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Second Amendment to the

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS**  
of  
**THE OAKS AT HOPE VALLEY TOWNHOMES**  
under provisions of Chapter 55A of the  
General Statutes of North Carolina,  
Recorded in Book 2284, Page 287, Durham County Registry  
Amended in Book 2326, Page 200, Durham County Registry

WILLIE L. COVINGTON  
REGISTER OF DEEDS  
DURHAM COUNTY, N.C.

THIS SECOND AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS is hereby made on the 29th day of October, 1997 by RRRTW Associates, the Declarant and sole owner of the property subject to this Declaration of Covenants, Conditions and Restrictions.

WITNESSETH:

WHEREAS, RRRTW Associates, the Declarant, did establish the Declaration of Covenants, Conditions and Restrictions of The Oaks at Hope Valley Townhomes (the "Declaration") by instrument recorded in Book 2284, Page 287, Durham County Registry; and,

WHEREAS, RRRTW Associates, the Declarant, did amend said Declaration by First Amendment recorded in Book 2326, Page 200, Durham County Registry; and,

WHEREAS, the Declarant, being the owner of more than ninety per cent (90%) of the Lots known as The Oaks at Hope Valley Townhomes now desires to further amend said Declaration, to increase the assessment set forth therein and to modify and change the insurance provisions contained in Article VI of said Declaration; and,

WHEREAS, Declarant has now substantially completed two (2) buildings and after consulting with the Property Manager has determined that Fifty-five and No/100 (\$55.00) Dollars per month per unit for homeowners' association dues will be required at the present time in order to satisfy the budget requirements and to establish a reserve for major maintenance, repairs and replacements; and,

WHEREAS, Declarant has determined that it would be more cost effective for the individual unit owners to obtain hazard (homeowners) insurance through the carrier of their choice; and,

WHEREAS, the proposed Amendment does not alter the percentage of ownership in Common Property appurtenant to any Lot, nor alter the basis for sharing common expenses and other apportionment of assessments which may be levied by the Association in accordance with the provisions hereof.

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NOW, THEREFORE, the Declarant, being the owner of more than ninety per cent (90%) of the Lots known as The Oaks at Hope Valley Townhomes, subject to that Declaration of Covenants, Conditions and Restrictions recorded in Book 2284, Page 287, Durham County Registry, as amended in Book 2326, Page 200, Durham County Registry, does hereby further amend said Declaration of Covenants, Conditions and Restrictions as follows:

(1) Section 4, "Maximum Annual Assessment," of Article IV, "Covenant for Maintenance Assessments," is hereby deleted in its entirety and the following is substituted in lieu thereof:

Section 4. Maximum Annual Assessment. Until January 1<sup>st</sup> of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be Six Hundred Sixty and No/100 (\$660.00) Dollars per Lot; provided, however, the Declarant may pay a reduced assessment on Lots owned by it of not less than twenty-five percent (25%) of the maximum annual assessment as established hereinabove. Declarant acknowledges and agrees that any Lot Owner or any persons who have an accepted contract for the purchase of a lot as of the date this Second Amendment is recorded in the Durham County Registry shall be exempt from this increased annual assessment through October 31, 1998, at which time such exempt owners or buyers shall automatically be required to pay the same assessment from that date forward as is being paid by all remaining Lot Owners.

(a) For the first year from and after January 1<sup>st</sup> of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased not more than ten percent (10%) above the maximum assessment initially established hereinabove.

(b) From and after the first year as described in Paragraph (a) above, the maximum annual assessment may be increased not more than five percent (5%) above the maximum assessment established in said Paragraph (a).

(c) From and after the first year as described in Paragraph (a) above, 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.

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

(2) Section 1, Section 2, and Section 3 of Article VI, "Insurance," is hereby deleted in their entirety and the following is substituted in lieu thereof:

Section 1. Insurance coverage on the Properties shall be governed by the following provisions:

(a) Ownership of Policies. All insurance policies upon the Common Area shall be purchased by the Association for the benefit of the Association.

(b) Coverage. All buildings and improvements located on the Common Area and all personal property owned by the Association and included in the Common Area shall be insured in an amount equal to one hundred per cent (100%) insurable replacement value as determined annually by the Association with the assistance of the insurance company providing coverage. Such coverage shall provide coverage against:

(i) Loss or damage by fire or other hazards covered by a standard extended coverage endorsement;

(ii) Such other risks as from time to time shall be customarily covered with respect to building on the land; and,

(iii) Such policies shall contain clauses providing for waiver of subrogation.

(c) Liability. Public liability insurance shall be secured by the Association with limits of liability of no less than One Million and No/100 (\$1,000,000.00) Dollars 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 determine from time to time to be desirable and necessary.

(d) Premiums. Premiums for insurance policies purchased by the Association shall be paid by the Association and charged to the Owners as an assessment in accordance with the provisions of Article IV.

(e) Individual Insurance. Each Owner, at his or her expense, shall insure the improvements on his or her Lot in an amount equal to one hundred per cent (100%) of the insurable replacement value as determined annually. The insurance coverage shall provide protection against loss or damage by fire and other hazards covered by a standard extended coverage endorsement. The insurance policy shall name the Association as an additional loss payee, as its interest may appear, and shall provide for a thirty (30) day notice to the Association prior to cancellation of said insurance. Each owner shall have his or her insurance company provide the Board of Directors of the Association with a certificate of insurance, showing satisfactory evidence that the required insurance coverage is in force, with premium paid, on an annual basis. In the event an Owner fails to maintain


the insurance coverage required under this Article, the Association may procure the insurance coverage and the cost of that coverage shall be assessed against the Owner's Lot and shall be added to, and become a part of, the annual maintenance assessment or charge under Article IV. In the event of damage or destruction by fire or other casualty to improvements located on a Lot, the Owner shall, with concurrence of the mortgagee, if any, and the Association, upon receipt of insurance proceeds, rebuild or repair the damaged or destroyed portions of the improvements to the condition that formerly existed.


(3) Except as specifically amended by this Second Amendment, the terms and provisions contained in the original Declaration of Covenants, Conditions and Restrictions of The Oaks at Hope Valley Townhomes recorded in Book 2284, Page 287, Durham County Registry, and the First Amendment to the Declaration of Covenants, Conditions and Restrictions of The Oaks at Hope Valley Townhomes recorded in Book 2326, Page 201, Durham County Registry, shall continue in full force and effect, and are hereby ratified by the Declarant.


(4) Jeff Stoddard, as Substitute Trustee, and Branch Banking and Trust Company, as holder of certain Promissory Notes secured by a Deed of Trust recorded in Book 2284, Page 287, Durham County Registry, as modified by Modification Agreement recorded in Book 2360, Page 882, Durham County Registry, join in the execution of this instrument for the purpose of consenting to this Second Amendment to Declaration of Covenants, Conditions and Restrictions.

IN TESTIMONY WHEREOF, the General Partners of RRRTW Associates, a North Carolina General Partnership, have hereunto set their hands and seals as of the day and year first above written, pursuant to the authority and procedures set forth in the Declaration of Covenants, Conditions and Restrictions recorded in Book 2284, Page 287, Durham County Registry.

RRRTW ASSOCIATES, a North Carolina General Partnership (SEAL)

By:  (SEAL)  
Richard B. Williams  
General Partner

By:  (SEAL)  
Russell N. Barringer, Jr.  
General Partner

By:  (SEAL)  
Townsend C. Stanford  
General Partner

By: Walker S. Stone (SEAL)  
Walker S. Stone  
General Partner

By: R. Roy Mitchell, Jr. (SEAL)  
R. Roy Mitchell, Jr.  
General Partner

Jeff Stoddard (SEAL)  
Jeff Stoddard, Substitute Trustee

BRANCH BANKING AND TRUST COMPANY

By: W. T. Spring  
Wice President

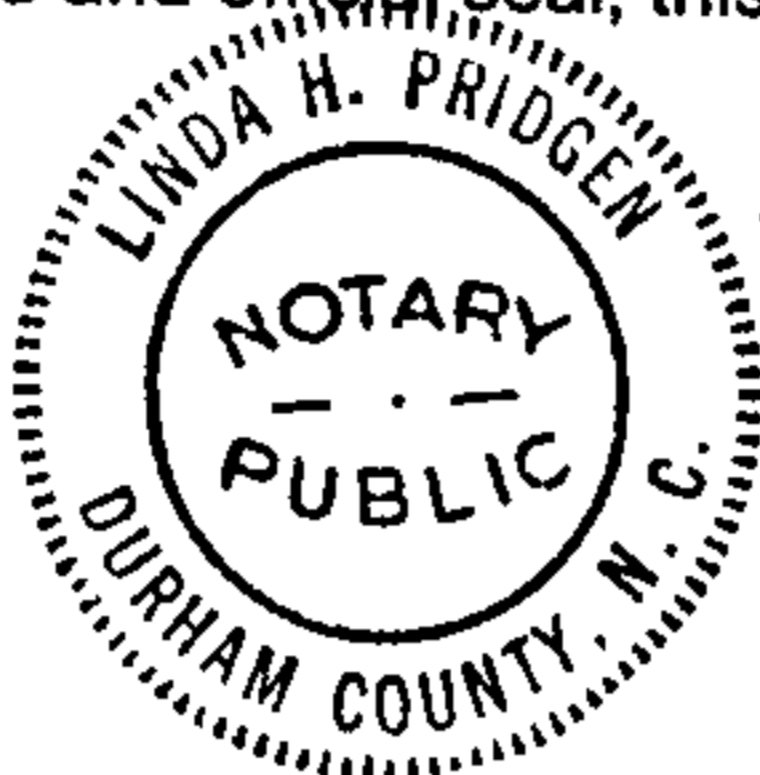
ATTEST  
Pamela A. Frost  
Secretary

STATE OF NORTH CAROLINA  
COUNTY OF DURHAM

I, Linda H. Pridden, a Notary Public of the County of Durham, State of North Carolina, do hereby certify that Richard B. Williams, Russell N. Barringer, Jr., Townsend C. Stanford, Walker S. Stone and R. Roy Mitchell, Jr., General Partners of RRRTW Associates, a North Carolina General Partnership, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and official seal, this the 29<sup>th</sup> day of October, 1997.

My Commission Expires:  
7-6-2001



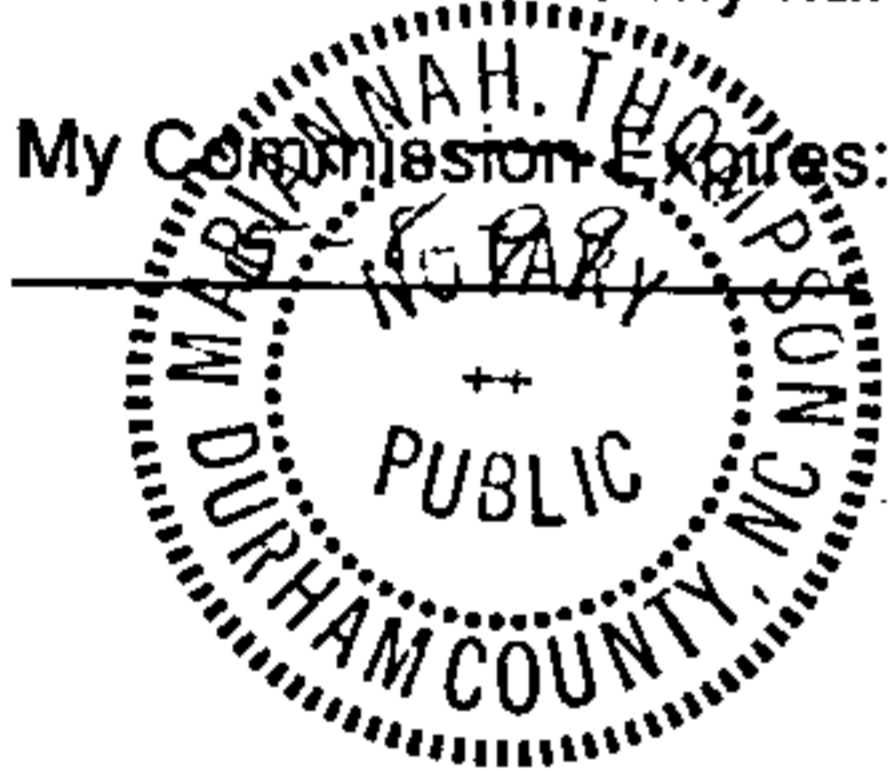
Linda H. Pridden  
Notary Public

STATE OF NORTH CAROLINA  
COUNTY OF DURHAM

I, Marianna H. Thompson, a Notary Public of the County of Durham, State of North Carolina, do hereby certify that Jeff Stoddard, Substitute Trustee, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and official seal, this the 30<sup>th</sup> day of October, 1997.

My Commission Expires:



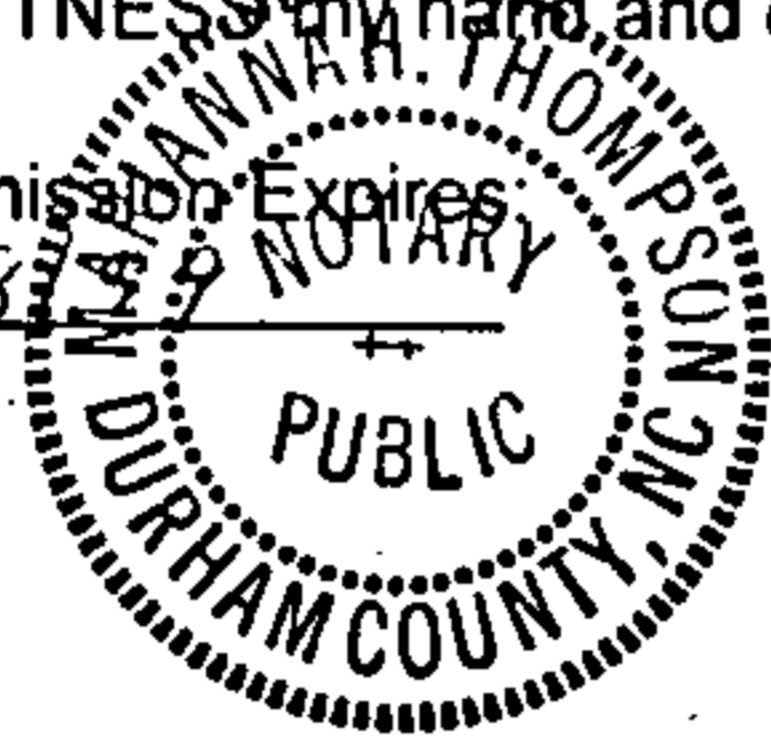
Marianna H. Thompson  
Notary Public

STATE OF NORTH CAROLINA  
COUNTY OF DURHAM

I, Marianna H. Thompson, a Notary Public of the County of Durham  
State of North Carolina, do hereby certify that Nancy G. Frost  
personally came before me this day and acknowledged that s he is the Asst.  
Secretary of Branch Banking and Trust Company, a North Carolina corporation, and that  
by authority duly given and as the act of the corporation, the foregoing instrument was  
signed in its name by its Vice President, sealed with its corporate seal, and  
attested by her self as its Asst Secretary.

WITNESS my hand and official seal, this the 30th day of October, 1997.

My Commission Expires  
5/8



Marianna H. Thompson  
Notary Public

State of North Carolina - Durham County -

The foregoing or annexed certificate(s) of Linda H. Bridger  
Marianna H. Thompson  
A Notary(Notaries) Public for the Designated Governmental  
units is(are) certified to be correct.

This the 5 day of Nov A.D. 1997  
WILLIE L. COVINGTON Willie L. Covington  
Register of Deeds By: Assistant / Deputy  
Register of Deeds