

There are no restrictions on alienation of the units of Resort Rodanthe, A Condominium.

Attached hereto and incorporated by reference is "Exhibit C" which describes the insurance coverage to be provided for the benefit of the unit owners of Resort Rodanthe, A Condominium. For a more particular description of the insurance provisions, see the By-laws. A unit owner is cautioned to obtain other insurances including personal property insurance of his or her own.

All current or known future fees or charges to be paid by unit owners for the use of the common elements and other facilities related to the Condominium are only related to maintenance fees and any assessments as set forth in the By-laws of Resort Rodanthe Homeowners Association, Inc.

Resort Rodanthe, A Condominium, is regulated for purposes of zoning and land use regulation by the Dare County Health and Planning Department, the Division of Coastal Management of the North Carolina Department of Environment, Health and Natural Resources and the United States Army Corps of Engineers. To the best of the Declarant's knowledge, Resort Rodanthe is in conformity with all rules and regulations of these governing bodies and has obtained all necessary permits.

In accordance with the provisions of North Carolina General Statutes Chapter 47C-3-112, the common elements of Resort Rodanthe, A Condominium, may be conveyed or subjected to a security interest by Resort Rodanthe Homeowners Association, Inc., provided that at least eighty percent (80%) of the votes allocated to condominium units in Resort Rodanthe, A Condominium, including eighty percent (80%) of the votes allocated to units not owned by the Declarant, agree to said action; and also provided that all unit owners of units to which any limited common element is allocated must agree in order to convey that limited common element or subject it to a security interest. Proceeds of the sale or financing of a common element (other than a limited common element) shall be an asset of the Association.

A unit owner may not alter the structure of his unit or modify the exterior of his unit.

All units in the condominium will be restricted to residential use; provided, however, that the Declarant may use unsold units for sales offices, management offices and/or operation of Resort Rodanthe; and provided, further, that unit owners may lease their units without restrictions, so long as the said leased unit is used for residential purposes only.

A table disclosing the percentage interest in the common elements allocated to each unit in the condominium is incorporated into the Declaration of Condominium for Resort Rodanthe, A Condominium, attached and incorporated herein by reference.

The Declarant's Special Declarant Rights as defined in the Declaration of Condominium for that period known as the "Declarant Control Period" have expired and the Declarant has no further interest in the Condominium. These rights were assumed by the Association at the end of the expiration of the Declarant Control Period.

At closing, the purchaser is responsible for all recording fees, including the fee for recording the deed of conveyance and all charges incident to any mortgage executed by the purchaser, including but not limited to, banking fees, recording fees for the mortgage and mortgage title insurance. If the purchase is financed, purchaser is required to pay all appraisal fees at the time of submission of the loan application, unless otherwise directed by the lender. In no event shall such appraisal fees be considered closing expenses. In addition, at closing the purchaser is required to pay a pro-rata share of ad valorem taxes, a pro-rata share of common expense assessments.

Assessments

(a) Payment by Purchaser. Assessments commence on the first day of the first month after the conveyance of the ownership interest. The purchaser is responsible for that amount of assessments per month as shown on the attached Exhibits for the management and maintenance of Resort Rodanthe.

(b) Collection and Disbursements of Assessments: Resort Rodanthe Homeowners Association, Inc., its agents, successors, or assigns shall collect all assessments and make all disbursements.

(c) The Amount of Assessments Due the Association May Change Over Time as Follows:

(1) Change in Assessments. Beginning with the year 1990, the Board of Directors of the Association prepared and adopted an annual budget, including therein estimates of the amount necessary to pay the common expenses, together with the amounts considered necessary by the board for reserves. After preparation and adoption of each such budget, the board shall provide each member with a copy, and shall give each member notice of the assessment made against that member's unit based upon such budget and may also state the interest to be charged on delinquent payments thereof. The assessment shall be deemed levied upon the giving of such notice.

(2) Special Assessments: If the maintenance fees are, or will become, inadequate to meet all expenses incurred by the Association, the Association may immediately determine the approximate amount of such inadequacy and levy against each owner a special assessment (the "Special Assessment") in an amount sufficient to provide for such inadequacy. The Association also may levy a special assessment for the purpose of defraying, in whole or in part, the cost of any construction, repair, or

replacement of a capital improvement upon the common elements, including roads, fixtures and personal property related thereto.

(3) Lien Rights for Failure to Pay Assessments: The assessments, together with interest, cost and reasonable attorney's fees, shall be the personal obligation of each owner at the time the assessment becomes due and payable and also shall be a lien and charge upon the unit against which the assessment or charge is made.

Management and Maintenance of Resort Rodanthe, A Condominium

(a) Management Contracts: The Board of Directors may award a management contract, as they deem necessary or appropriate for maintenance and management of the common grounds and/or pool.

(b) Duties of Manager: The Board of Directors shall be responsible for the affairs of the Association. The Board may delegate the authority to act on its behalf to a Managing Agent. The Managing Agent may perform duties concerning the management, maintenance, and repair of the common elements. The Board has the authority to establish policies relating to, and is responsible for performing or causing to be performed, the following, in way of explanation, but not limitation:

(1) Preparation and adoption of annual budgets in accordance with the Declaration.

(2) Presenting to the Association for their consideration rules to be adopted for the possession and use of the units;

(3) Levying, collecting and enforcing maintenance assessments;

(4) Maintaining and repairing the common elements;

(5) Procuring insurance;

(6) Keeping books with detailed accounts of the receipts and expenditures affecting the Association;

(7) Paying the costs of all services rendered to the Association not chargeable directly to specific owners;

(8) The Manager may perform all duties that it deems to be necessary, desirable or appropriate for the operation and maintenance of Resort Rodanthe unless prohibited by the management agreement.

Rental and Resale of Units

(a) Rental: The Association and Resort Rodanthe Builders, LLC do not operate a rental program for Resort Rodanthe, A Condominium, and specifically and expressly disclaims any promise or assurance of rental value, rental income, rental management and rental prospects for any unit in Resort Rodanthe.

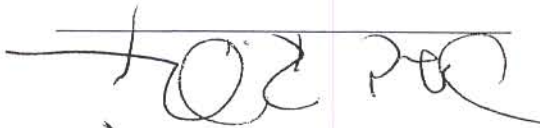
(b) Resale: The Association and Resort Rodanthe Builders make no representation that any of its agents will be in a position to assist with resales and on behalf of itself and its agents specifically and expressly disclaims any promise or assurance of resale value, resale prospects, investment potential or any other economic advantage for any unit at Resort Rodanthe.

Location of Documents

Copies of all documents mentioned herein may be examined and/or obtained at the office of Resort Rodanthe Builders, L.L.C., North Carolina Highway 12, Avon, North Carolina. Documents to be located and available there include the Public Offering Statement with the exhibits attached thereto.

Further Questions? Please call Linda Foster at 995-6086 if you have any questions about any of the facts set forth above, or if there are other questions that you have and would like answered in regards to the purchase of your condominium.

RESORT RODANTHE BUILDERS, LLC

BY: 

January 25, 2005

RRHA OWNERS RULES AND REGULATIONS

Unit Modifications - No Unit Owner shall paint or alter the exterior of his unit, including the doors and windows, nor shall any Unit Owner paint or latex the exterior of RESORT RODANTHE without the prior written consent of the Board of Directors as set forth. (Article 9.1)

Maintenance - Every Owner shall perform promptly all maintenance and repair work within his condominium. (Article 10b)

Obstructions - No unit Owner shall obstruct any of the Common Elements nor shall any unit Owner place or cause or permit anything to be placed on or in any of the Common Elements without the approval of the Board of Directors. (Article 11.a.2)

Lease - No portion of any unit (other than the entire unit) shall be leased for any period. (Article 11.a.4)

Vehicles - No trailers, campers, mobile-homes, recreational vehicles, and other large vehicles may be parked on the Property. No junk or derelict vehicle or other vehicle on which current registration plates are not displayed shall be kept upon any of the Common Elements. Vehicle repairs other than ordinary washing and waxing are not permitted on the Property. (Article 11.a.5)

Pets - The maintenance, keeping, boarding and/or raising of animals, livestock, poultry or reptiles of any kind, regardless of number, shall be and is prohibited within the unit or upon the Common Elements, except that the keeping of small, orderly domestic pets (e.g., dogs, cats or caged birds not to exceed one animal per unit without the approval of the Board of Directors, is permitted, subject to the Rules and Regulations adopted by the Board of Directors; provided, however, that such pets are not kept or maintained for commercial purposes or for breeding and provided, further, that any such pet causing or creating a nuisance or unreasonable disturbance or noise may be permanently removed from the Property upon ten (10) days written notice from the Board of Directors. Such pets shall not be permitted upon the Common Elements unless accompanied by an adult and unless carried or leashed. Any unit Owner who keeps or maintains any pet upon any portion of the Property shall be deemed to have indemnified and agreed to hold the Association, each unit owner and the Declarant free and harmless from any loss, claim or liability of any kind or character whatever arising by reason of keeping or maintaining such pet within the Condominium. (Article 11.a.6)

Freeze Protection - Each Owner shall be responsible for maintaining a minimum heat of fifty-five (55) degrees in their unit for the purpose of preventing the freezing of water pipes and resulting damage therefrom. If the unit Owner is a non-resident during the winter months, then said unit Owner shall be responsible for appointing someone to make periodic inspections for the purpose of insuring that the heating unit within said unit is properly working and maintaining a minimum degree temperature of fifty-five (55) degrees. (Article 11.a.7)

Garbage - Refuse and bagged garbage shall be deposited only in the area provided therefor. (Article 11.a.7)

Posting Signs - No exterior signage on the Units including signage within the common areas shall be allowed unless the same has been approved in writing by the Board of Directors upon a written application submitted by an owner requesting signage which application shall set forth the dimensions of the sign and the language to be included on the sign. This prohibition applies to "For Sale" as well as "For Rent" signs. Owner or Owner's Agent shall have the right to have one (1) "For Rent" no greater than six inches by six inches (6" x 6") in that space so designated on the main entrance sign for Resort Rodanthe.

Separate Insurance - Each unit Owner shall have the right, at his own expense, to obtain insurance of his own unit and for his own benefit and to obtain insurance coverage upon his personal property and for his personal liability.

Every Prospective Purchaser Should Read This
Public Offering Statement Carefully Before
Signing an Offer to Purchase and Contract

PUBLIC OFFERING STATEMENT

FOR

RESORT RODANTHE, A CONDOMINIUM

PREAMBLE. The following statements are made this 25th day of January, 2005, in compliance with the requirements of Sections 47C-4-103 and 47C-4-104 of the North Carolina Condominium Act (the "Act"), and Chapter 47C of the North Carolina General Statutes, as amended, as the same applies to purchasers of condominium units in Resort Rodanthe.

The Declarant for Resort Rodanthe, A Condominium, was originally Kelart Corporation, a North Carolina corporation, which no long exists. Upon the expiration of the Declarants rights of development, the Association inherited such rights of the original Declarant. The Association contracted with Resort Rodanthe Builders, LLC who mailing address is Post Office Box 750, Avon, NC 27915 and whose physical address is One Askins Creek, Avon, NC 27915.

Incorporated herein by reference and attached as "Exhibit A" to this Public Offering Statement is the Declaration of Condominium for Resort Rodanthe, A Condominium (the "Declaration"). Among other things, the Declaration establishes the boundaries of the units in the Condominium, describes the property rights allocated to each unit, and contains various terms and conditions concerning the creation of the condominium.

Incorporated into the Declaration of Condominium by reference are the Articles of Incorporation (the "Articles") and the By-laws (the "By-laws") of Resort Rodanthe Homeowners Association, Inc. Among other things, the Articles of Incorporation and By-laws establish the manner in which Resort Rodanthe will be governed by the unit owners, describes the voting rights of the unit owners, sets forth the manner in which the budget of Resort Rodanthe Homeowners Association, Inc. (the "Association") will be determined, describes the method of collecting delinquent assessments, and in general, sets forth how the Condominium will be operated and how its affairs will be managed.

Resort Rodanthe is a residential condominium consisting of four buildings containing forty-four (44) condominium units.

The amenities of Resort Rodanthe, jointly used by the Owners of Hatteras High, A Condominium, include a swimming pool, an undedicated street providing access to the condominium, and a proposed boardwalk, currently under review by the National Park Service, providing access to Cape Hatteras National Seashore property.

The pool, street, boardwalk, and any other "subdivision common elements" as defined in the Declaration of Condominium for Resort Rodanthe, A Condominium, of record in the Dare County Public Registry in Book 653 at Page 147, and amended thereafter, which said Declaration and amendments are attached hereto, shall be subject to the use of the Owners of both Resort Rodanthe and Hatteras High.

Hatteras High is designated on the site plan of Resort Rodanthe. The rights, privileges and easements reserved on behalf of Hatteras High grant the condominium unit owners, their family members residing in Hatteras High, their guests, and tenants residing in Hatteras High rights of use and access to the subdivision common elements shared with the unit owners of Resort Rodanthe, A Condominium.

The number of units that must be built in Resort Rodanthe is twenty (20) units. The maximum number of units that may be built in Resort Rodanthe is forty-eight (48) units. It is the present intent of the Association to complete all 48 units, and the Association has contracted for the same at present time.

The unit owners will pay the expenses of operating Resort Rodanthe and the common elements on the basis of an annual budget. The unit owners of each unit will pay an annual assessment that must be paid in monthly installments. A unit owner cannot reduce the amount of his assessments by refraining from use of the common elements.

Incorporated herein by reference and attached as "Exhibit B" to this Public Offering Statement is the projected annual budget for the Association. This projected budget, among other things, projects the common expenses of the Condominium, the annual contributions to the reserve for repairs and replacement, and monthly installments of the annual assessments for common expenses for each unit in the Condominium. The Association prepared this budget and generated data and judgments internally, based upon the operation experiences of the past. The financial information presented in the budget is an estimate only, however, and is not guaranteed by anyone, including the Seller of the Condominiums. Budget projections for future years are especially unreliable. Not only is it impossible to predict the rate of inflation and general economic conditions, but it is also impossible to predict future events that could occur in the condominium itself. The budget sets forth the amount of reserves that will be established for contingencies and for repairs and replacement, and reflects the creation of a working capital fund to be established by the Declarant and funded with contributions by each purchaser of a unit at settlement and closing. The budget also sets forth by category of expenditures the projected assessments for common expenses and the projected monthly assessment for each unit.

The Seller of your condominium is not aware of any expenses to be incurred by Resort Rodanthe that are not included in the projected budget attached as "Exhibit B."

Except as otherwise provided in this Public Offering Statement, Declarant is not due any special fees from the Purchaser at time of closing and is not aware of any special fees to be incurred by the Purchaser other than closing expenses typically incurred by a purchaser such as attorney fees, title insurance premiums and recording costs. Resort Rodanthe Homeowners Association, Inc. is due a pro-rata share of the monthly dues owed at time of closing. In addition, at time of closing the Purchaser must tender a pro-rata share of the insurance premium due for a period of one year.

A listing of all liens, defects and encumbrances on the property is incorporated into the Declaration of Condominium for Resort Rodanthe, A Condominium, which is attached hereto and incorporated herein by reference as if set out word for word.

Declarant makes no express warranties of any kind regarding Resort Rodanthe, A Condominium.

IT IS HEREBY DISCLOSED THAT A PURCHASER OF A CONDOMINIUM UNIT MUST RECEIVE A PUBLIC OFFERING STATEMENT BEFORE SIGNING A CONTRACT FOR THE PURCHASE OF A CONDOMINIUM UNIT AND PURCHASER IS HEREBY GIVEN NOTICE THAT NO CONVEYANCE CAN OCCUR UNTIL SEVEN (7) CALENDAR DAYS FOLLOWING THE SIGNING OF A CONTRACT FOR PURCHASE AND THE PURCHASER HAS THE ABSOLUTE RIGHT TO CANCEL THE CONTRACT DURING THE SEVEN (7) CALENDAR DAYS FOLLOWING ACCEPTANCE OF SAID CONTRACT BY THE SELLER. IF THE PURCHASER ELECTS TO CANCEL ANY CONTRACT FOR THE PURCHASE OF A UNIT, THE PURCHASER MAY DO SO BY HAND DELIVERING A NOTICE OF CANCELLATION TO THE SELLER (IN WHICH CASE A RECEIPT SHOULD BE OBTAINED) OR BY DELIVERING THE SAME TO THE SELLER AT SELLER'S OFFICE IN AVON, NORTH CAROLINA, OR BY MAILING A NOTICE OF CANCELLATION, POSTAGE PRE-PAID, UNITED STATES MAIL, RETURN RECEIPT REQUESTED, TO THE ADDRESS OF PO BOX 750, AVON, NORTH CAROLINA, 27915. SUCH CANCELLATION OF ANY AGREEMENT OR CONTRACT OF SALE IS WITHOUT PENALTY AND ANY EARNEST MONEY DEPOSITS MADE BY THE PURCHASER BEFORE SUCH CANCELLATION WILL BE REFUNDED PROMPTLY AFTER SELLER'S AGENT HAS DETERMINED THAT CREDIT HAS BEEN GIVEN THE ESCROW ACCOUNT FOR THE DEPOSIT.

At the time of this Public Offering Statement, there are no judgments or pending law suits against the Declarant or Resort Rodanthe Homeowners Association, Inc.

Pursuant to the requirements of the North Carolina General Statutes Chapter 47C-4-110, any deposit made in connection with the purchase of an ownership unit in Resort Rodanthe, A Condominium, will be held in the trust account of Dixon & Dixon Law Offices, PLLC, Escrow Account, which trust account will be maintained pursuant to the provisions of Rules of the North Carolina State Bar, and where applicable, North Carolina General Statute 47C-4-110.