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RECORDED & VERIFIED

STATE OF NORTH CAROLINA
COUNTY OF NEW HANOVER
SUE COTS
REGISTER OF DEEDS
NEW HANOVER CO
AMENDMENT TO PROTECTIVE COVENANTS PORTERS NECK PLANTATION EMERALD DUNES

THIS AMENDMENT TO THE DECLARATION OF PROTECTIVE COVENANTS, RESTRICTIONS AND EASEMENTS FOR PORTERS NECK PLANTATION is dated for purposes of reference only this 23rd day of June, 1999, and is submitted for recordation by Porters Neck Company, Inc., a North Carolina Corporation (hereinafter "Declarant").

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RECITALS:

Declarant is in the process of subdividing properties into a residential development generally referred to as Porters Neck Plantation. Properties within Porters Neck Plantation have been subjected to Protective Covenants recorded in Book 1555, Page 957 through 981, New Hanover County Registry (the "Protective Covenants"). Paragraph 2 of the Protective Covenants allows additional properties to be subjected to the Protective Covenants by recordation of an amendment to such Protective Covenants. The purpose of this Amendment to Protective Covenants for Porters Neck Plantation is to submit additional single family lots to the terms and provisions of the Protective Covenants as specifically allowed by paragraph 2 of the Protective Covenants.

Therefore, the Protective Covenants of Porters Neck Plantation as recorded in Book 1555, Pages 957 through 981, as previously amended, are hereby further amended as follows:

1. ADDITIONAL PROPERTIES. The provisions of the Protective Covenants shall apply fully to all numbered lots shown on that plat recorded in Map Book 39, Page 31, New Hanover County Registry (the "Plat"). All of the terms and provisions of the Protective Covenants shall be fully binding and applicable to such lots, except as specifically modified herein. The lots shown on the Plat shall be referred to as "Emerald Dunes" lots.
2. DUES. Declarant shall begin paying dues on unsold lots on the first day of the month following the conveyance by Declarant to a third party of any lot shown on the Plat.
3. BUILDING RESTRICTIONS. All building restrictions contained in the Protective Covenants shall be fully applicable to the Lots made subject to the Protective Covenants by this Amendment, except that setbacks shall be governed by paragraph 9 herein.
4. EMERALD DUNES HOMEOWNERS ASSOCIATION. Declarant has chartered a North Carolina non-profit corporation named Emerald Dunes Homeowners Association, Inc. The owner or owners of every lot shown on the Plat shall be a voting member of the Emerald Dunes Homeowners Association, Inc. (the "Association"), in addition to being a member of the Porters Neck Homeowners Association, Inc. Only one vote shall be allowed per lot; to the extent there is more than one owner of any one lot, said owners shall determine among themselves, and designate, one voting member, which voting member shall cast the vote allocated to said Lot. If the owners cannot

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agree among themselves, the Board of Directors of the Association shall determine and designate a voting member from among the owners of the lot. The Association shall be governed by a Board of Directors, selected in accordance with the By-Laws of the Association, and the Association shall operate and do business in accordance with the terms of its By-Laws. The Association shall have the responsibility of maintaining in good condition the exterior grounds of each Lot as more fully specified hereinafter. The Association shall further have the responsibility of maintaining in good condition all common areas deeded to the Association, and shall be responsible for adopting rules and regulations governing utilization of such common areas. The Association shall be obligated to accept ownership of all common areas designated on the Plat, as well as all common areas depicted on any other plat depicting lots which, by additional amendment to the Protective Covenants of Porters Neck Plantation, are made subject to membership within the Emerald Dunes Homeowners Association, Inc. To the extent necessary, the Association may employ personnel necessary to perform its obligations, or needed to benefit the owners of lots within Emerald Dunes.

The specific maintenance and upkeep obligations of the Association include the following:

- A. Exterior grounds maintenance; and
- B. The maintenance of all exterior irrigation systems, including sprinkler heads.

The Association shall have no obligation to maintain the exterior of any building, or any other improvements on any Lot. The owner of each Lot shall have an affirmative obligation to maintain the exterior appearance of all buildings, structures, and improvements on his lot. The Association shall give written notice to the owner of any failure of said owner to maintain the exterior of the structures and improvements on his lot in good condition. If an owner receiving such notice does not, within seven (7) days after receipt of such notice, commence in good faith and with due diligence the correction of any designated deficiency, the Association may, and is hereby granted the specific right, to go upon the property of said owner and to cause such repairs, maintenance or upkeep to be undertaken. All direct costs incurred by the Association, plus twenty percent (20%) for management and supervision, shall be then collected by the Association from the owner, and the same shall be due and payable, and collectable, as though the same was a special assessment payable by the owner of said lot, due and payable as of the date of completion of the services provided.

The Association shall have the obligation to provide for itself and for the benefit of the owner of each lot all necessary professional services to promote the proper maintenance of all of the property subject to maintenance responsibilities of the Association, and to provide the smooth, proper and legal administration of the Association. The services may include services of an engineer, lawyer, accountant or other professional. The Association is specifically authorized to provide such other incidental services for the benefit of Emerald Dunes and in the management of the Association as deemed reasonably necessary by the Board of Directors of the Association.

5. RESERVE FUND. The Board of Directors shall have no obligation, but shall be allowed, to maintain reserves for the replacement of any improvements owned or maintained by the

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Association. The amounts of such reserves shall be established by the Board of Directors of the Association, and shall be included in the budget of the Association for the year in which such reserves are to be collected.

6. DUES. In order to fund its obligations, the owner of every lot is obligated and bound, whether or not expressly stated in any instrument of conveyance, to pay to the Association the following:

A. Annual charges or dues; and

B. Special assessments.

All such assessments, charges and dues, together with any interest thereon, shall be a charge on the land and shall be a continuing lien upon the lot against which such assessments are made. Liens shall be perfected in the manner of a mechanics or materialmens lien under North Carolina General Statutes; and any liens for dues unpaid shall be filed within nine months after the due date of the payment of such assessments. Dues shall be due and payable monthly, in advance; special assessments shall be due and payable on the date denoted in the Resolution of the Board of Directors adopting such assessment. Any lien may be enforced in the manner of a Deed of Trust with power of sale, as allowed by North Carolina General Statutes, through a foreclosure proceeding. This instrument shall be deemed to give to the President of the Association said power of sale.

The liens provided for herein shall be subordinate to the lien of any first mortgage or deed of trust and the liens of any mortgage or deed of trust in favor of Wachovia Bank of North Carolina, NA including liens of Wachovia Bank of North Carolina, NA referred to in paragraph 14 hereof. Sale or transfer of any lot shall not affect the assessment lien or liens provided for herein. However, the sale or transfer of any lot which is subject to any such mortgage or deed of trust, pursuant to a foreclosure thereof or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to the payment thereof which become due prior to such sale or transfer. No such sale or transfer shall relieve such lot from liability for any assessments, charges or dues thereafter becoming due or from the lien thereof, but the liens provided for herein shall continue to subordinate to the lien of any mortgage or deed of trust, including the deed of trust referred to in paragraph 14 hereof. Further, any lot acquired by or transferred to any beneficiary of a deed of trust or mortgagee as a result of the foreclosure respecting such lot shall not be subject to assessment, charges or dues hereunder for the period held by such mortgagee or beneficiary.

Annual assessments shall be in an amount determined by majority vote of the Directors of the Association. The initial annual assessment shall be ONE HUNDRED AND 00/100 DOLLARS (\$100.00) per month per improved lot and THIRTY-FIVE AND 00/100 DOLLARS (\$35.00) per month per unimproved lot, plus as more fully set out hereinafter, the amount of dues payable by such lot to the Porters Neck Homeowners Association, Inc. An improved lot shall be considered a lot with a primary residence located thereon which is reasonably suitable for occupancy, and for which a Certificate of Occupancy is or could be issued by appropriate officials. Dues shall be payable as for an improved lot beginning the first day of the month following such substantial completion. The dues

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for improved and unimproved lots may be changed on an annual basis by majority vote of the Board of Directors.

The Association is specifically authorized and directed to collect from each of its members, as a part of its annual charges or dues, those sums owed by the owner of each such lot to the Porters Neck Homeowners Association, Inc. The Association shall remit, on the schedule determined by the Porters Neck Homeowners Association, Inc., on behalf of all of the members within Emerald Dunes, those dues owed by all of such members to the Porters Neck Homeowners Association, Inc. The Association shall be required to remit such sums regardless of whether or not the dues owed to the Association have been paid in a timely fashion by its members. The Association has specific authority, as well as an affirmative obligation, to collect all annual charges or dues, as well as all special assessments, in accordance with the collection procedures set out in Paragraph 6 of this Amended Declaration.

Notwithstanding the provisions contained herein, the annual budget of the Association must be approved by the majority of the members voting in any regular or special membership meeting if the budget requires an increase in dues of FIFTEEN PERCENT (15%) or more over those paid in the immediately preceding year.

A special assessment may be levied from time to time by vote of a minimum of SEVENTY PERCENT (70%) of the total votes cast in any regular or special meeting, called in accordance with the By-Laws. A special assessment may be made for any purpose for which expenditures are allowed in accordance with this Declaration. The resolution approving a special assessment shall specify the date payable.

Notwithstanding any provisions of these Protective Covenants, including this paragraph, the Board of Directors shall have authority to levy any special assessment if, in the sole discretion of said Directors, the assessment is reasonably required to protect properties impacted in case of an emergency, such as a storm, or if required to satisfy the obligations of members of the Association to the Porters Neck Homeowners Association, Inc. In such event, the Directors shall give written notice to the members so effected as promptly as possible after the determination of said assessment and the action shall be binding as if ratified by the requisite vote of the owners of Lots.

7. SALE OF UNIMPROVED PROPERTIES. To the extent that Declarant elects to convey unimproved lots within Emerald Dunes, the owner of such lot shall be obligated to construct on such lot a house with exterior design constructed in accordance with plans chosen from among several alternatives which shall be provided by Declarant to said owner, which alternatives may, in the sole discretion of Declarant, be changed from time to time. By acceptance of a deed, an owner accepts and agrees that the construction within Emerald Dunes shall conform to a particular style and standard of construction, and acknowledges that the Architectural Control Committee of the Porters Neck Homeowners Association, Inc. is under no obligation to approve any plan not consistent therewith.

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8. IMPROVEMENTS. As required by the Protective Covenants, the construction of any improvements, the erection of any structure, or the alteration of any approved landscaping on any lot must be approved in advance by the Architectural Control Committee of the Porters Neck Homeowners Association, Inc. Reference is hereby made to the Protective Covenants and the rules and regulations adopted by the Porters Neck Homeowners Association, Inc. regarding the processes and procedures required for consideration of any such proposal by the owner of any lot.

9. SETBACKS. Because the majority of lots within Emerald Dunes are of a size less than 15000 square feet, there shall be no minimum setbacks except as shown on the Plat. The location of the primary structure, all landscaping improvements and all other improvements on each lot shall be subject to approval by the Architectural Control Committee of the Porters Neck Homeowners Association, Inc.

10. IMPERVIOUS SURFACES. The property subjected to the provisions of these Amended Protective Covenants is and shall be considered a multi-family development for purposes of impervious surface limitations. There shall be no per lot limitation on impervious surfaces as set out in paragraph 5(e) of the Protective Covenants; however, there shall be no more than 174,496 square feet of impervious surfaces within all of the property subjected to the provisions of these Amended Restrictive Covenants. All those parties entitled to enforce paragraph 5(e) of the Protective Covenants shall be entitled to enforce this provision, and all remedies available to any such party shall be available for the enforcement of this provision.

11. ENFORCEMENT. These Amended Protective Covenants may be enforced by any party given enforcement authority as set out in paragraph 7 of the Protective Covenants and enforcement shall be by any method and procedure set out therein.

12. AMENDMENTS. Any amendment to the Protective Covenants which does not have general applicability to all properties within the Porters Neck Subdivision shall only be effective as to Emerald Dunes upon approval of the owners of 70% of the lots within Emerald Dunes.

13. SURVIVAL. Except as specifically amended by this Amendment to Protective Covenants for Porters Neck Plantation, all provisions of the Protective Covenants (as amended) shall be fully applicable to all lots made subject to the Protective Covenants by this Amendment, and the terms and conditions of the Protective Covenants shall remain in full force and effect as to all lots encumbered thereby.

14. JOINDER. Wachovia Bank of North Carolina, NA joins in the execution of this Revision for the sole purpose of consenting to the terms and conditions contained herein, and for the purpose of subordinating those Deeds of Trust recorded in Book 2387, Page 338, et seq.; Book 2387, Page 241, et seq.; and Book 2387, Page 314, et seq., as the same may have been modified from time to time, to the provisions of this Amendment to Protective Covenants, and by affixing its duly authorized signature, under seal, hereto, Wachovia Bank of North Carolina, NA does hereby specifically subordinate said Deeds of Trust recorded in Book 2387, Page 338 et seq.; Book 2387, Page 241, et seq.; and Book 2387, Page 314, et seq. (including any modifications

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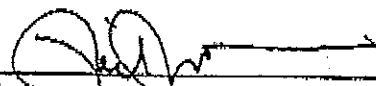
thereto), to the terms of this Amendment to Protective Covenants, except as limited hereinbelow, but except for said subordination, the lien of said Deed of Trust shall remain in full force and effect until released by Wachovia Bank of North Carolina, NA, by instrument duly recorded in the Office of the Register of Deeds of New Hanover County.

Notwithstanding this limited subordination, any lien allowed to be filed in accordance with the Protective Covenants relating to the collection of dues, as such lien provisions are described in the Protective Covenants, shall be subordinate to the lien of any first mortgage or deed of trust given to any commercial bank or other lender engaged regularly in the business of providing mortgage financing for residential homes, as well as to the lien of any deed of trust in favor of Wachovia Bank of North Carolina, NA, including, but not limited to the deed of trust or deeds of trust described in this paragraph 6. Sale or transfer of any Lot shall not affect the assessment lien or liens provided for by the Protective Covenants. However, the sale or transfer of any Lot which is subject to any such Deed of Trust, pursuant to a foreclosure thereof, or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to the payment therefore which became due prior to such sale or transfer. No such sale or transfer shall relieve such Lot from liability for any assessment, charge or dues thereafter becoming due or from any liens securing such payment, but the lien provided for shall continue to be subordinate to the lien of any such Deed of Trust. Furthermore, any Lot acquired by or transferred to any beneficiary of a deed of trust as a result of a foreclosure or any proceeding in lieu of foreclosure respecting such Lot shall not be subject to assessment, charges or dues hereunder for the period held by such mortgagee or beneficiary, unless such property is being occupied as a residence during such period. Nothing contained herein shall relieve the personal obligation of the owner of the Lot prior to the sale or transfer, whether by foreclosure or in lieu of foreclosure, to or for the benefit of the secured creditor, from the personal obligation to pay dues, charges and assessments for the period of ownership of such Lot by said owner.

IN TESTIMONY WHEREOF, said parties have caused this instrument to be executed in their corporate names by their corporate officers, and their corporate seals to be hereto affixed, all by order of their Board of Directors first duly given, this the day and year first above written.

PORTERS NECK COMPANY, INC.

BY:



Vice President

ATTEST:


Asst Secretary



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WACHOVIA BANK, ~~GENUINE CAROLINA~~, NA

BY: [Signature]
President

ATTEST:



[Signature]
Secretary

(CORPORATE SEAL)

STATE OF NORTH CAROLINA

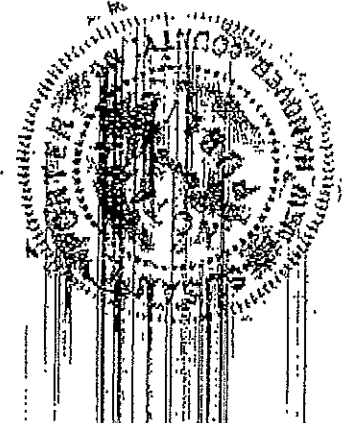
COUNTY OF NEW HANOVER

I, Susan L. Porter, a Notary Public in and for the above-named State and County do hereby certify that Richard Donaldson personally appeared before me this day, who being by me duly sworn, says that he is the Vice President of PORTERS NECK COMPANY and that he knows that Angela H. Valentine is the Assistant Secretary, and that he knows the common seal of the said corporation; that the corporation's name was subscribed to the within document by him/her as Vice President and was attested by its Assistant Secretary, with its corporate seal thereto affixed, and all by order of its Board of Directors duly given, and that the said instrument is the act and deed of said corporation.

WITNESS my hand and notarial seal, this 23rd day of June, 1999.

Susan L. Porter
Notary Public

My Commission Expires: 7-26-02



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STATE OF NORTH CAROLINA

COUNTY OF NEW HANOVER

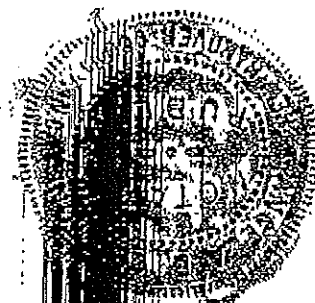
I, Angela B. Clifton, a Notary Public in and for the above-named State and County do hereby certify that George E. Thomas Jr personally appeared before me this day, who being by me duly sworn, says that he is the Vice President of WACHOVIA BANK OF NORTH CAROLINA, NA and that he knows that Dorothy G. Moore is the Asst Secretary, and that he knows the common seal of the said corporation; that the corporation's name was subscribed to the within document by him/her as Vice President and was attested by its Asst Secretary, with its corporate seal thereto affixed, and all by order of its Board of Directors duly given, and that the said instrument is the act and deed of said corporation.

WITNESS my hand and notarial seal, this 23 day of June, 1999.

Angela B. Clifton
Notary Public

My Commission Expires: 02-14-2004

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STATE OF NORTH CAROLINA
New Hanover County

The foregoing/ Annexed Certificate(s) of
Susan L. Porter
Angela B. Clifton

Notary (Notaries) Public is/ are certified
to be correct.

This the 24 day of June, 1999
Mary Sue Oots, Register of Deeds

by [Signature]
Deputy/Assistant

STATE OF NORTH CAROLINA

COUNTY OF NEW HANOVER

I, _____, a Notary Public in and for the above-named State and County do hereby certify that _____ personally appeared before me this day, who being by me duly sworn, says that ___ he is the _____ President of WACHOVIA BANK OF NORTH CAROLINA, NA and that ___ he knows that _____ is the _____ Secretary, and that ___ he knows the common seal of the said corporation; that the corporation's name was subscribed to the within document by him/her as _____ President and was attested by its _____ Secretary, with its corporate seal thereto affixed, and all by order of its Board of Directors duly given, and that the said instrument is the act and deed of said corporation.

WITNESS my hand and notarial seal, this ___ day of _____, 1999.

Notary Public

My Commission Expires: _____

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