**
Entrance door shall be 3'0" width steel benchmark door with full length glass sidelight. Windows shall be 3'0" X 6'0" Bennings #451 with insulated glass. Patio doors shall be Carvel wood doors as manufactured by "Peachtree" and shall be 9'0" X 6'8" on the east side and 6'0" X 6'8" on the west side of the building. The east side openings shall have installed on the exterior an Aluminum Accordion shutter as manufactured by Bernardo Shutter Corporation.

10. **INTERIOR WALL AND CEILING SURFACES:**
All block and room partition walls and ceilings to have 1/2" sheetrock, with smooth finished taped joints, installed.
11. **INSULATION:**
Outside walls to have fiberglass batt insulation equivalent rating R-19. Ceiling above second floor and floor of first floor to have fiberglass batt insulation equivalent rating - R-30.
12. **PAINT AND WALLPAPER:**
- | <u>Rooms</u> | <u>Wall Finish</u> | <u>Ceiling Finish</u> |
|---------------------------|-----------------------------------|-----------------------|
| Kitchen | Wallpaper | Drop Acrylic Panels |
| Baths | Wallpaper | Blown |
| Vanity Area | Wallpaper | Blown |
| Living Room | Wallpaper | Blown |
| Dining Room | Wallpaper | Dropped and Blown |
| All other rooms and halls | Painted with primer and two coats | Blown |
13. **INTERIOR DOORS AND TRIM:**
Doors to be flush type 1 3/8" thick, birch wood with natural finish. Door trim and base to be finished natural in sizes shown on drawings. Bath and vanity areas to have mirrors, towel bars and paper holders as required.
14. **CABINETS:**
Kitchen and Bath cabinets shall be prefinished base and counter tops as shown on drawings and installed by supplier.
15. **FLOORS:**
Foyer to be tiled. Kitchen, bath and vanity areas to be Sun Dial Solarian or equivalent. All other floor areas to be covered with 1/2" #2 carpet pad and 100% plush nylon carpet.
16. **APPLIANCES:**
Following items will be furnished each unit:
 (a) 18 cubic foot refrigerator with icemaker and energy saver switch
 (b) Self-cleaning free-standing range
 (c) Multi-cycle Energy-saver Dishwasher
 (d) Micro-wave oven with combination exterior vented hood
 (e) Heavy Duty Automatic Washer with multi selections for water and speed
 (f) Heavy Duty Energy-saver Dryer with Temperature and Time cycle selection
 (g) Under counter 45 lb. ice maker at wet bar
 (h) 1/HP Sound Shield Disposal
17. **FIREPLACE:**
Fireplaces to be installed as per Heatilator Model FP36 or equivalent with brick hearth and wood mantle
18. **ELECTRICAL:**
A 200 AMP Main Breaker panel with individual breakers and circuits as shown on the electrical diagram of the plans. Fixtures shall be furnished as detailed in the plans with ceiling, vanity lights and exhaust fans in all baths. Each bedroom and the living room will be furnished a 52" ceiling fan. Outside lights, foyer and hall lights will be furnished as required. A dining room fixture may be provided by owner and a credit of \$75.00 will be allowed.
19. **HEATING AND AIR CONDITIONING:**
Each unit will be furnished a 2 1/2 Ton Rheem Heat Pump unit. End units will be furnished a 3 Ton unit. All supply and return ducts will be insulated. Thermostats to be provided and installed.

- 20. PLUMBING:
All water lines below grade to be Type K copper and above, Type L copper. Sewer lines to be Schedule 40, ABS pipe. Stops to be provided at all sinks and one master cutoff/drain valve at ground level. Fixtures to be American Standard water closets; Owens Corning Fiberglass Tub/Shower (Master Bath - Owens Corning Whirlpool Tub/Shower); Delta faucets; Precast Marble Vanity/Bowltop; and 52 gallon quick recovery, energy-saver water heater. Double stainless steel Kitchen Sink and single stainless steel bar sink.
- 21. LANDSCAPING:
In accordance with plans of McHelly Associates, Landscape architects.
- 22. WARRANTY:
(a) Prior to occupancy and closing Buyer may inspect unit and provide a corrections list but not earlier than 2 weeks before closing.
(b) After date of occupancy, Owner must furnish a list of discrepancies for correction with 30 days.
(c) After 30 days, only items covered by manufacturers and/or suppliers warranties may be presented for correction.

Return to: Cape Management
1410 S. Virginia Dare Trail
Kill Devil Hills, NC 27948

BK 939 PG 0049

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NORTH CAROLINA
DARE COUNTY

FILED

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DEPT. OF REGISTRY
REGISTER OF DEEDS
DARE COUNTY, N.C.

SECOND
AMENDMENT TO THE DECLARATION
OF UNIT OWNERSHIP OF
THE QUAY CONDOMINIUM

This Second Amendment to the Declaration of Unit Ownership of The Quay Condominium is made this the 1st day of June, 1994 by The Quay Owners Association, Inc. (hereinafter "Association").

WITNESSETH:

WHEREAS the Declarant, Seawatch Ltd., a North Carolina Partnership, was the Declarant of a heretofore filed Declaration dated September 1, 1983, and recorded in Deed Book 353, Page 376, Dare County Registry, relating to the property known as "The Quay Condominium" in Nags Head, North Carolina; and

WHEREAS the Declarant set out provisions in the Declaration for the amendment thereof; and

WHEREAS the Association desires to file this Amended Declaration and has complied with all requirements outlined in the original Declaration and associated documents in order to amend said Declaration; and

WHEREAS the President of the Association, by her signature hereto, certifies this Second Amendment;

NOW, THEREFORE, the Association does hereby declare that Section 17, Paragraph J of the original Declaration of Unit Ownership of The Quay Condominium is stricken in its entirety.

IN WITNESS WHEREOF The Quay Owners Association, Inc. has caused this Amendment to its Declaration to be executed in its corporate name by its president, attested by its secretary and its common corporate seal, as a non-profit corporation, attached hereto this day

and year first above written.

THE QUAY OWNERS ASSOCIATION, INC.

BY: Susan Hardage
Susan Hardage, President

ATTEST:

James B. Montgomery
James Montgomery, Secretary

{AFFIX SEAL



NORTH CAROLINA
DARE COUNTY

I, a Notary Public of the County and State aforesaid, certify that James B. Montgomery, personally came before me this day and acknowledged that he/she is _____ Secretary of **The Quay Owners Association, 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 _____ as its _____ Secretary.

Witness my hand and official stamp or seal, this 16th day of December 1993.

Paulea Sue Douglas
Notary Public

My Commission Expires: 11-26-94



NORTH CAROLINA
DARE COUNTY

The foregoing certificate(s) of Paulea Sue Douglas is/are certified to be correct. This instrument and this certificate are duly registered at the date and time in the Book and Page shown on the first page hereof.

Dorris A Fry, Register of Deeds for Dare County

By: Dorris A. Fry ~~Assistant~~ Register of Deeds

BY-LAWS
OF
THE QUAY OWNERS ASSOCIATION, INC.
A Non-Profit Corporation

1. IDENTITY. These are the By-Laws of The Quay Owners Association, Inc., hereinafter called the Association, a non-profit corporation organized under the laws of the State of North Carolina, the Articles of Incorporation of which were filed in the Office of the Secretary of State on the 5th day of October, 1983. The Association has been organized for the purpose of administering a condominium pursuant to Chapter 47A, North Carolina General Statutes, which are hereinafter called the Unit Ownership Act, which condominium is identified by the name of The Quay Condominium and is located at Mile Post 14, U.S. Highway 158 Business, East/Side, Nags Head, North Carolina 27959.

The office of the Association shall be at Mile Post 14, U.S. Highway 158 Business, East/Side, Nags Head, North Carolina 27959. The registered office of the corporation shall be at Mile Post 14, U.S. Highway 158 Business, East/Side, Nags Head, North Carolina 27959, or such other place within the State of North Carolina, as may from time to time be fixed and determined by the Board of Directors.

The seal of the corporation shall bear the name of the corporation, the words "North Carolina," and the words "Non-Profit Corporation".

2. MEMBERS MEETING.

A. The annual members meeting shall be held at the time and place selected by the Board of Directors and provided that each unit owner is given 30 days advance notice of said meeting. Said meeting will be for the purpose of electing directors and transacting any other business authorized to be transacted by the members.

B. Special members meeting shall be held whenever called by the President or Vice President, or a majority of the Board of Directors, and must be called by such officers upon receipt of a written request from members entitled to cast fifty-one (51%) percent of the votes of the entire membership.

C. Notice of all members meetings, stating the time and place and the object for which the meeting is called, shall be given by the President or Vice President or Secretary unless waived in writing. Such notice shall be in writing to each member at his address as it appears on the books of the Association and shall be mailed not less than ten days nor more than sixty days prior to the date of the meeting. Proof of such mailing shall be given by the affidavit of the person giving the notice. Notice of meetings may be waived before or after meetings.

D. A quorum at members meetings shall consist of persons entitled to cast a majority of the votes of the entire membership. In person, or by proxy, if any, meeting of the members cannot be organized because a quorum has not attended, the members who are present, either in person or by proxy, may adjourn the meeting for at least two days; and an adequate notice of the new date shall be given as described in Paragraph C of this section. Business at the meeting shall require an affirmative vote of 2/3 of the votes present in person or by proxy.

E. In any meeting of the members the owner of each apartment is entitled to cast one vote.

If an apartment is owned by one person, his right to vote shall be established by the record title to his apartment. If an apartment is owned by more than one person, the person entitled to cast the vote for the apartment shall be designated by a certificate signed by all of the record owners of the apartment and filed with the Secretary of the Association. If an apartment is owned by a corporation, the person designated to cast the vote for the apartment shall be designated by certificate of appointment signed by the President or Vice President and attested by the Secretary or Assistant Secretary of the corporation and filed with the Secretary of the Association. Such certificate shall be valid until revoked, or superseded by a subsequent certificate designating the person the ownership of the apartment concerned. A certificate designating the person entitled to cast a vote of an apartment may be revoked by any owner thereof.

F. Votes may be cast by person or by proxy. Proxies may be made by any person entitled to vote. They shall be valid for only the particular meeting designated and must be filed with the Secretary before the appointed time of the meeting.

G. The order of business at the annual members meeting and as far as practicable at all other members meetings shall be: the President Presiding and;

- (1) Election of the Board of Directors
- (2) Approval of the annual budget
- (3) Report of Officers and Committees
- (4) Such other business as the Board shall place on the agenda for the meeting

H. Until the Developer of the condominium, herein call Developer, has completed and sold all but one of the apartments of the condominium or until March 31, 1984, or until the Developer elects to terminate his control of the condominium, whichever first shall occur, there shall be not meeting of members of the Association unless a meeting is called by the Board of Directors. This shall apply to Phase I of the Condominium only.

3. DIRECTORS.

A. The affairs of the Association shall be managed by a Board of not more than nine Directors, the exact number to be determined at the time of the election, by the members at the first meeting of the Association after completion of the project. If Phase II is not activated then such election shall be held on or before March 31, 1984.

B. Election of Directors shall be conducted at the annual members meeting. A nominating committee of three members shall be appointed by the Board of Directors not less than 30 days prior to the annual members meeting. The committee shall nominate one person for each Director serving. Additional nominating for Directorship and Directors may be made from the floor. The election shall be by ballot (unless dispensed with by unanimous consent), and by plurality of the votes cast, each person voting being entitled to cast his votes for each of as many nominees as there are vacancies to be filled. There shall be no cumulative voting. Subject to the provisions of Article VII of the Articles of Incorporation.

C. Except as to vacancies provided by removal of Directors by members, vacancies in the Board of Directors occurring between annual meetings of members shall be filled by the remaining Directors.

D. Any Director may be removed by concurrence of two-thirds of the vote of the entire membership attending in person or by proxy at a special meeting of the members called for that purpose. A vacancy in the Board of Directors so created shall be filled by the members of the Association at the same meeting.

E. Until the Developer has completed and sold all but one of the apartment of the condominium or until March 31, 1984, or until the Developer elects to terminate its control of the condominium, whichever shall first occur, the first Directors of the Association named in the Charter shall serve, and in the event of vacancies, the remaining Directors shall fill the vacancies and if there are no remaining Directors, the vacancies shall be filled by the Developer.

F. The term of each Director's service shall extend until the next annual meeting of the members and thereafter until his successor is duly elected or until he is removed in the manner elsewhere provided.

4. DIRECTORS MEETINGS.

A. The organizational meeting of a newly-elected Board of Directors shall be held within ten days of its election at such place and time as shall be fixed by the Directors at the meeting at which they were elected, and no further notice of the organizational meeting shall be necessary providing a quorum shall be present, at the meeting at which said Board shall have been elected.

B. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors. Notice of regular meetings shall be given to each Director, personally or by mail, telephone or telegraph at least three days prior to the day named for such meeting. Meetings shall be at least quarterly.

C. Special meetings of the Directors may be called by the President and must be called by the Secretary at the written request of one-third of the Directors. Notice of the meeting shall be given personally or by mail, telephone or telegraph at least three days prior to the day named for such meeting, which notice shall state the time, place and purpose of the meeting.

D. Any Director may waive notice of a meeting before or after the meeting and such waiver shall be deemed equivalent to the giving of notice, by signature to the minutes of such meeting.

F. A quorum at Directors meetings shall consist of a majority of the entire Board of Directors. The acts approved by a majority of those present at a meeting at which a quorum is present shall constitute the acts of the Board of Directors, except where approval by a greater number of Directors is required by the Declaration of Condominium, herein called the Declaration, the Articles of Incorporation, or these By-Laws. If at any meeting of the Board of Directors less than a quorum is present, the majority of those present may adjourn the meeting any business which might have been transacted at the meeting as originally called may be transacted without further notice. The joinder of a Director in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such Director for the purpose of determining a quorum.

G. The order of business at Directors' meetings shall be

- (1) Election of Officers after the annual meeting
- (2) Such other business as may properly come before the Board of Directors for the benefit and consideration of the members and the administration of the condominium.

5. POWERS AND DUTIES OF THE BOARD OF DIRECTORS.

A. All of the powers and duties of the Association existing under the Unit Ownership Act, the Declaration, the Articles of Incorporation, and these By-Laws shall be exercised exclusively by the Board of Directors, its agents, contractor or employees, subject only to approval by apartment owners when such is specifically required. Compensation of employees of the Association shall be fixed by the Directors. A Director may be an employee of the Association, and a contract for management of the condominium may be entered into with a Director.

B. Other powers and duties to be executed by the Board of Directors shall include but shall not be limited to the following, as provided in the Declaration:

- (1) Operation, care, upkeep and maintenance of the common elements;
- (2) Determination of the amounts required for operation, maintenance and other affairs of the condominium;
- (3) Collection of the common charges from the Unit owners;
- (4) Employment and dismissal of the personnel, as necessary for the efficient maintenance and operation of the condominium;
- (5) Adoption and amendment of rules and regulations covering the details of the operation and use of the condominium property and use of parking spaces;
- (6) Opening of bank accounts on behalf of the condominium and designating the signatories required therefor;
- (7) Obtaining insurance for the condominium property, including the apartment units pursuant to the Declaration of Condominium; and
- (8) Making repairs, additions and improvements to, or alterations of, the condominium property, and repairs to and restoration of the property in accordance with the other provisions of these By-Laws and the Declaration of Condominium, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings.

C. Limitation Upon the Power of the Board of Directors - Any member of the Association, aggrieved by an action of the Board of Directors affecting all members of the Association such as the adoption of a budget may upon the joinder of at least 25% of the membership of the Association notify the President of the Association to call a special meeting for reconsideration of such Board action. Due notice of such meeting shall be given all members at least 20 days in advance of such meeting and the Board's action may be nullified by an affirmative vote at such meeting of 75% of all members of the Association.

6. OFFICERS.

A. The executive office of the Association shall be a President, who shall be a director, a Vice President, who shall be a Director, a Treasurer, a Secretary, and an Assistant Secretary, all of whom shall be elected annually by the Board of Directors and who may be removed by vote of the Directors at any meeting. Any person may hold two or more offices except that the President shall not also be the Secretary or Assistant Secretary. The Board of Directors may from time to time elect other officers to exercise such powers and duties as the Board shall find to be required to manage the affairs of the Association. Compensation of officers shall be fixed by the Board of Directors.

B. The President shall be the chief executive officer of the Association. He shall have all of the powers and duties which are usually vested in the office of the president of an association, including but not limited to the power to appoint committees from among the members from time to time, as he may in his discretion determine appropriate, to assist in the conduct of the affairs of the Association.

C. The Vice President shall in the absence or disability of the President exercise the powers and perform the duties of the President. He shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the Directors.

D. The Secretary shall keep the minutes of all proceedings of the Directors and the members. He shall attend to the giving and serving of all notices to the members and Directors and other notices required by law or as instructed by President or Vice President. He shall have custody of the seal of the Association and affix the same to instruments requiring a seal when duly signed. He shall keep the records of the Association, except those of the Treasurer, and shall perform all other duties incident to the office of Secretary of an Association and as may be required by the Directors or the President. The Assistant Secretary shall perform the duties of the Secretary when the Secretary is absent.

E. The Treasurer shall have custody of all property of the Association, including funds, securities, and evidences of indebtedness. He shall keep the books of the Association in accordance with good accounting practices and shall perform all other duties incident to the office of Treasurer.

F. Terms of Office - Officers shall be elected annually at the first Board of Directors meeting following the annual meeting. Directors may be elected annually or may be elected to staggered terms established by a vote at an annual meeting of 66% of all votes cast.

7. ACCOUNTING. The funds and expenditures of the Association shall be credited and charged to accounts under the following classifications as shall be appropriate, all of which expenditures shall be common expenses:

A. "Current Expenses"; which shall include all funds and expenditures to be made within the year for which the funds are budgeted, including a reasonable allowance for contingencies and working funds, except expenditures chargeable to reserves, to additional improvements, or to operations.

B. "Reserve for Deferred Maintenance", which shall include funds for maintenance items which occur less frequently than annually.

C. "Reserve for Replacement", which shall include funds for repair or replacement required because of damage, depreciation, or obsolescence.

D. "Additional Improvements", which shall include the funds to be used for capital expenditures for additional improvements or additional personal property which will be part of the common elements.

8. BUDGET. The Board of Directors shall adopt a budget for each calendar year which shall include the estimated funds required to defray common expenses and to provide funds for the account listed in Section 7 of these By-Laws.

Until the developer has completed and sold all but one of the apartments of the condominium, or until March 31, 1984, or until the Developer elects to terminate its control of the condominium, whichever shall first occur, the Board of Directors may omit from the budget all allowances for contingencies and reserves. Copies of the budget shall be transmitted to the members not more than 50 days or less than 20 days prior to the annual meeting for consideration of the budget, and then if the budget is subsequently amended, a copy of the amended budget shall be furnished each member.

All references to the Developer in the establishment of the Owners Association before March 31, 1984, refers to Phase I in all cases. The turnover for Phase II will be provided in the amended Declaration.

9. ASSESSMENTS.

A. Assessments against the apartment owners for their share of the items of the budget shall be made at the annual meeting. Such assessments shall be due in twelve equal installments beginning on the first day of June of the year for which assessments are made. If an annual assessment is not made as required, an assessment shall be presumed to have been made in the amount of the last prior year assessment. In the event the annual assessment proves to be insufficient, the budget and assessments therefore may be amended at any time by the Board of Directors, the unpaid assessment for the remaining portion of the calendar year for which the amended assessment is made shall be paid over the remaining months in the year.

B. If an apartment owner shall be in default in the payment of any installment upon an assessment, the Board of Directors may institute collection of the same according to the Declaration of Condominium.

C. Assessments for common expenses or emergencies which cannot be paid from the annual assessment shall be made by the Board of Directors. After notice of such assessment, the assessment shall become effective, and it shall be due after 30 days notice thereof in such manner as the Board of Directors may determine.

D. The depository of the Association shall be such bank or banks as shall be designated from time to time by the Directors and in which the moneys of the Association shall be deposited. Withdrawal of moneys from such accounts shall be only by checks signed by such persons as are authorized by the Directors.

E. An audit of the accounts of the Association shall be made annually by a certified public accountant, and upon request, a copy of the report shall be furnished to each member not later than 90 days after the end of the fiscal year for which the report is made.

F. Fidelity bonds may be required by the Board of Directors from all persons handling or responsible for Association funds in such amount as shall be determined by the Board. The premiums on such bonds shall be paid by the Association.

10. PARLIAMENTARY RULES. Roberts' Rules of Order (latest edition) shall govern the conduct of Association meetings when not in conflict with the Declaration, the Articles of Incorporation, or these By-Laws.

11. AMENDMENTS. These By-Laws may be amended in the following manner:

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

B. A resolution adopting a proposed amendment may be proposed by either the Board of Directors or by the members of the Association. Directors and members not present in person or by proxy at the meetings considering the amendment may express their approval in writing, providing such approval is delivered to the Secretary at or prior to the meeting. Except as elsewhere

provided, such approvals must be by at least 66% of the entire membership of the Board of Directors and by not less than 66% of the votes of the entire membership of the Association; or by at least 66% of the votes of the entire membership of the Association. Until the first election of Directors, all Directors must approve any amendment.

C. No amendment shall discriminate against any apartment owner or against any apartment or class or group of apartments unless the apartment owners so affected shall consent. No amendment shall change any apartment nor the share in the common elements appurtenant to it, nor increase the owner's share of the common expenses, no change the voting rights of members, unless the record owners of all apartment units and all record owners of liens thereon shall join in the execution of the amendment. All unit owners shall be bound to abide by any amendment so adopted.

D. A copy of each amendment shall be certified by the President and Secretary of the Association as having been duly adopted and shall be effective when recorded in the Public Records of Dare County, North Carolina.

The foregoing were adopted as the By-Laws of The Quay Owners Association, Inc., a non-profit corporation, organized and existing under the laws of the State of North Carolina, at the first meeting of the Board of Directors on the 10th day of October, 1983.

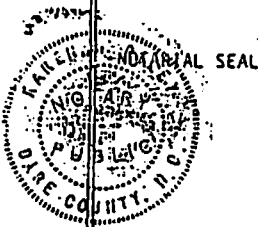
C. Howard Cliborne
Secretary

NORTH CAROLINA
DARE COUNTY

C. Howard Cliborne personally appeared before me this 10th day of October, 1983, and stated that this is a true copy of the By-Laws of the Quay Owners Association, Inc, as adopted by the initial Board of Directors.

Karen C. Riley
Notary Public

My commission expires: 10-26-86



Definitions -- The terms used herein and in the By-laws of the Association attached as Exhibit "V" shall have the meanings stated in the Unit Ownership Act, North Carolina General Statute 47A, except as modified or extended, and when it is plainly evident from the context that a different meaning is intended:

- A. "Apartment building" means one of a group of single freestanding structures [each of which contains six "units" or "condominium units" as those terms are defined by N.C.G.S. 47A-3(12)] comprising a part of the "property" as that term is defined by N.C.G.S. 47A-3(10).
- B. "Apartment unit" means "unit" or "condominium unit" as defined by N.C.G.S. 47A-3(12), and includes the parking area underneath each unit as shown on the Plans and Specifications.
- C. "Apartment unit owner" means a person, corporation, partnership, association, trust or other legal entity, or any combination thereof, who owns an apartment within any apartment building.
- D. "Condominium elements" means "common areas and facilities" as defined by N.C.G.S. 47A-3(2).
- F. "Limited common elements" means "limited common areas and facilities" as defined by N.C.G.S. 47A-3(7).
- G. "Association" means The Quay Owners Association, Inc., a non-profit corporation composed of all the apartment unit owners to act as the "association of unit owners" as that term is defined by N.C.G.S. 47A-3(1).
- H. "By-laws" means the by-laws now or hereafter adopted or amended for The Quay Association, Inc.
- I. "Article" means the Articles of Incorporation of The Quay Owners Association, Inc., a non-profit organization existing under the laws of the State of North Carolina, as said articles may be amended from time to time.
- J. "Declarant" shall mean Seawatch Ltd, or any successor in interest by merger or by expressed assignment of the rights of the Declarant hereunder by instrument executed by the Declarant, and recorded in the office of the Register of Deeds of Dare County, North Carolina.
- K. "Declaration". The word "Declaration" as used in the documents shall mean that Declaration of Unit Ownership which may be hereinafter referred to as Declaration, Declaration of Unit Ownership, or Declaration of Condominium.
- L. "Management Agreement" shall mean that agreement between the Association, acting by and through its Board of Directors, or by and through its members, and any person, firm or corporation providing for the maintenance of the properties of the condominium.
- M. "Occupant" shall mean any person or persons in possession of a unit.
- N. "Original Deed" shall mean the deed the Declarant first records after the date hereof which conveys a unit conveyed by the Declarant, excluding, however, any deed which conveys the entire interest in the condominium then held by the Declarant, which expressly recites that it is not an original deed within the meaning of this Declaration, and that it is intended to substitute the grantee as Declarant hereunder, and which includes an expressed assignment of the rights of the Declarant under this Declaration.
- O. "Owner" shall mean and include the grantee or grantees named in each original deed to a unit or the successive owner of such unit so conveyed by Declarant, or the Declarant with respect to any unit not conveyed.

- P. "Person" shall mean any individual person, corporation, partnership, association, trust, or any other legal entity or any combination thereof.
- Q. "Purchaser" shall mean any individual person, corporation, partnership, or other legal entity, including his or its heirs, assigns, or successors, who purchase a unit from the Declarant.
- R. "Rental of a Unit Owner's Property". If a unit owner's property is foreclosed by reason of failure to pay assessments, the unit owner may be required to pay a reasonable rental fee for the unit for such time as he may desire to use the same subject to such other regulations as may be provided in the By-Laws of the Association.
- S. "Plans and Specifications" are those engineering drawings prepared by Best & Associates, A.I.A. filed in Unit Ownership Book 2, Pages 164-175.
- T. "Developer" is SeaHatch, LTD, a North Carolina Partnership.

DECLARATION OF UNIT OWNERSHIP OF THE QUAY CONDOMINIUM
INDEX

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<u>SECTION</u>	<u>DECLARATION OF UNIT OWNERSHIP</u>	ALVA G. WISE REGISTER OF DEEDS DARE COUNTY, N.C.
1	Description of Apartments	
2	Shares - Each Unit's Share of Common Areas and Share of Common Expenses	
3	Common Elements and Facilities	
4	Limited Common Elements and Facilities	
5	Maintenance, Alteration of Apartments	
6	Maintenance, Alteration and Operation of Common Elements	
7	Assessments	
8	Association	
9	Insurance	
10	Repair and Replacement of Destroyed Property	
11	Use Restrictions	
12	Compliance and Default	
13	Amendments	
14	Agent for the Service of Process	
15	Termination	
16	Severability	
17	Miscellaneous Provisions and Declarant's Rights	

EXHIBITS

- Exhibit I - Legal Description of Phase I
- Exhibit II - Legal Description of Phase II
- Exhibit III - Specifications
- Exhibit IV - The Quay Owners Association -
Articles of Incorporation
- Exhibit V - The Quay Owners Association - By-Laws
- Exhibit VI - Definitions

THE QUAY OWNERS ASSOCIATION, INC. POLICY RESOLUTION

Resolution: Installation of Hurricane Shutters

Adopted: Majority Vote of the Board of Directors
November 1999

WHEREAS, the Board of Directors of The Quay Owners Association, Inc. is empowered to govern the affairs of the Homeowners Association pursuant to Article V, Section B of the Bylaws...

WHEREAS, there is a need to adopt specific rules regarding the replacement style and color for the hurricane shutters...

WHEREAS, it is the intent that this rule shall be applicable to all Owners and this resolution shall remain in effect until otherwise rescinded, modified, or amended by a majority of the Board of Directors...

NOW, THEREFORE, BE IT RESOLVED THAT the following rules regarding hurricane shutter replacement are hereby adopted by the Board of Directors:

Owners may replace their hurricane shutters over their sliding doors and/or dining room windows with a tan roll shutter using the style provided by:

A & A International, LTD
544-110 Central Drive
Virginia Beach, VA 23454
Sales Representative: Michael Niepraschk
1/800-252-1446

STYLE: Roll Down Shutters
COLOR: #4800 Fawn
PROFILE: A-54

Owner must remove and dispose of old shutters at their own expense.

**THE QUAY OWNERS ASSOCIATION, INC.
POLICY RESOLUTION**

Resolution: Installation of Gas Logs in Fireplaces

**Adopted: Majority Vote of the Board of Directors
July 1998**

WHEREAS, the Board of Directors of The Quay Owners Association, Inc. is empowered to govern the affairs of the Homeowners Association pursuant to Article V, Section B of the Bylaws...

WHEREAS, there is a need to adopt specific rules regarding the installation of gas logs...

WHEREAS, it is the intent that this rule shall be applicable to all Owners and this resolution shall remain in effect until otherwise rescinded, modified, or amended by a majority of the Board of Directors...

NOW, THEREFORE, BE IT RESOLVED THAT the following rules regarding gas logs are hereby adopted by the Board of Directors:

Owners are permitted to install gas logs in their fireplaces so long as the installation conforms to all County and Town codes.

Gas tanks must be situated under the unit and camouflaged by a sight screen.