

STATE OF NORTH CAROLINA,

COUNTY OF ONSLOW

AMENDMENT TO DECLARATION OF
MASTER COVENANTS, CONDITIONS
AND RESTRICTIONS FOR
ESCOBA BAY EQUESTRIAN AND
YACHTING COMMUNITY AND
BY-LAWS OF THE ESCOBA BAY
HOMEOWNERS ASSOCIATION

THIS AMENDMENT to the Declaration of Master Covenants, Conditions and Restrictions of Escoba Bay Equestrian and Yachting Community (hereinafter called the "Declaration"), as recorded in the Office of the Register of Deeds of Onslow County in Book 861, Page 321; and to the By-Laws of the Escoba Bay Homeowners Association, (hereinafter called the "By-Laws"), as recorded in Book 861, Page 347;

W I T N E S S E T H:

WHEREAS, the above-referenced Declaration and By-Laws were promulgated to insure development of the various phases of Escoba Bay in an orderly manner for the benefit of all owners of property therein; and

WHEREAS, the undersigned, representing not less than a two-thirds vote of the members of the Association, now desire to amend the Declaration and By-Laws to comply with the requirements of the Veterans Administration, in order to improve the marketability and value of the properties in Escoba Bay Equestrian and Yachting Community, in order to serve the needs of the lot owners better and to administer and enforce the purposes of the Declaration and By-Laws more efficiently.

I. NOW, THEREFORE, in accordance with Article XI of the Declaration, the following Amendment to said Declaration is hereby promulgated:

A. Article II, Section 5 (c) is deleted, and the following language is inserted instead:

"The right of the Association to suspend the voting rights and right to use any recreational facilities, of any Member or tenant or guest of any Member for any period during which the payment of any Assessment against property owned by such Members remains delinquent and for any period not to exceed sixty (60) days for any infraction of its published rules and regulations, it being understood that any suspension for either non-payment of any Assessment or a breach of the rules and regulations of the Association shall not constitute a waiver or discharge of the Member's obligation to pay the Assessment, and provided that the Association shall not suspend the right to use any roads belonging to the Association, subject to the rules, regulations and fees, if any, established by the Association to such use."

B. The first sentence of Article VII, Section 7 is deleted, and the following sentence is inserted instead:

"The Annual Assessments for all lots subject to the Declaration shall commence on the first day of the month following conveyance of the Common Areas from the Declarant to the Association."

C. Article IX, Section 2(a) is amended to delete the words "fifteen (15) years" and to insert instead the words "seven (7) years".

D. The second and third sentences of Article XI, Section 2 are deleted, and inserted instead is the following language:

"The Declaration may be amended during the first thirty (30) year period or thereafter by an affirmative vote of two-thirds (2/3) of each class of the members of the Association, said vote being subject to the voting rights stated in Article VI, Section 2, and taken at a duly authorized meeting of the members."

- E. Article XI, Section 3 is deleted in its entirety.
- F. Article XI, Section 6 is deleted in its entirety.
- G. A new Article XIII is added, as follows:

ARTICLE XIII

PRIOR APPROVAL OF THE VA AND/OR FHA

As long as there is a Class B membership, the following actions will require the prior approval of the Veterans Administration and/or Federal Housing Administration: Annexation of additional properties not contained within Exhibit B, dedication of Common Area to any public use, and amendment of the Declaration.

II. The By-Laws of the Escoba Bay Homeowners Association, as recorded in Book 861, Page 347, Onslow County Registry, are hereby amended (in accordance with Article XIII thereof) as follows:

A. The third sentence of Article XI is amended by deleting the phrase "... the assessment shall bear interest from the date of delinquency at the rate of twelve (12%) percent per annum, ..." and inserting instead the following language:

"...the assessment shall bear interest from the date of delinquency at the rate of ten percent (10%) per annum...."

B. A new Article XV is added, as follows:

ARTICLE XV

APPROVAL OF THE VA AND/OR FHA

As long as there is a Class B membership, the Veterans Administration and/or Federal Housing Administration shall have the right to veto amendments to the By-Laws.

C. Article VII, Section 2 (e) is deleted, and inserted in its place is the following language:

"e. Procure and maintain adequate hazard and flood insurance on improvements placed on the Common Areas."

IN WITNESS WHEREOF, the undersigned Developer and Lot Owners have caused this instrument to be signed and sealed, on the date noted in the acknowledgment of each signature.

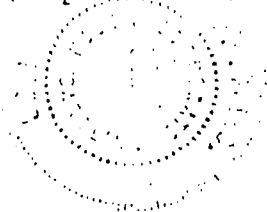
CEPCO, INC.

BY: Charles E. Padgett (SEAL)
CHARLES E. PADGETT, President

Attest:

Stephanie H. Brasley
Secretary

(Corporate Seal)



STATE OF NORTH CAROLINA
COUNTY OF ONSLOW

I, a Notary Public of said County and State, do hereby certify that Stephanie N. Bousley personally appeared before me this day and acknowledged that (s)he is Secretary of CEPCO, INC., a North Carolina 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 its Secretary.

Witness my hand and seal, this 19th day of September, 1989.

Edna Earle Baysden
Notary Public
My Commission Expires: 11-06-89

