

EXHIBIT "B"

to

SUNSET RESORT CONDOMINIUMS DECLARATION

SCHEDULE OF UNIT INFORMATION
FOR SUBMITTED PROPERTY

<u>Unit Number</u>	<u>Percentage (%) of Undivided Interest in Common Elements and of Common Expenses</u>	<u>Number of Votes</u>
A-1	16.67%	1
A-2	16.67%	1
A-3	16.67%	1
A-4	16.67%	1
A-5	16.67%	1
A-6	16.67%	1
TOTAL :	100%	6

In the event the Additional Real Estate is added, the allocations to each Unit of a percentage of undivided interest in the Common Elements, the percentage of Common Expenses, and of votes in the Association is hereinafter set forth:

<u>Unit Number</u>	<u>Percentage (%) of Undivided Interest in Common Elements and of Common Expenses</u>	<u>Number of Votes</u>
A-1	7.14%	1
A-2	7.14%	1
A-3	7.14%	1
A-4	7.14%	1
A-5	7.14%	1
A-6	7.14%	1
B-7	7.14%	1
B-8	7.14%	1
B-9	7.14%	1
B-10	7.14%	1
B-11	7.14%	1
B-12	7.14%	1
B-13	7.14%	1
B-14	7.14%	1
TOTAL	100%	14

TABLE OF CONTENTS

ARTICLE I: NAME, PURPOSE, APPLICABILITY AND ASSENT	1
Section 1.1 Name	1
Section 1.2 Purpose	1
Section 1.3 Applicability	1
Section 1.4 Assent	1
ARTICLE II: DEFINITIONS	2
Section 2.1 Definitions	2
ARTICLE III: OFFICERS, REGISTERED AGENT, FISCAL YEAR, POWERS	2
Section 3.1 Principal Office, Registered Office	2
Section 3.2 Registered Agent	2
Section 3.3 Fiscal Year	2
Section 3.4 Powers	2
ARTICLE IV: MEMBERSHIP	2
Section 4.1 Qualification	2
Section 4.2 Annual Meeting	3
Section 4.3 Place of Meetings	3
Section 4.4 Special Meetings	3
Section 4.5 Notice of Meetings	3
Section 4.6 Quorum	3
Section 4.7 Majority of Owners	3
Section 4.8 Voting by Mail	3
Section 4.9 Proxies	4
Section 4.10 Actions Binding on Members	4
Section 4.11 Designation of Voting Representative by Non-Individual Owners – Requirement for Proxy	4
Section 4.12 Designation of Voting Representative by Multiple Owners – Use of Proxy	4
Section 4.13 Waiver of Notice	5
Section 4.14 Action Without a Meeting	5
Section 4.15 Conduct of Meetings	5

ARTICLE V: BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE	5
Section 5.1 Number, Qualification and Initial Board	5
Section 5.2 Directors During Declarant Control Period	5
Section 5.3 Election of Directors After Declarant Control Period	6
Section 5.4 Term of Office of Directors After Declarant Control Period	6
Section 5.5 Removal of Directors	6
Section 5.6 Vacancies	6
Section 5.7 Compensation	7
 ARTICLE VI: MEETING OF DIRECTORS	 7
Section 6.1 Regular Meetings	7
Section 6.2 Special Meetings	7
Section 6.3 Quorum	7
Section 6.4 Actions Binding on Directors	7
Section 6.5 Waiver of Notice	7
Section 6.6 Action Taken Without a Meeting	8
 ARTICLE VII: POWERS AND DUTIES OF THE BOARD OF DIRECTORS	 8
Section 7.1 General	8
Section 7.2 Specific Powers and Duties	8
Section 7.3 Manager	10
Section 7.4 Abatement and Enjoyment of Violations by Unit Owners	11
Section 7.5 Hearing Procedure	11
Section 7.6 Remedies Cumulative	12
Section 7.7 Nonwaiver of Remedies	12
 ARTICLES VIII: OFFICERS AND THEIR DUTIES	 13
Section 8.1 Enumeration of Officers	13
Section 8.2 Election of Officers	13
Section 8.3 Term	13
Section 8.4 Special Appointments	13
Section 8.5 Resignation and Removal	13
Section 8.6 Vacancies	13
Section 8.7 Multiple Offices	13
Section 8.8 Duties	14
 ARTICLE IX: FINANCIAL RECORDS AND STATEMENTS	 14
Section 9.1 Reports	14
Section 9.2 Operating Expense Funds	15
Section 9.3 Records	15

ARTICLE X: COMMITTEES	15
Section 10.1 Appointment	15
ARTICLE XI: INDEMNIFICATION	15
Section 11.1 Indemnification of Directors and Officers	15
ARTICLE XII: NONPROFIT CORPORATION	16
Section 12.1 Nonprofit Status	16
ARTICLE XIII: AMENDMENTS TO BYLAWS	16
Section 13.1 Notice	16
Section 13.2 Adoption	16
Section 13.3 Limitation	16
Section 13.4 Execution	16
ARTICLE XIV: MISCELLANEOUS	17
Section 14.1 Conflicts of Documents	17
Section 14.2 Use of Electronic Mail or Meeting	17
Section 14.3 Dissolution	17

EXHIBIT "C"

To Declaration

BY - LAWS

OF

SUNSET RESORT UNIT OWNERS' ASSOCIATION, INC.

ARTICLE I

NAME, PURPOSE, APPLICABILITY AND ASSENT

1.1 Name. The name of this non-profit, non-stock membership corporation shall be Sunset Resort Unit Owners' Association, Inc., hereinafter referred to as "the Association."

1.2 Purpose. The purpose of the Association shall be to administer and manage the affairs of Sunset Resort Condominiums, a Condominium established pursuant to the terms of that Declaration of Condominium for Sunset Resort Condominiums filed in the Public Registry of Dare County, North Carolina as amended, supplemented or restated (the "Declaration") in accordance with the Unit Ownership Act, the Non-profit Corporation Act of North Carolina, this Declaration, and the Articles of Incorporation and these By-Laws, as may be amended from time to time. The Association shall not engage in any activities other than those directly related to administration of the condominium property and the Unit Owners' responsibility with respect to the same.

1.3 Applicability. These By-Laws are applicable to the property known as Sunset Resort Condominiums, as such property is described in Exhibit "A" attached to the Declaration.

1.4 Assent. These By-Laws are binding on all present and future Owners, tenants, guests, residents, or other persons occupying or using the facilities of such condominium property. The mere acquisition, rental, or act of occupancy of any part of the condominium property will signify that these By-Laws are accepted, ratified, and will be complied with. The provisions of the Declaration, regarding the governing and administration of the Association are incorporated herein by reference. The acceptance of a deed of conveyance or the entering into of a lease or the act of occupancy of a Unit shall constitute an agreement that these Bylaws (and any Rules of Conduct made pursuant hereto) and the provisions of the Declaration, as they may be amended from time to time, are accepted, ratified and will be complied with.

ARTICLE II DEFINITIONS

2.1 Definitions The definition of words contained in the Declaration, Article I shall apply to those words and terms as used in these By-Laws.

ARTICLE III OFFICES, REGISTERED AGENT, FISCAL YEAR, POWERS

3.1 Principal Office, Registered Office. The principal office of the Association shall be located at Sunset Resort Condominiums, N.C. State Road 12, Rodanthe, Hatteras Island, North Carolina or such other places as the Board of Directors may designate from time to time.

3.2 Registered Agent. The initial Registered Agent for the Unit Owners for matters incident to the condominium property and the initial Registered Agent for the Association is Daniel D. Khoury, whose address is Post Office Box 2, Kitty Hawk, North Carolina 27949. The individual serving as Registered Agent may be removed from office and replaced at any time by vote of the Board of Directors of the Association.

3.3 Fiscal Year. The fiscal year of the Association shall be January 1 through December 31.

3.4 Powers. The Association shall have all the common law and statutory powers of non-profit corporations. The Association shall also have all the powers necessary to implement the purposes of the Association and to provide for the general health and welfare of its membership.

ARTICLE IV MEMBERSHIP

4.1 Qualification. Membership in the Association shall be confined to and consist of the Unit Owners. Membership shall be appurtenant to and inseparable from unit ownership. No Unit Owners shall be required to pay any consideration whatsoever for his membership. Membership in the Association shall inure automatically to Unit Owners upon acquisition of the fee simple title, whether encumbered or not, to any one or more Units. The date of registration of the conveyance in the Dare County Registry of the Unit in question shall govern the date of ownership of each particular Unit. However, in the case of death, the transfer of ownership shall occur on the date of death in the case of intestacy, or date of probate of the will in the case of testacy. Until a decedent's will is probated, the Association may rely on the presumption that a deceased Owner died intestate.

4.2 Annual Meeting. There shall be a regular annual meeting of the Unit Owners held each year during the same month of each succeeding year, for the purpose of electing members of the Board and for the transaction of such other business as may be properly brought before the meeting. A meeting so called shall be designated and treated for all purposes as the annual meeting. The first meeting of the membership, whether a regular or Special Meeting shall be held within ninety (90) days after the expiration of one year from the date of recordation of the Declaration in the Public Registry of Dare County, North Carolina and shall be set by the Declarant.

4.3 Place of Meetings. Meetings of the Association shall be held at Sunset Resort Condominiums in the Town of Rodanthe, Hatteras Island, North Carolina or such other place as determined by the Board.

4.4 Special Meetings. Special meetings of the Association may be called at any time by the President of the Association, or by a majority of the Board of Directors, by the Declarant during the Declarant Control Period, or upon written request of Members who are collectively entitled to vote at least 20% of all the votes in the Association. The Notice of any Special Meeting shall state the date, time and place of such meeting and the purpose thereof. No business shall be transacted at a Special Meeting except as stated in the Notice.

4.5 Notice of Meetings. Written notice stating the place, day and hour of the meeting and the agenda for the meeting will be delivered not less than ten (10) days nor more than fifty (50) days before the date of the meeting, personally or by mail, or sent via electronic mail to those Unit Owners and authorized recipients who have given consent for electronic transmission or otherwise as permitted by the Act, by or at the direction of the President, or the Secretary, or the persons calling the meeting as provided in these Bylaws, to the registered mailing address for notice of each Member entitled to vote at such meeting.

4.6 Quorum. A quorum is deemed present throughout any meeting of the Association if Members entitled to cast (or proxies entitled to cast) 20% of the votes of the Association are present at the beginning of the meeting. If, however, such quorum is not present or represented at the meeting, the Members entitled to vote at the meeting will have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present or represented by proxy.

4.7 Majority of Owners. As used in these Bylaws, the term "majority" will mean those votes, Owners, or other groups as the context may indicate totaling more than 50% of the total number.

4.8 Voting by Mail. Voting by mail is permitted for election of the Board of Directors, amendment of the Articles, adoption of a proposed plan of merger, consolidation or

dissolution pursuant to the provisions of the Act and the North Carolina Nonprofit Corporation Act, each as amended from time to time, or other questions that come before the Association. In the case of a vote by mail, the Secretary of the Association will give written notice to all Members, which notice will include a proposed written resolution setting forth a description of the proposed action, a statement that the Members are entitled to vote by mail for or against such proposal, a statement of a date not less than 20 days after the date such notice will have been given by which all votes must be received, and the specified address of the office to which all votes must be sent. Votes received after that date will not be effective. Delivery of a vote in writing to the designated office will be equivalent to receipt of a vote by mail at such address for the purpose of this section.

4.9 Proxies. Any Member may cast such Member's vote in person or by proxy executed in writing by the Member. A proxy executed as a part of a Rental Management Agreement and Proxy (the "Rental Proxy") shall remain valid and in full force and effect during the term of the related Rental Management Agreement and Proxy unless otherwise terminated by written notice. A proxy that is not a Rental Proxy will be Non-Rental Proxy. No Non-Rental Proxy will be valid if it is not dated or if it purports to be revocable without notice. Further, no Non-Rental Proxy will be valid after eleven months from the stated date of its execution unless otherwise provided in the Non-Rental Proxy or unless voluntarily revoked upon notice, amended, or sooner terminated by operation of law. Finally, no proxy will be valid unless filed with the Secretary of the Association at or before the appointed time of the meeting at which the proxy will be voted.

4.10 Actions Binding on Members. A majority of votes intended to be cast by Members constituting a quorum in person or by proxy will be sufficient to make decisions binding on all Owners, unless a different number or method of voting is expressly required by statute or by the Declaration, the Articles or these Bylaws.

4.11 Designation of Voting Representative by Non-Individual Owners -- Requirement for Proxy. If title to a Condominium Unit is held in whole or in part by a firm, corporation, partnership, association, limited liability company or other legal entity, the voting privilege appurtenant to that ownership may be exercised only by a proxy executed on behalf of such party or parties, filed with the Secretary of the Association, and appointing and authorizing one person or alternate persons to attend all annual and special meetings of the Members and to cast the vote allocated to that Condominium Unit at the meeting.

4.12 Designation of Voting Representative by Multiple Owners -- Use of Proxy. If title to a Condominium Unit is held by more than one Owner, each Owner may vote or register protest to the casting of votes by the other Owners of the Condominium Unit through a duly executed proxy, and if a majority of the Owners for a Condominium Unit cannot agree, then the Owners of such Condominium Unit will not be entitled to vote. An Owner may not revoke a

proxy given pursuant to this Section except by actual notice of revocation to the person presiding over a meeting of the Association.

4.13 Waiver of Notice. Waiver of notice of a meeting of the Members will be deemed the equivalent of proper notice. Any Member may waive, in writing, notice of any meeting of the Members, either before or after such meeting. Attendance at a meeting by a Member, whether in person or by proxy, will be deemed waiver by such Member of notice of the time, date and place of the meeting unless such Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting will also be deemed waiver of notice of all business transacted at the meeting unless objection to the calling or convening of the meeting, of which proper notice was not given, is raised before the business is put to a vote.

4.14 Action Without a Meeting. Any action which may be taken by the vote of the Members at a regular or special meeting may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the members.

4.15 Conduct of Meetings. The President shall preside over all meetings and the Secretary shall keep minutes of the meeting in a record in a minute book with all resolutions adopted at a meeting, as well as a record of all transactions occurring thereat.

ARTICLE V BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

5.1 Number, Qualification and Initial Board. The affairs of the Association will be managed by a Board of not less than three and no more than five Directors. Except as provided below regarding Directors appointed by Declarant during the Declarant Control Period, the Directors will be Members of the Association or the delegates of Members appointed by proxy under Article IV above. The number of the Board of Directors will be established from time to time by amendment to these Bylaws.

The initial number of members of the Board of Directors will be three. The names and addresses of the three persons who are to serve on the initial Board of Directors until their successors are appointed are as follows:

John M. Tyler	4745 Bayard Street Pittsburgh, Pennsylvania 15213
Michelle M. Tyler	4745 Bayard Street Pittsburgh, Pennsylvania 15213
Eric Avery	P.O. Box 2454 Kitty Hawk, North Carolina 27949

5.2 Directors During Declarant Control Period. During the Declarant Control Period the Board of Directors will be selected by Declarant and will serve at the sole discretion of

Declarant, subject, however, to the provisions of the Act. The Directors selected by Declarant need not be Members of the Association.

5.3 Election of Directors After Declarant Control Period. Upon termination of the Declarant Control Period in accordance with the Declaration, a special meeting of the Association will be called, at which Declarant will turn control of the Association over to the other Members as provided in the Act. The Members will elect a new Board of Directors, and any terms of Directors appointed by Declarant that have not expired will terminate at that time. Subsequently, Directors will be elected by the Members at each annual meeting of the Members.

5.4 Term of Office of Directors After Declarant Control Period. The term of office for the initial full slate of Directors elected by the Members will be fixed at the time of their election as they themselves will determine in order to establish a system of three-year terms in which at least one-third of the Board is elected each year, and the Board will identify in which year the directorships for each category of representation are subject to election. For example, if the number of Directors on the initial Board is set at three pursuant to Section 5.1 above, one Director will serve for a one-year term, one Director will serve for a two-year term, and one Director will serve for a three-year term. At the expiration of the initial term of office of each respective Director, a successor will be elected to serve three years. Each Director will hold office until such Director's successor is elected by the Members and qualified to take over the office.

5.5 Removal of Directors. Any Director other than one appointed by Declarant may be removed, with or without cause, at any regular or special meeting of the Members by 67% of the votes of the Members voting in person or by proxy at a meeting at which a quorum is present. A successor to any Director removed may be elected at such meeting to fill the vacancy created by removal of the Director. A Director whose removal is proposed by the Members will be given notice of the proposed removal at least 10 days prior to the date of such meeting and will be given an opportunity to be heard at such meeting.

5.6 Vacancies.

(a) During Declarant Control Period. During the Declarant Control Period, if a Director appointed by Declarant dies, becomes disabled or resigns, Declarant will appoint a new Director to serve the balance of the term of the resigning, disabled or deceased Director; and if a Director elected by the Members dies, becomes disabled or resigns, the remaining Directors will appoint a new Director from among the Members other than Declarant to serve the remainder of the term of the resigning, disabled or deceased Director representing Members other than Declarant.

(b) Following Declarant Control Period. After the expiration or termination of the Declarant Control Period, any vacancy occurring on the Board may be filled by the affirmative vote of a majority of the remaining Directors, though less than a quorum of the Board of Directors. The term of the Director so elected will be coincident with the term of the replaced Director.

5.7 Compensation. No Director will receive compensation for any service rendered to the Association. However, any Director may be reimbursed for actual expenses incurred in the performance of his duties as a Director.

ARTICLE VI MEETING OF DIRECTORS

6.1 Regular Meetings. Regular meetings of the Board of Directors will be held at such regular times as set by the Board of Directors, at such place and hour as may be fixed from time to time by resolution of the Board, but such meetings will be held no less frequently than annually. Should a regularly scheduled meeting fall upon a legal holiday, then that meeting will be held at the same time on the next day which is not a legal holiday.

6.2 Special Meetings. Special meetings of the Board of Directors will be held when called by the President of the Association, or by any two Directors, after not less than three days' notice to each Director.

6.3 Quorum. A quorum is deemed present throughout any meeting of the Board of Directors if persons entitled to cast 50% of the votes on the Board are present at the beginning of the meeting.

6.4 Actions Binding on Directors. Every action taken or decision made by a majority of the Directors present at a duly held meeting at which a quorum is present will be regarded as the act of the Board.

6.5 Waiver of Notice. Attendance of a Director at any meeting will constitute a waiver of notice of such meeting, except when a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Before, at, or after any meeting of the Board of Directors, any member of the Board may waive in writing notice of such meeting, and such waiver will be deemed equivalent to the giving of such notice. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the waiver of notice of such meeting.

6.6 Action Taken Without a Meeting. The Directors will have the right to take any action which they could take at a meeting in the absence of a meeting by obtaining the written approval of all the Directors. Any action so approved will have the same effect as though taken at a meeting of the Directors.

ARTICLE VII POWERS AND DUTIES OF THE BOARD OF DIRECTORS

7.1 General. The Board of Directors will have the powers and duties necessary for the administration of the affairs of the Association. Except as provided by these Bylaws, the Declaration or the Act, the Board of Directors may do all such acts and things which are not specifically required to be done by the Members and may otherwise act in all instances on behalf of the Association.

7.2 Specific Powers and Duties. Without limiting the generality of powers and duties set forth in Section 7.1 above, the Board of Directors will have the following powers and duties, in each case subject only to applicable requirements of the Act:

(a) To administer and enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations and all other provisions set forth in the Declaration.

(b) To establish, make, amend from time to time and enforce compliance with such reasonable Rules of Conduct be necessary for the operation, use, and occupancy of the Project, subject to the provisions of the Declaration. A copy of such Rules of Conduct will be delivered or mailed to each Member promptly after adoption. The initial Rules of Conduct are attached hereto as Appendix "A".

(c) To keep in good order, condition and repair all the Common Elements and all items of personal property, if any, used in the enjoyment of the Common Elements. No approval of the Members is required for expenditures for these purposes, except as otherwise required by the Declaration or these Bylaws.

(d) To fix, determine, levy, and collect the prorated Annual Assessments to be paid by each of the Members towards the gross expenses of the Property, and to adjust, decrease or increase the amount of the Assessments, and to credit any excess of Assessments over expenses and cash reserves to the Members against the next succeeding Assessment period.

(e) To levy and collect Special Assessments per Section 10.5 of the Declaration whenever, in the opinion of the Board, it is necessary to do so in order to meet increased operating or maintenance expenses or costs, or additional capital expenses, or because

of emergencies. All Special Assessments will be in statement form and will set forth in detail the various expenses for which the Special Assessments are being made.

(f) To levy and collect Default Assessments per Section 11.6 of the Declaration for violation of the Condominium Instruments or because the Association has incurred an expense on behalf of a Member under the Condominium Instruments.

(g) To collect delinquent Assessments by suit or otherwise and to enjoin or seek damages from an Owner as provided in the Declaration and these Bylaws; and to exercise other remedies for delinquent Assessments as set forth in the Declaration.

(h) To fix, determine, levy and collect the working capital funds to be paid by each of the Members towards the Capital Improvement Fund of the Association, and to adjust, decrease or increase the amount of working capital funds collected from each Member as provided in the Declaration.

(i) Imposing charges for late payment of assessments and, after notice and an opportunity to be heard, levy reasonable fines for violations of the Declaration, the Bylaws, or Rules of Conduct established by the Association, all in accordance with Section 7.5 below and Sections 47C-3-107 and 47C-3-107A of the Act.

(j) To enter into contracts within the scope of their duties and powers.

(k) To establish a bank account for the operating account of the Association and for all separate funds as required or deemed advisable by the Board of Directors.

(l) To cause to be kept and maintained full and accurate books and records showing all of the receipts, expenses or disbursements and to permit examination thereof by Members or their Mortgagees during convenient weekday business hours.

(m) To cause to be maintained the insurance coverages (including without limitation fidelity insurance, or in its place, a bond covering the Manager, the Board, the officers and any other persons charged with handling Association funds) as may be necessary to comply with the requirements of the Declaration, these Bylaws and the Act.

(n) To delegate to the Manager or any other person or entity such of the Association's duties or responsibilities as may be more conveniently or efficiently performed by someone other than by the Association, and to agree to assess to the Members a reasonable fee for such services, except that the duties set forth in subparagraphs (c), (f), (g), (h) and (i) of this Section 7.2 and duties reserved to the Board by law will not be so delegated.

(o) To prepare a budget before the close of each fiscal year of the Association and submit the budget to the Association as required by the Act.

7.3 Manager. The Board of Directors may employ for the Condominium Association a professional management agent or agents as Manager for compensation established by the Board of Directors to perform such duties and services as authorized by the Board of Directors. During the Declarant Control Period, the Manager may be an affiliate of the Declarant. The Board of Directors may delegate to the Manager, subject to the Board's supervision, all of the powers granted to the Board of Directors by these Bylaws, other than the powers set forth in subparagraphs (f), (g), (h), and (i) of Section 7.2 of this Article and duties reserved to the Board by law. Declarant, or an affiliate or employ of Declarant, may be employed as Manager, subject to the limitations of the Act. The Manager or its designated agents shall have the authority to enter into rental management agreement and proxy contracts with Unit Owners. If the Board delegates powers of the Board or officers of the Association relating to collection, deposit, transfer or disbursement of Association funds to the Manager (other than Declarant):

(a) the Manager will maintain fidelity insurance coverage or a bond as required by the Declaration;

(b) the Manager will maintain all funds and accounts of the Association separate from the funds and accounts of other associations managed by the Manager and will maintain all reserve accounts of each association so managed separate from operational accounts of the Association, each with appropriate access controls, and the bank where the accounts are located must send copies of monthly bank statements directly to the Association, and the Manager will not have authority to draw checks on, or to transfer funds from, the Association's reserve account; and

(c) an annual accounting for Association funds and a financial statement will be prepared and presented to the Association by any one of the following: the Manager, a public accountant, or a certified public accountant.

If a professional manager is employed, the management agreement must be for a specified term (not to exceed three years) and must contain specific termination provisions. Such termination provisions may not require the payment of any penalty for termination or require advance notice of termination in excess of 90 days. Declarant may enter into a management agreement before the expiration of the Declarant Control Period, but the management agreement must provide that the Association has the right to terminate the management agreement without cause and such right may be exercised by the Association at any time after the expiration of the Declarant Control Period.

7.4 Abatement and Enjoinment of Violations by Unit Owners. The violation of any Rule of Conduct adopted by the Board or the breach of any bylaw contained herein, or the breach of any provision of the Declaration, shall give the Board the right, in addition to any other rights set forth in these Bylaws: (a) to enter the Unit in which, or as to which, such violation or breach exists, and to make any repairs; and to summarily abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition which may exist therein contrary to the intent and meaning of the provisions hereof, and the Board shall not thereby be deemed guilty in any manner of trespass, or, (b) to enjoin, abate, or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach at the expense of the defaulting Unit Owner; (c) in any case of flagrant or repeated violation by a Unit Owner, to require such Unit Owner to give sufficient sureties for his future compliance with such Condominium documents; or (d) after notice and an opportunity to be heard (as provided in Section 7.5 below), to levy reasonable assessments and fines in accordance with Sections 47C-3-107 and 47C-3-107A of the Act for such violations, and further in accord with the hearing procedures of Section 7.5 below. The failure of the Board to so act with respect to any such violation or breach shall not be deemed a waiver of the Board's right to act with respect to the same or any other breach or violation.

7.5 Hearing Procedure. The Board will not impose a fine, suspend voting, or suspend any rights of a Member or other occupant of the Property for violations of Rules of Conduct or of the provisions of the Condominium Instruments unless and until the procedure below is followed:

(a) Demand. Written demand to cease and desist from the alleged violation will be served upon the alleged violator specifying:

- (i) the alleged violation;
- (ii) the action required to abate the violation; and
- (iii) a time period of not less than 10 days during which the violation may be abated without further sanction, if such violation is a continuing one, or a statement that any additional similar violation may result in the imposition of a sanction after notice and hearing, if the violation is not continuing.

(b) Notice. At any time within 12 months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty or if the same rule is subsequently violated, the Board or its delegate will serve the violator with written notice of a hearing to be held by the Board. The notice will contain the following:

- (i) the nature of the alleged violation;

(ii) the time and place of the hearing, which time will be not less than 10 days from the giving of the notice;

(iii) an invitation to attend the hearing and produce any statement, evidence and witness on the Member's behalf; and

(iv) the proposed sanction to be imposed.

(c) Hearing. The hearing will be held pursuant to the notice, affording the Member a reasonable opportunity to be heard. Prior to the effectiveness of any sanction under these Bylaws, proof of notice and the invitation to be heard will be placed in the minutes of the meeting. Such proof will be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, Director or agent who delivered such notice. The notice requirement will be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting will contain a written statement of the results of the hearing and the sanction, if any, imposed. Written and oral evidence may be presented. The presenting party will provide copies of any written evidence to the other party or parties. The decision of the Board will be final.

(d) Appeal. The Board may in its discretion appoint a Hearing Committee to hear the matter. In such event the above procedure will apply except that either party may appeal the decision of the Hearing Committee to the Board by written notice to the Hearing Committee, the other party and the Board. The Board will consider the minutes of the hearing and report the decision of the Board within a reasonable period of time not exceeding 60 days after receipt of the notice. The decision of the Board will be final.

The foregoing procedures will not be necessary in order to impose any sanction or penalty for nonpayment of a delinquent Assessment.

7.6 Remedies Cumulative. All rights, remedies and privileges granted to the Association or the Owner or Owners of a Unit pursuant to any terms, provision, covenants or condition of the Declaration or other above-mentioned documents, shall be cumulative, and the exercise of any one or more shall not constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such other additional rights, remedies or privileges as may be available to such party at law or in equity.

7.7 Nonwaiver of Remedies.

(a) The failure of the Association or any Unit Owner to enforce any right,

provision, covenant or condition which may be granted by the Declaration or the other above-mentioned documents shall not constitute a waiver of the right of the Association or the Unit Owner to enforce such right, provision, covenant or condition in the future.

(b) The failure of a First Mortgagee to enforce any right, provision, privilege, covenant or condition which may be granted to it or them by the Declaration or other above-mentioned documents, shall not constitute a waiver of the right of said party or parties to thereafter enforce such right, privilege, covenant or condition in the future.

ARTICLE VIII OFFICERS AND THEIR DUTIES

8.1 Enumeration of Officers. The officers of the Association will be a President, Vice President, Secretary and Treasurer, and such other officers as the Board may from time to time create by resolution. Following the expiration of the Declarant Control Period, all officers of the Association must be Owners of Condominium Units in the Property.

8.2 Election of Officers. The election of officers will take place at the first meeting of the Board of Directors following each annual meeting of the Members.

8.3 Term. The officers of the Association will be elected annually by the Board, and each will hold office for one year or until his successor is duly elected and qualified, unless he sooner resigns, or is removed, or is otherwise disqualified to serve.

8.4 Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom will hold office for such period, have such authority, and perform such duties as the Board may determine from time to time.

8.5 Resignation and Removal. Any officer maybe removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation will take effect on the date of receipt of such notice or at any later time specified in the notice, and unless otherwise specified in the notice, the acceptance of such resignation will not be necessary to make it effective.

8.6 Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy will serve for the remainder of the term of the officer replaced.

8.7 Multiple Offices. Any two or more offices may be held by the same person except the offices of President and Secretary.

8.8 Duties. The duties of the officers are as follows:

(a) President. The President will preside at all meetings of the Association and the Board of Directors; see that orders and resolutions of the Board are carried out; sign all leases, mortgages, deeds and other written instruments; co-sign all promissory notes; cause to be prepared and execute, certify and record amendments to the Declaration on behalf of the Association; and exercise and discharge such other duties as may be required of the President by the Board.

(b) Vice President. The Vice President will act in the place and stead of the President in the event of his absence, inability or refusal to act, and will exercise and discharge such other duties as may be required by the Board.

(c) Secretary. The Secretary will record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and place it on all papers requiring said seal; serve notice of meetings of the Board and of the Members; keep appropriate current records listing the Members together with their addresses; and perform such other duties as required by the Board.

(d) Treasurer. The Treasurer will receive and deposit in appropriate bank accounts all monies of the Association and will disburse such funds as directed by resolution of the Board of Directors; sign all checks of the Association unless the Board specifically directs otherwise, and co-sign all promissory notes of the Association; keep proper books of account; at the direction of the Board, cause an annual audit of the Association books to be made by a public accountant at least once in every three fiscal years; and prepare an annual budget and a statement of income and expenditures to be presented to the Members at their regular annual meeting, and deliver or make copies available to each of the Members.

ARTICLE IX FINANCIAL RECORDS AND STATEMENTS

9.1 Reports. The Board shall keep records of the actions of the Board, minutes of the meetings of the Board, minutes of the meetings of the Association, and financing records and books of account of the Condominium, including a chronological listing of receipts and expenditures for each Unit, which, among other things, shall contain the amount of each Assessment against each Unit, the date when due, the amounts paid and the balance remaining unpaid. The financial records and books of account shall be available for examination by all Unit Owners, their duly authorized agents or attorneys, and all lien holders, their attorneys and authorized agents, upon reasonable request. A written annual summary of all receipts and expenditures of the Condominium shall be rendered by the Board to all Unit Owners on or before the 15th day of March of each fiscal year.

9.2 Operating Expense Funds. All sums collected by the Association may be commingled in a single account, but they shall be held for the Owners for the purposes for which they are paid, and shall include the following funds:

(a) General Common Expense Fund --to which shall be credited collection of that portion of the Common Expense Assessments received for defraying the costs of operating the Condominium on a day-to-day basis, including normal maintenance and repairs, insurance and related charges; and

(b) Capital Improvement Fund --to which shall be credited, all sums collected which are to be allocated for capital expenditures for the reconstruction, repair and replacement of Common Elements at a future date.

9.3 Records. All books of account and financial records shall be kept in accordance with good and acceptable accounting practices. The Board shall prepare an annual financial statement for all Unit Owners on or before the 15th day of March following the close of each fiscal year.

ARTICLE X COMMITTEES

10.1 Appointment. The Board of Directors may appoint a Hearing Committee as described in Section 7.5 above, and other committees as the Board deems appropriate in carrying out its purposes.

ARTICLE XI INDEMNIFICATION

11.1 Indemnification of Directors and Officers. To the extent permitted by law and consistent with the Articles of Incorporation, the Association will indemnify every member of the Board of Directors, and every officer, employee and agent of the Association and every person who serves at the request of the Association as a director, officer, employee, fiduciary or agent of any other foreign or domestic corporation or of any partnership, joint venture, trust or other enterprise or employee benefit plan against liability asserted against or incurred by such person in such capacity or arising out of that person's capacity as such. The indemnification permitted under this Article will not extend, in any event, to any act or omission occurring prior to the date of incorporation of the Association.

In the event of a settlement, indemnification will be provided only in connection with such matters covered by the settlement as to which the Association is advised by counsel that the

person to be indemnified has not been guilty of such actions or omissions in the performance of such person's duties for the Association. The foregoing rights will not be exclusive of other rights to which such member of the Board of Directors or officer or other person may be entitled. All liability, loss, damage, cost and expense arising out of or in connection with the foregoing indemnification provisions will be treated and handled by the Association as a Common Expense.

ARTICLE XII NONPROFIT CORPORATION

12.1 Nonprofit Status. The Association is not organized for profit. No Member of the Association, member of the Board of Directors, or person from whom the Association may receive any property or funds will receive or will be lawfully entitled to receive any pecuniary profit from the operations of the Association, and in no event will any part of the funds or assets of the Association be paid as a dividend or be distributed to, or inure to the benefit of, any member of the Board of Directors.

ARTICLE XIII AMENDMENTS TO BYLAWS

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

13.2 Adoption. A resolution for the adoption of a proposed amendment may be proposed by any voting Member of the Association. Members of the Association not present in person or by proxy at the meeting considering the amendment may express their approval in writing, provided that such approval is delivered to the Secretary at or prior to the meeting. The approval must be a vote of not less than 67% of the Members, but any amendment during the Declarant Control Period which effects Special Declarant Rights shall require the written consent of the Declarant to be effective.

13.3 Limitation. No amendment may be adopted which would eliminate, modify, prejudice, abridge or otherwise adversely affect any rights, benefits, privileges or priorities granted or reserved to the First Mortgagees without the consent of said First Mortgagees in each instance. No amendment shall be made that is in conflict with the Articles of Incorporation of the Association or Declaration without satisfaction of the requirements therein contained. No amendment to this Section shall be valid.

13.4 Execution. A copy of each amendment shall be attached to a certificate certifying that the amendment was duly adopted as an amendment to the Bylaws, which certificate shall be executed by the President and attested by the Secretary.

**ARTICLE XIV
MISCELLANEOUS**

14.1 Conflicts of Documents. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles will control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration will control.

14.2 Use of Electronic Mail or Meeting. Any action or vote which may be taken or entered by a Director, Unit Owner or Member in person, or by proxy, other than a vote on amendment of the Declaration, may, in the alternative, be accomplished by the use of electronic mail or electronic meeting utilized in accordance with rules promulgated by the Board of Directors establishing reasonable safeguards as to the genuineness of the action and notice to the other participants. The action shall be evidenced by a written record describing the action taken, signed before or after such action by all members utilizing said method, and delivered to the corporation for inclusion in the minutes or filing with the corporate records.

14.3 Dissolution. The Association may be dissolved only after termination of the Condominium in accordance with the terms of the Declaration and the creation and execution of a plan of dissolution which is in full compliance with all terms of the North Carolina Nonprofit Corporation Act. Any Association assets remaining after satisfying all Association debts will be distributed in accordance with the plan of dissolution and in a manner complying with the North Carolina Nonprofit Corporation Act.

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting Secretary of Sunset Resort Unit Owners' Association, Inc., a North Carolina corporation, and

THAT the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted by written consent of all directors of the Association, effective as of the date hereof.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association, this ____ day of _____, 2007.

BY: _____
Secretary



Sunset Resort Condominiums Bylaws 02/13/07

NORTH CAROLINA
DARE COUNTY

I, Deborah Janetta a Notary Public of the aforesaid
County and State do hereby certify that John M. Tyler,
Secretary of Sunset Resort Unit Owners' Association, Inc., a North Carolina corporation,
appeared before me this day and acknowledged the execution of the foregoing instrument.

Witness my hand and notarial seal this 4 day of February, 2007.

Deborah Janetta
Notary Public

My Commission Expires: 7-24-2012

(SEAL)



EXHIBIT "D"
To Sunset Resort Condominiums Declaration
State of North Carolina
Department of the Secretary of State
ARTICLES OF INCORPORATION
NONPROFIT CORPORATION

Pursuant to §55A-2-02 of the General Statutes of North Carolina, the undersigned corporation does hereby submit these Articles of Incorporation for the purpose of forming a nonprofit corporation.

1. The name of the corporation is: Sunset Resort Unit Owners' Association, Inc.
2. _____ (Check only if applicable.) The corporation is a charitable or religious corporation as defined in NCGS §55A-1-40(4).
3. The street address and county of the initial registered office of the corporation is:
Number and Street 6 Juniper Trail
City, State, Zip Code Kitty Hawk, NC 27949 County Dare
4. The mailing address *if different from the street address* of the initial registered office is:
PO Box 2 Kitty Hawk, NC 27949
5. The name of the initial registered agent is:
Daniel D. Khoury, Esq.
6. The name and address of each incorporator is as follows Daniel D. Khoury P.O. Box 2 Kitty Hawk, NC 27949
7. (Check either a or b below.)
 - a. The corporation will have members.
 - b. The corporation will not have members.
8. Attached are provisions regarding the distribution of the corporation's assets upon its dissolution.
9. Any other provisions which the corporation elects to include are attached.
10. The street address and county of the principal office of the corporation is:
Number and Street 6 Juniper Trail Kitty Hawk, NC 27949
City, State, Zip Code Kitty Hawk, North Carolina 27949 County Dare
11. The mailing address *if different from the street address* of the principal office is: P.O. Box 2 Kitty Hawk, North Carolina 27949
12. These articles will be effective upon filing, unless a later time and/or date is specified: N/A

Revised January 2000

Form N-01

CORPORATIONS DIVISION

P. O. BOX 29622

RALEIGH, NC 27626-0622

This is the ___ day of _____, 2007.

By: _____
Daniel D. Khoury, Incorporator

State of North Carolina
Department of the Secretary of State

ARTICLES OF INCORPORATION OF
SUNSET RESORT UNIT OWNERS ASSOCIATION, INC.
(Continued)

Article 8: Provisions regarding the distribution of the corporation's assets upon its dissolution:

Upon dissolution of the corporation, other than as a result of a merger or consolidation, the assets of the corporation shall be granted, conveyed and assigned to any nonprofit corporation, association, trust or other organization devoted or to be devoted to similar purposes to those of the corporation.

Article 9: Other provisions which the corporation elects to include to its Articles of Incorporation:

(a) No part of the net income or net earnings of the corporation shall inure to the benefit of any officer, director or member of the corporation, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes of the corporation. No substantial part of the activities of the corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate in or intervene in (including the publication or distribution of statements) any political campaign on behalf of any candidate for public office.

(b) Every director, officer, employee or agent of the corporation shall be indemnified by the corporation against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him or her in connection with any proceeding to which he or she may be a party, or in which he or she may become involved, by reason of his or her being or having been a director, officer, employee or agent of the corporation, whether or not he or she is a director, officer, employee or agent of the corporation at the time such expenses are incurred, except in such cases wherein the director, officer, employee or agent is adjudged guilty of willful misfeasance or malfeasance in the performance of his or her duties; provided that, in the event of any claim for reimbursement or indemnification hereunder based upon a settlement by the director, officer, employee or agent seeking such reimbursement or indemnification, the indemnification herein shall only apply if the Board of Directors approves such settlement and reimbursement as being in the best interest of the corporation. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which director, officer, employee or agent may be entitled. The indemnification herein provided for is intended to comply in all respects with the provisions of the North Carolina Nonprofit Corporation Act, as same may be amended from time to time, and shall be applied to the fullest extent permitted under North Carolina law.

(c) Except as otherwise provided under North Carolina law, no director shall have any personal liability arising out of an action whether by or in the right of the Corporation or otherwise for monetary damages for breach of their duty as directors.

NOTES:

1. Filing fee is \$60. This document must be filed with the Secretary of State.

**PUBLIC OFFERING STATEMENT
FOR
SUNSET RESORT CONDOMINIUMS**

This Public Offering Statement is being offered to contract purchasers of condominium units in the proposed *Sunset Resort Condominiums* (the "Condominium") as required by the North Carolina Condominium Act. It contains a summary of the important features of the proposed Condominium, and must by law be delivered to each purchaser prior to the execution of a purchase contract.

ARTICLE I

NAME AND ADDRESS OF THE DECLARANT AND THE CONDOMINIUM

Name of Declarant: Sunset Resort, LLC, a North Carolina
Limited Liability Company

Address of Declarant: 4745 Bayard Street
Pittsburgh, Pennsylvania 15213

Name of Condominium: Sunset Resort Condominiums

Address of Condominium: Village of Rodanthe on Hatteras Island, North Carolina

ARTICLE II

GENERAL DESCRIPTION OF THE CONDOMINIUM

Sunset Resort Condominiums is a waterfront condominium situated in the Village of Rodanthe, on Hatteras Island, North Carolina bordered on the East by North Carolina State Highway 12 and on the West by Pamlico Sound. Sunset Resort is a phased condominium with the initial phase consisting of 1 building containing six condominium units and the second phase projected to contain eight additional condominium units, subject to Declarant's right to redesignate unit types and subject to the right to combine and/or subdivide units. The Declarant's right to phase in the additional building as set forth within Section 2.4 of the Declaration of Condominium for Sunset Resort Condominiums (the "Declaration"). The property upon which the second phase may be built is referred to as the "Additional Real Estate."

The building of phase one shall contain two stories on pilings with Units located on the second and third floors. Each of the Units shall have its own front and rear balconies/decks as a Limited Common Element to the Unit. It is anticipated that the buildings of both phase one and

phase two will be similar in exterior appearances with hardy plank siding and architectural shingles.

All of the Common Elements within Sunset Resort Condominiums will consist of that portion of land upon which the building is situated upon and those Common Elements contained within the building.

ARTICLE III

NUMBER OF CONDOMINIUM UNITS

The Condominium will initially consist of Building 1 with six units as more particularly described on the Plats and Plans attached hereto as Exhibit "C." Declarant reserves the right to change the number of units during the Declarant Control Period, including the right to subdivide the units creating new units. It is anticipated that Building 2 will contain eight more additional units for a total of 14 units within Sunset Resort Condominiums.

ARTICLE IV

OWNERSHIP INTERESTS

Unit Owners shall own their units in fee simple. Unit Owners shall also own an undivided interest along with the other Owners in the building in the Common Elements of the buildings. The amount of this undivided interest, called the Common Element Interest, is shown in Exhibit "B" to the Declaration of Condominium.

ARTICLE V

CONDOMINIUM INSTRUMENTS AND OTHER DOCUMENTS

Declaration. A copy of the proposed Declaration of Condominium for Sunset Resort Condominiums (the "Declaration") is attached hereto as Appendix "A". Attached to the Declaration are the following exhibits: Exhibit "A" – Legal Description of the property for Building 1 in Phase I, Exhibit "A-1" – Legal Description of the Additional Real Estate upon which additional building with eight additional units may be added in a later phase, Exhibit "B" – Schedule of Unit Information, Exhibit "C" – Bylaws of the Association, and Exhibit "D" – Articles of Incorporation.

Association Documents. A copy of the proposed Bylaws of Sunset Resort Unit Owners' Association, Inc., a North Carolina non-profit corporation (the "Association") is attached to the Declaration as Exhibit "C" and a copy of the proposed Articles of Incorporation of the Association is attached as Exhibit "D" to the Declaration.

Contracts to Be Signed at Closing. There will be no contracts or leases required by Declarant to be signed by the purchaser at closing.

Contracts and Leases Subject to Cancellation by the Association. The Association is not a party to any contracts affecting the Condominium.

ARTICLE VI

MANAGEMENT OF THE CONDOMINIUM ASSOCIATION

The Condominium will be managed by an Association. The Association is generally responsible for the operation, governance, and management of the buildings

ARTICLE VII

ASSESSMENTS

By the Association. Unit Owners are assessed for the costs of operating and maintaining Common Elements of the Condominium and reserves for the replacement of major systems. General Common Expenses are those expenses incurred for services or elements shared by or benefiting all Unit Owners. These expenses are allocated to all Unit Owners according to the Common Element Interests described in Exhibit "B" of the Declaration. Common Expenses are assessed by the Association. Limited Common Expenses are those expenses incurred for services or elements shared by or benefiting one or more but less than all Unit Owners. These expenses are allocated to those Unit Owners affected according to the percentages described in Exhibit "B" of the Declaration.

ARTICLE VIII

PROJECTED BUDGET FOR THE ASSOCIATION

The Association has not yet been formed, but will be formed by Declarant prior to the first conveyance of a condominium unit and hence no current balance sheet for the Association exists.

The projected budget for the Association for the first year following the first conveyance of a condominium unit is attached hereto as Appendix "B". The budget includes, as required by the provisions of the North Carolina Condominium Act: (i) an amount included for repair and replacement reserves, (ii) any other reserve amounts, (iii) the projected common expense assessment by category or expenditures for the Association, and (iv) the projected monthly common expense assessment for each unit. Unit Assessments will vary based on their percentage ownership interest in the common areas and the various limited common areas.

The projected budget has been prepared by Declarant, based on good-faith estimates from contractors and subcontractors, and is based on an ownership level of 100% and a collection rate of 100%. Projected budget amounts are not adjusted for inflation.

ARTICLE IX

FUTURE COMMON EXPENSES

Declarant at the present time does not intend to provide any services and does not anticipate paying for any expenses that subsequently would become a common expense of the Association, except for those matters that are reflected in the Association's proposed budget.

ARTICLE X

FEE DUE FROM PURCHASER AT CLOSING

Declarant will collect from each purchaser at closing a capital contribution toward the Capital Improvement Fund of \$300.00. This amount, which is non-refundable, will be paid over by Declarant to the Association to capitalize the operating fund of the Association. Each Unit Owner shall also remit their pro-rata portion of any ad valorem taxes and insurance premiums that have been prepaid by the Declarant.

ARTICLE XI

EXISTING LIENS OR ENCUMBRANCES ON THE CONDOMINIUM

Declarant will finance the acquisition of the property and construction of the Condominium Buildings thereof with the proceeds of a loan from a commercial lender, which loan shall be secured by a first lien Deed of Trust on the Condominium. In the event this lien is not satisfied prior to the closing of your Unit, the Unit and its related interest in the common elements will be released from this lien at the time of closing. Each unit will be conveyed subject to: the lien of the Dare County taxes for the year of closing and subsequent years which are not yet due and payable, standard title exceptions for general utility service easements, and the permitted exceptions described on Appendix "D," attached hereto.

ARTICLE XII

DECLARANT'S WARRANTIES

Declarant expressly disclaims any implied warranty of habitability or suitability related to the Condominium and any unit thereof. Declarant further expressly disclaims any implied warranties relating to all electrical wiring, fixtures, all materials comprising or supporting the roof, all other structural components, all appliances, heating and air conditioning systems, elevators, equipment, and other personal property located in the Condominium, but will furnish to the purchaser or to the Association all manufacturers' warranties, if any, with respect to those items. No additional express or implied warranties, unless required by law, are or will be made by Declarant.

ARTICLE XIII

UNIT PURCHASER'S RIGHT TO CANCEL

The purchaser of a unit ("Purchaser") must receive this Public Offering Statement before signing a contract for purchase. No conveyance of title by deed can occur until seven (7) calendar days following the signing of a contract for such purchase. The Purchaser has the absolute right to cancel the contract to purchase during that seven (7) calendar day period without penalty. Additionally, in the event this Public Offering Statement, or any of the exhibits attached hereto, are materially changed or modified, all Purchasers will be provided notice thereof from Declarant and shall have the absolute right to cancel such contract to purchase during the seven (7) calendar day period immediately following such notice, without penalty. Under the North Carolina Condominium Act, a Purchaser electing to cancel a contract may do so by hand-delivering notice to the Declarant or by mailing notice by prepaid United States mail to Declarant at the address specified above in Article I.

ARTICLE XIV

JUDGMENTS AND PENDING SUITS

There are no known or recorded unsatisfied judgments or pending suits against the Association or the Declarant or pertaining in any way to the Condominium. There are no pending suits material to the Condominium of which the Declarant has actual knowledge.

ARTICLE XV

INSURANCE COVERAGE

The Association has not yet been formed, and currently has no insurance coverage in force. The Declarant will secure a builders risk policy covering the property through the date the Condominium is turned over from Declarant to the Association. The minimum requirements for the insurance coverage that will be maintained by the Association are set forth in Article XI of the Declaration. The Association may elect to obtain more extensive insurance coverage once it is organized. You are urged to consult with your insurance adviser to ensure that you are aware of the extent of insurance coverage to be provided by the Association, and the advisability of purchasing additional insurance to cover your individual exposure, such as the value of your personal property, or individual liability insurance coverage.

ARTICLE XVI

ESCROW DEPOSIT

Any escrow deposit or earnest money payment made by a purchaser in connection with the purchase of a condominium unit will be held in an escrow account with the law firm of Vandeventer Black LLP, in accordance with N.C.G.S. Section 47C-4-108, as required by the North Carolina Condominium Act. The deposit itself shall be held in such account until at least

seven (7) days after this Public Offering Statement has been delivered to Purchaser and a Purchase and Sale Agreement has been executed by the Parties. After that date, if Purchaser has not cancelled the Contract, the deposit will be held and disbursed in accordance with the Purchase and Sale Agreement between the Parties.

ARTICLE XVII

RESTRAINTS ON ALIENATION

No unit or any interest in a unit may be subjected to a time-share program, as that term is defined in Chapter 93A, Article 4 of the North Carolina General Statutes.

ARTICLE XVIII

OCCUPANCY AND USE RESTRICTIONS

Each Unit shall be subject to those occupancy and use restrictions set forth in Article VI of the Declaration.

ARTICLE XIX

FEEES FOR USE OF COMMON ELEMENTS

Other than the annual and special assessments for maintenance, operations, and reserves provided for by the Declaration and Bylaws, there are no present and no known or anticipated future fees or charges to be paid by Unit Owners for the use of the Common Elements.

ARTICLE XX

ZONING AND LAND USE REQUIREMENT

The land on which the Condominium is situated is zoned by Dare County as _____. The construction of a Condominium Development as proposed is allowed in this zone. The property is also subject to compliance with the Coastal Area Management Act and the Coastal Area Management Act Regulations, as they may from time to time be amended. A Coastal Area Management Act permit is necessary to perform any land-disturbing activity on the property.

ARTICLE XXI

ALIENATION OF COMMON ELEMENTS

The common elements of the Condominium may be alienated or conveyed in accordance with Section 47C-3-112 of the North Carolina Condominium Act, which allows the Unit Owners' Association to borrow funds secured by a lien on the common elements of property owned by such Association.

ARTICLE XXII

WARRANTY DEED

The purchaser of a Condominium Unit will be given a general warranty deed with usual covenants of title. Such deed will vest in the owner an undivided fee simple interest in the Unit being conveyed and an undivided interest in the common elements of the Condominium, subject to the terms and provisions of the Declaration and Bylaws of the Association, easements of record in the office of the Dare County Register of Deeds affecting the property, and general utility easements providing service to the property.

ARTICLE XXIII

SPECIAL DECLARANT RIGHTS

Declarant has reserved Special Declarant Rights as allowed by the Act and more particularly set forth in Article VIII of the Declaration, which reserved rights may be exercised at any time during the "Declarant Control Period" as that term is defined in Section 1.16 of the Declaration. These rights include but are not limited to the right to conduct sales activities on the property, appoint any officer or director of the Association, contract with a management agent, and have veto power over the actions of the Association during the Declarant Control Period.

ARTICLE XXIV

EXHIBITS

The following Exhibits are attached to and are an integral part of this Public Offering Statement:

Appendix A	Declaration of Condominium
Appendix B	Projected Budget for Sunset Resort Unit Owners' Association, Inc.
Appendix C	Plats and Plans
Appendix D	Permitted Exceptions
Exhibit "A" to Declaration	Legal Description of the Submitted Property
Exhibit "A-1" to Declaration	Legal Description of the Additional Property
Exhibit "B" to Declaration	Schedule of Unit Information
Exhibit "C" to Declaration	Bylaws of the Association
Exhibit "D" to Declaration	Articles of Incorporation

ARTICLE XXIV

DEVELOPMENTAL RIGHTS

The Declarant has planned the condominium regime of Sunset Resort Condominiums to contain a maximum of 14 Condominium Units with the first building of phase 1 containing 6 units and the subsequent building in phase 2 to consist of 8 units. Initially, the Declarant will submit Building 1 for a total of 6 units. The Declarant has reserved the right to add Additional Real Estate to the Condominium as defined in Section 1.3 of the Declaration for the purpose of adding building 2 and 8 additional units which building may be added to the condominium regime at a later date. All Units to be built will be a part of the condominium regime for this Condominium and will be restricted to single-family residential use.

In the event that all 14 Units are not built, the percentage interest allocated to each Unit Owner in the Common Elements of the Condominium will increase, which increase shall be one over fourteen minus the number of Units not built. An example of the percentage of undivided interest in the Common Element Expenses is shown on Exhibit "B" Schedule of Unit Ownership, which depicts the percentage of interest based on the initial 6 Units of the Submitted Property as well as the percentages in the event the Additional Real Estate is added, for a total of 14 Units.

The buildings to be added within the Additional Real Estate shall be compatible with the existing buildings of the Submitted Property in terms of architectural style and quality of construction. The proposed size of the buildings will be smaller with each building to contain 8 Units. The Plats and Plans for the Condominium shall be consulted to determine the exact style and location of the Condominium Units should such not be apparent from visual inspections of the Units. No assurances are made with regard to the location of any building or other improvement should the Declarant exercise its Development Rights. In the event all 14 Units are constructed as planned, the type, size, and proportion of Limited Common Elements will be approximately equivalent in relation to each of the buildings to be constructed. No other assurances are given in this regard. Any assurances given herein will not apply in the event that any of the 14 Units planned are not built, but only to the extent of the Units not so built. All other assurances will apply in full as to those Units actually built pursuant to the Development Rights of the Declarant.

DECLARANT:

SUNSET RESORT, LLC a North Carolina
limited liability company

By:


John M. Tyler, Manager

ACKNOWLEDGEMENT:

The undersigned acknowledges receipt of a copy of this Public Offering Statement with a copy of all of the Exhibits set forth in Article XXIV the day and year below subscribed.

Date: _____

Date: _____

TABLE OF CONTENTS

BACKGROUND STATEMENT	1
STATEMENT OF DECLARATION	2
ARTICLE 1: DEFINITIONS	
Section 1.1 Definitions	2
Section 1.2 Act	3
Section 1.3 Additional Real Estate	3
Section 1.4 Articles of Incorporation	3
Section 1.5 Assessment	3
Section 1.6 Association	3
Section 1.7 Board of Directors	3
Section 1.8 Building	3
Section 1.9 Bylaws	3
Section 1.10 Common Elements	3
Section 1.11 Common Element Interest	4
Section 1.12 Common Expenses	4
Section 1.13 Condominium	4
Section 1.14 Condominium Instruments	4
Section 1.15 Condominium Unit	4
Section 1.16 Declarant	4
Section 1.17 Declarant Control Period	5
Section 1.18 Declaration	5
Section 1.19 Default Assessment	5
Section 1.20 Default Rate	5
Section 1.21 Director	5
Section 1.22 Dispute	5
Section 1.23 First Mortgage	6
Section 1.24 Institutional Mortgage	6
Section 1.25 Limited Common Elements	6
Section 1.26 Limited Common Expenses	6
Section 1.27 Majority Vote	6
Section 1.28 Management Agent	6
Section 1.29 Management Agreement	7
Section 1.30 Member	7
Section 1.31 Mortgage	7
Section 1.32 Occupant	7
Section 1.33 Officer	7
Section 1.34 Person	7
Section 1.35 Plans	7
Section 1.36 Plat	7

Section 1.38	Rules of Conduct	8
Section 1.39	Schedule of Unit Information	8
Section 1.40	Special Assessment	8
Section 1.41	Special Declarant Rights	8
Section 1.42	Submitted Property	8
Section 1.43	Successor Declarant	9
Section 1.44	Unit and/or Condominium Unit	9
Section 1.45	Unit Owner	10
Section 1.46	Vote	10
ARTICLE II: CREATION OF THE CONDOMINIUM		10
Section 2.1	Submission of the Act	10
Section 2.2	Name and Location	10
Section 2.3	Governing Provisions	10
Section 2.4	Declarant's Right to Add Additional Real Estate	10
ARTICLE III: DESCRIPTION OF THE CONDOMINIUM		11
Section 3.1	Submitted Property	11
Section 3.2	Location of the Buildings	11
Section 3.3	Delineation of Unit Boundaries	11
Section 3.4	Condominium Units	11
Section 3.5	Unit Boundaries	12
Section 3.6	Common Elements	13
Section 3.7	Limited Common Elements	14
Section 3.8	Undivided Interest of Owners in the Common Elements	15
Section 3.9	Restraint Upon Separation and Partition of Common Elements	15
ARTICLE IV: THE ASSOCIATION		16
Section 4.1	Organization of Association	16
Section 4.2	Membership	16
Section 4.3	Voting Rights	16
Section 4.4	Association Management Duties	16
Section 4.5	Owner's Negligence	17
Section 4.6	Powers; Lien for Assessment	17
Section 4.7	Notice of Membership	17
Section 4.8	Owner's and Association's Addresses for Notices	18
Section 4.9	Rules of Conduct	18
Section 4.10	Delegation by Association Board	18
Section 4.11	Acquiring and Disposing of Personal Property	19
Section 4.12	Capital Improvement Fund	19
Section 4.13	Working Capital Account	19
Section 4.14	Implied Rights and Obligations	20
Section 4.15	Appointment of Officers and Directors by Declarant	20

ARTICLE V: EASEMENTS	20
Section 5.1 Preamble	20
Section 5.2 Use and Enjoyment of Common Elements	20
Section 5.3 Structural Support	21
Section 5.4 Utilities	21
Section 5.5 Encroachments	21
Section 5.6 Encroachment Easements	22
Section 5.7 Maintenance and Repair	22
Section 5.8 Rights of Association	22
Section 5.9 Declarant's Easements	23
Section 5.10 Easements to Run with Land	23
Section 5.11 Sales Activity	23
Section 5.12 Association Rights	23
Section 5.13 Emergency Easement	23
Section 5.14 Agreement to Grant Additional Easements	24
Section 5.15 Easements Appurtenant	24
ARTICLE VI: OCCUPANCY AND USE RESTRICTIONS	25
Section 6.1 Occupancy	25
Section 6.2 Nuisances	25
Section 6.3 No Improper Uses	25
Section 6.4 Antennae Satellite Dish	25
Section 6.5 Balconies	25
Section 6.6 Odors	26
Section 6.7 Increased Insurance Costs	26
Section 6.8 Prohibited Uses	26
Section 6.9 Hazardous Materials	26
Section 6.10 Occupants Bound	26
Section 6.11 Use of Common Elements	27
Section 6.12 Signs	27
Section 6.13 Animals and Pets	27
Section 6.14 Rules of Conduct	27
Section 6.15 Enforcement	29
ARTICLE VII: PROPERTY RIGHTS OF OWNERS	30
Section 7.1 Owner's Easement of Access and Enjoyment	30
Section 7.2 Declaration of Use	30
Section 7.3 Easements for Encroachments	30
Section 7.4 Easements of Access for Repair, Maintenance and Emergencies	31
Section 7.5 Combination of Units	31
ARTICLE VIII: SPECIAL DECLARANT RIGHTS AND ADDITIONAL RESERVED RIGHTS	31

Section 8.1	General Provisions	31
Section 8.2	Supplemental Provisions Regarding Declarant's Rights	32
Section 8.3	Limitation on Special Declarant Rights	32
Section 8.4	Declarant's Personal Property	33
Section 8.5	Interference with Special Declarant Rights	33
Section 8.6	Assignment of Declarant's Rights	33
Section 8.7	Easements	33
ARTICLE IX: MAINTENANCE RESPONSIBILITY		34
Section 9.1	Owner's Rights and Duties with Respect to Interiors	34
Section 9.2	Responsibility of the Owner	34
Section 9.3	Responsibility of the Association	34
ARTICLE X: ASSESSMENTS		35
Section 10.1	Creation of Lien and Personal Obligation for Assessments	35
Section 10.2	Purpose of Assessments	35
Section 10.3	Annual Assessments	36
Section 10.4	Capital Improvement Fund	38
Section 10.5	Special Assessments	38
Section 10.6	Default Assessments	39
Section 10.7	General Remedies of Association for Nonpayment of Assessment	39
Section 10.8	Priority of Lien	40
Section 10.9	Deed in Lieu of Foreclosure	40
Section 10.10	Statement of Assessment Status	41
Section 10.11	Initial Contribution to Working Capital Fund	41
Section 10.12	Failure to Assess	41
ARTICLE XI: INSURANCE		42
Section 11.1	Authority to Purchase	42
Section 11.2	Notice to Owners	42
Section 11.3	General Insurance Provisions	42
Section 11.4	Property Damage Insurance	43
Section 11.5	Provisions Common to Property Damage Insurance	44
Section 11.6	Liability Insurance	45
Section 11.7	Fidelity Insurance	46
Section 11.8	Flood Insurance	46
Section 11.9	Provisions Common to Property Damage Insurance, Liability Insurance, Fidelity Insurance and Flood Insurance	46
Section 11.10	Personal Liability Insurance of Officers and Directors	48
Section 11.11	Other Insurance	48
Section 11.12	Insurance Obtained by Owners	48

ARTICLE XII: CASUALTY DAMAGE	49
Section 12.1 The Role of the Board of Directors	49
Section 12.2 Estimate of Damage or Destruction	49
Section 12.3 Repair and Reconstruction	50
Section 12.4 Funds for Repair and Reconstruction	50
Section 12.5 Disbursement of Funds for Repair and Reconstruction	50
Section 12.6 Decision Not to Rebuild	51
Section 12.7 Priority of Repair	52
Section 12.8 Notice of Damage or Destruction to First Mortgagees	52
ARTICLE XIII: ASSOCIATION AS ATTORNEY-IN-FACT	52
Section 13.1 Appointment	52
ARTICLE XIV: CONDEMNATION	53
Section 14.1 Consequences of Condemnation	53
Section 14.2 Reorganization	53
Section 14.3 Repair and Reconstruction	53
Section 14.4 Notice of Condemnation	53
ARTICLE XV: RIGHTS RESERVED TO FIRST MORTGAGEES	54
Section 15.1 Rights of First Mortgagees to Examine Books and Records	54
Section 15.2 First Mortgagee's Rights to Notice	54
Section 15.3 First Mortgagees' Rights	55
Section 15.4 Title Taken by First Mortgagee	55
Section 15.5 Enforcement	56
ARTICLE XVI: AD VALOREM TAXES	56
Section 16.1 Ad Valorem Taxes	56
ARTICLE XVII: ENFORCEMENT OF COVENANTS	56
Section 17.1 Violations Deemed a Nuisance	56
Section 17.2 Compliance	56
Section 17.3 Failure to Comply	57
Section 17.4 Who May Enforce	57
Section 17.5 Cumulative Remedies for Default-Self-Help	57
Section 17.6 Nonexclusive Remedies	58
Section 17.7 No Waiver	58
Section 17.8 No Liability	58
Section 17.9 Recovery of Costs	58

ARTICLE XVIII: ENFORCEMENT; MEDIATION; ARBITRATION	58
Section 18.1 Actions by Owners	58
Section 18.2 Mediation	59
Section 18.3 Arbitration	59
Section 18.4 Civil Suit	59
ARTICLE XIX : TERMINATION	59
Section 19.1 Amendments Proposed by Association	59
Section 19.2 Amendments by Declarant	61
Section 19.3 Amendments Requiring Declarant Consent	61
ARTICLE XV: MISCELLANEOUS PROVISIONS	61
Section 20.1 Severability	61
Section 20.2 Captions	61
Section 20.3 Waiver	61
Section 20.4 Limitation of Liability	61
Section 20.5 Conflicts Between Documents	62
Section 20.6 Law Controlling	62
Section 20.7 Liberal Construction	62

APPENDIX B

to
Public Offering Statement

SUNSET RESORT CONDOMINIUM ASSOCIATION
BUDGET OF REVENUES AND EXPENSES

	PHASE I 6 UNITS	PHASE II 8 UNITS	TOTAL
REVENUES:			
Condo Association Fee (\$399.00 per month)	\$ 28,728.00	\$ 38,304.00	\$ 67,032.00
Interest Income (Capital Reserves)	\$ 150.00	\$ 200.00	\$ 350.00
Late Fees	\$ 100.00	\$ 150.00	\$ 250.00
TOTAL REVENUES:	\$ 28,978.00	\$ 38,654.00	\$ 67,632.00
EXPENSES:			
ADMINISTRATIVE:			
Legal Fee	\$ 500.00	\$ -	\$ 500.00
Accounting Fee	\$ 1,200.00	\$ -	\$ 1,200.00
Management Fee	\$ 2,400.00	\$ 2,400.00	\$ 4,800.00
Subtotal:	\$ 4,100.00	\$ 2,400.00	\$ 6,500.00
OPERATIONS:			
Common Electricity	\$ 1,032.00	\$ 1,368.00	\$ 2,400.00
Common Water (Pool & Other)	\$ 1,800.00	\$ -	\$ 1,800.00
Common Sewer Plant Expenses	\$ 2,000.00	\$ -	\$ 2,000.00
Pool Cleaning & Maintenance	\$ 3,600.00	\$ -	\$ 3,600.00
Elevator	\$ 300.00	\$ 200.00	\$ 500.00
Telephone	\$ 480.00	\$ -	\$ 480.00
Landscaping	\$ 4,500.00	\$ 1,500.00	\$ 6,000.00
Building & Liability Insurance	\$ 10,000.00	\$ 14,000.00	\$ 24,000.00
Subtotal:	\$ 23,712.00	\$ 17,068.00	\$ 40,780.00
RESERVE EXPENSES:			
Capital Reserve Funding	\$ -	\$ 14,000.00	\$ 14,000.00
Deferred Maintenance Funding	\$ 1,166.00	\$ 4,834.00	\$ 6,000.00
TOTAL RESERVE EXPENSE:	\$ 1,166.00	\$ 18,834.00	\$ 20,000.00
TOTAL EXPENSES:	\$ 28,978.00	\$ 38,302.00	\$ 67,280.00
NET INCOME:	\$ -	\$ 352.00	\$ 352.00

APPENDIX "D"

**TO PUBLIC OFFERING STATEMENT
FOR
SUNSET RESORT CONDOMINIUMS**

PERMITTED EXCEPTIONS

1. Ad Valorem Taxes subsequent to 2006
2. That Deed of Trust recorded in Book 1693 at page 230 of the Dare County Registry from which Units will be released and discharged from the lien of said Deed of Trust at closing.
3. Service Easements for utility purposes.
4. Riparian rights or title to be those portions of the Common Area lying below the highwater mark of the Pamlico Sound.
5. Provisions of that Stormwater Permit No. SW7070105 dated January 9, 2007 issued by the North Carolina Division of Water Quality.
6. All applicable CAMA regulations.
7. Declaration of Condominium for Sunset Resort Condominiums which provide for future assessments to Sunset Resort Unit Owners' Association, Inc.