

The purpose of this Amendment is to exercise said Special Declarant Right and annex the Property (also known as the initial phase of Carolina Commons) into Carolina Colours and submit the Property to the terms and conditions of the Master Covenants. Accordingly, the Property shall constitute a portion of Carolina Colours, and, except as specifically modified by this Amendment, all of the terms and conditions of the Master Covenants shall apply to and bind the Property, and the Property shall be entitled to all rights and benefits under the Master Covenants.

Each capitalized term used herein and not otherwise defined herein shall have the meaning attributed thereto in the Master Covenants.

The Master Covenants are hereby amended as follows:

1. Annexed Property. The provisions of the Master Covenants shall apply fully to all of the Property. All of the terms and provisions of the Master Covenants shall be fully binding and applicable to the Property, except as specifically modified by this Amendment. Furthermore, the Property shall be entitled to all rights and benefits under the Master Covenants. The Master Covenants are incorporated herein by reference as if fully set forth herein.

2. Impervious Surface Limitations. No more than 14.21 acres of the Property shall be covered by structures or impervious materials. Declarant reserves the right to impose additional restrictions on the Property from time to time, including without limitation, allocations of the impervious surface rights on various portions of the Property. Such allocations may include, without limitation, a maximum square footage area of impervious surfaces allowed on each Lot created within the Property.

Impervious materials include asphalt, gravel, concrete, brick, stone, slate or similar material but do not include wood decking or the water surface of swimming pools. Swales (whether roadside or in drainage easements) shall not be filled in, piped, or altered except as necessary to provide driveway crossings. No filling in, piping or altering of any designated curb outlet swales or vegetated areas associated with the storm water conveyance system within the development is allowed. This covenant is intended to insure ongoing compliance with North Carolina State stormwater management permits as issued by the Division of Water Quality and can not be modified or deleted without the consent of the State of North Carolina by issuance of a permit amendment. The State of North Carolina and the City of New Bern, are specifically given the right, by specific performance, to enforce the limitations and restrictions contained in this Section 2 of this Amendment. Any other or further restrictions or limitations of Water Quality of the State of North Carolina in any stormwater permit relating to the Property shall be and is hereby incorporated by reference.

The Association is specifically required to maintain any storm water collection, distribution or holding structures constructed in accordance with ordinances of, or permits issued by, the City of New Bern and /or the State of North Carolina as relates to storm water management and discharge, and as related to nitrogen reduction, whether or not said facilities are located on Common Elements or on Lots, if such structures are not maintained by the City of

Image ID: 000001347335 Type: CRP
Page 2 of 10

New Bern. The Association is also specifically directed to pay any inspection fees charged by the City of New Bern for inspection of such facilities and improvements.

Certain easements in furtherance of this Section 2 may exist or be hereafter imposed upon the Property. Such easements may contain drainage swales as required by the State of North Carolina and the City of New Bern. The Lot Owners of any Lots encumbered by such easements shall take no action that could reasonably be expected to impede the flow of the water through such swales. The Lot Owners of any Lots encumbered by such easements (or the appropriate association, if lawn maintenance obligations are assumed by such association) shall maintain (mow) such easement areas on the encumbered Lots in order to maintain them in a slightly condition, to the extent that the easement is vegetated.

Drainage swales located on a public right of way adjoining the boundary of a Lot shall be maintained (mowed) by the Owner of the adjoining Lot, and the Owner of a Lot burdened with a drainage swale within a drainage easement shall also maintain (mow) that portion of the swale and easement located on said Owner's Lot. The Owner of a Lot shall also be required to mow the area between said Owner's Lot and the adjoining street pavement or curb, regardless of whether or not such area contains a drainage swale. Declarant reserves the right to abandon drainage easements if their use is not required to comply with governmental requirements or is not otherwise necessary for proper drainage. No private use of said easements or swales for drainage or other purposes, other than normal runoff from adjoining Lots, may be made by the Owner of any Lot without consent of the Association.

The Association is further authorized and directed to maintain any landscaped road rights of way, including medians that are within rights of way, to the extent that the same are not maintained in a slightly condition by the City of New Bern.

3. Commencement of Assessments. Notwithstanding anything contained in the Master Covenants to the contrary, initial assessments under the Master Covenants shall not be assessed, due or payable with respect to any Lot: (a) created within the Property prior to a certificate of occupancy being issued for a dwelling unit on such Lot by the City of New Bern; or (b) owned by Declarant or any assignee of its Special Declarant Rights. Subject to the foregoing exceptions, assessments payable under the Master Covenants shall become due and payable as of the earlier to occur of the following: transfer of title to the constructed dwelling unit to a third party who has not also been assigned Special Declarant Rights, or the first day of the fourth month following issuance of a certificate of occupancy for the dwelling unit.

4. Allocation of Assessments. All dwelling units on the Property shall contribute equally to the cost of any Limited Common Area Assessment relating to the Property, unless otherwise specified in a future amendment to the Master Covenants properly recorded and encumbering all or some portion of the Property. There shall be no Limited Common Elements within the Property, unless some portion of the Property is specifically designated as such either by recorded plat or by future amendment to the Master Covenants. Any area designated by future amendment to the Master Covenants or by recorded plat as "Common Element" shall be conveyed to the Master Association on the schedule as set out in a future amendment to the Master Covenants. Nothing contained herein shall be



common property within the Property subject to the jurisdiction of a condominium association or townhome association shall be conveyed to the Master Association.

5. Restrictions. The Property shall be used for residential purposes (and related amenities) only. Other than such portions of the Property as are submitted by Declarant or its assigns to townhome or condominium ownership, the Property shall be used exclusively for detached single family residential purposes (and related amenities). No rental of any dwelling unit on the Property shall be allowed for a term of less than twelve (12) months. Declarant reserves the right to impose additional restrictions on the Property from time to time. The restrictions set forth herein shall not prohibit Declarant from maintaining one or more sales offices, management offices and/or model dwelling units on the Property or from displaying display advertising signs.

6. Builders. Declarant, in its sole discretion, is specifically authorized to designate one or more licensed North Carolina construction general contractors authorized to construct residential structures within the Property. The purpose of this authorization is to enhance the likelihood that a good quality of construction will be maintained within the Property, and that construction sites will be maintained in a clean and sightly condition. A construction contractor designated as approved for residential construction within the Property shall have its privileges to construct revoked upon a finding by Declarant that said construction contractor is not building an acceptable quality residential structure, is not successful in maintaining good customer relations, is failing to maintain its construction sites in a clean and sightly condition or is otherwise unacceptable to Declarant in Declarant's sole discretion. Declarant shall maintain at all times a list of approved construction contractors, which shall be made available upon request to any Lot Owner or prospective Lot Owner, and each Lot Owner by accepting title to a Lot agrees to utilize only an approved construction contractor. The Declarant may assign its rights hereunder to one or more assignees which may include, without limitation, the Association.

7. Architectural Review. In addition to the approval requirements of the Improvement Review Committee as described in the Master Covenants, no construction, reconstruction, remodeling, alteration or addition on any portion of the Property shall be commenced or carried out without the prior written approval of Declarant, which may be withheld in Declarant's sole and absolute discretion. This additional layer of approval is intended to facilitate the harmonious development of Carolina Commons within the Declarant's vision for the same. Declarant's approval rights hereunder shall be broad and sweeping. Declarant shall have the right to determine which home models will be allowed on each Lot. Further, Declarant shall have the right to impose certain restrictions (which may be more restrictive than any restrictions otherwise applicable) with respect to appearance, location, color, materials, plans, specifications, setbacks and any other aspect of such construction, reconstruction, remodeling, alteration or addition. In making Declarant's decision, Declarant may require the submittal to Declarant of such information as Declarant deems necessary or appropriate in its sole and absolute discretion. Declarant shall use reasonable efforts to respond in a timely manner, but Declarant's silence shall never be deemed an approval of any proposal. An affirmative written approval by Declarant is required for each proposal. Declarant's decisions are final and shall not be appealable. No approval by Declarant shall constitute a representation



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Page 4 of 10

or warranty that the construction, reconstruction, remodeling, alteration or addition will comply with any public or private restrictions, or is sufficient or fit for any purpose.

8. Amenities. It is contemplated that future amenities may be constructed for the use and enjoyment of one or more portions of Carolina Commons, and that such portions of Carolina Commons shall bear the cost of such amenities through assessments, fees or otherwise. Such amenities, at the option of Declarant, shall either be: (a) set up as Limited Common Elements under the Master Covenants; or (b) owned by one or more master associations established by the Association, with the consent of Declarant, under Section 47F-2-120 of the North Carolina General Statutes, with jurisdiction over only those portions of Carolina Commons sharing in the use and enjoyment of such amenities. In the event that one or more master associations are created, such master associations may be delegated any one or more of the powers of the Association described in Section 47F-2-102 of the North Carolina General Statutes.

9. Construction. The owner of any Lot within the Property shall commence construction of an approved residential dwelling unit upon such Lot within twelve (12) months after purchasing such Lot, or within such other period of time as Declarant may specify in a deed of conveyance to a third party. Such owner shall also diligently pursue such construction through to completion within twelve (12) months after commencing such construction. The failure of any owner to fulfill either or both of the foregoing requirements shall cause Declarant to suffer financial damages which are difficult to calculate. Any such owner, therefore, shall pay to Declarant \$ 100.00 per day while such failure continues to exist. Such sum shall constitute reasonably estimated liquidated damages for the losses that Declarant will incur as a result of such failure.

10. Binding Effect. The provisions of this Amendment shall run with the land and be binding upon any and all owners of the Property or any portion thereof, and their respective heirs, personal representatives, successors and assigns.

[SIGNATURES BEGIN ON THE FOLLOWING PAGE]

Image ID: 000001347338 Type: CRP
Page 5 of 10

BK 2677 PG 229

IN WITNESS WHEREOF, the undersigned have executed this instrument under authority duly given as of the day and year first above written.

CAROLINA COMMONS DEVELOPMENT GROUP, LP, a North Carolina limited partnership [SEAL]



BK 2677 PG 230

By: Carolina Commons, LLC, a North Carolina limited liability company, General Partner [SEAL]

By: *Ralph Davy* (SEAL)
Ralph Davy

By: *Kirk P. Davy* (SEAL)
Kirk P. Davy

Carolina Creek, LLC, a North Carolina limited liability company and the declarant under the Master Covenants for Carolina Colours, does hereby join in the execution hereof for the purpose of consenting to this Amendment.

CAROLINA CREEK, LLC, a North Carolina limited liability company [SEAL]

By: _____ (SEAL)
Kenneth M. Kirkman

UNOFFICIAL

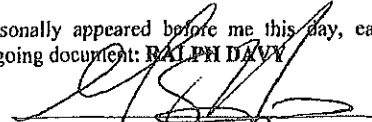
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Page 8 of 10
BK 2677 Pg 232

STATE OF NORTH CAROLINA

COUNTY OF New Hanover

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she signed the foregoing document: RALPH DAVY

Date: 12-14-07


Printed Name: MARK S. HARTMAN

My commission expires: 5-25-2011

(Official Seal)

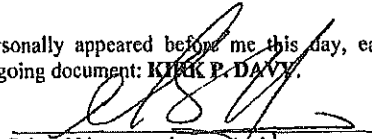


STATE OF NORTH CAROLINA

COUNTY OF New Hanover

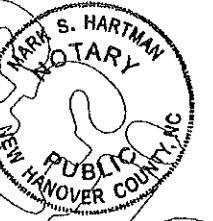
I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she signed the foregoing document: KIRK P. DAVY

Date: 12-14-07


Printed Name: MARK S. HARTMAN

My commission expires: 5-25-2011

(Official Seal)

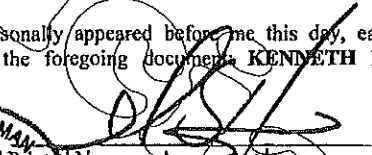


STATE OF NORTH CAROLINA

COUNTY OF New Hanover

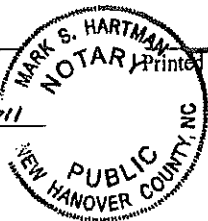
I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she signed the foregoing document: KENNETH M. KIRKMAN

Date: 12-13-07


Printed Name: MARK S. HARTMAN

My commission expires: 5-25-2011

(Official Seal)



CONSENT AND SUBORDINATION

WACHOVIA BANK, NATIONAL ASSOCIATION, as beneficiary under two (2) Deeds of Trust and Assignments of Rents on the Property, said instruments being recorded in Book 2529, at Page 683 and in Book 2562, at Page 867, all in the Office of the Register of Deeds for Craven County, North Carolina, and TRSTE, INC., as Trustee under said instruments, join in the execution hereof for the purpose of subjecting said instruments to the terms and provisions of this Amendment.

WACHOVIA BANK, NATIONAL ASSOCIATION, a national banking association [SEAL]



BK 2677 PG 233

By: [Signature] (SEAL)
Name: Debrah Nguyen
Title: Asst. Vice President

TRSTE, INC., a Virginia corporation [SEAL]


By: [Signature] (SEAL)
Name: Debrah Nguyen
Title: Vice President

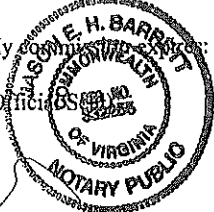
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Virginia
STATE OF NORTH CAROLINA
City
COUNTY OF Chesapeake

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she signed the foregoing document: Delilah Nguyen

Date: 12/13/07

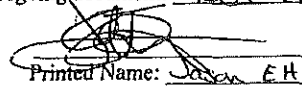

Printed Name: Jason E. H. Barrett

My commission expires: 4-30-2011


STATE OF NORTH CAROLINA Virginia
City
COUNTY OF Chesapeake


I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she signed the foregoing document: Delilah Nguyen

Date: ~~4-30-2011~~ 12/13/07


Printed Name: Jason E. H. Barrett

My commission expires: 4-30-2011




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Page 10 of 10
BK 2677 PG 234

Official