

STATE OF NORTH CAROLINA
COUNTY OF CARTERET

AMENDMENT TO DECLARATORY
OF PROTECTIVE COVENANTS

This Amendment to the Declaratory of Protective Covenants governing the Sea Gate Subdivision is made by the Sea Gate Association, Inc., a North Carolina "Membership" Corporation (hereinafter "the Association") composed of all the lot owners within the Sea Gate Subdivision.

BACKGROUND

A special meeting of the Membership of the Sea Gate Association, Inc., was called and notice duly given in accordance with the Bylaws of the Association for the purpose of determining whether the owners of two-thirds or more of the platted lots within the Sea Gate Subdivision (as appear at Map Book 8, Page 90; Map Book 9, Pages 16, 54, 86, 87 and 91; Map Book 14, Page 40; Map Book 21, Page 15, all of the Carteret County Registry) desired to amend the Declaratory of Restrictive Covenants appearing at Book 337, page 172, Carteret County Registry. A copy of the proposed amendment which substantially conforms to the language of the amendment appearing below accompanied the Notice of Special Meeting. In accordance with said Notice, a Special Meeting was held on December 7, 1985, adjourned, and reconvened on December 21, 1985, at which times the Association received written proxies and ballots from owners evidencing their agreement or opposition to said proposed amendment. After tallying the number of platted lots for which written proxies and/or ballots were received in agreement with the proposed amendment, the Association determined that greater than two-thirds (2/3's) of the owners of platted lots, (taking into consideration those platted lots owned or retained by Charles M. Reeves, Jr., and wife Sarah Crosby Reeves, the declarants, and their successors in interest, Sea Gate, Inc.) had agreed in writing to the proposed amendment. The written proxies and ballots of said lot owners authorized the Association to execute this Amendment on their behalf.

AMENDMENT

Therefore, the Declaratory of Protective Covenants appearing at Book 337, Page 172, is hereby Amended by adding the following paragraph after the paragraph entitled MEMBERSHIP COVENANT and before the section entitled GENERAL COVENANTS AND RESTRICTIONS appearing on page 2. of said declaration:

SPECIAL ASSESSMENTS

In addition to the general assessments authorized in the preceding paragraph, the Association may levy a special assessment for the purpose of defraying the cost of the construction, operation and maintenance of a sewage

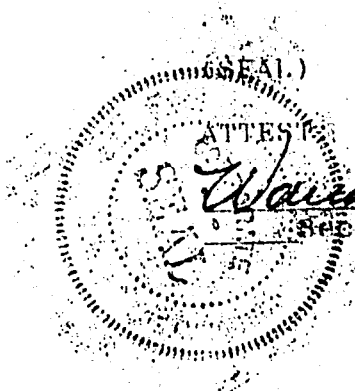
Book 563 Page 242

treatment facility within any one or more "Sections" of the Sea Gate Subdivision. Such special assessments may also be used by the Association to acquire such property, whether real or personal, as may be necessary for the construction, operation and maintenance of the treatment facility. Prior to levying such a special assessment for this purpose, the Association must first propose the special assessment to the record lot owners of the Section or Sections affected by the proposal at an annual meeting or special meeting duly called for this purpose, and obtain the approval of two thirds (2/3's) of such lot owners voting in person or by proxy. Sea Gate, Inc. shall be considered a lot owner for the purpose of voting under this provision, and shall be assessed for each lot owned by it in the same manner as other lot owners in the Section or Sections affected. A special assessment may be approved and levied for one or more successive years, and the amount and term of the special assessment may be decreased or increased in subsequent years by the Association, provided that increases in such amount or term shall not exceed either the maximum total or yearly amount nor the maximum term approved by the lot owners for such periodic special assessment. Duly approved and levied special assessments shall be the personal obligation of each lot owner and a charge upon lots in the Sections affected by the special assessment. The failure to pay such special assessment when due shall entitle the Association to a lien on said lot which may be perfected by filing a claim of lien as described in N.C.G.S. Section 44A-12 (or any supplemental or amendatory provision thereto) with the Clerk of Superior Court, and foreclosed upon by power of sale as provided in N.C.G.S. Section 45-21.1 et seq. (or any supplemental or amendatory provision thereto). In any action instituted for the collection of overdue assessments, the Association shall be entitled to recover the cost of such action, interest and reasonable attorney's fees.

IN TESTIMONY WHEREOF, Sea Gate Association, Inc. has caused this instrument to be signed in its corporate name by its President, attested to by its Secretary, and sealed with its corporate seal.

SEA GATE ASSOCIATION, INC.
 By: Gary A. Hillse
 President

ATTEST
Wanda D. Smith
 Secretary



Book 563 Page 242

STATE OF NORTH CAROLINA
COUNTY OF CARTERET

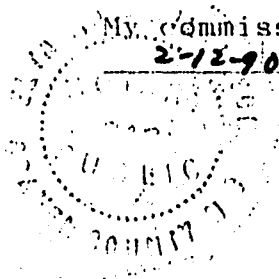
This is to certify that on this day Gary A. Hill, Jr. personally came before me, who being duly sworn by me, says that he is the President of Sea Gate Association, Inc., a North Carolina corporation, and that he knows that Wanda J. Smith is Secretary of said corporation; that he knows the common seal of the said corporation; that the corporation's name was subscribed to the within Amendment to Declaratory of Restrictive Covenants by him as President and was attested by its secretary, with the common seal of the corporation affixed, and all by order of its Board of Directors duly given, and the said instrument is the act and deed of the corporation.

He further acknowledged that the written proxies and ballots referred to in the foregoing instrument were qualified and verified under the supervision and direction of the Board of Directors of the corporation, and that, they represent the written agreement of two-thirds of the owners of platted lots within the Sea Gate Subdivision to the foregoing amendment.

Witness my hand and seal this the 24th day of April, 1987.

Pat Mac Wilkinson
Notary Public

My commission expires: 2-12-90



NORTH CAROLINA, CARTERET COUNTY
The foregoing certificate(s) of Pat Mac Wilkinson is (are) certified to be correct. This instrument was presented for registration and recorded in this office in Book 563 Page 242 This 1 day of May 1987 at 2:45 o'clock P.M.

Sharon Piner
Register of Deeds
By Melanie Creek
Assistant, Deputy

Book 563 Page 242