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Prepared by and return to:
Benjamin M. Gallop, Attorney
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Post Office Box 310
Nags Head, North Carolina 27959

Excise Tax: \$-0-
Transfer Tax: \$-0-

Tax Parcel: 022110000 and 022519012

MEMORANDUM OF AGREEMENT

NORTH CAROLINA, DARE COUNTY

THIS MEMORANDUM OF AGREEMENT, made this 26 day of February, 2009, by and between FIRE SERVICE REAL ESTATE, INC., a North Carolina nonprofit corporation, whose address is 15 South Dogwood Trail, Southern Shores, NC 27949 (hereinafter referred to as "FSRE"); and TOWN OF SOUTHERN SHORES, NORTH CAROLINA, a North Carolina municipal corporation, whose address is 5375 N. Virginia Dare Trail, Southern Shores, NC 27949 (hereinafter referred to as "Town"):

WHEREAS, FSRE owns certain real property located in the Town of Southern Shores, Atlantic Township, Dare County, North Carolina and being more particularly described as follows:

SEE ATTACHED EXHIBIT A.

(the "Real Estate"); and

WHEREAS, FSRE and the Town have entered into an agreement dated February 1, 2009 (the "FSRE Agreement"), and FSRE and the Town desire to provide constructive notice of the existence of the FSRE Agreement concerning the Real Estate.

NOW, THEREFORE, this Memorandum shall serve as record notice that the following agreements apply to the Real Estate:

1. Right of First Refusal. Upon termination of any lease existing at any time between FSRE and the Southern Shores Volunteer Fire Department, Inc. (the "Fire Department"), the Town shall have the right of first refusal to enter into a new lease of the all or any portion of the Real Estate with the FSRE as against all other parties except the Fire Department. Upon the termination or expiration of any lease existing at any time between FSRE and the Fire Department, and upon receipt of a bona fide offer from a

third party, which offer is acceptable to FSRE for the leasing of all or any portion of the Real Estate described above to anyone other than the Fire Department, FSRE shall give written notice to Town, by certified mail, return receipt requested, of the existence and terms and conditions of such offer, furnishing Town with a correct copy of such offer, and Town shall thirty (30) days thereafter to notify FSRE by certified mail, return receipt requested, that Town agrees to lease the Real Estate on the same terms and conditions as are contained in such offer. If Town declines to make such offer, or fails to reply to FSRE's written notice of such offer, within such thirty (30) day period, FSRE may accept such offer from the third party. Any written notice by FSRE to Town of the right of first refusal shall not relieve FSRE's obligation under this Agreement to give further notices of right of first refusal upon any future offers by third parties for the Real Estate described in this Agreement.

The right of first refusal shall exist and continue until the termination or expiration of the FSRE Agreement.

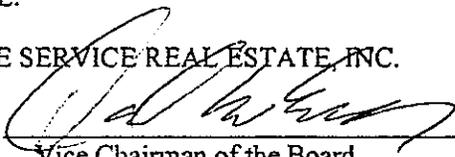
2. Transfer or other disposition of the Real Estate. The FSRE Agreement sets forth provisions with regard to any subsequent transfer or other disposition of the Real Estate by FSRE, which provisions are incorporated herein by reference in this Memorandum.

3. Other provisions. The other provisions set forth in the FSRE Agreement are hereby incorporated by reference in this Memorandum.

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be duly executed and delivered as of the day and year first above written.

FSRE:

FIRE SERVICE REAL ESTATE, INC.

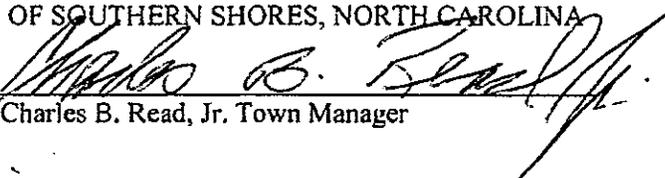
BY: 

Vice Chairman of the Board

ATTEST:


Secretary

TOWN OF SOUTHERN SHORES, NORTH CAROLINA

BY: 

Charles B. Read, Jr. Town Manager

ATTEST:

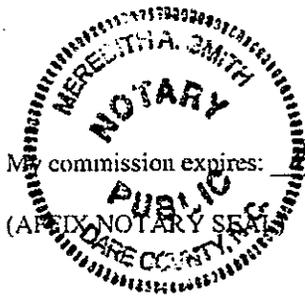

Carrie Gordin, Town Clerk



NORTH CAROLINA, DARE COUNTY

I, MEREDITH A. SMITH, a Notary Public of the County of DARE and State aforesaid, certify that DAVID EVANS personally came before me this day and acknowledged that (s)he is Secretary of FIRE SERVICE REAL ESTATE, INC., a North Carolina nonprofit corporation, and that by authority duly given and as the act of the Corporation, the foregoing instrument was signed in its name by its Vice Chairman of the Board, and attested by (him) (her) as its Secretary.

Witness my hand and official stamp or seal, this 26 day of FEB, 2009.



Meredith A. Smith
Notary Public
Notary's printed or typed name: MEREDITH A. SMITH

My commission expires: 3/01/2013

STATE OF NORTH CAROLINA, COUNTY OF DARE

I, Bonnie M. Swain, a Notary Public of the County and State aforesaid, certify that Charles B. Read, Jr. personally came before me this day and acknowledged that he is the Town Manager of The Town of Southern Shores, a North Carolina municipal corporation, and that by authority duly given and as the act of the Town, the foregoing instrument was signed in its name by its Town Manager, sealed with its corporate seal and attested by Carrie Gordin, its Town Clerk.

Witness my hand and official stamp or seal, this 24th day of February, 2009.

Bonnie M. Swain
Notary Public
Notary's printed or typed name: Bonnie M. Swain

My commission expires: 1-12-10

(AFFIX NOTARY SEAL)

**EXHIBIT A
LEGAL DESCRIPTION OF THE REAL ESTATE**

Parcel One:

All that certain lot or parcel of land lying and being in the Town of Southern Shores, Atlantic Township, Dare County, North Carolina, and more particularly described as follows:

BEGINNING at a point marked by a concrete marker set in the Northern right-of-way line of 36th Street, said point being located North 74°13'40" East 163.75 feet from the point of intersection of the Northern right-of-way line of 36th Street with the Eastern right-of-way line of Duck Road, and being located at the Southwestern corner on said right-of-way line of 36th Street of property now or formerly belonging to Larry K. Lambroff and wife; thence from the point of beginning, South 74°13'40" West 100 feet along the Northern right-of-way line of 36th Street to a concrete marker; thence North 15°46'20" West 150 feet to a concrete marker; thence North 74°13'40" East 150 feet to a point marked by a concrete marker at the Northwestern corner of property now or formerly owned by Larry K. Lambroff and wife; thence along the line of property now or formerly owned by Larry K. Lambroff and wife; South 15°46'20" East 150 feet to the point of beginning, said property containing all of Lot 23 and a portion of Lots 22 and 24 in Block 33 as shown on that plat certain plat entitled Amended Plat B, Section 3, of Southern Shores, recorded in Map Book 1, Page 36, Dare County Registry.

Gas, oil and mineral rights are not hereby conveyed.

Being the same property conveyed to the Grantor herein by deed dated May 25, 1977 and recorded in Book 247, Page 411, Dare County Registry.

Parcel Two:

All that certain lot or parcel of land lying and being in the Town of Southern Shores, Atlantic Township, Dare County, North Carolina, and more particularly described as follows:

BEGINNING at a point located in the Eastern margin or right of way of NCSR 1200, commonly referred to as the Duck Road, having a 60 foot right of way at this point where such Eastern right of way is intersected by the Northern margin or right of way of Dogwood Trail as it extends in an Easterly direction from the Duck Road towards the Atlantic Ocean, and said Dogwood Trail also having a 60 foot right of way at this point, and said point of beginning further located a course of North 34°44'44" East a distance of 48.92 feet from a concrete monument designated NCGS "Firehouse", which monument is located within the right of way of Dogwood Trail near the Southern margin thereof; running thence from the point of beginning a course of North 36°08'09" West a distance of 152.98 feet along the Eastern right of way of NCSR 1200 to a concrete monument; thence turning and running North 65°02'04" East a distance of 93.17 feet to a point; thence turning and running South 24°57'56" East a distance of 150.0 feet to a point in the Northern margin of Dogwood Trail; thence turning and running South 65°02'04" West a distance of 63.55 feet along the Northern margin of Dogwood Trail to the point or place of beginning.

Same being the remainder of Lot 25, Block 33 of the Subdivision of Southern Shores as shown on Map Book 2 at Page 142 of the Dare County Public Registry and constituting an additional portion of property located adjacent to and West of the Southern Shores Volunteer Fire Department property presently existing.

Gas, oil and mineral rights are not hereby conveyed.

This conveyance is made subject to existing rights of way easements including but not limited to the existence of a certain VEPCO transformer and other utility equipment located on and adjoining this property and crossing this property at various points.

Being the same property conveyed to Grantor herein by deed dated October 22, 1982 and recorded in Book 334, Page 656, Dare County Registry.

EXHIBIT A
LEGAL DESCRIPTION OF THE REAL ESTATE (cont.)

Parcel Three:

All that certain lot or parcel of land located and being on the West side of Dogwood Trail in the Town of Southern Shores, Atlantic Township, Dare County, North Carolina, and bounded as follows:

BEGINNING at a concrete monument located in the West margin of the right of way of Dogwood Trail, the said monument also being located 654.53 feet North of the point of intersection of the West margin of the right of way of Dogwood Trail with the North margin of the right of way of U.S. Highway 158, said beginning point being also located at the intersection of the North boundary of the Bishop Vincent S. Waters parcel of land with the West margin of the right of way of Dogwood Trail; thence from the beginning point South 80 deg. 53 min. 00 sec. West 200 feet to an iron pipe or other marker; thence cornering North 10 deg. 07 min. 00 sec. West 150 feet to an iron pipe or other marker located and being in the South boundary of the lands of Kitty Hawk Land Company; thence cornering North 80 deg. 53 min. 00 sec. East 200 feet to the West margin of the right of way of Dogwood Trail; thence cornering and along the West margin of the right of way of Dogwood Trail South 10 deg. 07 min. 00 sec. East 150 feet to the point of beginning.

The same being the Eastern most 200 feet of those certain lands as shown on a map or plat entitled "Survey for Kitty Hawk Land Company of property to be given to Town of Southern Shores, NC," by Southern Surveying and Land Planning, dated January 14, 1986 and recorded in Plat Cabinet C, Slide 1E, Dare County Registry.

There is reserved and retained from the lands hereinabove conveyed, an easement for access, egress and ingress to and from other lands of the Town of Southern Shores lying to the Westward of the lands herein conveyed and a street being constructed by Kitty Hawk Land Company on the North of the lands herein above conveyed, over, upon and across the Northwestern corner of the properties above described said easement being 25 feet in width and 84 feet in length and being bounded as follows:

BEGINNING at a point which said point is the Northwestern corner of the lands herein above conveyed said beginning point being located on a course of South 80 deg. 53 min. 00 sec. West 200 feet from the intersection of the South boundary of the lands of Kitty Hawk Land Company with the West margin of the right of way of Dogwood Trail and thence running from the beginning point North 80 deg. 53 min. 00 sec. East 84 feet to a point; thence cornering South 10 deg. 07 min. 00 sec. East 25 feet to a point; thence cornering South 80 deg. 53 min. 00 sec. West 84 feet to a point being in and marking the Eastern boundary of the remaining lands of the Town of Southern Shores; thence cornering and along the Town of Southern Shores East boundary North 10 deg. 07 min. 00 sec. West 25 feet to the point of beginning.

The property hereinabove described was acquired by Grantors by instrument recorded in Deed Book 355 page 166 and Deed Book 587, Page 363, Dare County Registry.

Parcels One, Two and Three hereinabove described being the same property acquired on the 29th Day of January, 2009 by Fire Service Real Estate, Inc. via the Deed of Gift recorded on January 30th, 2009 at Book 1790 and Page 153 of the Dare County Public Registry.