

**BYLAWS OF
THE SPRINGS AT OSCEOLA
PROPERTY OWNERS' ASSOCIATION, INC.**

**ARTICLE I
DEFINITIONS**

1.01 **Covenants**. As used herein, "**Covenants**" means the Declaration of Protective Covenants and Conditions of The Springs at Osceola, Section I, as recorded in the Office of the Clerk of the Circuit Court of Rockingham County, Virginia, in Deed Book 3798, page 656, as amended by the First Supplement and Amendment to Declaration of Protective Covenants and Conditions of The Springs at Osceola, as recorded in the aforesaid Clerk's Office in Deed Book 4832, page 343, and as further amended and supplemented from time to time.

1.02 **Other Definitions**. "Association Documents" mean the Covenants, the Articles of Incorporation, these Bylaws and any rules or governing documents of the Association, in each case as amended and supplemented from time to time. Unless otherwise defined herein, all capitalized terms have the meanings given to them in the Covenants.

**ARTICLE II
OFFICES**

The Association is a Virginia non-stock, non-profit corporation, with its principal office located at 2340 South Main Street, Harrisonburg, VA 22801 or such other location as the Board of Directors may designate from time to time. For mailing purposes, the Association may maintain a post office box or may designate the address of any officer as the mailing address of the Association during such officer's term of office. The Association may also have offices and may carry on its purposes at such other places within and outside the Commonwealth of Virginia as the Board of Directors of the Association may from time to time determine.

**ARTICLE III
MEMBERSHIP, VOTING, QUORUM AND PROXIES**

3.01 **Membership**. There shall be one Association Membership appurtenant to each Lot, as set forth in the Articles of Incorporation and the Covenants. Any Association Membership appurtenant to a Lot having more than one Owner shall be shared by such Owners, and each such Owner shall be a member of the Association.

3.02 **Voting Rights**. As to Association matters, there shall be two voting classes as set forth in the Articles of Incorporation and the Covenants. The Board of Directors may suspend the voting rights of any Member during any period of time when such Member is in default of such Member's obligations under the Association Documents, after notice and an opportunity to be heard in according with the Virginia Property Owners' Association Act.

3.03 **Quorum**. Except as otherwise required by law or the Articles of Incorporation, the presence in person or by proxy of Owners entitled to vote more than twenty percent (20%) of the total votes of the Owners holding memberships in each voting class shall constitute a

quorum. If a quorum is not obtained at two (2) successive member meetings, the quorum shall be reduced to ten percent (10%) of the total votes in each voting class.

3.04 Proxies. Votes may be cast in person or by proxy. Every proxy must be executed in writing by the Owner or his or her duly authorized attorney-in-fact. Such proxy shall be filed with the secretary of the Association before or at the time of the meeting. No proxy shall be valid after the expiration of eleven months from the date of its execution unless otherwise provided in the proxy. If a Lot is owned by more than one Owner, any such Owner may execute a proxy on behalf of all such Owners, and it will be conclusively presumed for all purposes that such Owner acted with the authority and consent of all Owners with whom such Owner shares the membership, unless objection thereto is made to the chairperson of the meeting at the time of the vote to which the proxy relates. If more than one proxy is executed for any particular membership and such proxies contain contrary instructions regarding any vote, no such proxy shall be counted and all such proxies shall be deemed null and void for purpose of the vote as to which such proxy conflict.

3.05 Ballots. When desired by the Board of Directors, there shall be sent with the notices of regular or special meetings of the Association, a statement of certain motions to be introduced for vote of the Members and a ballot on which each Member may vote "for" or "against" such motion. Each ballot which is presented at such meeting shall be counted as a vote as well as for purposes of satisfying quorum requirements for the particular ballot motion, but shall not be counted for quorum purposes as to issues not appearing on the ballot.

3.06 Majority Vote. At any meeting of the Owners, if a quorum is present, the affirmative vote of a majority of the votes represented at the meeting, in person or by proxy, of each voting class, shall be the act of the Owners, unless the vote of a greater number is required by law, the Articles of Incorporation, the Covenants or these Bylaws.

3.07 Election of Directors. In election of directors, each Member shall be entitled to as many votes as equals the total number of votes such Member is entitled to, based on the number of Lots owned. Each Member may cast the total number of votes to which such Member is entitled for each vacancy to be filled.

ARTICLE IV **ADMINISTRATION**

4.01 Annual Meeting. The annual meeting of the Owners shall be held on a date and at a time designated by the Board of Directors of the Association for the purpose of electing directors and for the transaction of such other business as may come before the meeting.

4.02 Special Meetings. Special meetings of the Owners, for any purpose, unless otherwise prescribed by statute, may be called by the president or by a majority of the directors of the Board of Directors, and shall be called by the president at the request of Owners entitled to vote twenty five percent (25%) or more of the total votes of all Owners holding memberships in Class A or by Declarant.

4.03 Place of Meeting. The Board of Directors may designate the Association's principal offices or any place within the Commonwealth of Virginia as the place for any annual meeting or for any special meeting called by the Board of Directors.

4.04 Notice of Meeting. Written or printed notice of any meeting of the Owners, stating the place, day and hour of the meeting, and as to special meetings the purpose or purposes for which the meeting is called, shall be delivered personally, by facsimile or e-mail or by mail to each Owner entitled to vote at such meeting not less than fourteen (14) nor more than sixty (60) days before the date of the meeting (except that notice of a members' meeting to act on an amendment of the Articles of Incorporation, a plan of merger, a proposed sale of assets pursuant to Virginia Code § 13.1-900 or the dissolution of the Association shall be given not less than twenty-five (25) nor more than sixty (60) days before the meeting), except when a different notice period is required by law. In the alternative, notice may be given by publication as permitted by applicable law. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, postage prepaid and addressed to the Owner at his or her address within the Subdivision or such other address as such Owner designates as the address for notice in a written notice to the secretary of the Association pursuant to Section 8.02 below. Electronic notice is allowed to the extent permitted under applicable law. For the purpose of determining Owners entitled to notice of or to vote at any meeting of the Owners, the Board of Directors may set a record date for such determination of Owners, in accordance with the laws of the Commonwealth of Virginia but no more than seventy (70) days before the meeting. If no record date is set for a meeting, then the record date shall be the close of business on the day before the date on which the first notice of the meeting is mailed by the Association.

If a meeting is adjourned to a different date, time or place, notice need not be given again if the new date, time or place is announced at the meeting before adjournment. However, if a new record date for an adjournment is fixed, notice of the adjourned meeting shall be given to members as of the new record date. A new record date shall be fixed for any meeting that is adjourned to a date more than 120 days after the date of the original meeting.

4.05 Informal Action by Owners. Any action required or permitted to be taken at a meeting of the Owners may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Owners entitled to vote with respect to the subject matter thereof (or any lesser percentage authorized by law, if applicable). Such consent shall have the same force and effect as a vote of the Owners.

4.06 Cumulative Voting. Cumulative voting shall not be allowed in the election of directors, or for any other purpose.

4.07 Member Lists. In connection with each member meeting, the Secretary of the Association shall compile and make available to Members a "member list" complying with the requirements of Section 13.1-845 of the Virginia Nonstock Corporation Act.

ARTICLE V **BOARD OF DIRECTORS**

5.01 Number, Tenure and Qualifications. The business and affairs of the Association shall be managed by a Board of Directors comprised of the number of directors set forth in the Articles of Incorporation (initially, being three directors). Each initial director shall be appointed by Declarant and shall serve until the first annual meeting of the Owners. At the initial election of directors by the Association's members, the person receiving the highest number of votes shall serve a term of three (3) years; the person receiving the next highest number of votes shall serve a term of two (2) years; and the person receiving the third highest number of votes shall serve a term of one (1) year. Thereafter, all directors elected shall serve for a term of three (3) years. Each director shall hold office until the election and qualification of his or her successor or until his or her earlier death, resignation or removal. Directors need not be Members of the Association, but if a candidate for election as a Director is not a Member then that must be disclosed to the Members for purposes of the election.

5.02 Powers. Except as provided in the Covenants, the Articles and these Bylaws, the Board of Directors may act on behalf of the Association in all instances. By resolution, the Board of Directors may delegate portions of its authority to an executive committee or other committees, or to officers, agents, employees or managers of the Association. No such delegation shall relieve the Board of Directors of ultimate responsibility for management of the Association's affairs.

5.03 Resignation. Any Director may resign at any time by giving written notice to the Board of Directors or the President. Such resignation shall take effect on receipt of written notice by the Association, unless an effective time is set forth in such notice, in which event such resignation shall take effect at the time specified. Unless otherwise specified in a resignation notice, the acceptance of such resignation shall not be necessary to make it effective.

5.04 Removal. At any regular or special meeting of the Association's Members where the meeting notice states that the purpose or one of the purposes of the meeting is to vote on the removal of one or more of the Directors, such director or directors may be removed, with or without cause, and a successor may then and there be elected to serve for the unexpired term of the removed director, in each case by a majority of the votes in each class entitled to be cast and represented in person or by proxy at such meeting. Notwithstanding the foregoing, Declarant has the exclusive right to remove any director appointed by Declarant.

5.05 Vacancies. Any vacancy occurring on the Board of Directors by reason of resignation, incapacity or death may be filled by the affirmative vote of a majority of the directors then in office though less than a quorum. A director elected to fill a vacancy or newly created directorship shall hold office until the next annual meeting of the Owners or until his successor is duly elected or appointed and qualified.

5.06 Managing Agent. The Board of Directors may employ a licensed manager or managing agent, or both, for the Association at a compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall authorize. If, and to the extent that, the Board of Directors delegates its powers relating to the collection, deposit,

transfer or disbursement of Association funds to a manager or managing agent, or both, such manager or managing agent, or both shall:

- (a) maintain fidelity insurance coverage or a bond in an amount established by the Board of Directors;
- (b) maintain all funds and accounts of the Association separate from the funds and accounts of any other associations managed by the manager or managing agent, and maintain all reserve accounts of each association so managed separate from operational accounts of the Association; and
- (c) have prepared and present to the Association an annual accounting for Association funds and a financial statement, which accounting and financial statement shall be prepared by the managing agent, a public accountant, or a certified public accountant.

5.07 Regular Meetings. Regular meetings of the Board of Directors may be held without call or formal notice at such places within the Commonwealth of Virginia, and at such times as the Board of Directors from time to time by vote may determine. Any business may be transacted at a regular meeting. The regular meeting of the Board of Directors for the election of officers and for such other business as may come before the meeting may be held without call or formal notice immediately after, and at the same place as, the annual meeting of Owners, or any special meeting of Owners at which a member of the Board of Directors is elected.

5.08 Special Meetings. Special meetings of the Board of Directors may be held at any place within the Commonwealth of Virginia at any time when called by the president, or by two or more directors, upon the giving of at least three days' prior written notice of the time and place thereof to each director by leaving such notice with him or her or at his or her residence or usual place of business, or by mailing, emailing or facsimile transmittal, prepaid, and addressed to him or her at his or her post office address, email address or facsimile number as it appears on the books of the Association. No notice of any adjourned meeting of the directors shall be required.

5.09 Quorum. A majority of the number of directors fixed by the Articles of Incorporation, as amended from time to time, shall constitute a quorum for the transaction of business, but a lesser number may adjourn any meeting. When a quorum is present at any meeting, a majority of the directors in attendance shall, except where a larger number is required by law, the Covenants, the Articles of Incorporation or these Bylaws, decide any question brought before such meeting.

5.10 Waiver of Notice. Before, at or after any meeting of the Board of Directors, any director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board of Directors shall be a waiver of notice by him or her except when such director attends the meeting for the express purpose of objecting to the transaction of business because the meeting is not lawfully called or convened.

5.11 Informal Action by Directors. Any action required or permitted to be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the

action so taken, shall be signed by all of the directors entitled to vote with respect to the subject matter thereof (or such lesser percentage as is permitted by law). Such consent shall have the same force and effect as a vote of the directors.

5.12 Open Meetings. To the extent required by the Virginia Property Owners' Association Act, meetings of the Board of Directors shall be open to all Members, and at each meeting, a period of time shall be designated to allow Members an opportunity to comment on any matter relating to the Association (or as to special meetings, the topics on the agenda for that meeting), subject to reasonable rules adopted by the Board of Directors. Meeting minutes shall be available for review by Members (subject to certain matters that may be held confidential or discussed in executive session in accordance with such Act). Notice of the time, date and place of each meeting of the Board of Directors shall be published where it is reasonably calculated to be available to a majority of Members and shall be sent by mail or e-mail to any Member requesting such notice. Any Member may request in writing to be notified on a continual basis of director meetings, but such request shall be valid for one year only, unless renewed in writing.

5.13 Compensation. Directors shall not receive compensation for their services, but by resolution of the Board of Directors, any or all Directors may be reimbursed for actual expenses incurred in the performance of his or her duties. Nothing in these Bylaws shall preclude any Director from serving the Association in any other capacity and receiving compensation for such service.

5.14 Annual Budget. At least sixty (60) days prior to the first day of each fiscal year, the Board of Directors shall prepare and make available to all Members a budget outlining anticipated receipts and expenses for the coming fiscal year, including reserves. The financial books of the Association shall be kept in accordance with generally accepted accounting principles and shall be available for inspection by Members at all reasonable times.

ARTICLE VI OFFICERS AND AGENTS

6.01 General. The officers of the Association shall be a president (who shall be chosen from among the members of the Board of Directors), one or more vice presidents (not required), a secretary and a treasurer. The Board of Directors shall appoint these officers and may appoint such other officers, assistant officers, committees and agents, including assistant secretaries and assistant treasurers, as they may consider necessary or advisable, which officers and/or assistant officers shall be chosen in such manner and hold their offices for such terms and have such authority and duties as from time to time may be determined by the Board of Directors. One person may hold any two offices, except that no person may simultaneously hold the offices of president and secretary. In all cases where the duties of any officer, agent or employee are not prescribed by the Bylaws or by the Board of Directors, such officer, agent or employee shall follow the orders and instructions of the president.

6.02 Removal of Officers. The Board of Directors may remove any officer, either with or without cause, and elect a successor at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose.

6.03 Vacancies. A vacancy in any office, however occurring, shall be filled by the Board of Directors for the unexpired portion of the term.

6.04 President. The president shall be the chief executive officer of the Association. He or she shall preside at all meetings of the Association and of the Board of Directors, and shall oversee the affairs and business of the Association and cause general supervision of its officers, agents and employees. The president of the Association is designated as the officer with the power to prepare, execute, certify and record amendments to the Covenants on behalf of the Association.

6.05 Vice Presidents. The vice presidents, if any, shall assist the president and shall perform such duties as may be assigned to them by the president or by the Board of Directors. In the absence of the president, the vice president designated by the Board of Directors or (if there be no such designation) designated in writing by the president shall have the powers and perform the duties of the president. If no such designation shall be made, all vice presidents may exercise such powers and perform such duties.

6.06 Secretary. The secretary shall:

(a) keep the minutes of the proceedings of the Owners and the Board of Directors;

(b) see that all notices are duly given in accordance with the provisions of these Bylaws, the Covenants and as required by law;

(c) be custodian of the corporate records and of the seal of the Association and affix the seal to all documents when authorized by the Board of Directors;

(d) keep at the Association's principal offices a record containing the names and registered addresses of all Owners, the designation of the Lot owned by each Owner, and, if such Lot is mortgaged and the Association has received written notice of such mortgage from the Mortgagee, the name and address of such Mortgagee; and

(e) in general, perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him or her by the president or by the Board of Directors. Assistant secretaries, if any, shall have the same duties and powers, subject to supervision by the secretary.

6.07 Treasurer. The treasurer shall be the principal financial officer of the Association and shall have the care and custody of all funds, securities, evidences of indebtedness and other personal property of the Association and shall deposit the same in accordance with the instructions of the Board of Directors. He or she shall receive and give receipts for moneys paid in on account of the Association, and shall pay out of the funds on hand all bills, payrolls and other just debts of the Association, upon maturity, to the extent shown in an approved budget or approved by the Board of Directors. He or she shall perform all other duties incident to the office of the treasurer and, upon request of the Board of Directors, shall make such reports to it as may be required at any time. He or she shall, if required by the Board of Directors, give the

Association (at Association expense) a bond in such sums and with such sureties as shall be satisfactory to the Board of Directors, conditioned upon the faithful performance of his or her duties and for the restoration to the Association of all books, papers, vouchers, money and other property of whatever kind in his or her possession or under his or her control belonging to the Association. The treasurer shall have such other powers and perform such other duties as may be from time to time prescribed by the Board of Directors or the president. The assistant treasurers, if any, shall have the same powers and duties, subject to the supervision of the treasurer and the same bonding requirements as apply to the treasurer unless otherwise approved by the Board of Directors.

ARTICLE VII **RIGHTS AND OBLIGATIONS OF THE OWNERS**

Each Owner shall have the rights, duties and obligations set forth in the Covenants, the Articles of Incorporation and these Bylaws.

ARTICLE VIII **EVIDENCE OF OWNERSHIP, REGISTRATION OF** **MAILING ADDRESS AND LIEN HOLDERS**

8.01 Proof of Ownership. Except for those Owners who initially contracted to purchase a Lot from Declarant, any person on becoming an Owner shall furnish to the Association a photocopy or a certified copy of the recorded instrument vesting that person with an ownership interest in the Lot. Such copy shall remain in the files of the Association. The Association may deem an Owner not to be in good standing and preclude such Owner from voting at any annual or special meeting of Owners unless this requirement is first satisfied.

8.02 Registration of Mailing Address. The address of the Lot owned by a given Owner or group of Owners shall be used as the registered address for purposes of notice to such Owner(s), unless such Owner(s) furnish to the secretary of the Association a written notice setting forth another address as the registered address.

8.03 Address of the Association. The address of the Association shall be the address designated by the Board of Directors from time to time. Such address may be changed from time to time upon written notice to all Owners, or in the alternative, by recordation of a statement of address in the Office of the Clerk of the Circuit Court of Rockingham County, Virginia.

ARTICLE IX **SECURITY INTEREST IN MEMBERSHIP**

Owners entitled to vote shall have the right irrevocably to constitute and appoint a Mortgagee their true and lawful attorney-in-fact to vote their Membership in the Association at any and all meetings of the Association and to vest in the Mortgagee any and all rights, privileges and powers that they have as Owners under the Articles and these Bylaws or by virtue of the Covenants. Such proxy shall become effective upon the filing of notice by the Mortgagee with the secretary of the Association at such time or times as the Mortgagee shall deem its security in jeopardy by reason of the failure, neglect or refusal of the Association, the Board of

Directors or the Owners to carry out their duties as set forth in the Covenants. A release of the Mortgage covering the subject Lot shall operate to revoke such proxy. Nothing herein contained shall be construed to relieve Owners, as mortgagors, of their duties and obligations as Owners or to impose upon the Mortgagee the duties and obligations of an Owner.

ARTICLE X **AMENDMENTS**

10.01 By Directors. Except as limited by law, the Articles, the Covenants or these Bylaws, the Board of Directors shall have power to make, amend and repeal the Bylaws of the Association at any regular meeting of the Board of Directors or at any special meeting called for that purpose at which a quorum is represented. If, however, the Owners entitled to vote shall make, amend or repeal any Bylaw, the directors shall not thereafter amend the same in such manner as to defeat or impair the object of the Owners in taking such action.

10.02 Owners. The Owners may make, alter, amend or repeal the Bylaws of the Association at any annual meeting or at any special meeting called for that purpose at which a quorum shall be represented, by the vote of the holders of at least sixty-seven percent (67%) of the votes of the Members entitled to vote, unless a greater percentage is expressly required by law, the Articles, the Covenants or these Bylaws.

ARTICLE XI **MISCELLANEOUS**

11.01 Corporate Seal. The Association may have a corporate seal, which shall be in such form as may be approved by the Board of Directors.

11.02 Fiscal Year. The fiscal year of the Association shall be such as may from time to time be established by the Board of Directors.

11.03 Construction with Other Documents. The provisions of the Covenants and the Articles shall control in the event of an irreconcilable conflict with the provisions of these Bylaws. The Rules and Regulations issued by the Board of Directors, as such Rules and Regulations may be amended or supplemented from time to time, are incorporated herein.

The foregoing Bylaws were adopted by the Board of Directors by unanimous consent effective as of _____, 2017.

ARTICLES OF INCORPORATION
OF
THE SPRINGS AT OSCEOLA PROPERTY OWNERS' ASSOCIATION, INC.

The undersigned Incorporator hereby establishes a non-stock, non-profit corporation subject to the requirements of the laws of the Commonwealth of Virginia, pursuant to the provisions of Chapter 10 of Title 13.1 of the Code of Virginia, 1950, as amended, and to that end, hereby adopts Articles of Incorporation as follows:

ARTICLE I
Name

The name of the Corporation shall be "THE SPRINGS AT OSCEOLA PROPERTY OWNERS' ASSOCIATION, INC." (the "Association").

ARTICLE II
Definitions

Any capitalized terms used in these Articles that are not defined in these Articles have the meanings given to them in the Declaration of Protective Covenants and Conditions of The Springs at Osceola, Section I, as recorded in the Office of the Clerk of the Circuit Court of Rockingham County, Virginia, in Deed Book 3798, page 656, as amended by the First Supplement and Amendment to Declaration of Protective Covenants and Conditions of The Springs at Osceola, as recorded in the aforesaid Clerk's Office in Deed Book 4832, page 343, and as further amended and supplemented from time to time (the "Declaration").

ARTICLE III Members

3.01 Membership. There shall be one Association Membership appurtenant to each Lot within the Property as it may be expanded in accordance with the Declaration (the "Subdivision"). The Association Membership appurtenant to a Lot shall be held by the Owner(s) of that Lot, may not be separated from the Lot to which it is appurtenant, and shall transfer with the transfer of ownership of a Lot. Any Association Membership appurtenant to a Lot having more than one Owner shall be shared by such Owners, and each such Owner shall be a Member of the Association.

3.02 Voting. There shall be two voting classes of Association Membership: (i) "Class A" Members shall be all Owners other than Declarant, and shall be entitled to one vote for each Lot owned, and (ii) "Class B" Member shall be Declarant, which shall be entitled to five votes for each Lot owned. The Class B Membership shall cease and be converted to a Class A Membership as provided in Section 4.2 of the Declaration. If a Lot is owned by more than one Person, then the vote appurtenant to that Lot's Membership shall be shared by such Owners as provided in the Bylaws.

ARTICLE IV Registered Office and Agent

The initial registered office of the Association shall be located at 90 N. Main Street, Suite 201, Harrisonburg, Virginia 22802, within the City of Harrisonburg, Virginia. The name of the initial registered agent, whose business office address is Lenhart Pettit, 90 N. Main Street, Suite 201, Harrisonburg, Virginia 22802, shall be Lisa Anne Hawkins, who is a

member of the Virginia State Bar and a resident of the Commonwealth of Virginia. The Board of Directors of the Association may change the registered agent at any time.

ARTICLE V Board of Directors

5.01 Composition of Board of Directors. The business and affairs of the Association shall be controlled, conducted and managed by its Board of Directors, to be comprised of at least three but no more than seven members. The initial Board of Directors shall have three members, all of whom shall be appointed by the Declarant and shall serve until the first annual meeting of the Association, at which time their successors shall be duly elected. The initial Directors will be Michael W. Pugh, Gary R. Crummett, and Mensel D. Dean, Jr.

5.02 Power and Authority. Except as otherwise provided by law or these Articles, the Board of Directors may act on behalf of the Association in all instances. The Board of Directors may not act on behalf of the Association to: (a) amend the Declaration; (b) terminate the legal status of the Association or the Subdivision; (c) elect members of the Board of Directors, other than to fill a vacancy for the unexpired portion of the term of a member of the Board of Directors as provided in these Articles or the Bylaws; or (d) determine the qualifications, powers, duties, or terms of office of members of the Board of Directors.

5.03 Resignations. Any director may resign at any time by giving written notice to the Board of Directors or the President. Such resignation shall take effect on receipt of written notice by the Association, unless an effective time is set forth in such notice, in which event such resignation shall take effect at the time specified. Unless otherwise specified in a resignation notice, the acceptance of such resignation shall not be necessary to make it effective.

resignation notice, the acceptance of such resignation shall not be necessary to make it effective.

5.04 Removal. At any regular or special meeting of the Association's Members where the meeting notice states that the purpose or one of the purposes of the meeting is to vote on the removal of one or more directors, such director or directors may be removed, with or without cause, and a successor may then and there be elected to serve for the unexpired term of the removed director, in each case by a majority of the votes entitled to be cast and represented in person or by proxy at such meeting.

5.05 Vacancies. Any vacancy occurring on the Board of Directors by reason of resignation, incapacity or death may be filled by the affirmative vote of a majority of the directors then in office though less than a quorum. A director elected to fill a vacancy or newly created directorship shall hold office until the next annual meeting of the Owners or until his successor is duly elected and qualified.

ARTICLE VI Purpose and Powers

6.01 Purpose and Powers. The Association shall not have as its purpose the pursuit of pecuniary gain or distribution of profit to its Members. Instead, the purpose of the Association is to manage and govern the Subdivision as a "homeowners association", by serving as the entity:

(a) for the proper organization and administration of the exercise of all the powers, privilege, duties and obligations of the Association as set forth in the Declaration and the governing documents of the Association with respect to all or any portion of the Subdivision;

and

(b) for the proper organization and administration of the exercise of all of the powers, privileges, duties and obligations of the Association as set forth in the Virginia Nonstock Corporation Act, Virginia Code Sections 13.1-801 et seq., as it may be amended from time to time, and the Virginia Property Owners' Association Act, Virginia Code Sections 55-508 et seq. (as the same may be amended from time to time, the "Act").

6.02 Restrictions on Purposes and Powers. The purposes and powers of the Association described above are subject to the following limitations:

(a) The Association shall be organized and operated exclusively for nonprofit purposes.

(b) No part of the net earnings of the Association shall inure to the benefit of any Owner, except as expressly permitted below with respect to the dissolution of the corporation.

(c) The Association shall not pay any dividends. No distribution of the corporation's assets to Owners shall be made until all of the corporation's debts are paid, and then only upon the final dissolution of the corporation as approved in accordance with applicable law. Upon payment of all of the corporation's debts and final dissolution, any remaining assets of the corporation shall be distributed among the Owners on a per-Lot basis, with each Lot receiving an equal share.

ARTICLE VII Limitation of Liability and Indemnification

7.01 Limitation of Liability. To the fullest extent permitted by law, a director or officer of the Association shall not be liable to the Association for any monetary damages.

Any repeal or modification of this paragraph shall be prospective only and shall not adversely affect any right or protection of a director existing at the time of such repeal or modification.

7.02 Indemnification. To the fullest extent permitted by law, the Association shall indemnify a director or officer of the Corporation who is or was a party to any proceeding by reason of the fact that he or she is or was such a director or officer, or is or was serving at the request of the Association as a director, officer, manager, employee or agent, against all liabilities and expenses incurred in the proceeding except such liabilities and expenses as are incurred because of his or her willful misconduct or knowing violation of criminal law.

7.03 Advances and Reimbursement of Expenses. Unless a determination has been made that the indemnification is not permissible, the Association may make advances and reimbursements for expenses incurred by a director or officer in a proceeding upon receipt of an undertaking from him or her to repay the same if it is ultimately determined that the director or officer is not entitled to indemnification.

7.04 Insurance. The Association may purchase and maintain insurance to indemnify it against the whole or any portion of the liability assumed by it in accordance with this Article and may also procure insurance, in such amounts as the Board of Directors may determine, on behalf of any person who is or was a director, officer, employee, or agent of the Association, against any liability asserted against or incurred by any such person in any such capacity or arising from his or her status as such, whether or not the Association would have power to indemnify him against such liability under the provisions of this Article.

7.05 Former Directors and Officers. References herein to directors, officers, employees or agents shall include former directors, officers, employees and agents and their respective heirs, executors and administrators.

ARTICLE VIII Dissolution

The Association may not be dissolved unless the Declaration is terminated or revoked by the required percentage of votes of the Members acting at a duly called meeting where the issue of dissolution has been specifically placed on the agenda for a planned vote, including the approval of Declarant so long as Declarant owns any Lot or any portion of the Expansion Property, and notice thereof has been provided as required by law. Upon the dissolution of the Association, the Board of Directors shall, after making provision for the payment of all of the liabilities of the Association, dispose of all of the assets of the Association exclusively for the purposes of the Association by the conveyance of common areas to any nonprofit corporation or association to be devoted to the purposes and uses that most nearly reflect the purposes and uses to which they were required to be devoted by the Association, or in the absence of such a successor, in such manner as the Board of Directors shall determine, which may include distribution of the common areas, if any, to the Lot Owners, in kind, with each Lot taking an equal share subject to common use easements providing for the sharing of expenses and related matters in keeping with the intent of the Declaration.

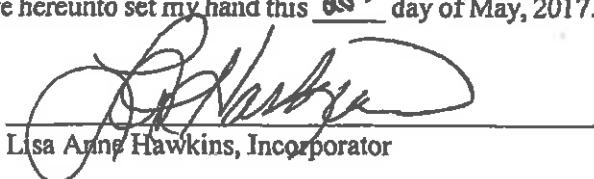
ARTICLE IX
Amendment

These Articles of Incorporation may be amended only by vote of the Members in accordance with the provisions of Section 13.1-886 of the Virginia Code, as it may be amended. At the time of adoption of these Articles, such Section of the Virginia Code requires that an amendment to these Articles (a) must be recommended by the Board of Directors unless it determines because of conflicts of interests or other special circumstances, it should make no recommendation and communicates the basis for its determination to the members with the amendment, and (b) must be approved by more than two-thirds of the Class A votes and two-thirds of the Class B votes cast on the proposed amendment at a meeting at which a quorum exists, provided that the Board of Directors may condition its recommendation upon approval by a higher percentage of votes.

ARTICLE X
Duration

The period of duration of the corporation is unlimited.

IN WITNESS WHEREOF, I have hereunto set my hand this 23rd day of May, 2017.



Lisa Anne Hawkins, Incorporator

ARTICLE 1 Definitions

"Association" means The Springs at Osceola Property Owners' Association, Inc., a non-stock, non-profit corporation, its successors and assigns.

"Board of Directors" means the executive organ of the Association elected or appointed pursuant to the Association's Bylaws.

"Common Area" means any real property (including any improvements thereon) owned or to be owned by the Association for the common use and enjoyment of the Owners and any and all personal property or facilities owned or required to be maintained by the Association. The Association shall maintain all Common Area. The Common Area shall specifically include, but not be limited to any gazebo or decorative landscaping contained within said Common Area. The Common Area shall also include any agility trail through the Property, which shall be owned and maintained by the Association. The Common Area is more particularly described on the Plat and expressly includes an area designated on the Plat as "Open Space."

"Declarant" means Pleasant Run LC, a Virginia limited liability company, its successors and assigns, but only to the extent that any of the rights, reservations, easements, interests, exemptions, privileges and powers of the Declarant are specifically assigned or transferred to such successors or assigns by recorded instrument.

"Expansion Property" has the meaning given to it in the Recitals above.

"Lot" shall mean and refer to any residential lot shown upon the Plat (or any future lot platted on the Expansion Property if such lot is expressly made subject to these restrictions by Declarant by recorded instrument).

"Member" mean the Class A and B members of the Association as described in Article 4 below.

"Mortgagee" means the holder of any recorded mortgage, or the party secured or beneficiary of any recorded deed of trust, encumbering one or more of the Lots. "Mortgage," as used herein, shall include deeds of trust. "First Mortgage" shall mean a Mortgage secured by a Lot with priority over other mortgages. "First Mortgagee" as used herein, shall mean the holder of a First Mortgage. As used in the Declaration, the term "Mortgagee" shall mean any mortgagee and shall not be limited to institutional mortgagees. As used in this Declaration, the term "institutional mortgagee" or "institutional holder" shall include banks, trust companies, insurance companies, mortgage insurance companies, savings and loan associations, trusts, mutual savings banks, credit unions, pension funds, mortgage companies, Federal National Mortgage Association ("FNMA"), Federal Home

Loan Mortgage Corporation ("FHLMC"), all corporations and any agency or department of the United States Government or of any state and municipal government.

"Owner" means the record owner or owners of a fee simple title to any Lot, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

"Plat" has the meaning given to it in the Recitals above.

"Property" has the meaning given to it in the Recitals above.

"Single Family" shall mean and refer to a single housekeeping unit which includes not more than three (3) adults who are not legally related by marriage, blood, or adoption.

ARTICLE 2 Use and Occupancy Restrictions

2.1 Each Lot shall be used for single-family residential purposes and for no other purpose. Single-family purposes shall include leases for a term of longer than six months for residential use by a single family, but shall not include short-term rental of property for a term of less than six months or on a basis that is similar to a boarding house, bed and breakfast or other lodging operation. Notwithstanding the foregoing, the use of a portion of a residential dwelling for home office purposes is permitted if such use does not create undue noise or undue customer or client traffic, as determined by the Association in its sole discretion, subject to applicable zoning ordinances of Rockingham County, Virginia. Neither this paragraph nor any other provision of this Declaration shall prohibit the Declarant or its agents from using any Lot or any dwelling unit on the Property as a model home and/or sales office.

2.2 No structures or buildings of a temporary character (except a sales facility or construction trailer for Declarant's use in selling or developing Lots), nor any mobile home, house trailer, tent, shack, shed, outbuilding or other such structure shall be placed or used on any Lot, either temporarily or permanently, without prior written approval of the Architectural Review Committee, which approval may be withheld in the Committee's sole discretion. No trailer, double wide, basement, tent, shack, barn or other outbuilding erected on any Lot shall at any time be used as a residence, temporarily or permanently, nor shall any residence of a temporary character be permitted. No house trailer shall be permitted on any Lot at any time. Each Lot may be improved with one single-family residence and customary appurtenances thereto (such as sheds and garages); No townhouse, duplex or other multi-family structure shall be constructed on any of the Lots. Temporary construction trailers are permitted during construction.

2.3 No building or other structures or improvements shall be erected, placed, or altered on any Lot until construction plans and application, and a plat showing the location of the structure have been submitted in writing and approved by the Architectural Review Committee as to external design and materials, harmony of external design with existing structures and as to location on the Lot, including all setbacks. No fence, wall, dog kennels, swimming pool, or accessory buildings shall be erected, placed or altered on any of Lot unless similarly approved. No wall, fence or hedge exceeding three feet (3') in height shall be constructed or planted forward of the front elevation of any dwelling. No chain link fences or metal storage buildings may be constructed on any Lot. Flags larger than 3 feet by 5 feet must be approved by the ARC (including location, size and appearance), except that the flag of the United States of America may be displayed consistent with the provisions of the Federal Flag Code and any rule or custom pertaining to proper display or use of the American flag to the full extent permitted under the Freedom to Display the American Flag Act.

2.4 The Architectural Review Committee ("ARC") shall review and have the authority to approve or disapprove all proposed Buildings, structures, landscaping plans, exterior lighting and other improvements to be erected, placed or altered on any Lot. The ARC shall consist of the Declarant and two (2) others approved by the Declarant. The Declarant shall have the right to appoint the members of the ARC until the date the Declarant conveys the last Lot in the Property and Expansion Property. Thereafter, the Owners shall select the three (3) members of the ARC by vote of Owners of a majority of the Lots, with each Lot entitled to cast one (1) vote for each position to be filled. Such election may be called by any Owner by giving thirty (30) days written notice to all other Owners at their individual addresses of record. The ARC has thirty (30) days to note their approval or disapproval, with the same being in writing to the Owner(s) involved.

2.5 The Architectural Review Committee shall have full, absolute and complete discretion to approve or disapprove proposed buildings, structures and improvements, to include square footage and roof pitches, on any Lot and in the exercise of its discretion said Committee shall not be bound to approve any proposed structures solely because such comply with the other restrictions and covenants herein contained or are equal in cost or value to buildings and improvements on other Lots. Dwellings must include a paved or concrete driveway. Said committee shall also have the further discretion to approve any proposed buildings or improvements on any of said Lots even though said improvements do not meet the requirements of the other provisions of this instrument, if in the discretionary opinion of the ARC, such variances will not adversely affect the value of the adjoining property. In no event, however, shall said Committee be empowered to permit any use of said Lots other than as provided in paragraph 2.1 above.

2.6 No residence or other building shall be constructed upon any Lot nearer the front of said Lot or nearer the other boundaries of said Lot than the distance set forth in the zoning ordinance of the governmental body having jurisdiction over the real estate as outlined in Article 2, Section 2.3 above.

2.7 No dwelling shall be permitted to be erected on any Lot unless adequate provisions for off-street parking for at least two (2) vehicles are provided upon such Lot.

2.8 No dwelling shall be erected or placed on said lot which has an exterior construction of concrete block aggregate, basement and foundation walls excepted, and exposed foundation or basement walls shall have stucco, brick or stone.

2.9 The exterior of any dwelling or accessory structure on any Lot shall be completed within twelve (12) months after start of construction.

2.10 Unless lesser square footage is approved in advance, in writing, by the ARC: (a) one-story dwellings constructed on any Lot shall have a minimum of 2,500 square feet of finished heated floor area on the first floor, and (b) two-story dwellings constructed on any Lot shall have a minimum of 3,000 square feet of heated area on both floors.

2.11 No sign of any kind shall be displayed to the public view on any Lot except one sign of not more than five (5) square feet advertising the property for sale or rent, or signs used by the builder to advertise the property during construction. One sign not exceeding one-half (1/2) square foot displaying the name of the owner of the property shall be permitted on any Lot.

2.12 Satellite television antennas, commonly known as "dishes" shall be permitted upon approval of style and placement by the Architectural Review Committee in keeping with the regulations of the Federal Communications Commission regarding such approvals.

2.13 No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot, except that dogs, cats or other household pets may be kept provided they are not kept, bred, or maintained for any commercial purpose and do not constitute a nuisance as determined by the Board of Directors of the Association after a hearing allowing for presentation of evidence by the Owner of such animal and other interested persons.

2.14 No unlicensed, stripped down, partially wrecked, or junk motor vehicle or sizable part thereof, shall be permitted to be parked on any street or any Lot in such manner as to be visible to the occupants of other Lots or to the users of any street or road. No commercial vehicle or truck larger than three-quarter (3/4) ton shall be parked for overnight (or longer) storage on any street or on any Lot in such a manner as to be visible to the occupants of other Lots or the users of any street or road, except those vehicles which will be necessary during the actual period of construction. All boats, equipment, campers and or recreational vehicles must be stored in a garage or other structure approved by the ARC.

2.15 All lots, whether occupied or unoccupied, and any improvements placed thereon, shall at all times be maintained in such a manner as to prevent their becoming unsightly by reason of unattractive growth on such lot or the accumulation of rubbish or

debris thereon.

2.16 No Lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage or other waste shall be kept in sanitary and closed containers, and all other containers shall be appropriately screened from view of any street or road on which any of said Lots front. Lots shall be mowed and properly maintained at all times.

2.17 No Lot shall be re-subdivided into smaller lots, nor shall any portion of any Lot be sold and conveyed by the owner thereof without the prior approval of the Architectural Review Committee. The right to approve such re-subdivision of Lots and to relocate lot lines of any unsold Lots is reserved to the Architectural Review Committee to Declarant and to the County of Rockingham.

2.18 Easements for drainage and for the installation, repair, replacement and maintenance of underground water and sewer pipes and mains and for overhead or underground utilities lines are reserved to Declarant and its assigns over, through, across and around the strips of land designated on the Plat (and any future plat of any portion of the subdivision made subject to this Declaration) as drainage and utility easements for a width of ten feet (10'), unless noted for a larger width on the aforesaid plats. Such easements are expressly reserved to the use of Declarant and its assigns, and no third party shall be or become entitled to the use thereof, nor shall any other party, except the Owner of the affected Lot, have any vested interest in or to the use of such easements except Declarant or such utility company as may be granted specific rights over, through or across such easements by Declarant. Except as such rights are granted to a utility company by a recorded easement or right-of-way, a release by Declarant to any individual Lot Owner of any easements so reserved shall operate as a complete release to such Lot Owner and no other party shall be entitled to exert any claim or right to the use thereof. Declarant shall not be responsible for replacement of any landscaping within the easement area which is disturbed by exercise of easement rights.

2.19 No illegal, noxious or offensive activity shall be carried on upon any portion of the Property, nor shall anything be done or placed on any Property that is or may become a nuisance or cause any significant embarrassment, disturbance or annoyance to others.

2.20 No activities shall be conducted on any portion of the Property and no improvements may be constructed on any portion of the Property which are or might be unsafe or hazardous to any person or property; provided, however, that construction activities for which all applicable permits and ARC approval have been obtained and which are conducted in accordance with industry standards shall not violate this provision. Without limiting the generality of the prior sentence, (a) no firearms shall be discharged upon any portion of the Property, and (b) no open fires shall be lighted or permitted on the Property except in a contained units while attended and in use for cooking or aesthetic purposes or within a safe and well-designed interior fireplace, except attended fires

authorized in writing by Declarant or the Association and required for clearing or maintenance of land.

2.21 No portion of the Property shall be used for the purpose of mining, quarrying, drilling, boring or exploring for or removing oil, gas or other hydrocarbons, minerals, rocks, stones, gravel or earth, except earthwork associated with grading and construction of improvements as permitted by this Declaration and applicable law.

2.22 None of the restrictions in this Article 2 shall apply to or prevent activities of Declarant pertaining to its development, sale, or marketing of the Lots, including but not limited to restrictions on use, signage and improvements.

2.23 The Board of Directors can adopt rules and regulations addressing pets, parking, construction procedures and standards and other similar matters.

ARTICLE 3 Property Rights

3.1 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 Board of Directors to suspend the right to use the Common Area and the voting rights of an Owner and its tenants or guests for any period during which an assessment against the Owner's Lot remains unpaid; and for a period not to exceed sixty (60) days for an infraction of its published rules and regulations. The Board of Directors has the right to assess charges against an Owner for violations of the Association's legal documents or rules or regulations for which the Owner, the Owner's family members, tenants, guests or invitees are responsible, provided that no such charges may be imposed until the Owner has been given the opportunity to be heard and represented by counsel before the Board of Directors. Notice of a hearing shall be hand delivered or mailed by certified delivery, return receipt requested, to the Owner at the address of record with the Association at least fourteen (14) days prior to the hearing. The amount of any charges so assessed shall not exceed the charges permitted by Section 55-513 of the Virginia Property Owners Association Act and shall be treated as an assessment against the Owner's Lot;

(b) The right of the Board of Directors to mortgage, dedicate or transfer all or any part of the Common Area to any entity, public or municipal agency, authority or utility, subject to the then existing laws and applicable ordinances;

(c) The right of the Board of Directors to establish uniform rules and regulations pertaining to the use of and access to the Common Area and any facilities thereon;

(d) The right of the Declarant to the nonexclusive use of the Common Area for display and exhibit purposes, which right Declarant hereby reserves, provided, however, that no such use by Declarant or their sales agents or representatives shall otherwise restrict the Owners in their use and enjoyment of the Common Area or any facilities thereon;

(e) The right of the Board of Directors to regulate parking on the Common Area through the granting of easements or promulgation of rules and regulations;

(f) The right of the Board of Directors to grant licenses, rights of way and easements for access or for the construction, reconstruction, maintenance and repair of any utility lines or appurtenances, whether public or private, to any municipal agency, public utility, the Declarant or any other person or entity; provided, however, that no such licenses, rights of way or easements shall be unreasonably and permanently inconsistent with the rights of the Owners to the use and enjoyment of the Common Area;

(g) The right of the Board of Directors to convey portions of the Common Area for purposes of boundary line adjustment(s) if required by the Declarant or any governmental authority or municipal agency and at no cost to the Association, provided, however, that no such conveyance shall be unreasonably and permanently inconsistent with the rights of the Owners to the use and enjoyment of the Common Area and access to their Lots; and

(h) The reserved easement rights of the Declarant hereunder.

3.2 Declarant hereby covenants for itself, its successors and assigns, that it will convey fee simple title to the Common Area to the Association, free of all encumbrances and liens.

3.3 Any Owner may delegate, in accordance with the Bylaws, his right of enjoyment to the Common Area to the members of his family, his tenants, or contract purchasers who reside on the Property. Any person(s) who has access to any part of the Common Area through any recorded easement(s) shall be subject to such rights and restrictions with respect to the easement area as are contained in this Declaration and the Association's rules and regulations as if he were an Owner.

ARTICLE 4 Membership and Voting Rights

4.1 Every Owner of a Lot 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.

4.2 The Association shall have two (2) classes of voting membership.

(a) Class A. Class A members shall be all Owners with the exception of the Declarant (with respect to any Lot for which the Declarant holds a Class B membership). Class A members shall be entitled to one (1) vote for each Lot owned. When more than one (1) person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they, among themselves, determine, but in no event shall more than one (1) vote be cast by a Class A member with respect to any Lot.

(b) Class B. Class B members shall be the Declarant, which shall be entitled to five (5) votes for each Lot it owns. The Class B membership shall cease and be converted to a Class A membership upon the happening of any of the following events, whichever occurs earliest:

(i) twenty (20) years from the date of recordation of this Declaration;

(ii) the sale by Declarant all of the Property and Expansion Property to third parties other than a successor declarant; or

(iii) the recordation among the land records of the County of Rockingham of a written instrument signed by the Declarant or its successors or assigns, specifically terminating such rights.

Notwithstanding the foregoing, in the event of annexation of any additional properties, Class B membership shall be revived with respect to all Lots owned by the Declarant on the annexed property and, if applicable, the Property.

ARTICLE 5
Covenant for Maintenance Assessments

5.1 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 attorneys' fees, shall be a charge on the Lot (including all improvements thereon), and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with interest, late charges, costs, and reasonable attorneys' 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, but successors in title shall take title subject to the lien rights of the Association with regard to unpaid assessments.

accruing before such successor took title.

5.2 The assessments levied by the Association shall be used exclusively to provide services and promote the recreation, health, safety, and welfare of the residents in the Property, for the improvement and maintenance of the Common Area and the maintenance of the Property, services and facilities devoted to this purpose including those duties of the Association set forth in this Declaration and its governing documents, including but not limited to the obligation to keep and maintain the Common Area and improvements thereon and to enforce the restrictions and assessments herein contained.

5.3 Until January 1 of the fifth year following the conveyance of the first Lot to a Class A member, the maximum annual assessment shall be determined by the Declarant for Class A members. Thereafter, the annual assessment shall be determined by the Board of Directors. Initial annual assessment shall be \$400.00 on each Lot sold to an Owner. The Declarant covenants and agrees to fund any operating budget deficits until the Declarant has conveyed ninety percent (90%) of the Lots within an applicable section. Except for funding operating budget deficits, Declarant shall not be assessed on any Lots owned by it.

5.4 In addition to the annual assessments authorized above, the Board of Directors may levy, in any assessment year, as special assessment for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of the Common Area, including fixtures and personal property related thereto or for any purpose which the Association is responsible. Any special assessment may be rescinded by a majority vote of each Class of Members in person or by proxy, at a meeting of the Members convened within sixty (60) days of notice of the special assessment.

5.5 Except as otherwise provided in Section 5.3, both annual and special assessments must be fixed at a uniform rate for all Lots and may be collected in advance on a monthly, quarterly or annual basis, as determined by the Board of Directors.

5.6 The annual assessments provided for herein shall commence as to each Lot on the date of settlement of the Lot to a Class A Member. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year and collected at closing. 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 dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer for the Association setting forth whether the assessments on a specified lot have been paid. A properly executed certificate of the Association with the status of assessments on the Lots shall be binding on the Association on the date of its issuance.

.5.7 Any assessment not paid within fifteen (15) days after the due date shall be assessed a late fee and shall bear interest from the due date as shall be determined by the Board of Directors. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the Lot (and all improvements thereon) as provided in the Virginia Property Owners Association Act. 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.

5.8 The lien of the assessments provided for herein shall be subordinate to the lien of a Mortgage on a Lot to the extent provided in the Virginia Property Owners Association Act. Sale or transfer of any Lot shall not affect the assessment lien. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof. No amendment to this Section shall affect the rights of the holder of any Mortgage on any Lot (or the indebtedness secured thereby); recorded prior to recordation of such amendment unless the holder thereof (or the indebtedness secured thereby) shall join in the execution of such amendment.

5.9 The following property subject to this Declaration shall be exempt from the assessments created herein:

- (a) all properties dedicated to and accepted by a local public authority;
- (b) the Common Area; and
- (c) Lots owned by Declarant to the extent provided in Section 5.3 above.

5.10 Notwithstanding anything to the contrary contained herein, if any Association expense is caused by (i) the negligence or misconduct of an Owner or an Owner's family member, employee, agent or guest, or (ii) a violation of any covenant, condition or restriction of an Association Document by an Owner or an Owner's family member, employee, agent or guest, the Association may, if it deems necessary or advisable, levy an assessment against such Owner's Lot for the entire amount of such expense. In addition, the Association may, if it deems necessary or advisable, impose a fine, penalty, fee or other charge upon an Owner for the violation of any covenant or condition of any Association document by an Owner or an Owner's family member, employee, agent or guest. Also, if the Association takes action to correct a default of an Owner, and the Association incurs costs in taking such corrective action, then such costs and interest thereon at the rate herein provided shall constitute a default assessment against the Owner(s) of such Lot. Any such Assessment levied by the Association, and each fine, penalty, fee or other charge imposed under the Association Documents, and costs of corrective action by the Association, are each referred to as a default assessment. With respect to any default assessment, the Owner of the Lot against which the Association seeks to levy the default assessment shall be provided notice and an opportunity to be heard in accordance with the

Virginia Property Owners Association Act. Owners of Lots against which default assessments have been levied shall pay such assessments when required by the Association.

5.11 The Association shall report to any Mortgagee any unpaid assessments remaining unpaid for more than sixty days after the same shall have become due, if such Mortgagee first shall have delivered to the Association a written request for notice of unpaid assessments as to any Lot for which it holds a Mortgage. Any Mortgagee holding a lien on a Lot may pay any unpaid Assessment with respect to such Lot, together with any and all costs and expenses incurred with respect to the assessment lien securing such unpaid Assessment, and upon such payment, such Mortgagee shall have a lien on the Lot for the amounts paid with the same priority as a lien of the Mortgage held by such Mortgagee.

ARTICLE 6 Right to Include Additional Property

6.1 For so long as Declarant owns any portion of the Property or the Expansion Property, Declarant may subject additional real property, including, but not limited to, all or any part of the Expansion Property and adjoining property, to this Declaration by recording in the Office of the Clerk of the Circuit Court of Rockingham County, Virginia, an instrument signed by Declarant setting forth the following: (a) a statement that the real property to be added is owned by Declarant and is adjacent to the Property or within one mile of any boundary of the Property, (b) a statement that Declarant has determined that such real property should be included as a part of The Springs at Osceola, (c) the legal description of the real property to be added, and (d) a statement that the property to be added shall be subject to and governed by the provisions of this Declaration. Upon the recording of such instrument, (i) the real property described therein shall thereafter be part of the Property and shall be governed by all of the provisions herein, and (ii) the Declaration shall be deemed amended to add such additional property to the definition and description of the Property herein.

6.2 The name "The Springs at Osceola" may be used by Declarant, its members and their respective affiliates to refer to all or any part of the Expansion Property or other nearby properties, regardless of whether such property is ever made subject to the Declaration. The name "The Springs at Osceola" is proprietary to Declarant and may not be used without Declarant's written authorization.

ARTICLE 7 Enforcement and Remedies

7.1 These restrictions, conditions, covenants, limitations and easements shall run with the title to the land and shall be binding upon all parties owning any Lot and all persons claiming under them until December 31, 2050, at which time they shall be automatically renewed for five (5) successive additional ten (10) year period, unless sooner terminated by the written consent of all parties in interest. This Declaration may be

terminated at the expiration of such term by recorded instrument signed by the President and Secretary of the Association attesting that such termination was approved by 75% of the votes in each of Class A and Class B present in person or by proxy at a duly called meeting in accordance with the Virginia Property Owners Association Act and the governing documents of the Association. Notwithstanding anything to the contrary herein, Declarant may terminate this Declaration at any time prior to conveyance of any Lot to a third party.

7.2 (a) Prior to the closing of the sale of the first Lot, Declarant may amend this Declaration in its sole discretion. Declarant may at any time amend this Declaration to add property, including, without limitation, the Expansion Property, to the subdivision as provided in this Declaration.

(b) Except as provided in paragraph (a) above, this Declaration may be amended only by the vote or written consent of (i) Owners of Property (including Declarant) having at least 75 percent of the total number of votes to which all Owners are entitled in each of Class A and Class B, and (ii) Declarant, for so long as Declarant owns any portion of the Property or Expansion Property. Any amendment to the Declaration shall be evidenced by the recording of a written instrument or instruments specifying the amendment or the repeal and containing the consents set forth above, if any. No amendment may remove, revoke or modify any right or privilege of Declarant without the prior written consent of Declarant or the assignee of such right or privilege.

7.3 The failure on the part of the Association or Declarant to enforce any restrictions herein contained shall in no event be deemed a waiver of the right to do so thereafter as to the same breach or as to one occurring prior or subsequent thereto.

7.4 Enforcement shall be by proceedings at law or in equity against any person or person violating or attempting to violate any covenant, either to restrain the violation or to recover damages, or both. Declarant, the Association and/or one or more Owners in the subdivision shall be proper parties to institute such proceedings.

7.5 Invalidation of any one of the provisions of this instrument by judgment or court order shall in no way affect any of the other provisions, which shall remain in full force and effect.

7.6 In the event of any dispute under or with respect to any Association document, the prevailing party (as to liability, without regard to any damage award) shall be entitled to recover from the non-prevailing party all of its costs and expenses in connection therewith, including, but not limited to, reasonable attorneys' fees and disbursements.

7.7 NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS DECLARATION, DECLARANT MAKES NO WARRANTIES OR REPRESENTATIONS WHATSOEVER THAT THE PLAN PRESENTLY ENVISIONED FOR THE COMPLETE DEVELOPMENT OF THE SUBDIVISION CAN OR WILL BE

CARRIED OUT OR THAT THE EXPANSION PROPERTY OR ANY OTHER LAND NOW OWNED OR HEREAFTER ACQUIRED BY DECLARANT IS OR WILL BE SUBJECTED TO THIS DECLARATION, OR THAT ANY SUCH LAND, WHETHER OR NOT IT HAS BEEN SUBJECTED TO THIS DECLARATION, IS OR WILL BE COMMITTED TO OR DEVELOPED FOR A PARTICULAR USE, OR THAT IF SUCH LAND IS ONCE USED FOR A PARTICULAR USE, THAT SUCH USE WILL CONTINUE IN EFFECT.

Each provision of this Declaration and a promise, covenant and undertaking to comply with each such provision (i) shall be deemed incorporated in each deed or other instrument by which any right, title or interest in any of the Property is granted, devised or conveyed; (ii) shall by virtue of acceptance of any right, title or interest in any of the Property by an Owner be deemed accepted, ratified, adopted and declared as a personal covenant of such Owner and shall be binding on such Owner or his or her respective heirs, personal representatives, successors or assigns, to, with and for the benefit of the Declarant and all Owners within the subdivision; (iii) shall be deemed a covenant, obligation and restriction secured by a lien binding, burdening and encumbering the title to all of such Owner's right, title and interest to any of the Property, which lien shall be deemed a lien in favor of the Declarant, as its interest may appear, and all Owners within the subdivision; and (iv) shall run with the Land.

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LIENHOLDER CONSENT

Michael A. Estes, Trustee under a Credit Line Deed of Trust dated June 16, 2010, of record in the Office of the Clerk of the Circuit Court of Rockingham County, Virginia, in Deed Book 3721, page 424, and Pendleton Community Bank, as Noteholder and beneficiary of said Deed of Trust, acknowledge their consent to, and hereby subordinate said Credit Line Deed of Trust to the foregoing Declaration of Protective Covenants and Conditions of The Springs at Osceola, Section 1.

TRUSTEE:

Michael A. Estes, Trustee

STATE OF Virginia
CITY/COUNTY OF Rockingham, to-wit:

The foregoing instrument was acknowledged before me this 11th day of November, 2010, by
Michael Estes, Trustee.

My commission expires: 7/31/2013

Trisha J. Smith
Notary Public
Notary Public Registration # 7294874

TRISHA J. SMITH
(NOTARY PUBLIC
REGISTRATION # 7294874
COMMONWEALTH OF VIRGINIA
MY COMMISSION EXPIRES
JULY 31, 2013

PENDLETON COMMUNITY BANK

By:

Its:

Michael A. Estes
VP-Area Exec.

STATE OF Virginia
CITY/COUNTY OF Rockingham, to-wit:

The foregoing instrument was acknowledged before me this 11th day of November, 2010, by
Michael Estes, as VP-Area Exec. of Pendleton Community Bank.

My commission expires: 7/31/2013

Trisha J. Smith
Notary Public
Notary Public Registration # 7294874

TRISHA J. SMITH
(NOTARY PUBLIC
REGISTRATION # 7294874
COMMONWEALTH OF VIRGINIA
MY COMMISSION EXPIRES
JULY 31, 2013

LIENHOLDER CONSENT

BB&T-VA Collateral Services Corporation, Trustee under a Credit Line Deed of Trust dated September 15, 2006, of record in the Office of the Clerk of the Circuit Court of Rockingham County, Virginia, in Deed Book 2945, page 768, and Branch Banking and Trust Company of Virginia, as Noteholder and beneficiary of said Deed of Trust, acknowledge their consent to, and hereby subordinate said Credit Line Deed of Trust to the foregoing Declaration of Protective Covenants and Conditions of The Springs at Osceola, Section 1.

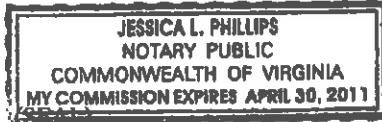
BB&T-VA COLLATERAL SERVICES CORPORATION, Trustee

By: Christopher L. Ellis
Its: Senior VP

STATE OF Virginia
CITY/COUNTY OF Rockingham, to-wit:

The foregoing instrument was acknowledged before me this 16th day of November, 2010, by
Christopher Ellis, as Senior VP of BB&T-VA Collateral Services Corporation, Trustee.

My commission expires: 4/30/2011 Registration # 7091559



Jessica L. Phillips
Notary Public

Notary Public Registration # 7091559

BRANCH BANKING AND TRUST COMPANY OF VIRGINIA

By: Tracie Dickson
Its: Vice President

STATE OF Virginia
CITY/COUNTY OF Rockingham, to-wit:

The foregoing instrument was acknowledged before me this 16th day of November 2010, by
Tracie Dickson, as VP of Branch Banking and Trust Company of Virginia.

My commission expires: 4/30/2011

Jessica L. Phillips
Notary Public
Notary Public Registration # 7091559

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