

STATE OF NORTH CAROLINA : SECOND AMENDMENT TO
COUNTY OF DARE : FILED : DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS

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DORRIS A. FRY

KNOW ALL MEN BY THESE PRESENTS, that this Second Amendment to the Declaration of Covenants, Conditions and Restrictions, is made and entered into on this the 29 day of November, 1993 by Sanderling Property Owners Association, Inc., a North Carolina non-profit corporation, hereinafter referred to as "Association."

WITNESSETH:

WHEREAS, the Association is the entity charged with the powers of maintaining and administering the community properties and facilities and with administrating and enforcing the covenants, conditions and restrictions of, and collecting and disbursing the assessments and charges created by, the Declaration of Covenants, Conditions and Restrictions dated May 8, 1981 (the "Declaration"), the Declaration being recorded in Deed Book 310, Page 557, et seq. in the office of the Register of Deeds of Dare County, North Carolina;

AND WHEREAS, pursuant to Article Ten of said Declaration, an amendment may be proposed by the Board of Directors acting upon a vote of the majority of the Directors and submitted to the members of the Association at a special meeting;

AND WHEREAS, a special meeting of the members of the Association (being the owners of lots constituting the properties), was held, after due notice as required, on the 27 day of November, 1993; and at such meeting more than sixty-six percent (66%) of the members, being present in person or by proxy, voted to approve the amendments to the Declaration hereinafter set forth.

NOW, THEREFORE, in accordance with the provisions of Article Ten of the Declaration, the Association does hereby amend the Declaration as follows:

I.

ARTICLE SEVEN, Covenant for Payment of Assessments, Section 2, Purpose of Assessments is hereby amended by adding subparagraphs (f) and (g) as follows:

Section 2. Purpose of Assessments

- (f) Ocean front primary dune restoration; and
- (g) A reserve fund for the purpose of ocean front primary dune restoration.

II.

ARTICLE SEVEN, Covenant for Payment of Assessments, Section 3, Assessment of Uniform Rates with Different Categories or Forms of Ownership is hereby amended to read as follows:

Section 3. Assessment of Uniform Rates with Different Categories or Forms of Ownership

Both annual and special assessments shall be fixed at uniform rates for every Lot or Dwelling Unit within the form of ownership applicable to such Lot or Dwelling Unit. Assessments may differ between lots and dwelling units but shall be uniform within each category, i.e. Lots and dwelling units. There will be no difference between assessments as to Lots, except to the extent Limited Common Properties are located on a Lot or Lots, and except for the degree of benefit the Lots receive from an ocean front primary dune restoration project. In addition, the Owner(s) of some Dwelling Units may be subject to an assessment for the maintenance, improvement and replacement of Limited Common Properties located on or adjacent to the Lot on which such Dwelling Unit is located.

Assessments shall be determined by the cost to the Association, experienced or reasonably anticipated, of carrying out the purposes and functions set forth in Section 2 above.

III.

ARTICLE SEVEN, Covenant for Payment of Assessments, is hereby amended by adding a new Section 6.1 entitled Assessments for Ocean Front Primary Dune Restoration to read as follows:

Section 6.1. Assessments for Ocean Front Primary Dune Restoration

In addition to the minimum and maximum regular annual assessments, as set forth in Section 4 of this Article Seven, the Board of Directors, subject to the approval of the membership as to the maximum ceiling amount, may levy an annual assessment for the funding of a reserve fund solely for the purpose of primary ocean front dune restoration, subject, however, to the following provisions:

- (a) The maximum amount, or ceiling, of the reserve fund must be approved by the membership by a majority vote of a quorum, in person or by proxy, at a regular or special meeting of the membership; and
- (b) The Board of Directors of the Association is authorized to establish the "degree of benefit" of each lot in the development and to allocate the assessment for the reserve fund to the lot owners based upon the "degree

of benefit" of each lot from an ocean front primary dune restoration project. The decision of the Board of Directors of the "degree of benefit" shall be final and binding upon all members; and

- (c) Upon the determination of the Board of Directors, in its sole discretion, to undertake an ocean front primary dune restoration project, the Board shall determine what portion of the cost of the project shall be paid from the reserve fund and what portion shall be paid by a special assessment allocated to the lots benefitted by the project in accordance with the "degree of benefit" as the Board of Directors, in its sole discretion, shall determine.

IV.

ARTICLE SEVEN, Covenant for Payment of Assessments, is hereby amended by adding a new Section 7.1, Special Assessment for Emergency or Disaster Reconstruction to read as follows:

Section 7.1. Special Assessment for Emergency or Disaster Reconstruction

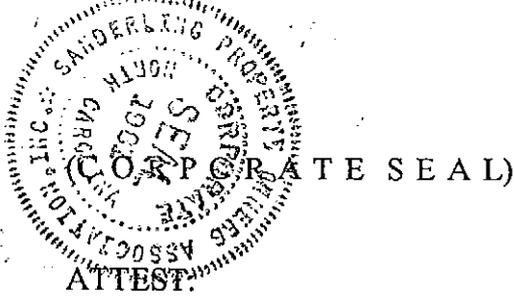
In addition to the regular annual assessments authorized by Section 4 hereof, and the ocean front primary dune restoration fund assessment as authorized by Section 6.1 hereof, the Association may levy in any assessment year, a special assessment, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any restoration, reconstruction or damage caused by a disaster which results in significant damage to the properties, which endangers the health and safety of occupants of the properties, or the physical integrity of the properties, but not necessarily the common properties or the limited common properties alone. Any event for which this special assessment provision shall be triggered must be sufficiently significant that more than one lot is severely affected and the result would be a significant deterioration in the values of two or more lots. The amount of the special assessment and the lots to which the special assessment applies, shall be determined in the sole discretion of the Board of Directors, provided, however, that the Board must have the consent of at least two-thirds of the owners of the lots affected. The Board of Directors, in its sole discretion, shall determine the "degree of benefit" and allocate the special assessment to the lots affected, according to the benefit received by each lot. The determination of the lots affected shall be by the Board in its sole discretion. The consent of the owners of the lots affected shall be either at a special meeting called for that purpose, or by the written consent of the lots owners, without a meeting, with each lot affected having one vote.

Provided further, that the project for which the special assessment shall be made, must be approved by the Board of Directors of the Association prior to the assessment being made. To the extent that the special assessment is for the

purpose of providing partial funding to a ocean front primary dune restoration project, the Board of Directors, in its sole discretion, and based upon the benefit to the lots involved, may allocate funds from the ocean front primary dune restoration fund, to the project with the balance to be collected by special assessment based upon the benefit to the lots affected.

The undersigned officers of the Association do hereby certify that the Amendment to the Declaration set forth above has been duly adopted by the requisite percentages of members and lenders, as required in Article Ten of the Declaration.

IN WITNESS WHEREOF, the Association has caused this Second Amendment to the Declaration of Covenants, Conditions and Restrictions to be executed by its duly authorized officers and its corporate seal to be hereunto affixed, in accordance with Article Ten of the Declaration.



Sanderling Property Owners Association, Inc.

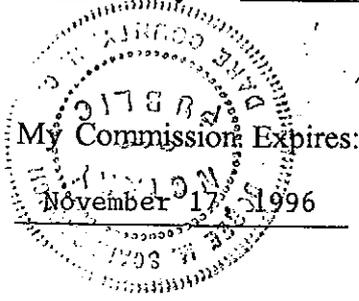
By:

[Signature]
President

[Signature]
Secretary

STATE OF NORTH CAROLINA
COUNTY OF DARE

I, Doree M. Scarborough, a Notary Public of the County and State aforesaid, certify that Katherine Gillis personally came before me this day and acknowledged that he/she is Secretary of Sanderling Property Owners Association, Inc., a North Carolina non-profit corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal and attested by himself/herself as its Secretary. Witness my hand and official stamp or seal, this 29th day of November, 1993.



Doree M. Scarborough
Notary Public

SEAL-STAMP

NORTH CAROLINA, DARE COUNTY

The foregoing Certificate(s) of Doree M. Scarborough
a Notary Public of Dare Co., NC
is/are certified to be correct.

This instrument and this certificate are duly registered at the date and time and in the Book and Page shown on the first page hereof.

~~By:~~ Doris A. Gray
REGISTER OF DEEDS

By: Norma Jean Wade
ASSISTANT REGISTER OF DEEDS