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Prepared by: MURCHISON, TAYLOR, KENDRICK, GIBSON & DAVENPORT
16 North Fifth Avenue, Wilmington, NC 28401

STATE OF NORTH CAROLINA
COUNTY OF NEW HANOVER

AMENDMENT TO DECLARATION OF
UNIT OWNERSHIP AND COVENANTS,
CONDITIONS AND RESTRICTIONS
OF INLAND HARBOR

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THIS AMENDMENT, made this 7 day of June,
1990, by Inland Harbor Homeowners Association, a North
Carolina non-profit corporation with its place of business in
New Hanover County, North Carolina, and FMS Development Group,
Inc., a New Jersey corporation with a place of business in New
Hanover County, North Carolina, together hereinafter referred
to as the "Declarant";

W I T N E S S E T H :

WHEREAS, the Declaration of Inland Harbor Condo-
miniums Phase I (hereinafter referred to as the "Declaration")
for Inland Harbor Condominiums was executed on October 20,
1984, recorded in Book 1266, Page 695, of the New Hanover
County Registry by B.W.T. Enterprises, Inc.

WHEREAS, Inland Harbor Homeowners Association
(hereinafter referred to as the Association) was incorporated
by Articles recorded in Book 1266, Page 1779, of the New
Hanover County Registry, and was charged with the responsi-
bility and given the authority to operate and administer the
condominium project as Inland Harbor, all as set forth in the
above-described Declaration, the Articles of Incorporation,
and the Bylaws.

RETURNED TO
MTKGD
Stephanie

RECORDED AND VERIFIED
REBEKA TUCKER CHRISTIAN
REGISTER OF DEEDS
NEW HANOVER CO. NC

FEB 18 10 12 AM '92

WHEREAS, FMS Development Group, Inc. (hereinafter referred to as "Developer"), a New Jersey corporation, is a successor of B.W.T. Enterprises, Inc. as set forth in those certain deeds recorded in Book 1476, Page 331, and Book 1476, Page 337, of the New Hanover County Registry.

WHEREAS, the unit owners of Inland Harbor, acting through the Association and Developer have determined that certain amendments to the Declaration are necessary in order to protect the property of the unit owners, to provide for the proper operation and maintenance of the common areas by the Association, and to provide for the continued development of the project in additional phases by the Developer.

WHEREAS, the process for amendment of the Declaration is set forth in paragraph 26B of the Declaration.

WHEREAS, the unit owners, acting through the Association, and the Developer desired that the following amendments to the Declaration be made.

WHEREAS, pursuant to paragraph 26B, and after proper notice, a special meeting of the Inland Harbor Homeowners Association was held on December 16, 1989, and the following amendments were adopted as set forth on the certified copy of the minutes as shown on Exhibit A attached hereto and incorporated herein.

WHEREAS, Declarant desires to amend the Declaration according to said minutes and as hereinafter set forth.

NOW, THEREFORE, BE IT RESOLVED, the Declarant hereby amends the Declaration in the following respects:

1. Paragraph 3B is amended to read as follows:

"B. "Common Areas and Facilities" (hereinafter, "Common Property") means the portion of the condominium property owned in common by all of the Unit Owners. The Common Areas and Facilities shall consist of all the real property and all the improvements and facilities thereon which are not units as defined herein and which are not items of personal property owned, held, or maintained by Unit Owners. Without in any way limiting the scope thereof, the common elements and facilities shall include the following:

a. All foundations, columns, girders, beams, supports, roofs, exterior walls, interior load-bearing walls, ventilation fans and vents of the building;

b. All stairways, stairwells, halls, passageways, corridors, lobbies, exits and entrances which give access to the units;

c. All yards, gardens parking areas and swimming pools, and other amenities;

d. all installations for the provision of utility services, including, but not limited to, electricity, water, gas, refrigeration, telephone, heating, air conditioning, sewer, trash disposal, incineration, and television which are for the common use and benefit of the Unit Owners and which are not defined as being a part of the units;

e. All tanks, pumps, motors, fans, compressors and control equipment existing for common use.

f. Bulkhead, deadmen and all supporting components of the bulkhead."

2. Paragraph 7 is hereby amended to read as follows:

"7. RESERVATION OF EASEMENT FOR DEVELOPER AND PERPETUAL NON-EXCLUSIVE EASEMENT IN COMMON PROPERTY. The Common Property, excluding Limited Common Areas and Facilities, is hereby declared to be subject to a perpetual non-exclusive easement in favor of all the Owners of Condominium Units for their use and the use of their immediate families, guests and invitees, for all property purposes, including for right of access to the facilities of the Inland Harbor Yacht Club Association, Inc., subject to Articles of Incorporation, Declarations and rules and regulations of the Inland Harbor Yacht Club Association, Inc. Access to the facilities over the common area and access to the facilities themselves shall be governed by the above and the rules and regulations of the Association and the Inland Harbor Yacht Club Association, and for the furnishing of services and facilities for which they are intended, and for the enjoyment of the Owners. Notwithstanding the foregoing, the Association, hereinafter defined, shall have the exclusive right to establish the rules and regulations pursuant to which the Owner of any Condominium Unit, his family, guests and invitees, may be entitled to use the Common Property, including the right to assign parking spaces, and to establish regulations concerning their use.

The Developer reserves for itself, its contractors, subcontractors and any other persons employed or contracted by Developer, an easement in, to, on or across the Common Area for such period of time as is required to complete all phases of construction of any and all additional phases that may be added to the Condominium by Developer and to complete all phases of construction of all docks and other facilities of the Inland Harbor Yacht Club Association, Inc., of which only Unit Owners may be members, though membership is not mandatory of Unit Owners."

3. Paragraph 8 is hereby amended to read as follows:

"8. Easements

A. Each Unit Owner shall have an easement to use all pipes, wires, ducts, cables, conduits, public utility lines and other such facilities which are located in another unit and serve his unit. Each unit shall be subject to an easement in favor of the owners of all other units to use the pipes, ducts, cables, wires, conduits, public utility lines and other such facilities which are located in such unit and serve other units. The Board of Directors of the Association shall have a right of access to each unit to inspect the same, to remove violations therefrom and to maintain, repair, or replace the common facilities contained therein or elsewhere in the building.

B. The Board of Directors may grant or assume easements, leases, or licenses for utility purposes for the benefit of the property, including the right to install, lay, maintain, repair, and replace water lines, pipes, sewer lines, gas mains, telephone and television wires and equipment and electrical conduits and wires over, along and on any portion of the units or common elements. Each Unit Owner hereby grants to the Board of Directors or the manager, an irrevocable power of attorney to execute, acknowledge and record for or in the name of the Association or each Unit Owner such instruments as may be necessary to effectuate the foregoing.

C. In the event that any unit shall encroach upon any of the common elements, or any other unit or units, for any reason not caused by the purposeful or negligent act of the Unit Owner, or agent of such owner, then an easement appurtenant to such unit shall exist for the continuance of such encroachment upon the common elements or upon a unit for so long as such encroachment shall naturally exist. In the event that any portion of the common property shall encroach upon any unit, an easement shall exist for the continuance of such encroachment of the common property upon any unit for so long as such encroachment shall naturally exist. If any unit or portion of the common property shall be partially or totally destroyed as the result of fire or other casualty or as the result of condemnation or eminent domain proceedings, and if upon reconstruction of the unit or common property in

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accordance with Article 21 hereof, portions of the common property encroach upon any unit, or any unit encroaches upon another unit or upon any portion of the common property, then such encroachment shall be permitted and a valid easement for the maintenance thereof shall exist so long as the encroachment naturally remains."

4. Paragraph 18 is hereby amended to read as follows:

"18. MAINTENANCE AND REPAIR OF COMMON PROPERTY BY THE ASSOCIATION. The Association, at its expense, shall be responsible for the maintenance, repair and replacement of all of the Common Property, including those portions thereof which contribute to the support of the buildings, including that portion of the bulkhead which is or will be on common areas as defined herein except that the Association will not provide for that portion of the bulkhead which abuts or is a part of the marina facility known as Island Harbor Yacht Club, deadmen supporting components of the bulkhead which the Association will maintain, and all conduits, ducts, plumbing, wiring and other facilities located in the Common Property for the furnishing of utility, heating and other services to Condominium Units and said Common Property, and should any incidental damage be caused to any Condominium Unit by virtue of any work which may be done or caused to be done by the Association in the maintenance, repair or replacement of any Common Property, the Association shall, at its expense, repair such incidental damage. Whenever the maintenance, repair and replacement of

any item for which the Association is obligated to maintain, replace or repair at its expense is occasioned by an act of a Condominium Unit Owner, his immediate family, guest, or invitees, and such loss or damage may be covered by any insurance maintained in force by the Association, the proceeds of the insurance received by the Association shall be used for the purpose of making such maintenance, repair or replacement, except that the Unit Owner who is responsible for the act causing the damage (whether done by himself or by his family, guests or invitees) shall be required to pay such portion of the cost of such maintenance, repair and replacement as shall, by reason of the applicability of any deductibility provision of such insurance, or by reason of any other insufficiency of insurance proceeds, exceed the amount of the insurance proceeds applicable to such maintenance, repair or replacement."

5. Paragraph 23, the first unlettered paragraph, is hereby amended to read as follows:

"The Association is given the authority to administer the operation and management of the Condominium as being in the best interest of the Owners of all Condominium Units. To administer properly the operation and management of the Condominium, the Association will incur for the mutual benefit of all of the Owners of Condominium Units, costs and expenses (herein "common expense"), including but not limited to all sums lawfully assessed against the Unit Owners by the Association, expenses of administration, maintenance, repair or

replacement of the common areas and facilities, expenses agreed upon as common expenses by the Association, expenses declared common expenses by any provisions of Chapter 47A of the North Carolina General Statutes or by this Declaration or by the bylaws. To provide the funds necessary for such property operation, management and capital improvement, the Association has been granted the right to make, levy and collect assessments against the Unit Owners and their Condominium Units. In furtherance thereof, the following provisions shall be operative and binding upon the Owners of all Condominium Units."

Except as amended herein, the remaining provisions of paragraph 23 shall remain in full force and effect.

6. Paragraph 26, subparagraphs A and B, are hereby amended to read as follows:

"26. Amendment of Declaration of Condominium. This Declaration of Condominium may be amended in the following manner:

A. Developer, its successors and assigns shall have the right to amend this Declaration at any time prior to ten (10) years from the date of the recording of the first conveyance of a Unit sold in Phase I without the further consent of the Unit Owners and Institutional Lenders, to incorporate into the property part or all of the land described in Exhibit "A" attached hereto and incorporated herein by reference provided that no more than 72 units as specified in the original plan of development for Inland Harbor may be

incorporated into the property. Developer may reduce the number of units constructed and increase their size and change other elements of the units provided the construction is in general harmony with the existing Inland Harbor project. No amendment by Developer in accordance with this paragraph shall divest an Owner of any portion of his Dwelling Unit without the consent of such Owner and no such amendment shall except as set forth above materially alter the plan of development set forth herein without the consent of all Owners affected thereby. Each Unit Owner and each Institutional Lender shall further be deemed by the Owner's acceptance of a deed to a Condominium Unit to have appointed Developer their attorney-in-fact to give, execute and record the consent of said Owner and said Institutional Lender to any and all amendments to this Declaration which Developer may wish to execute pursuant to the powers herein reserved.

B. Except for amendment pursuant to Subparagraph A, this Declaration may be amended at any regular or special meeting of the Association, called and convened in accordance with the Bylaws, by the affirmative vote of or written agreement signed by Unit Owners of units to which at least 67% of the votes in the Association are allocated. Notwithstanding the aforesaid, no amendment shall change, affect or alter the allocated interest in the common areas appurtenant to a unit, a Unit Owner's proportionate share of the common expenses or common profits, or the voting rights appurtenant to any unit, change the boundaries of any unit, or

unanimous consent of the Unit Owners, and all holders of first mortgages on units, subject to the provisions for adding additional phases pursuant to subparagraph A above. Any Unit Owner may waive in writing notice of any special meeting convened in accordance with this paragraph. Further, no amendment shall be effective until certified by the President and Secretary of the Association and recorded in the Office of the Register of Deeds of New Hanover County."

7. The first paragraph of paragraph 29 is hereby amended to read as follows:

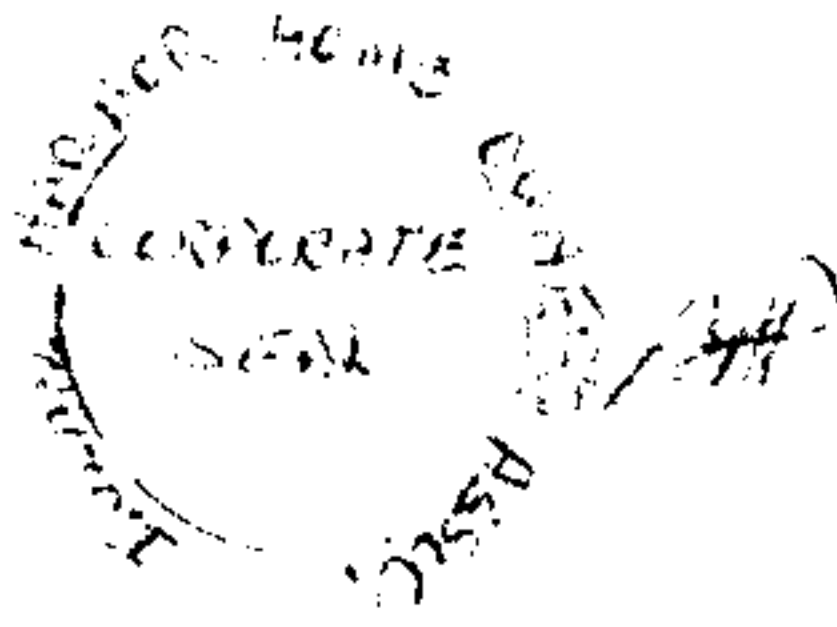
"29. RIGHT OF DEVELOPER TO REPRESENTATION ON BOARD OF DIRECTORS OF THE ASSOCIATION. For so long as and during such periods of time as Developer owns twenty-five (25%) percent of the total Condominium Units which are subject to this Declaration either herein or by subsequent Amendment, but in any event, no longer than ten (10) years from the date of recording of the first conveyance of a Unit sold in Phase I, Developer shall have the right to designate and select a majority of the persons who shall serve as members of the Board of Directors of the Association."

Except as amended herein, the remaining provisions of paragraph 23 shall remain in full force and effect.

IN WITNESS WHEREOF, the Declarant hereby certifies this amendments as the official act of the Inland Harbor Homeowners Association and sets its hand and seal this _____ day of December, 1989.

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INLAND HARBOR HOMEOWNERS
ASSOCIATION



By: Brian H. Pappalardo (SEAL)
President

(CORPORATE SEAL)

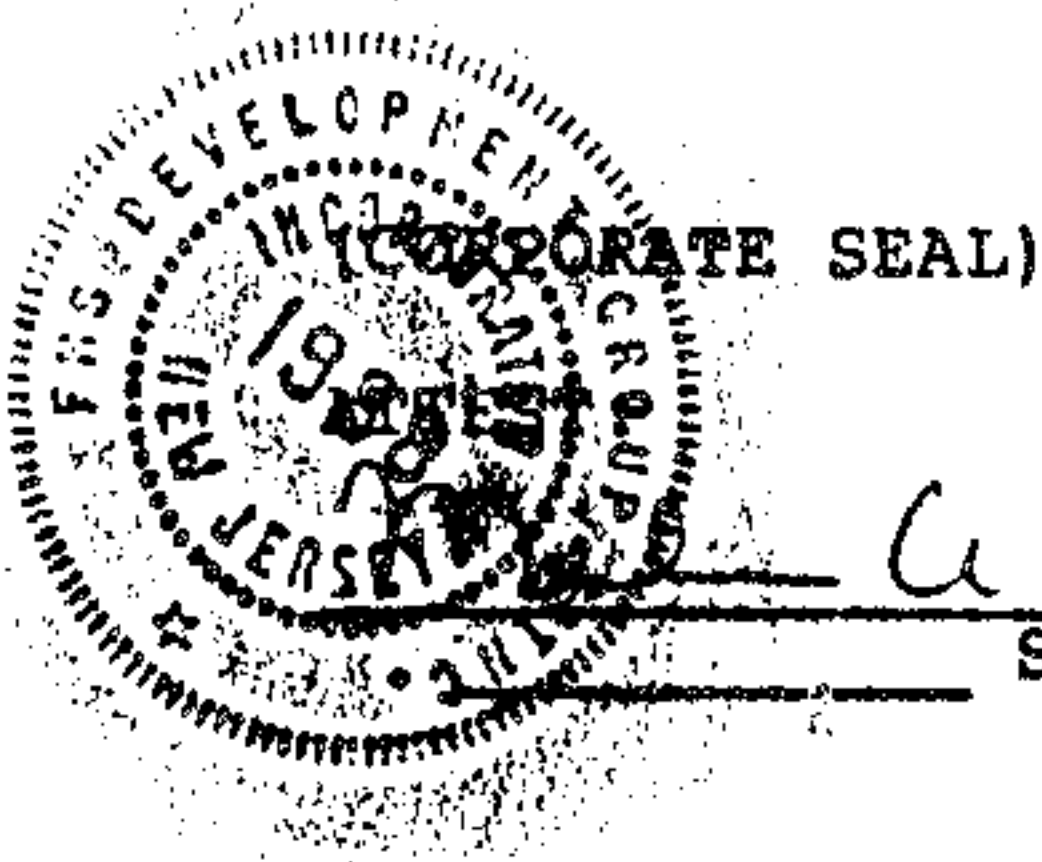
ATTEST:

W. E. Puh
Secretary

IN WITNESS WHEREOF, FMS Development Group, Inc., a
New Jersey corporation, joins in the execution of this
Amendment as evidence of its consent to said amendments.

FMS DEVELOPMENT GROUP, INC.

By: John J. Mehar (SEAL)
President



W. E. Puh
Secretary

NORTH CAROLINA

NEW HANOVER COUNTY

I, Linda L Toth, a Notary Public of the State and County aforesaid, certify that W. E. Parks personally came before me this day and acknowledged that he is secretary of Inland Harbor Homeowners Association, a North Carolina corporation with its principal office in New Hanover County, 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 as its _____ secretary.

WITNESS my hand and official seal this 7th day of ~~December, 1989.~~

June, 1990.

Linda L Toth
Notary Public



My commission expires:

1-31-93

NORTH CAROLINA

NEW HANOVER COUNTY

I, Dolores A. Mehan, a Notary Public of the State and County aforesaid, certify that Melvin Slavick, Jr. personally came before me this day and acknowledged that he is secretary of FMS Development Group, Inc., a ~~North Carolina~~ New Jersey Cape May County corporation with its principal office in Cape May County, 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 as its _____ secretary.

WITNESS my hand and official seal this 7th day of ~~December, 1989.~~

June 1990

Dolores A. Mehan
Notary Public



My commission expires:

DOLORES A. MEHAN
NOTARY PUBLIC of NEW JERSEY
My Commission Expires Mar. 31, 1991

STATE OF NORTH CAROLINA

New Hanover County

The Foregoing/ Annexed Certificate(s) of

Linda L. Toth AND

Dolores A. Mehan

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

This the 18th day of FEB. 1992

Rebecca Tucker Christian, Register of deeds

by Linda P. Alton
Deputy/Assistant

MINUTES
INLAND HARBOR HOMEOWNERS ASSOCIATION
SPECIAL MEETING

December 16, 1989

The meeting was called to order by the president, Pete Piepmeier, at 10:25 a.m., in the sales office located at Inland Harbor Condominiums. There were five members in attendance.

The meeting was called for the purposes of considering action of the following matters: (1) amendment to the declaration of Inland Harbor Condominiums, Phase 1, (2) repairs to the roof.

The proposed changes in the amendments to the declaration are as follows:

1. to provide for maintenance of the bulkhead;
2. to redefine common areas and facilities;
3. to amend the easement provisions in paragraphs 7 and 8;
4. to amend paragraph 18 relating to maintenance and repair of common areas;
5. to clarify language in paragraph 18 relating to the assessments;
6. to amend paragraph 26 relating to amendments to the Declarations of Condominium by giving developer ten years from the date of recording of the first conveyance of units sold in Phase 1, to add an additional 72 condominium units at Inland Harbor; to change the amendment procedures and to change from 75% to 67% approval by association members for amendments to the declarations.
7. To amend paragraph 29 to provide that the developer shall have the right to appoint a majority to the board of directors of the homeowners association for a period no longer than 10 years from the date of the recording of the first conveyance of units sold in Phase 1.

After lengthy discussion, unanimous agreement was reached on all issues with the following modification: that the homeowners association would provide for maintenance of the bulkhead which is or will be on common areas owned by the homeowners association but the association will not provide for maintenance of that portion of the bulkhead that abuts or is part of the marina facility. However, only three proxies

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were in and five owners present for a total of eight. The current 75% requirement to amend the Declarations means 14 votes are required so it was recommended that this meeting be continued until a later date in order to contact the members not present or whose proxy had not been received.

All of those present and from whom proxies were received also waived notice of the time, place and purposes of this special meeting and the call of this special meeting by separate waiver of notice.

Roof Repairs: The president informed those present that there was a need for a special assessment of \$27,000 to repair the roof and change the pitch of the roof and for \$10,000 for repair work to the external walls. The president informed those present that BB&T will put \$13,500 into an escrow account to be used toward roof repairs by those unit owners who purchased their units from BB&T. Unanimous agreement was reached to provide for the special assessment and to give the board of directors the authority to apply for a loan from BB&T for monthly payments to be made by the homeowners association for these sums and for the board of directors to provide for the assessment to be made to each unit owner with each unit owner being given the option to pay their assessment in full or to pay by monthly installments; and any unused funds collected by the special assessment will be refunded directly to the individual unit owners.

Due to needing more time to contact members concerning the proposed changes to the declaration and the roof repairs, special assessment, it was moved and seconded that this meeting be continued until January 10, 1990. This motion passed.



William E. Perks, Secretary


Bion H. Piepmeier, President

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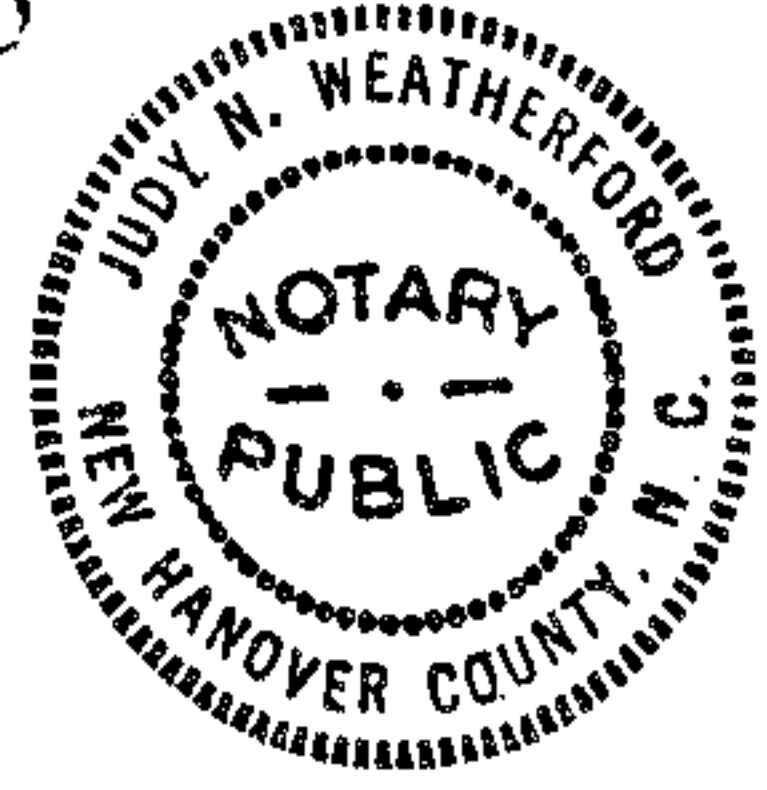
NORTH CAROLINA
NEW HANOVER COUNTY

I, Judy N. Weatherford, a Notary Public in
and for the State and County aforesaid, do certify that
William E. Perks, Secretary of Inland Harbor Homeowners
Association, personally appeared before me this day and
acknowledged the due execution of the foregoing instrument.

WITNESS my hand and official seal this 16th day of
January, 1990.

Judy N. Weatherford
Notary Public

My commission expires:
7-05-93



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INLAND HARBOR HOMEOWNERS ASSOCIATION
SPECIAL MEETING (CONTINUATION)

January 10, 1990

The meeting was called to order by president Pete Piepmeier. Mary Lou Winter and Bill Perks were also present. Minutes of the previous meeting were read and accepted.

Change in the declarations of unit ownership for Inland Harbor, Phase 1: Proxies were received from general membership totalling 11. Those present at the 1989 meeting totalled 5. The board recognized receiving a yes vote for the change in the declarations by greater than 75% of the general membership of the homeowners association, total membership being 18 units. Motion was made to change the covenants as approved by the general membership. Motion was seconded and unanimously approved.

All of those from which proxies were received also waived notice of the time, place and purposes of this special meeting and the call of this special meeting by separate waiver of notice.

Roof and external wall repairs: Motion was made to provide for special assessment as approved by the general membership. Motion was seconded and unanimously approved. Meeting adjourned by president.


Bion H. Piepmeier, President


William E. Perks, Secretary