

This instrument prepared by and return
to William W. Bunch, III, Jordan,
Brown, Price & Wall, P. O. Box 1210,
Chapel Hill, North Carolina 27514

DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR
SPRING VALLEY

THIS DECLARATION, made on the date hereinafter set forth by PRAIRIE DEVELOPMENT, LTD., an Illinois corporation duly domesticated in North Carolina, hereinafter referred to as "Declarant".

W I T N E S S E T H T H A T:

WHEREAS, Declarant is the owner of certain Properties in Chapel Hill Township, County of Orange, State of North Carolina; and,

WHEREAS, Declarant will convey lots from its said Properties subject to certain protective covenants, conditions, restrictions and easements as hereinafter set forth;

NOW, THEREFORE, Declarant hereby declares that all of the Properties described hereinafter shall be held, sold and conveyed subject to the following easements, restrictions, covenants, and conditions, which are for the purpose of enhancing and protecting the value and desirability of, and which shall run with, the Properties and be binding on all parties having any right, title or interest in the described Properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof.

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to Spring Valley Homeowner's Association of Carrboro, Inc., its successors and assigns.

Section 2. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 3. "Properties" shall mean and refer to that certain real property more particularly described on Exhibit A attached hereto and incorporated herein by this reference, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 4. "Common Area" shall mean that certain portion of the Properties (including the improvements thereto) owned by the Association for the common use and enjoyment of the Owners, including any recreational facility and the lake to be constructed upon the Properties. The Common Area to be owned by the Association at the time of the conveyance of the first Lot is described with greater particularity on Exhibit B attached hereto and incorporated herein by this reference.

Section 5. "Limited Common Area" shall mean a portion of the Common Area reserved for the exclusive use of one of the Lots.

Section 6. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area and road rights-of-way which are offered for public dedication.

Section 7. "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 8. "Declarant" shall mean and refer to PRAIRIE DEVELOPMENT, LTD., an Illinois corporation duly domesticated in North Carolina, its successors and assigns if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

ARTICLE II

PROPERTY RIGHTS

Section 1. Owners' Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

- ee Amendment → (a) the right of the Association to permit the use of and to charge reasonable admission and other fees for the use of any Common Area;
- ee Amendment → (b) the right of the Association to suspend the voting rights and right to use of any Common Area by an Owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations;
- (c) the right of the Association, in accordance with its Articles and Bylaws, to borrow money for the purpose of improving the Common Area and its facilities, and in aid thereof to deed in trust the Common Area;
- (d) the right of the Association to dedicate or transfer all or

any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer signed by two-thirds (2/3) of each class of Members has been recorded; and,

(e) the right of the Association to formulate, publish, impose and enforce rules and regulations for the use and enjoyment of the Common Area, which regulations may further restrict the use of the Common Area.

Section 2. Delegation of Use. Subject to Section 1 above and Article VIII, any Owner may delegate, in accordance with the Bylaws, his rights of use and enjoyment in and to the Common Area, to the members of his family, his lawful tenants, or contract purchasers who reside on such Owner's Lot and, to his guests, invitees and licensees.

Section 3. General Easements and Associated Undertakings. All of the Properties, including Lots and Common Area, shall be subject to such easements for private roads or drives, public streets, water lines, sanitary sewers, storm drainage facilities, gas lines, cable communication transmission, telephone and electric power lines and other public utilities as shall be established by the Declarant or by his predecessor in title, prior to the subjecting of the Properties to this Declaration; and the Association shall have the power and authority to grant and establish upon, over, under and across the Common Area conveyed to it, such further easements as are requisite for the convenient use and enjoyment of the Properties. Sight easements, if any, as may be shown upon any recorded subdivision map of the Properties are hereby reserved by the Declarant.

An easement is hereby established and reserved for the benefit of each Owner over that portion of the Common Area lying between the front of each Owner's Lot and the roadway constructed therein for the construction erection and maintenance of a carport or garage structure within such area lying between the front of each Lot and such roadway. In the event an Owner utilizes this easement and constructs or erects such a carport or garage then, in that event, the area lying immediately under such carport or garage and such carport or garage shall become Limited Common Area and all other Owners and the Association shall not have access thereto. By the

not of constructing or erecting such a carport or garage as aforesaid, such Owner covenants and agrees to maintain such Limited Common Area in a neat and orderly manner. As used herein roadway shall mean that portion of a highway improved, designed, or ordinarily used for vehicular travel, exclusive of the shoulder.

An easement is hereby established for the benefit of the Town of Carrboro and Orange Water and Sewer Authority over all Common Area hereby or hereafter established for the setting, removal, and reading of water meters, the maintenance and replacement of water, sewer and drainage facilities, the fighting of fires, collection of garbage and police protection.

Section 4. Temporary Construction Access and Disturbance Easement. An easement over, through and to the Common Area is hereby reserved, conveyed and established in favor of Declarant and all Owners of any Lot to be used for purposes of ingress, egress, regress, conduct of construction activity, storage of construction materials, the necessary disturbance of land for construction on any Lot, and installation of driveways, sidewalks, underground drainage and utility conduits and hookups. This easement shall be used only as and when necessary to facilitate the construction of improvements at any time on a Lot by Declarant or Owner as well as the extension of driveways, sidewalks, underground drainage and utility conduit and hookups to any dwelling structure situated on a Lot. In using and taking the benefits of said easement, Declarant or its designate and Owners shall use their best efforts to minimize any soil or land disturbance activities, and shall restore the land to a condition which is graded smooth and in harmony with surrounding areas. Should Declarant, its designate or an Owner fail to restore the disturbed land as required above, the Association may restore the land to the required condition and Declarant, its designate or Owner, as the case may be, shall indemnify the Association for the reasonable expense incurred in performing such restoration. Where any Owner shall seek to take advantage of the easement herein conveyed, such Owner's rights of use shall be restricted to that Common Area which shall be reasonably convenient and proximate to his Lot. Anything in the foregoing to the contrary notwithstanding, Owner shall obtain the approval of the Association before commencing any construction as required in Article VI of

this Declaration.

Section 5. Title to the Common Area. The Declarant hereby covenants for itself, its heirs and assigns that it will convey fee simple title to the Common Area described on Exhibit B hereto to the Association, free and clear of all encumbrances and liens, except public streets, private roads or drives, utility easements and any use restrictions of record prior to the conveyance of the first Lot.

Section 6. Utility Charges for Water and Street Lights. As consideration for the conveyance of the Common Area and as consideration for the rights, entitlements and benefits granted to and conferred upon the Association under and by virtue of this Declaration, the Association covenants and agrees to accept the responsibility for payment of any and all fees, charges and expenses arising by virtue of the use of water provided to and used in connection with any of the Common Area and by virtue of the use and operation of the street lights installed and erected within the Common Areas from and after the date of such acceptance. Such cost of fees, charges and expenses paid by the Association shall be charged ratably to the Owners as an assessment according to the provisions of Article IV below.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a Lot which is subject to assessment shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 2. The Association shall have two classes of voting membership:

Class A. Class A Members shall be all Owners, with the exception of the Declarant, and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B Member(s) shall be the Declarant and shall be entitled to three (3) votes for each Lot owned. The Class B mem-

bership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

- (a) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; provided, however, in the event the Class B membership shall cease and be converted to Class A membership because the Declarant no longer owns the number of Lots required to keep such Class B membership in effect, such Class B membership shall be reinstated by the recordation of a subdivision map of the Properties which creates additional Lots, but in no event shall such Class B membership extend beyond the time stated in subparagraph (b) of this Section; or
- (b) on July 1, 1989.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments. The Assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents in the Properties and for the improvement and maintenance of the Common Area, including the private roads and

the lake, for the establishment of adequate reserves for the replacement of capital improvements, if any, located within the Common Area, payment of insurance premiums for contracts of hazard and liability insurance on the Common Area and payment of local ad valorem taxes, if any, on the Common Area.

Section 3. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be Two Hundred Forty (\$ 240.00) per Lot.

(a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased each year not more than five percent (5%) above the maximum assessment for the previous year without a vote of the membership.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased above five percent (5%) by a vote of two-thirds (2/3) of each class of Members who are voting in person or by proxy, at a meeting duly called for this purpose.

(c) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto; provided, however, any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5. 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 or 4 or this Article 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 sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half ($\frac{1}{2}$) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

Section 6. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots and annual assessments shall be due and payable and collected on a quarterly basis; provided, however, annual and special assessments for all Lots owned by Declarant which are not occupied as a residence may be such lesser amount as may be fixed by the Board of Directors of the Association, but shall not be less than twenty-five percent (25%) of such assessments for other Lots. Special assessments may be collected on a quarterly basis.

Section 7. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for herein shall commence and shall be due and payable as to all Lots on the first day of the month following the conveyance of the Common Area and on the first day of each consecutive quarter thereafter. Such amount due and payable on the first day of each such quarter shall be equal to one-fourth ($\frac{1}{4}$) of the annual assessment as set forth and established pursuant to Section 3 of this Article. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. There shall be paid at the time of the initial sale of each Lot at least one quarters' assessments in order to provide a working capital fund for the initial months of the Association's operation. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due date shall be as previously set forth herein, unless otherwise established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed

certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 8. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of six percent (6.0%) per annum and shall be subject to a late charge of Twenty Five and No/100 Dollars (\$25.00). The Association may bring an action at law against the Owner personally obligated to pay the same for such delinquent assessment, interest costs, late charges and reasonable attorney's fees of any such action, or foreclose the lien against the property. For purposes of this Section, the amount of delinquent assessment, plus accrued interest, shall be considered evidenced by this paragraph and therefore, evidence of indebtedness shall exist hereby. 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.

Section 9. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

ARTICLE V

INSURANCE

Section 1. Ownership of Policies. Contracts of insurance upon the Common Area shall be purchased by the Association for the benefit of the Association and its mortgagees, if any, as their interests may appear. The Association may re-evaluate its coverage from time to time and may provide, subject to Section 2 of this Article, for such insurance coverage as it deems appropriate.

Section 2. Coverage. All improvements and personal property included in the Common Area shall be insured in an amount equal to at least one hundred percent (100%) of their insurable replacement value as determined

annually by the Association with the assistance of the insurance company underwriting the coverage. Such coverage shall provide protection against loss or damage by fire and other hazards covered by a standard extended coverage endorsement and such other risks as from time to time shall be customarily covered with respect thereto. In addition, the Association shall acquire and maintain in full force and effect a policy of insurance which insures against any public liability arising out of its ownership of the Common Area and the use and operation thereof with limits of liability therefor of not less than One Million Dollars (\$1,000,000.00) per occurrence and shall include an endorsement to cover liability of the Owners as a group to a single Owner. There shall also be obtained such other insurance coverage as the Association shall from time to time determine to be desirable and necessary or as may be required by the Federal Housing Authority, Veterans Administration or Federal National Mortgage Association. Such policies shall contain clauses providing for waiver of subrogation, if possible.

Section 3. Fidelity Insurance or Bond. All persons responsible for or authorized to expend funds or otherwise deal in the assets of the Association, shall first be bonded by a fidelity insurer to indemnify the Association for any loss or default in the performance of their duties in an amount equal to at least six (6) months' assessments plus reserves accumulated.

Section 4. Premiums. Premiums for contracts of insurance purchased by the Association shall be paid by the Association and charged ratably to the Owners as an assessment according to the provisions of Article IV above.

Section 5. Proceeds. All contracts of insurance purchased by the Association shall be for the benefit of the Association and its mortgagees, if any, as their interests may appear, and the Owners, and shall provide that all proceeds thereof shall be payable to the Association as insurance trustee under this Declaration. The sole duty of the Association as insurance trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purposes stated herein.

Section 6. Distribution of Insurance Proceeds. Proceeds of contracts of insurance received by the Association as insurance trustee shall be

distributed to or for the benefit of the beneficiary or beneficiaries thereof in the following manner:

(a) The proceeds shall be paid first to defray the cost of reconstruction and repair of casualty or liability so covered.

(b) Any expense of the insurance trustee may be paid from proceeds after payment of reconstruction or repair expenses or liability. Any proceeds remaining thereafter shall be distributed to the beneficiary or beneficiaries of the trust.

ARTICLE VI

ARCHITECTURAL AND APPEARANCE CONTROL

Section 1. Required Approval. Except for the initial residential structure constructed on a Lot by Declarant or Structure Plus, Incorporated, in accordance with Declarant's general plan of development, which initial residential structure shall be exempt from the approval process set forth hereinafter, so long as the plans and specifications therefor are in strict conformity with those previously approved by the Federal Housing Authority, Veterans Administration or Federal National Mortgage Association, the following guidelines which, when strictly adhered to, shall also be permitted and exempt from such approval process:

(a) roofs and other exterior surfaces may be repaired or altered so long as the roof pitch and any exterior material used are the same as those which existed originally;

(b) any exterior wall on an addition to the residential structure shall be parallel to those which existed originally;

(c) no portion of a residential structure, including additions thereto, shall be permitted or allowed within ten (10) feet of any residential structure on an adjoining Lot to which it is not attached;

(d) fences shall be setback sixty (60) feet from any street curb and ten (10) feet from any residential structure constructed on an adjoining Lot; provided, however, no fence shall be permitted or allowed on those adjoining Lots upon which a duplex residential structure has been constructed and further, the setbacks imposed herein shall in no way exempt the design and materials of any fence from the approval process set forth hereinafter;

(e) additions to a portion of the exterior of a duplex residential structure shall be permitted or allowed only to the side located farthest from the portion of such duplex residential structure located on the adjoining Lot;

(f) fences and carports may be built in accordance with the design options offered by Declarant or Structure Plus, Incorporated; and,

(g) exterior colors shall be confined to those original options offered by Declarant or Structure Plus, Incorporated.

Other than the foregoing, no building, fence, wall or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made, including expansions of the initial residential structure constructed or a material change in the exterior color of the residential structure, until the plans and specifications showing the nature, kind, shape, height, materials, color and location of the same shall have been submitted to and approved in writing as to harmony of external design, appearance and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board. In the event such Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with.

Section 2. Required Land Area. No Lot may be subdivided by sale or otherwise so as to reduce the total area thereof below that as shown upon any recorded subdivision map of the Properties.

Section 3. Utilities Easements. Declarant reserves an easement for and the right at any time in the future to grant a right-of-way and easement for the purpose of drainage, underground or above ground installation, repair and maintenance of poles, lines, conduits, pipes and other equipment necessary to or useful in furnishing electric power, gas, sewer, telephone service, cable services and any other utilities for or to the Lots or Common Areas as may be shown upon any recorded subdivision map of the Properties.

Section 4. Reservation of Variation. Declarant reserves the right to grant a variance from and/or waiver of any violation of the setback requirements set forth above in Section 1 of this Article. Any request for such a variance and/or waiver shall be made by the Owner requesting such in writing to the Declarant or its designate. The Declarant or its designate shall have the sole right, authority and complete discretion to grant or deny any such request for any reason including aesthetics. In the event the Declarant or its designate does not approve or deny such request within thirty (30) days from the date received, this right will be waived and any such request shall be deemed granted.

Section 5. Driveways. All driveways shall be constructed of stone or shall be paved with asphalt or black concrete.

Section 6. Radio and Television Antennas. No exposed or exterior radio or television transmission or receiving antennas shall be erected, placed or maintained on any part of a Lot or upon a structure thereon which shall exceed a height of four (4) feet above the highest point of the roof of the residential structure constructed upon such Lot. In addition, no dish apparatus intended for the reception of cable communication transmission shall be erected, placed or allowed to remain on any Lot.

Section 7. Trees. Trees may be removed for the construction of driveways, installation of utilities and residential structures or if located within ten (10) feet of the building foundation, otherwise, no tree of any size or other vegetation located within ten (10) feet of a side lot line may be removed. As to all other trees and vegetation located upon a Lot other than those adjoining Lots upon which a duplex residential structure has been or will be constructed on the common dividing line between such Lots, at least fifty percent (50%) shall be maintained in accordance with the requirements imposed by the Town of Carrboro; provided, however, that dead or diseased trees, shrubs, bushes or other vegetation shall be cut and removed promptly from any Lot by the Owner thereof.

Section 8. Erosion Control. During the period of lot grading and construction of the residential structure and thereafter, each Owner shall exercise and maintain such erosion control measures, including the erection of silt fences, as may be required by the Declarant in order to minimize

erosion and runoff. Compliance with the applicable erosion control ordinance shall not constitute automatic approval by Declarant, and Declarant reserves the right to impose requirements and standards in excess of those required by law.

ARTICLE VII

PARTY WALLS

This Article shall apply only to those adjoining Lots within the Properties upon which a duplex residential structure is constructed such that such structure is constructed upon each of such adjoining Lots and a wall dividing the portions of such structure as may be built on each adjoining Lot is built as a part of the original construction of such structure and placed on the common dividing line between such adjoining Lots.

Section 1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the residential structure upon the Properties and placed on the dividing lines between two (2) adjoining Lots, and all reconstruction or extensions of such walls, shall constitute party walls, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls, lateral support in below-grade construction and of liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall or benefit therefrom in proportion to such use and benefit.

Section 3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section 4. Reconstruction of Party Wall. The Owner of any Lot may construct or reconstruct (subject to and within the limitation of architec-

tural control and other limitations of this Declaration) with the right to go upon the adjoining Lot to the extent necessary to perform such construction. Such construction shall be done expeditiously. Upon completion of such construction, such Owner shall restore the adjoining Lot to as near the same condition as prevailed before the commencement of such construction as is reasonably practicable.

Section 5. Weatherproofing. Notwithstanding any other provision of this Article, an Owner who, by his negligence or willful act, causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 6. Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 7. Certification by Adjoining Property Owner that No Contribution is Due. If any Owner desires to sell his Lot, he may, in order to assure a prospective purchaser that no adjoining Owner has a right of contribution as provided in this Article VII, request of the adjoining Owner a certification that no right of contribution exists, whereupon it shall be the duty of each adjoining Owner to make such certification immediately upon request and without charges; provided, however, that where the adjoining Owner claims a right of contribution, the certification shall contain a recital of the amount claimed.

Section 8. Exterior and Roof Repairs. Subject to Article VI, Section 1, all repairs, maintenance, replacement and repainting relative to the roof or exterior surface of a duplex residential structure which an Owner wishes to accomplish shall be done only after such Owner notifies the Owner of the adjoining Lot upon which the other portion of such duplex residential structure is constructed in writing as to what is proposed and gives such other Owner an opportunity to participate therein.

Section 9. Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, such dispute shall be settled by arbitration as provided by the laws of North Carolina then in effect relating to arbitration.

ARTICLE VIIILAKE RULES AND REGULATIONS

Section 1. Lake Use. Each Owner's use and enjoyment of the lake to be constructed upon the Properties and other adjoining Common Area shall be subject to the following provisions:

(a) no motorized boats or any boats greater than fourteen (14) feet in length, with the exception of a boat used by the Association for maintenance, care and repair of the lake or facilities attendant thereto, shall be allowed or permitted;

(b) no boats may be stored or left unattended on the lake or upon any other Common Areas;

(c) no net fishing, with the exception of minnow seines or nets, shall be allowed or permitted;

(d) no dumping or discharge of any substance into the lake shall be allowed or permitted;

(e) the Association shall not be responsible for supervision of any activities or uses of or on the lake;

(f) at all times when the lake is being utilized for any purpose by a member of his family, guest, invitee or licensee, the Owner shall be responsible for supervising such use, unless otherwise agreed to among the Owner and such members of his family, guest, invitee or licensee; and,

(g) except in cases of emergency, no spot light or search light shall be shone over or across the lake;

Section 2. Disclaimer and Standard of Liability. Neither the Association nor the Declarant assumes any responsibility for the method, manner or means by which any Owner, the members of his family, guests, invitees, licensees, tenants, contract purchasers or others acting through Owner shall use and enjoy the lake. Accordingly, neither the Association nor the Declarant shall be liable to any Owner, the members of his family, guests, invitees, licensees, tenants, contract purchasers or others acting through Owner except where physical injury to a natural person is proximately caused by the gross or wanton conduct of the Association or Declarant, as the case may be. This disclaimer and standard of liability shall be binding on the Association, the Declarant, all Owners, members of their

families, guests, invitees, licensees, tenants, contract purchasers and others acting through Owner. If this disclaimer and standard of liability should be held inapplicable to or not binding upon any class or sub-class of person referenced above by a court of competent jurisdiction, it shall nonetheless survive and remain in full force and effect as to all other classes or sub-classes. Nothing contained in this Section shall be deemed a waiver or modification of any common law or statutory defenses otherwise available to the Association or Declarant, including, but not limited to, contributory negligence. Any Owner whose conduct was a concurring or a proximate cause of any injury or damage for which the Association or Declarant is sued shall indemnify and hold the Association or Declarant, or both, harmless in the event the claim on behalf of any such person injured or damaged is reduced to judgment or otherwise paid by the Association or Declarant, or both.

Section 3. Other Rules and Regulations. Pursuant to Article II, the Association shall have the right to impose additional regulations for the use and enjoyment of the lake constructed upon the Properties.

ARTICLE IX

USE RESTRICTIONS

Section 1. Rules and Regulations. The Board of Directors of the Association shall have the power to formulate, publish and enforce reasonable rules and regulations concerning the use and enjoyment of each Lot and the Common Area.

Section 2. Use of Properties. No portion of the Properties (except for a temporary office of the Declarant maintained for development and sales purposes and the Common Area) shall be used except for residential purposes incidental or accessory thereto.

(a) Outside clothes lines shall not be permitted upon any Lot at locations where they can be viewed from any street.

(b) No commercial signs, with the exception of a "For Sale" or "For Rent" sign no more than two feet in width and three feet in height, shall be erected or maintained on any Lot. Such signs as allowed hereunder, being temporary in nature, shall not be subject to any set back requirement imposed by Article VI, Section 4.

(c) No house trailers shall be permitted on any Lot. Boats, trailers, campers, not including those attached to the body of a truck, tents or temporary buildings shall not be permitted on any Lot except in areas where they can not be viewed from the streets. Boats up to fourteen (14) feet in length and campers attached to the body of a truck may be kept and stored in driveways. However, house trailers, temporary buildings and the like shall be permitted for construction purposes during the construction period at any place deemed necessary for the construction of residential structures.

(d) No lumber, brick, stone, cinder block, concrete or any other building materials, scaffolding, mechanical devices or any other thing used for building purposes shall be stored on any Lot in an exposed location except for the purpose of construction on such Lot and shall not be stored on such Lot for longer than the length of time reasonably necessary for the construction in which same is to be used.

(e) No exposed above-ground tanks will be permitted for the storage of fuel or water or any other substance, except that such tanks may be placed above-ground provided they are kept in a screened enclosure which must be compatible in appearance and locale with the previously constructed residential structure. Any such screened enclosure must exceed in height by at least one (1) foot any such tank as may be placed therein.

Section 3. Hobbies and Activities. The pursuit of hobbies or other activities, including specifically, without limiting the generality of the foregoing, the assembly and disassembly of motor vehicles and other mechanical devices, which might tend to cause disorderly, unsightly or unkept conditions, shall not be pursued or undertaken on any part of any Lot at locations where they can be viewed from any street or upon any portion of the Common Area.

Section 4. Animals and Pets. No stable, poultry house or yard or other similar structure shall be constructed or allowed to remain on any Lot, nor shall livestock of any nature or classification whatsoever be kept or maintained on any Lot without the express written permission of the Association first had and obtained. However, a reasonable number of household pets as determined by the Board of Directors of the Association shall

be permitted, provided they are not raised for commercial purposes.

Section 5. Prohibited Activities. Noxious, offensive or loud activities shall not be carried on upon any Lot. Each Owner shall refrain from any act or use of his Lot which could reasonably cause embarrassment, discomfort, annoyance or nuisance to the neighborhood. Each Owner shall keep and maintain his Lot in a neat, orderly and well kept manner.

Section 6. Environmental Control. The use of persistent herbicides or pesticides shall be prohibited upon any Lot or Common Area except as may be necessary as treatment for termites and other wood destroying insects and then only local treatment, and not general foundation treatment unless such general foundation treatment is required by the Town of Carrboro, shall be permitted and allowed.

Section 7. Governmental Regulations. All governmental building codes, health regulations, zoning restrictions and the like applicable to the Properties shall be observed. In the event of any conflict between any provision of such governmental code, regulation or restriction and any provision of this Declaration, the more restrictive provision shall apply.

ARTICLE X

GENERAL PROVISIONS

Section 1. Enforcement. The Association, Declarant or any Owner shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association, Declarant or any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidity of any one of these covenants or restrictions by judgment or court order shall in no wise affect any other provisions which shall remain in full force and effect.

Section 3. Amendment. The covenants, conditions and restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty (20) year

period by an instrument approved by not less than ninety percent (90%) of the Lot Owners, and thereafter by an instrument approved by not less than seventy-five percent (75%) of the Lot Owners. Any amendment must be recorded.

Section 4. Amendment Form. If any amendment to these covenants, conditions and restrictions is so approved, each such amendment shall be delivered to the Board of Directors of this Association. Thereupon, the Board of Directors shall within thirty (30) days, do the following:

(a) Reasonably assure itself that the amendment has been validly approved by the Owners of the required number of Lots. (For this purpose, the Board may rely on its roster of Members and shall not be required to cause any title to any Lot to be examined).

(b) Attach to the amendment a certification as to its validity, which certification shall be executed by the Association in the same manner that deeds are executed. The following form of certification is suggested:

CERTIFICATION OF VALIDITY OF AMENDMENT TO COVENANTS
CONDITIONS AND RESTRICTIONS OF
SPRING VALLEY

By authority of its Board of Directors, Spring Valley Homeowner's Association of Carrboro, Inc., hereby certifies that the foregoing instrument has been duly approved by the Owners of _____ percent of the Lots of Spring Valley and is, therefore, a valid amendment to the existing covenants, conditions and restrictions of Spring Valley.

This the _____ day of _____, 19____.

SPRING VALLEY HOMEOWNER'S
ASSOCIATION OF CARRBORO, INC.

President

ATTEST:

Secretary

(c) Immediately, and within the thirty (30) day period aforesaid, cause the amendment to be recorded in the Orange County Registry.

All amendments shall be effective from the date of their recordation in the Orange County Registry, provided, however, that no such instrument shall be valid until it has been indexed in the name of the Association. When any instrument purporting to amend the covenants, conditions, and restrictions has been certified by the Board of Directors, recorded, and indexed as provided by this Section, it shall be conclusively presumed that such instrument constitutes a valid amendment as to all persons thereafter purchasing any Lots.

Section 5. Annexation of Additional Properties. At any time during the effective term of this Declaration, Declarant may propose that the Association annex additional properties which have been or will be deve-

loped as a part of the general plan of development for Spring Valley. Annexation of additional properties shall require the assent of two-thirds (2/3) of the votes of the Class A membership of the Association and two-thirds (2/3) of the votes of the Class B membership of the Association, if any, at a meeting duly called for this purpose, written notice of which shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting setting forth the purpose of the meeting. The presence of Members or of written proxies entitled to cast sixty-six and two-thirds percent (66 2/3%) of the votes of each class of membership shall constitute a quorum. If the required quorum is not present at any meeting, another meeting may be called subject to the notice requirement set forth above and the required quorum at such subsequent meeting shall be the same. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting. In the event that two-thirds (2/3) of the Class A membership or two-thirds (2/3) of the Class B membership are not present in person or by proxy, Members not present may give their written assent to the action taken thereat.

Section 6. Addition of Recreational Facilities. The Declarant shall not add any recreational facilities as amenities for the Association without first obtaining the written consent of a majority of the Class A Members.

Section 7. Contract Rights of Association. As long as there is a Class B membership, any contract entered into by or on behalf of the Association shall contain a provision giving the Association or the other party thereto the right to terminate such contract upon the giving of not more than ninety (90) days written notice to the other party or parties.

Section 8. Lender's Notice. Upon written request to the Association, identifying the name and address of the holder, insurer or guarantor and the Lot number or address, any mortgage holder, insurer, or guarantor will be entitled to timely written notice of:

- (a) Any condemnation or casualty loss that affects either a material portion of the project or the Lot securing its mortgage.
- (b) Any sixty (60) day delinquency in the payment of assessments owed by the Owner of the Lot on which it holds the mortgage.
- (c) A lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association.

- (d) Any proposed action that requires the consent of a specified percentage of mortgage holders.
- (e) The Association's financial statement for the immediately preceding fiscal year.

Section 9. FHA/VA/FNMA Approval. As long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration, the Veterans Administration or the Federal National Mortgage Association: Annexation of additional properties, dedication of Common Area, deeding in trust the Common Area, mergers and consolidations and amendment of this Declaration.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set its hand and seal this ____ day of _____, 19__.

PRAIRIE DEVELOPMENT, LTD., an Illinois corporation duly domesticated in North Carolina

(CORPORATE SEAL)

By: _____
President

Attest: _____
Secretary

SEAL-STAMP

NORTH CAROLINA, _____ County.

I, a Notary Public of the County and State aforesaid, certify that personally came before me this day and acknowledged that _____ he is Secretary of _____, an Illinois corporation duly domesticated in North Carolina, 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 _____ as its Secretary. Witness my hand and official stamp or seal, this ____ day of _____, 19__.

NOTARY PUBLIC

My commission expires: _____

This instrument prepared by and return
to: William W. Bunch, III
Jordan, Brown, Price & Wall
P. O. Box 1210
Chapel Hill, North Carolina 27514

STATE OF NORTH CAROLINA
COUNTY OF ORANGE

FIRST AMENDMENT TO DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR SPRING VALLEY

THIS FIRST AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR SPRING VALLEY ("First Amendment") executed this 22nd day of January, 1985, is made and executed by PRAIRIE DEVELOPMENT, LTD., an Illinois corporation duly domesticated in North Carolina ("Declarant"), John R. Bucher and wife, Kathleen Bucher (collectively "Bucher"), Stuart H. Johnson and wife, Laura J. Kalfayan (collectively "Johnson"), Linda C. Mobley (single) ("Mobley") and Spring Valley Homeowner's Association of Carrboro, Inc., a North Carolina non-profit corporation ("the Association");

W I T N E S S E T H T H A T:

WHEREAS, Declarant recorded that certain Declaration of Covenants, Conditions and Restrictions for Spring Valley on December 13, 1984 in Book 494, Page 461, Orange County Registry ("Declaration"); and

WHEREAS, Declarant has been notified by the Veterans Administration ("VA") that certain amendments must be made to the Declaration in order for the VA to give its approval to the development; and

WHEREAS, such amendments are in the best interests of the Spring Valley development, the Association and present and future Lot Owners; and

WHEREAS, the requirements for making an amendment to the Declaration are set forth in Sections 3 and 4 of Article X thereof; and

WHEREAS, a careful examination of the Association's membership roster shows that Bucher is the owner of Lot 16, Phase 1, Section 2; Johnson is the owner of Lot 25, Phase 1, Section 2; Mobley is the owner of Lot 11, Phase 1, Section 1; and, Declarant is the owner of the remainder of the Lots in Phase 1, Sections 1 and 2,

NOW, THEREFORE, in consideration of the premises, the sum of TEN DOLLARS (\$10.00) in hand paid and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto make and declare the following First Amendment to the Declaration:

FOR MULTIPLE FIN SHELL
SEE BOOK 542 PAGE 111.

1. Article II, Sections 1(a) and (b) of the Declaration are hereby deleted and in lieu thereof the following is inserted and shall read as follows:

Section 1. Owner's Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) the right of the Association to permit the use of and to charge reasonable admission and other fees for the use of any of the recreational facilities which constitute a portion of the Common Area;

(b) the right of the Association to suspend the voting rights and right to use of any of the recreational facilities which constitute a portion of the Common Area by an Owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations;

The remainder of Article II, Section 1 shall remain as set forth in the Declaration.

2. Article IX, Section 6 of the Declaration is hereby deleted and in lieu thereof the following is inserted and shall read as follows:

Section 6. Environmental Control. The use of persistent herbicides or pesticides shall be prohibited upon any Lot or Common Area except as may be necessary as treatment for termites and other wood destroying insects.

3. Article X, Section 7 of the Declaration is hereby deleted and in lieu thereof the following is inserted and shall read as follows:

Section 7. Contract Rights of Association. As long as there is a Class B membership, any contract entered into by or on behalf of the Association shall contain a provision giving the Association or the other party thereto the right to terminate such contract upon the giving of not more than thirty (30) days written notice to the other party or parties.

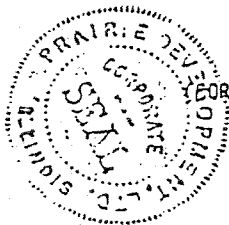
4. The foregoing First Amendment shall be incorporated within and

become a part of the original Declaration and shall bind all Owners of any Lot subject thereto.

5. Pursuant to Section 4 of Article X of the Declaration, the Association, by authority of its Board of Directors and through its president and secretary, certify that in excess of ninety percent (90%) of the Lot Owners of Spring Valley have executed this First Amendment, and such certification is attached hereto and recorded at Book 500, Page 117, Orange County Registry and incorporated herein by this reference.

IN WITNESS WHEREOF, the said Declarant, Bucher, Johnson, Mobley and the Association have caused this First Amendment to be executed on the day and year first above written.

PRAIRIE DEVELOPMENT, LTD., an Illinois corporation duly domesticated in North Carolina



(CORPORATE SEAL)

By: Charles N. Heibert
President

Attest: Larry R. Thorne
Secretary

John R. Bucher (SEAL)
John R. Bucher

Kathleen Bucher (SEAL)
Kathleen Bucher

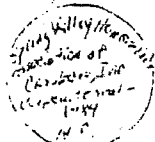
Stuart H. Johnson (SEAL)
Stuart H. Johnson

Laura J. Kalfayan (SEAL)
Laura J. Kalfayan

Linda C. Mobley (SEAL)
Linda C. Mobley

SPRING VALLEY HOMEOWNER'S ASSOCIATION
OF CARRBORO, INC., a North Carolina
non-profit corporation

(CORPORATE SEAL)

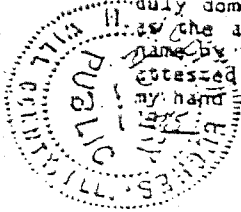


By: Thomas M. Kennedy
President

Attest: William W. Bunch
Secretary

SEAL-STAMP

ILLINOIS, Will County.

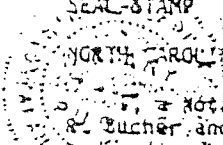


I, a Notary Public of the County and State aforesaid, certify that Donald P. Christensen and Helen P. Christensen personally came before me this day and acknowledged that na is Secretary of Prairie Development, Ltd., an Illinois corporation duly domesticated in North Carolina, and that by authority duly given and na the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal and attested by na as its Secretary. Witness my hand and official stamp or seal, this 11th day of January, 1985.

Donald P. Christensen
NOTARY PUBLIC

My commission expires January 1, 1987

SEAL-STAMP



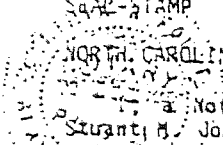
NORTH CAROLINA, Alamance County.

I, a Notary Public of the County and State aforesaid, certify that John R. Bucher and wife, Kathleen Bucher, personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and official stamp or seal, this 11th day of January, 1985.

Cynthia B. Frost
NOTARY PUBLIC

My commission expires: 1/3/87

SEAL-STAMP



NORTH CAROLINA, Alamance County.

I, a Notary Public of the County and State aforesaid, certify that Stuart M. Johnson and wife, Laura J. Kalfayan, personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and official stamp or seal, this 11th day of January, 1985.

Cynthia B. Frost
NOTARY PUBLIC

My commission expires: 1/3/87

CERTIFICATION OF VALIDITY OF AMENDMENT TO COVENANTS

CONDITIONS AND RESTRICTIONS OF

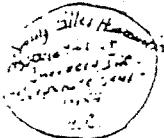
SPRING VALLEY

By authority of its Board of Directors, Spring Valley Homeowner's Association of Carrboro, Inc., hereby certifies that the foregoing instrument has been duly approved by the Owners of 100 percent of the Lots of Spring Valley and is, therefore, a valid amendment to the existing covenants, conditions and restrictions of Spring Valley.

This the 22nd day of January, 1985.

(CORPORATE SEAL)

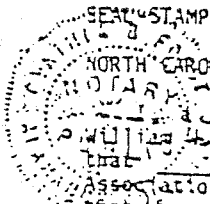
SPRING VALLEY HOMEOWNER'S
ASSOCIATION OF CARRBORO, INC.



Thomas B. Bunch
President

ATTEST:

William H. Bunch III
Secretary



NORTH CAROLINA, Orange County.

I, a Notary Public of the County and State aforesaid, certify that William H. Bunch, III, personally came before me this day and acknowledged that he is Secretary of Spring Valley Homeowner's Association of Carrboro, Inc., a North Carolina non-profit 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 him as its Secretary. Witness my hand and official stamp or seal, this 22nd day of January, 1985.

Cynthia B. Foust
NOTARY PUBLIC

My commission expires: 1/3/87

NORTH CAROLINA - ORANGE COUNTY

The foregoing certificate(s) of H. Judith Hughes and Cynthia B. Foust

~~Notaries~~ Public of the designated Governmental units ~~notare~~) certified to be correct. Filed for registration this the 23rd day of January, 19 85, at 11:13 o'clock, p.m. in Record Book 500 Page 112

Return: _____

Betty June Hayes, Register of Deeds
By Delores B. Brook
Deputy
Register of Deeds

(Proposed) Resolution to Amend Restrictions

RESOLVED THAT the existing Declaration of Covenants, Conditions and Restrictions for Spring Valley, as previously amended, be further amended as follows:

Section 6 of Article IV of the Declaration is hereby deleted and in lieu thereof the following new Section 6 is inserted :

Section 6. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots and annual assessments shall be due and payable and collected on a monthly basis; provided, however, annual and special assessments for all Lots owned by Declarant which are not occupied as a residence may be such lesser amount as may be fixed by the Board of Directors of the Association, but shall not be less than twenty-five percent (25%) of such assessments for other Lots. Special assessments may be collected on a quarterly basis.

Section 8 of Article IV of the Declaration is hereby deleted and in lieu thereof the following new Section 8 is inserted :

Section 8. Effect of Nonpayment of Assessments: Remedies of the Association. Any monthly installment of the annual assessment not paid within fifteen (15) days after the due date shall bear interest from the due date at the rate of six percent (6.0%) per annum and shall be subject to a late charge of Ten and NO/100 Dollars (\$10.00); the grace period for other assessments shall be thirty (30) days and the late charge Twnty-Five and NO/100 Dollars(\$25.00). The Association may bring an action at law against the Owner personally obligated to pay the same for such delinquent assessment, interest costs, late charges and reasonable attorney's fees of any such action, or foreclose the lien against the property. For purposes of this Section, the amount of delinquent assessment, plus accrued interest, shall be considered evidenced by this paragraph and therefore, evidence of indebtedness shall exist hereby. 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.

Section 5 of Article VI of the Declaration is hereby deleted and in lieu thereof the following new Section 5 is inserted :

Section 5. Driveways. All driveways shall be constructed of stone or shall be paved with asphalt or concrete.

Section 6 of Article VI of the Declaration is hereby deleted and in lieu thereof the following new Section 6 is inserted :

Section 6. Radio and Television Antennas. No exposed or exterior radio or television transmission or receiving antennas shall be erected, placed or maintained on any part of a Lot or upon a structure thereon which shall exceed a height of four (4) feet above the highest point of the roof of the residential structure constructed upon such Lot. In addition, no dish apparatus intended for the reception of cable communication transmission shall be erected, placed or allowed to remain on any Lot. Satellite dishes shall be allowed provided they shall not exceed 18 inches in diameter.

Except as amended herein the Declaration and the First Amendment shall remain in full force and effect. The foregoing Second Amendment shall be incorporated within and become a part of the original Declaration, as amended by the First Amendment, and shall bind all Owners of any lot subject thereto.

RESOLVED FURTHER, that the Board of Directors and/or the corporate officers be, and they hereby are authorized and empowered to execute, deliver, certify and record any and all documents reasonably necessary to implement the foregoing amendments and to make them part of the public records of Orange County.

SECOND AMENDMENT TO DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR SPRING VALLEY

Prepared by
& Return to: Guido De Maere, P.A., P.O. Box 3591, Chapel Hill, NC 27515

STATE OF NORTH CAROLINA

COUNTY OF ORANGE

THIS SECOND AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR SPRING VALLEY ("Second Amendment") executed this _____ day of _____, 2005, is made and executed by the Spring Valley Homeowner's Association of Carrboro, Inc., a North Carolina non-profit corporation ("the Association");

WITNESSETH:

THAT WHEREAS, there was recorded that certain Declaration of Covenants, Conditions and Restrictions for Spring Valley on December 13, 1984 in Book 494, Page 461, Orange County Registry ("Declaration"); and

WHEREAS, there was recorded a First Amendment to Declaration of Covenants, Conditions and Restrictions for Spring Valley on January 23, 1985 in Book 500, Page 112, Orange County Registry (First Amendment); and

WHEREAS, its is in the best interests of the Spring Valley development, the Association and present and future Lot Owners to further said Declaration as previously amended; and

WHEREAS, the requirements for making an amendment to the Declaration are set forth in Sections 3 and 4 of Article X thereof; and

WHEREAS, a careful examination of the Association's membership roster and records shows that the following Second Amendment to the Declaration were approved by more than 75% of the Lot Owners;

NOW, THEREFORE, in consideration of the premises, the sum of TEN COLLARS (\$10.00) in hand paid and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto make and declare the following **Second Amendment to the Declaration**:

Section 6 of Article IV of the Declaration is hereby deleted and in lieu thereof the following new Section 6 is inserted :

Section 6. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots and annual assessments shall be due and payable and collected on an monthly basis; provided, however, annual and special assessments for all Lots owned by Declarant which are not occupied as a residence may be such lesser amount as may be fixed by the Board of Directors of the Association, but shall not be less than twenty-five percent (25%) of such assessments for other Lots. Special assessments may be collected on a quarterly basis.

Section 8 of Article IV of the Declaration is hereby deleted and in lieu thereof the following new Section 8 is inserted :

Section 8. Effect of Nonpayment of Assessments: Remedies of the Association. Any monthly installment of the annual assessment not paid within fifteen (15) days after the due date shall bear interest from the due date at the rate of six percent (6.0%) per annum and shall be subject to a late charge of Ten and NO/100 Dollars (\$10.00); the grace period for other assessments shall be thirty (30) days and the late charge Twnry-Five and NO/100 Dollars(\$25.00). The Association may bring an action at law against the Owner personally obligated to pay the same for such delinquent assessment, interest costs, late charges and reasonable attorney's fees of any such action, or foreclose the lien against the property. For purposes of this Section, the amount of delinquent assessment, plus accrued interest, shall be considered evidenced by this paragraph and therefore, evidence of indebtedness shall exist hereby. 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. ...

Section 5 of Article VI of the Declaration is hereby deleted and in lieu thereof the following new Section 5 is inserted :

Section 5. Driveways. All driveways shall be constructed of stone or shall be paved with asphalt or concrete.

Section 6 of Article VI of the Declaration is hereby deleted and in lieu thereof the following new Section 6 is inserted :

Section 6. Radio and Television Antennas. No exposed or exterior radio or television transmission or receiving antennas shall be erected, placed or maintained on any part of a Lot or upon a structure thereon which shall exceed a height of four (4) feet above the highest point of the roof of the residential structure constructed upon such Lot. In addition, no dish apparatus intended for the reception of cable communication transmission shall be erected, placed or allowed to remain on any Lot. Satellite dishes shall be allowed provided they shall not exceed 18 inches in diameter.

Except as amended herein the Declaration and the First Amendment shall remain in full force and effect. The foregoing Second Amendment shall be incorporated within and become a part of the original Declaration, as amended by the First Amendment, and shall bind all Owners of any lot subject thereto.

Pursuant to Section 4 of Article X of the Declaration, the Association, by authority of its Board of Directors and through its president and secretary, has certified that in excess of seventy-five percent (75%) of the Lot Owners of Spring Valley have approved this Second Amendment, and such certification is attached hereto as Attachment A and incorporated herein by this reference.

IN WITNESS WHEREOF, the said Association has caused this Second Amendment to be executed on its behalf by its duly authorized officers.

SPRING VALLEY HOMEOWNER'S ASSOCIATION OF CARRBORO, INC.
a North Carolina non-profit corporation

(Corporate Seal)

By: _____
President

Attest: _____
Secretary

NORTH CAROLINA
COUNTY OF _____

I, _____, a Notary Public for said County, State of North Carolina, do hereby certify that _____ personally appeared before me this day and acknowledged that he is _____ Secretary of Spring Valley Homeowner's Association of Carrboro, Inc., a North Carolina non-profit 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 _____ as its _____ Secretary.

Witness my hand and notarial seal this the _____ day of _____, 2005.

(SEAL)

Notary Public

My commission expires: _____

ATTACHMENT A

CERTIFICATION OF VALIDITY OF AMENDMENT TO COVENANTS

CONDITIONS AND RESTRICTIONS OF

SPRING VALLEY

By authority of its Board of Directors Spring Valley Homeowner's Association of Carrboro, Inc., hereby certifies that the foregoing instrument has been duly approved by the Owners of at least seventy-five percent (75%) of the Lots of Spring Valley and is, therefore a valid Amendment to the existing covenants, conditions and restrictions of Spring Valley.

This the _____ day of _____, 2005

SPRING VALLEY HOMEOWNER'S ASSOCIATION OF CARRBORO, INC.

By: _____
President

Attest: _____
Secretary

