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AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS FOR
OSPREY RIDGE SUBDIVISION

THIS AMENDMENT to Declaration, Covenants, Conditions and Restrictions for Osprey Ridge Subdivision (the "Declaration") made this 15th day of August, 2002 by Ambrosia Group, LLC, a North Carolina Limited Liability Company as the "Declarant".

RECITALS:

1. Declarant filed that Declaration for Osprey Ridge Subdivision in Book 1441 at Page 193 of the Dare County Registry.

2. That prior to the filing of the Amendment, the Declarant has not conveyed any lots in Osprey Ridge Subdivision and wishes to amend the Declaration to insure compliance with the North Carolina Planned Community Act as codified in Chapter 47F of the North Carolina General Statutes.

NOW, THEREFORE, in consideration of the foregoing recitals, all that property known as Osprey Ridge Subdivision situated in Duck, North Carolina shall be held, conveyed, apothecated, encumbered, sold, leased, rented, used, occupied and improved subject to the Declaration as amended herein, all of which shall run with the property and which shall be binding upon on all title or interest in all or any portion of Osprey Ridge Subdivision, their respective heirs, personal representatives, successors, transferees and assigns, as well as occupants, guests and invitees, and shall inure to the benefit of each Owner thereof.

1. Article Two, Definitions is amended as follows:

(b) "Association" shall mean and refer to Osprey Ridge Homeowners' Association.



- (l) "Act" refers to the North Carolina Planned Community Act as codified in Chapter 47F of the North Carolina General Statutes.
- (m) "Architectural Control Committee" shall mean and be that Committee appointed by the Declarant or the Association to review and either approve or disapprove of all structural improvements, additions, modifications and changes at Osprey Ridge Subdivision as provided in ARTICLE FOUR.
- (n) "Member" shall mean and refer to every person or entity that holds membership or voting rights in the Association.
- (o) "Period of Declarant Control" shall mean and refer to period of time commencing on August 20, 2002 and continuing until such such time as Declarant shall cease to own at least twenty-five percent (25%) of the lots in Osprey Ridge.
- (p) "Special Declarant Rights" means rights reserved for the benefit of the Declarant including, without limitation, any right (i) to complete improvements indicated on plat and plans filed with the Declaration; (ii) to exercise any development right; (iii) to maintain sales offices, management offices, signs, advertising, and models; (iv) to use easements through the common elements for the purpose of making improvements within Osprey Ridge or within real estate that may be added to Osprey Ridge by annexations; or (v) to appoint or remove any officer or executive board member of the Association during any Period of Declarant Control.
- (q) "Subdivision Plat" shall mean and refer to the final plat of Osprey Ridge Subdivision recorded in Plat Cabinet E, Slide 649 of the Registry of Dare County, North Carolina.

2. The following provisions are added to Article Four:

Article Four, Section 1

(d) Title Approval not a Guarantee. No approval of plans and specifications and no publication of architectural standards shall be construed as representing or implying that such plans, specifications, or standards will, if followed, result in properly designed improvements. Such approvals and standards shall in no event be construed as presenting or guaranteeing that any Dwelling Unit or other improvement built in accordance therewith will be built in a good and workmanlike manner. Neither Declarant, nor the Architectural Standards Committee shall be responsible or liable for any defects in any plans or specifications submitted, revised, or approved pursuant to the terms of this Article Four, nor any defects in construction undertaken pursuant to such plans and specifications.



3. Article Four is amended by adding Section 3: Declarants' Rights

Section 3. Declarants' Rights. During the period of Declarant Control, the Declarant reserves all Special Declarant rights as allowed by the Act.

4. Section 2. Voting Rights of Article Four in its entirety and the following is substituted in lieu thereof:

Section 2. Voting Rights. The Association shall have two (2) classes of voting memberships:

Class A. – With the exception of Declarant (until expiration of the Class B membership as provided below) every person, group, corporation, partnership, trust or other legal entity, or any combination thereof, who is an owner of a lot in Osprey Ridge Subdivision, shall be a voting member of the Association; provided, however, any such person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, who holds such interest solely as security for the performance of an obligation shall not be a Class A Member solely on account of such interest. Ownership of a lot shall entitle each Owner holding the interest required for Class A Membership to cast one (1) vote, provided, however, that if more than one (1) person or entity are the owners of a lot, the vote for such lot shall be exercised as those persons or entities themselves determine and advise the Secretary of the Association, but, in no event, shall more than one (1) vote be cast with respect to any lot.

Class B – The Class B Declarant shall be entitled to two (2) votes for each lot in Osprey Ridge Subdivision. The Class B Membership shall cease and become a nullity on the first to happen of the following events:

- (i) expiration of the Period of Declarant Control; or
- (ii) when, in its discretion, the Declarant shall relinquish its Class B Membership.

Upon surrender of the Class B Membership, the Declarant may thereafter remain a Class A Member of the Association as to each lot which the Declarant then holds which is required for Class A Membership.

5. The following sections are added to Article Five:

Section 3. Declarant's Right to Representation on the Board of the Association. During any Period of Declarant Control, Declarant shall have the right to designate and select all of the persons who shall serve as members of the Board of the Association. Except as otherwise provided in the Bylaws with respect to the filling of vacancies, any members of the Board which Declarant is not entitled to designate or select shall be elected by the Members of the Association.



Whenever Declarant shall be entitled to designate and select any person or persons to serve on any Board of the Association, the manner in which such person or persons shall be designated shall be as provided in the Articles of Incorporation and/or Bylaws of the Association, and Declarant shall have the right to remove any person or persons selected by it to act and serve on said Board and to replace such person or persons with another person or other persons to act and serve in the place of any member or members of the Board so removed for the remainder of the unexpired term of any member or members of the Board so removed.

Section 4. Meetings. A meeting of the Association shall be held at least once each year. Special meetings of the Association may be called by the President, a majority of the Board, or by Lot Owners having ten percent (10%) of the votes in the Association. Not less than ten (10) nor more than sixty (60) days in advance of any meeting, the Secretary shall cause notice to be hand-delivered or sent prepaid by United States Mail to the last known mailing address of the Owner on the records of the Association. The notice of any meeting must state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Declaration or Bylaws, any budget changes, and any proposal to remove a director or officer.

Section 5. Quorum. A quorum shall be deemed present for the purposes of any regular or special meeting of the Association when ten percent (10%) of the Owners are represented either in person or by proxy.

Section 6. Officers. Officers of the Association charged with the day to day operation of the Association and who shall be authorized to carry out the Association's business and execute documents on behalf of the Association, shall consist of a President and a Secretary/Treasurer, each appointed by the Declarant during the Period of Declarant Control and thereafter elected by a majority vote of the Board.

6. The following sections are added to Article Six:

Section 6. Conveyances by the Association.

(a) the right of the Association, pursuant to Section 47F-3-112 of the Planned Community Act and with the consent of the Members entitled to cast at least eighty percent (80%) of the votes in the Association, to dedicate or transfer non-exclusive easements on, over and upon all or any part of the Common Area for such purposes and subject to such conditions as may be agreed to by the Association's Board; provided, however, no such dedication or transfer shall be effective unless an instrument executed on behalf of the Association by its duly authorized officers, agreeing to such dedication or transfer, has been recorded; provided further that for so long as Declarant shall own any portion of Osprey Ridge Subdivision, Declarant must also consent to such action and, further provided that no such dedication or transfer shall interfere with or obstruct utility service to, or ingress, egress and regress to or from, the Lots or any remaining Common Area or cause any Lot or any remaining Common Area to fail to comply with applicable laws, regulations or ordinances;



(b) the right of the Association, pursuant to Section 47F-3-112 of the Planned Community Act and with the consent of the Members entitled to cast at least eighty percent (80%) of the votes in the Association, to dedicate to any public agency, authority or utility, or to transfer to any other party, fee simple title to all or any part of the Common Area for such purposes and subject to such conditions as may be agreed to by the Members consenting to such dedication or transfer; provided, however no such dedication or transfer shall interfere with or obstruct utility service to, or ingress, egress and regress to or from, the Lots or any remaining Common Area or cause any Lot or any remaining Common Area to fail to comply with applicable laws, regulations or ordinances; and further provided for so long as the Declarant shall own any portion of Osprey Ridge Subdivision.

(c) the right of the Association to borrow money for the purpose of improving the Common Area and facilities thereon and, with the consent of the Members entitled to cast at least eighty percent (80%) of the votes of the Association, mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred (any such mortgage shall be effective if it is executed on behalf of the Association by its duly authorized officers and recites that the requisite consent of Members has been obtained and documented in the Minute Book of the Association) provided, however, no mortgage, encumbrance or hypothecation or foreclosure of the lien thereby created, shall interfere with or obstruct utility service to, or ingress, egress and regress to or from, the Lots or any remaining Common Area or cause any Lot or any remaining Common Area to fail to comply with applicable laws, regulations or ordinances, provided further that for so long as Declarant shall own any portion of Osprey Ridge Subdivision.

7. Section 8 of Article Seven Duties of the Board of Directors is deleted and the following is substituted in lieu thereof:

Section 8. Duties of the Board of Directors. At least thirty (30) days in advance of each annual assessment period, the Board shall establish an annual budget and fix the amount of the annual assessments in advance for the following year. Within thirty (30) days of the adoption of any proposed budget, the Board shall provide to all of the Owners a summary of the budget and a notice of the meeting to consider ratification of the budget, including a statement that the budget may be ratified without a quorum. The Board shall set a date for a meeting of the Owners to consider ratification of the budget, such meeting to be held not less than ten (10) nor more than sixty (60) days after mailing of the summary and notice. There shall be no requirement that a quorum be present at the meeting. The budget is ratified unless at that meeting the Owners of a majority of the Lots reject the budget. In the event the proposed budget is rejected, the periodic budget last ratified by the Owners shall be continued until such time as the Owners ratify a subsequent budget proposed by the Board.

8. Article Nine. Amendment to the Declaration is amended to provide at any meeting of the Association a vote on any proposed Amendment must be approved by the affirmative vote of sixty-seven percent (67%) of the votes of Members (including the Declarant) entitled to vote in



order for such Amendment to become effective and the former requirement of sixty-six percent (66%) is deleted.

IN WITNESS WHEREOF, the Declarant has caused this Amendment to be executed the day and year below subscribed.

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[SIGNATURE PAGE TO
AMENDMENT TO
DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS FOR
OSPREY RIDGE SUBDIVISION]

IN WITNESS WHEREOF, the Declarant has caused this Amendment to be executed this
14th day of August, 2002.

AMBROSIA GROUP, LLC
a North Carolina Limited Liability
Company.

By: *Robert R. DeGabrielle*
Robert R. DeGabrielle, Manager

STATE OF NORTH CAROLINA
COUNTY OF DARE

I, the undersigned, a Notary Public of the County and State aforesaid do hereby certify
that Robert R. DeGabrielle personally came before me this day and acknowledged that he is the
Manager of Ambrosia Group, LLC, a North Carolina Limited Liability Company, (the
"Company") and that by authority duly given and as the act of the Company the foregoing
instrument was signed in the name of the Company.

Witness my hand and official seal, this the 15th day of August, 2002.

Diana B. Wise
Notary Public

My commission expires: MAY 17, 2007
[Official Seal]



NORTH CAROLINA
DARE COUNTY

The foregoing certificate (s) of *Diana B. Wise, a*
Dare County, NC

Notary Public is/are certified to be correct. This instrument and this certificate are
duly registered at the date and time in the Book and Page shown on the first page hereof.
Barbara M. Gray, Register of Deeds
By: *Barbara M. Gray* Deputy Register of Deeds