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PREPARED BY JOEL S. JENKINS, JR.

NORTH CAROLINA

CUMBERLAND COUNTY

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AMENDMENT TO COVENANTS

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GEORGE E. TATUM  
REGISTER OF DEEDS  
CUMBERLAND CO., N.C.

This Amendment to Restrictive Covenants is entered into this 21st day of May, 1995, by and between KAREN LAKE TOWNHOMES, INC. [herein party of the first part], and all owners and future owners of all numbered lots in KAREN LAKE TOWNHOMES located in Cumberland County, North Carolina, Registry [herein party of the second part].

**Witnesseth:**

WHEREAS, PRESTIGE HOMES OF FAYETTEVILLE, INC. [herein "Declarant"] executed restrictive covenants on or about the 5th day of February, 1986, being recorded in Book 3132, Page 110 of the Cumberland County, North Carolina Registry with respect to all property located in the development known as KAREN LAKE TOWNHOMES (hereinafter referred to as the "original covenants"); and

WHEREAS, Karen Lake Townhomes, Inc. desires to amend said covenants as hereinafter set forth; and

WHEREAS the original covenants provide in Article XII, Section 4. that the Board of Directors of Karen Lake Townhomes, Inc. has the right to recommend that the general membership of Karen Lake Townhomes, Inc. alter or amend those restrictive covenants; and

WHEREAS the Board of Directors of Karen Lake Townhomes, Inc. has recommended to the general membership of Karen Lake Townhomes, Inc. that the original covenants be amended as follows, and the general membership of Karen Lake Townhomes, Inc. having met and voted to amend the original covenants as set forth hereinafter;

NOW THEREFORE IN CONSIDERATION OF PREMISES the KAREN LAKE TOWNHOMES, INC. agrees with all parties now owning or hereafter acquiring any lot in the development known as KAREN LAKE TOWNHOMES, in Cumberland County, North Carolina, that all the property in KAREN LAKE TOWNHOMES shall be and is hereby subject to the following amendments to the covenants, conditions, restrictions relating to the use and occupancy of the lots at KAREN LAKE TOWNHOMES, and this amendment shall, in addition to the original covenants recorded at Book 3132, Page 110 of the Cumberland County, North Carolina Registry, be binding on all parties acquiring any right, title or interest in any of the lots in KAREN LAKE TOWNHOMES which shall inure to the benefit of each owner thereof.

1. Article II, PROPERTY RIGHTS, Section 1, subparagraph b is amended to replace the word "succeed" with the word "exceed".
2. Article V, COVENANTS FOR ASSESSMENTS, Section 1, subparagraph b is hereby amended by changing the first

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sentence of said subparagraph to read as follow:

Special assessments for capital improvements or for breach of these restrictions or their accompanying by-laws, such assessments to be established and collected as hereinafter provided.

3. Article V, COVENANTS FOR ASSESSMENTS, Section 7 is deleted in its entirety, and the following is inserted in lieu thereof:

Section 7. Notice and Quorum for Any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 and 4 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 fifty-one percent (51%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present at the initial meeting, the required quorum at the subsequent meeting shall be forty percent (40%) of all votes of each class of membership. No such subsequent meeting shall be held more than sixty (60) days nor less than twenty-four (24) hours following the preceding meeting.

4. Article V, COVENANTS FOR ASSESSMENTS, Section 8, is amended to read:

Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly basis; provided, however, that any special assessment for breach of these restrictions or their accompanying by-laws need not be uniform for all lots and may be assessed only on the member or members who have breached the restrictions and/or by-laws.

5. Article V, COVENANTS FOR ASSESSMENTS, Section 10 is deleted in its entirety, and the following is inserted in lieu thereof:

Section 10. Effect of Nonpayment of Assessments and Remedies of the Association. Any assessment not paid within ten (10) days after the due date shall bear interest from the due date at the rate of eighteen percent (18%) per annum. Additionally, any assessment not paid within ten (10) days after the due date shall incur an administrative charge of \$20.00. Such an administrative charge may be assessed for each monthly assessment not paid within ten (10) days from the due date of such assessment. The Association may bring an action at law against the Owner personally obligated to

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pay the same or foreclose on the lien against the property. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his lot.

6. Article IX, EXTERIOR MAINTENANCE, is hereby amended to add the following paragraph:

In no event and under no circumstance is the Association liable for any interior maintenance or repair.

7. Article X, USE RESTRICTIONS, Section 1, is hereby amended to read:

All lots shall be used for single family residential use with no more than four persons to a lot, of which no more than two persons may be adults. So long as the Declarant is the owner of any lots, Declarant may utilize any such lot or lots for sales or rentals, offices, models or other usage for the purpose of selling or renting lots within said project. When all lots have been sold, this right of commercial usage by the Declarant shall immediately cease. Co-ownership of lots shall not be prohibited; provided, however, that no lot shall be used for a group home. No building shall be erected, altered, placed or permitted to remain on any lot other than one single family townhouse dwelling not to exceed three stories in height. Any building erected, altered, placed or permitted to remain on any lot shall be subject to the provisions of Article VII of this Declaration of Covenants, Conditions and Restrictions relating to architectural control.

8. Article XIII, GENERAL PROVISIONS, Section 4(a) is hereby amended by changing the seventh and eighth sentences of said paragraph to read as follows: During the ten-year period beginning with the date of this Declaration, an affirmative vote of Unit Owners owning sixty-six percent (66%) of the undivided interest in the Common Areas and Facilities shall be required to amend this Declaration. From and after the expiration of said ten-year period, an affirmative vote of Unit Owners owning fifty-one percent (51%) of the undivided interest in the Common Areas and Facilities shall be required.

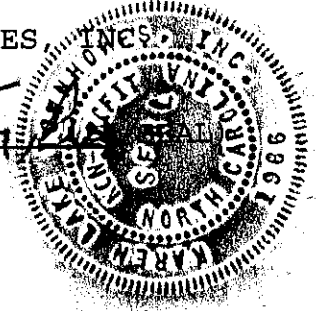
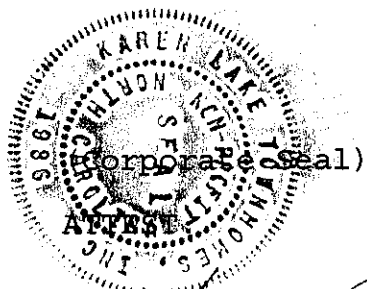
Except as herein stated, the original covenants as recorded in Book 3132, Page 110, Cumberland County, NC, Registry, as previously amended but provided that such prior amendments shall be superseded by the above provisions where such prior amendments are in conflict with the above provisions, hereby are reaffirmed and remain in full force and effect.

WITNESS the corporate execution by the duly appointed and elected President and Secretary of the Karen Lake Townhomes,

Inc., documenting and recording the May 21, 1995, adoption and approval of these amendments by the membership.

This the 21st day of May, 1995.

KAREN LAKE TOWNHOMES



By: B. R. Porter

Wayne P. Burger, Secretary

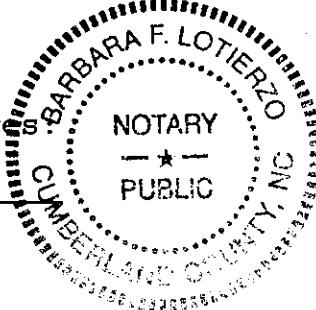
NORTH CAROLINA

CUMBERLAND COUNTY

I, Barbara F. Lotierzo, a Notary Public for said County and State, do hereby certify that Wayne P. Burger personally appeared before me and acknowledged that he/she is the Secretary of Karen Lake Townhomes, Inc., a North Carolina Corporation, and that by authority duly given and as an act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal and attested by him/her as its Secretary.

WITNESS my hand and official stamp or seal this the 21st day of May, 1995.

My Commission Expires 10-3-95



Barbara F. Lotierzo  
Notary Public

The foregoing Certificate(s) of Barbara F. Lotierzo

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 George E. Tatum REGISTER OF DEEDS FOR CUMBERLAND COUNTY,  
Bonnie R. Carter Deputy/Assistant - Register of Deeds