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NORTH CAROLINA
PAMLICO COUNTY

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SECOND AMENDMENT TO DECLARATION
OF RESTRICTIVE AND PROTECTIVE COVENANTS

JOYCE E. CARAWAN
REGISTER OF DEEDS
PAMLICO COUNTY, N. C.

THIS AMENDMENT to Declaration of Restrictive and Protective Covenants made and entered into this 1st day of March, 1987, by and between RAYMOND E. DUNN AND WIFE, ANN R. DUNN, parties of the first part, (hereinafter referred to as "Developer"); and PROSPECTIVE PURCHASERS of the lots of land in that certain subdivision known as Bay Shores Estates, and any additional property within the development area as may by subsequent amendment be added to or subjected to this Declaration, located in Number Two (2) Township, Pamlico County, North Carolina, parties of the second part.

WITNESSETH:

WHEREAS, by instrument dated the 31st day of March, 1984, recorded in Book 227, at Page 215, Pamlico County Registry, the undersigned parties recorded a Declaration of Restrictive and Protective Covenants for Bay Shores Estates, as shown on a map, the same being duly recorded in Plat Cabinet A, Slide 9-6, in the office of the Register of Deeds of Pamlico County and incorporated herein by reference; and

WHEREAS, the parties of the first part are owners of 2/3 of the lots of said subdivision; and

WHEREAS, pursuant to and in accordance with paragraph 18 of said restrictive covenants, owners of 2/3 of the lots in said subdivision may amend, rescind or modify in part or all of said covenants; and

WHEREAS, the owners of 2/3 of the lots in said subdivision are of the opinion that the amendments, rescissions and modifications hereinafter set forth do not materially alter the general nature, common scheme of development or desirability of the property within said subdivision, but, in fact, enhance the value and desirability of the same; and

NOW THEREFORE in consideration of the benefits to be derived from community access to and enjoyment of the amenities commensurate with waterfront living, and having due regard for a common scheme of development securing such access and enjoyment to all owners in said subdivision, present and prospective, and for the purpose of enhancing the value and desirability of all the property within said subdivision, parties of the first part being owners of 2/3 of the lots, do hereby amend, rescind in part and modify said covenants as follows:

I. BY ADDING THE FOLLOWING:

ARTICLE 1

DEFINITIONS AS USED HEREIN:

- (a) "Articles" means the Articles of Incorporation of Bay Shores Homeowners Association, Inc.
- (b) "Corporation" means Bay Shores Homeowners Association, Inc. a North Carolina non-profit corporation. The "Board of Directors" or "Board" shall be the elected body governing the Corporation and managing the affairs of the Corporation.
- (c) "By-laws" means the Bylaws of Bay Shores Homeowners Association, Inc.
- (d) "Community Use Areas" means all real and personal property, together with those areas within dedicated portions of the Development Area and the Subdivision, which may be deeded to or acquired by the Corporation for the common enjoyment of the members of the Corporation.
- (e) "Common Expenses" means and includes actual and estimated expenses of maintaining and operating the common areas and operating the Corporation for general purposes, including any reasonable reserve, all as may be found to be necessary and appropriate by the Board of Directors pursuant to this Declaration, the Bylaws and the Articles of Incorporation of the Corporation.
- (f) "Dedication" means the act of committing a portion of the Development Area or the Subdivision to the purposes of this Declaration.
- (g) "Developer" means Raymond E. Dunn and wife, Ann R. Dunn, their successors or assigns or any legal entity acquiring ownership of portions of the Development Area heretofore not dedicated with the intent and for the purpose of further development.
- (h) "Development Area" shall mean that property described by deed recorded in Book 198, at Page 164, in the Office of the Register of Deeds of Pamlico County, North Carolina, except a one (1) acre parcel of land conveyed to Walter W. Martin by deed dated January 1, 1986, and recorded in Book 236, at Page 350, Pamlico County Registry.
- (i) "Subdivision" means Bay Shores Estates and any portion of the Development Area that may be added by written document executed by Developer and recorded in the office of the Register of Deeds of Pamlico County.

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ARTICLE 2

APPLICABILITY

These restrictions shall not be applicable to other lands of Developer, except the lands specifically referred to in the First Amendment to Restrictive Covenants recorded in Book 232, at Page 469, Pamlico County Registry, and Developer is withholding such additional parcels from these restrictions, the absence of restrictions, being intended to allow Developer maximum flexibility in the determination of the development of such adjacent lands.

ARTICLE 3

A. A Corporation named Bay Shores Homeowners Association, Inc., has been or will be formed pursuant to the rules and requirements of the Nonprofit Corporation Act (Chapter 55A) of the General Statutes of North Carolina as an association of the Owners of Lots. Its purposes are to own, manage, maintain, and operate the Community Use Areas and facilities located upon the Community Use Areas; to enforce the restrictions contained herein; and to make and enforce rules and regulations governing the Owners' use and occupation of Lots.

B. Each Owner of each Lot within the Subdivision shall be a member of the Corporation, except that current Owners of lots 5, 9, 10, 11, 12, 13, 14 and 15 may become members upon written application. The Declarant, by this Declaration, and the Owners of individual Lots by their acceptance of individual deeds thereto, covenant and agree with respect to the Corporation:

1. That for so long as each is an Owner of a Lot within the Subdivision, each will perform all acts necessary to remain in good and current standing as a member of the Corporation;

2. That each shall be subject to the rules and regulations of the Corporation with regard to ownership of a Lot; and

3. That any unpaid assessment, whether general or special, levied by the Corporation in accordance with these Restrictions, the Articles or the Bylaws shall be a lien upon the Lot upon which such assessment is levied, and shall be the personal obligation of the Owner of the Lot at the time the assessment falls due.

C. Each membership in the Corporation shall relate to and have a unity of interest with an individual Lot which may not be separated from ownership of said Lot.

D. The Corporation shall have one class of members who shall be all Owners. Each member shall be entitled to one vote for each Lot owned; provided, however, when more than one person holds an interest in any Lot, all such Persons shall be members and, the vote for such Lot shall be exercised as they, among themselves, determine, but in no event shall more than one vote or any fraction of a vote be cast with respect to any Lot.

ARTICLE 4

MANAGEMENT AND ADMINISTRATION

The management and administration of the affairs of the Community Use Areas of the Subdivision shall be the sole right and responsibility of the Corporation. The management shall be carried out in accordance with the terms and conditions of these restrictions, the Articles and the Bylaws of the Corporation, but may be delegated or contracted to managers or management services.

ARTICLE 5

COMMUNITY EXPENSES

The Community Expenses of the Subdivision include:

A. All amounts expended by the Corporation in operating, administering, managing, repairing, replacing and improving the Community Use Areas of the Subdivision; all amounts expended by the Corporation in insuring the Community Use Areas in the Subdivision; all amounts expended by the Corporation in legal, engineering, or architectural fees; all similar fees which may be incurred by the Corporation from time to time in performing the functions delegated to the Corporation by these Restrictions; and all amounts expended in any form by the Corporation in enforcing these Restrictions, the Articles or the Bylaws.

B. All amounts expended by the Corporation in carrying out any duty or discretion as may be required or allowed by these Restrictions, the Articles or the Bylaws.

C. All amounts declared to be Community Expenses in the Bylaws or in these Restrictions.

D. All taxes and special assessments which may be levied from time to time by any governmental authority upon the Community Use Areas in the Subdivision.

ARTICLE 6

ANNUAL GENERAL ASSESSMENT

A. The Declarant for each Lot owned hereby covenants and each Owner of any Lot by acceptance of a deed for same (whether or not it shall be so-expressed in such deed) is deemed to covenant and agrees to pay to the Corporation annual general assessments or charges as hereinafter provided. The annual general assessments, together with interest, costs and reasonable attorneys' fees, shall be a charge and lien on the land and, subject to the provisions of Paragraph 6 of this Article, shall be a continuing lien upon the property against which each such assessment is made. Furthermore, each such assessment, together with interest, costs, and reasonable attorneys' fees, shall also be the personal obligation of the person who is the owner of the Lot at the time the assessment falls due.

B. Until January 1, 1988, the maximum annual general assessment shall be One Hundred and No/100 Dollars (\$100.00) per Lot.

1. From and after January 1, 1988, the maximum annual general assessment may be increased each year not more than ten percent (10%) above the assessment for the previous year without any vote of the membership.

2. From and after January 1, 1988, the maximum annual general assessment may be increased by an amount greater than ten percent (10%) of the assessment for the previous year provided the proposed increase is approved by a vote of two-thirds (2/3) of the members who are voting in person or by a proxy at a meeting duly called for this purpose.

3. The Board of Directors may fix the annual general assessment at an amount not in excess of the maximum.

4. Once the annual general assessment has been set, notice of the annual general assessment shall be given to all members. After the initial notice of the assessment, the assessment shall become due and payable as provided by the Board of Directors.

C. Written notice of any meeting called for the purpose of taking any action authorized under Paragraph 2(B) shall be sent to all members not less than thirty (30) days, nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

D. The annual general assessments levied by the Corporation shall be used exclusively to improve, maintain and repair the Community Use Areas, to pay the expenses of the Corporation, to pay the cost of lighting the Community Use Areas, to pay the cost of any insurance the Corporation determines to purchase and to promote the recreation, health, safety and welfare of the members and to pay taxes levied upon the Community Use Areas.

E. The Corporation shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Corporation setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Corporation as to the status of assessments on a Lot is binding upon the Corporation as of the date of its issuance.

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ARTICLE 7

SPECIAL ASSESSMENTS

Special assessments may be levied against Lots for such reasons as are provided in these Restrictions, the Articles or the Bylaws and on such terms as provided by the Board of Directors or the members. Either the Board of Directors or the members may levy and impose special assessments upon a majority vote. The purposes for which special assessments may be levied include, but are not limited to, providing funds to pay Community Expenses which exceed the general assessment fund then on hand to pay same and providing a contingency fund for capital improvements and extraordinary expenses. Furthermore, special assessments may be assessed against specific Lots. In the event the Owner of a Lot fails to comply with the provisions of the Restrictive Covenants hereof, the Corporation may perform such task or remedy such matter and levy the cost of such performance against the Owner of such Lot and such Lot as a special assessment.

ARTICLE 8

LIEN FOR ASSESSMENTS

Any general or special assessment, if not paid within thirty (30) days after the date such assessment is due, together with interest at the rate of ten percent (10%) per annum, costs of collection, court costs, and reasonable attorney fees shall constitute a lien against the Lot upon which such assessment is levied. The Corporation may record notice of the same in the Office of the Clerk of Superior Court of Pamlico County or file a suit to collect such delinquent assessments and charges. The Corporation may file Notice of Lis Pendens, bring an action at law against the Owner personally obligated to pay the same and/or bring an action to foreclose the lien against the property. No Owner may waive or otherwise escape liability for the assessments provided for herein.

ARTICLE 9

AMENITIES AND FACILITIES. Every Park, recreation area, recreation facility, dedicated access and other amenities appurtenant to the subdivision, whether or not shown and delineated on any recorded plat of the subdivision, shall be considered private and for the sole and exclusive use of the owners of lots within the subdivision. Neither Developers' execution nor the recording of any plat or any other act of Developer with respect to such area is, or is intended to be, or shall be construed as a dedication to the public of any such areas, facilities or amenities.

ARTICLE 10

VARIANCES. The Board of Directors in its discretion may allow reasonable variances and adjustments of these restrictions in order to alleviate practical difficulties and hardship in their enforcement and operation. Any such variances shall not violate the spirit or the intent of this document to create any subdivision of lots owned in fee by various

persons with each such owner having an easement upon areas owned by the corporation. Any variance or adjustment made pursuant to this Declaration be within the sole discretion of the Board of Directors, and shall not constitute a future waiver, release or estoppel to the obligations set forth herein for in any amendments hereafter.

To be effective, a variance hereunder shall be recorded in the Pamlico County Register of Deeds Office; shall be executed on behalf of the corporation; and shall refer specifically to this Declaration.

II. BY DELETING THE RESTRICTIVE COVENANTS SET FORTH IN PARAGRAPH NUMBERED (1), (2), and (18) FROM THE DECLARATION OF RESTRICTIVE AND PROTECTIVE COVENANTS RECORDED IN BOOK 227, AT PAGE 215, PAMLICO COUNTY REGISTRY, AND INSERTING IN LIEU THEREOF THE FOLLOWING:

(1) LOT. The word "Lot" as used herein shall mean the separately numbered parcels depicted on the aforementioned map recorded in Plat Cabinet A, Slide 9-6, Pamlico County Registry, provided, however, that Lots numbered 18 through 24, as shown on said subdivision map, may be redivided, reduced in size and redesigned by Developer into several smaller lots so that each redivided and redesigned lot shall contain at least 20,000 square feet of land area and shall be identified as portions of Lots 18 through 24 as may be appropriate.

Each lot adjacent to Bay River (but specifically excluding Lots 16 through 24, inclusive, on Moore's Creek) includes that property lying within the extension of the side lot lines of each such Lot, along the same course to the side lines of said lot, to the mean high water line of Bay River and the conveyance of Lots numbered 1 through 15 shall be deemed to include said property. Developer specifically excepts and reserves all riparian rights to Moore's Creek for Lots 16 through 24, inclusive, but may, in their sole discretion, grant limited riparian rights to lot owners of Lots 16, 17, 23 and 24 in Bay Shores Estates, and to lot owners in the development area.

(2) LAND USE AND BUILDING TYPE. No structure shall be erected, placed or permitted to remain on Lots 1 through 17 other than one detached single-family residential dwelling and such outbuildings as are customary or incidental to single-family residential use of the Lot. All or any portions of Lots 20, 21, 22, and 23 as shown and designated on said subdivision map, may be used by Developer for an access road to a boat ramp and piers on Moore's Creek and, in addition, may designate portions of said lots as "Community Use Areas," and parking areas, and such use or designation shall not be in violation of these restrictive covenants. All, portions or any combinations of all or portions of Lots 18 through 24, Bay Shores Estates, inclusive, may in the sole discretion of the Developer be subdivided by Developer only into single-family residential building lots containing not less than 20,000 square feet. No mobile home structure, trailer, tent, shack or barn shall be used at anytime as a residence, either temporarily or permanently. No mobile home structure or trailer shall be placed on any lot in Bay Shores Estates Subdivison at any time.

(18) TIME PERIOD. These restrictive and protective covenants shall run with the land for fifteen (15) years from March 31, 1984, after which time they shall be automatically extended two (2) successive periods of five (5) years. The restrictive and protective covenants may be rescinded, amended, or modified only by written instrument by the Owners of at least two-thirds (2/3) of the Lots in Bay Shores Estates, or two-thirds (2/3) of the Lots comprising Bay Shores Estates from time to time, including Lots in any additions to Bay Shores Estates, provided that no amendment shall alter any obligation to pay community expenses to benefit the Community Use Areas, as herein provided, or affect any lien for the payment of the same. To be effective any amendment, recision or modification must be recorded in the office of the Register of Deeds of Pamlico County, North Carolina, and specifically refer to this instrument.

IN WITNESS WHEREOF, the parties of the first part have hereunto set their hands and adopted as their seal the word "Seal" appearing by their names, the day and year first above written.

Raymond E. Dunn (SEAL)
RAYMOND E. DUNN

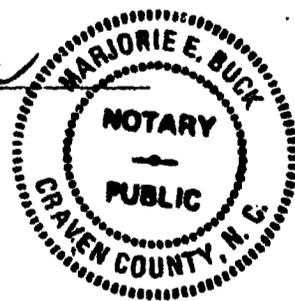
Ann R. Dunn (SEAL)
ANN R. DUNN

STATE OF NORTH CAROLINA
COUNTY OF CRAVEN

I, Margorie E. Buck, a Notary Public for said County and State, do hereby certify that Raymond E. Dunn and wife, Ann R. Dunn, this day personally appeared before me and acknowledged the due execution of the foregoing instrument for the purposes therein expressed.

Witness my hand and notarial seal, this the 1st day of March, 1987.

Margorie E. Buck
Notary Public



My Commission Expires:

9-25-88

NORTH CAROLINA
PAMLICO COUNTY

The foregoing certificate of Margorie E. Buck Notary Public of said county and State, is certified to be correct. This instrument was presented for registration this day and hour and duly recorded in the office of the Register of Deeds of Pamlico County, North Carolina.

Ann E. Carver
Register of Deeds