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**DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS**

THE TOWNES AT SADDLEBROOK

THIS DECLARATION, made on this 1st day of ^{September}~~August~~, 2009, by
JCM DEVELOPMENT, LC, a Virginia limited liability company (hereinafter
referred to as "Declarant"), GRANTOR.

WITNESSETH:

WHEREAS, Declarant is the owner of certain property in the Town of Mt. Crawford, Ashby District, Rockingham County, Virginia, which is shown on a Subdivision Plat made by David Lee Ingram, L.S., entitled "**THE TOWNES AT SADDLEBROOK Town of Mt. Crawford, Rockingham County, Virginia,**" dated February 13, 2009, recorded in the Clerk's Office of the Circuit Court for Rockingham County, Virginia, in Deed Book 3505, page 431, and referred to hereinafter as "the Property.

WHEREAS, Farmers and Merchants Bank has a Credit Line Deed of Trust dated April 27, 2009, recorded in the aforesaid Clerk's Office in Deed Book 3505, page 439, on the property that is subject to this Declaration. Farmers and Merchants Bank and its Trustees, Dean W. Withers, John N. Crist or Mark B. Callahan, (any of whom may act) join in the Declaration to evidence their consent; and

WHEREAS, in order to provide for the preservation and enhancement of the property values, amenities, and opportunities in the community which will contribute to the personal and general health, safety, and welfare of residents, and for the maintenance of the land and improvements thereon, the Developer desires to subject the real property described above to the covenants, restrictions, easements, charges, and liens of this Declaration of Covenants and Restrictions, said covenants, restrictions, easements, conditions, and charges running with said, real property and binding all persons or entities having or acquiring any right, title, or interest in said real property or any part thereof, and inuring to the benefit of each owner thereof; and

WHEREAS, to provide a means for meeting the purposes and intents herein set forth, the Declarant may, in its sole discretion, incorporate the Association under the laws of the Commonwealth of Virginia.

NOW, THEREFORE, Declarant hereby declares that all of the Property described on the aforesaid Subdivision Plat shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with the real property and be binding on all parties having any right, title or interest in the Property described on the aforesaid subdivision plat, 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 The Townes at Saddlebrook Homeowners Association, Inc., a non-stock, non-profit corporation, its successors and assigns.

Section 2. "Board of Directors" shall mean the executive organ of the Association elected or appointed pursuant to the Association's Bylaws.

Section 3. "Common Area" shall mean 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 facilities 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 is more particularly described on the Subdivision Plat made by David Lee Ingram, L.S., dated February 13, 2009, recorded in the aforesaid Clerk's Office in Deed Book 3505, page 431.

Section 4. "Declarant" shall mean and refer to JCM Development, LC, a

Virginia limited liability company, who shall be the Declarant, so long as it shall own any part of the Property or Lots, or until all bonds secured by JCM Development, LC, a Virginia limited liability company, over the Property have been released, whichever is later, including 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.

Section 5. "Lot" shall mean and refer to any plot of land shown upon the Subdivision Plat of the Property, recorded in the aforesaid Clerk's Office in Deed Book 3505, page 431, with the exception of the Common Areas.

Section 6. "Member" shall mean the Class A and B members as described in Article III herein.

Section 7. "Mortgagee" shall mean 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 Mortgage with priority over other Mortgages. 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. As used in this Declaration, the term "holder" or "mortgagee" shall include the parties secured by any recorded deed of trust or any beneficiary thereof.

Section 8. "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 Property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 9. "Property" shall mean and refer to that certain real property described on the aforesaid subdivision plat, and such additions thereto as may hereafter be added by the Declarant.

Section 10. "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.

Section 11. "Subdivision Plat of the Property" shall mean and refer to the Plat made by David Lee Ingram, L.S., dated February 13, 2009, recorded in the aforesaid Clerk's Office in Deed Book 3505, page 431.

ARTICLE II

Property Rights

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 Board of Directors to suspend the right to use the Common Area and the voting rights of an Owner 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 right of the Board of Directors 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.

Section 2. Title to the Common Area. The 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.

Section 3. Parking Rights. Ownership of each Lot shall entitle the owner or owners thereof to the use of not less than two (2) automobile parking spaces, which shall be as near and convenient to said Lot as reasonably possible, together with the right of ingress and egress in and upon said parking areas. Said parking spaces shall be allocated by the Declarant as Lots are sold and thereafter by the Association. Said spaces shall be used for vehicles used for general transportation and shall not include boats or watercraft, commercial trucks greater than 3/4 ton or vehicles or recreational vehicles.

Section 4. Delegation of Use. 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 as if he were an Owner.

ARTICLE III

Membership and Voting Rights

Section 1. Membership. 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.

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

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.

Class B. Class B members shall be the Declarant and 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) seven (7) years from the date of recordation of this Declaration;

(ii) the completion of construction of homes within the Property, such that a Certificate of Occupancy has been issued by the appropriate governmental agency, and the release of all improvement and development bonds posted with the Commonwealth, County or other municipal agency in connection with the Property; 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. Class B membership shall cease and be converted to a Class A membership upon the happening of any of the following events, whichever occurs first:

(i) five (5) years from the date of annexation of the last property so annexed;

(ii) the completion of construction of homes within the Property, such that a Certificate of Occupancy has been issued by the

appropriate governmental agency, and the release of all improvement and development bonds posted with the Commonwealth, County or other municipal agency in connection with the Property; 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.

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 Property, hereby covenants, and each Owner of any Lot by acceptance of a deed therefore, 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.

Section 2. Purpose of Assessments. 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 Article V.

Section 3. Basis and Maximum of Annual Assessments. Until January 1 of the second 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. Initial annual assessment shall be \$422.00 on each lot sold to an Owner after June 1, 2009. The Declarant covenants and agrees to fund any operating budget deficits until the Declarant has conveyed ninety percent (90%) of the Lots which it owns except it shall pay full assessments on all Lots it owns upon which a dwelling unit has been completed and is occupied as a residence. The Declarant shall pay no assessments on Lots which it owns except it shall pay full assessments on all Lots it owns upon which a dwelling unit has been completed and is occupied as a residence. Except for funding operating budget deficits, Declarant shall not be assessed on any Lots owned by it.

From and after January 1 of the second year following the conveyance of the first Lot to a Class A member, the maximum annual assessment described above may be increased by the Board of Directors as required, without a vote of the Class A membership.

Section 4. Special Assessments for Capital Improvements. 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.

Section 5. Uniform Rate of Assessment. Except as otherwise provided in Section 3 of this Article IV, 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.

Section 6. Date of Commencement of Annual Assessments: Due Dates. 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. 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.

Section 7. Effect of Non-Payment of Assessments: Remedies of the Association. 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). 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 8. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of a Mortgage on the Lot. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage or deed of trust 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. 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.

Section 9. Exempt Property. 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) all properties owned by a charitable or non-profit organization exempt from taxation by the laws of the Commonwealth of Virginia, provided that no land or improvements devoted to dwelling use shall be exempt from said assessments.

Section 10. Reserves for Replacements. The Association shall establish and maintain a reserve fund for replacements of the Common Area by the allocation and payment monthly to such reserve fund of an amount to be designated from time to time by the Board of Directors. Such fund shall be conclusively deemed to be a common expense of the Association and may be deposited in any banking institution, the accounts of which are insured by an agency of the United States of America or may, in the discretion of the Board of Directors, be invested in obligations of, or fully guaranteed as to principal by, the United States of America. The reserve for replacements of the Common Area may be expended only for the purpose of affecting their repair, replacement or improvement of major repairs to any equipment replacement, and for start-up expenses and operating contingencies of a non-recurring nature. The Association may establish such other reserves for such other purposes as the Board of Directors may from time to time consider to be necessary or appropriate. The proportional interest of any member in any such reserves shall be considered an appurtenance of his Lot and shall not be separately withdrawn, assigned or transferred or otherwise separated from the Lot to which it appertains and shall be deemed to be transferred with such Lot.

Section 11. Townhouse Roofing Assessment. The following shall apply:

(a) Creation of Townhouse Roofing Assessment Lien. For each Lot owned on which a townhouse is presently or shall hereafter be constructed hereby covenants, and each Owner of any such Lot by acceptance of a deed or other instrument of conveyance therefor, including any purchaser at a judicial or trustee sale, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay to the Association: (i) all annual Townhouse Roofing Assessments, fees and charges; and (ii) all special Townhouse Roofing Assessments for major and/or extraordinary roofing and gutter work, together with interest as hereinafter provided. The annual and special Townhouse Roofing Assessment, together with interest as hereinafter provided, costs of collection, and reasonable attorney's fees, shall be a charge upon the land and shall be a continuing lien upon the Lot against which each such Townhouse Roofing Assessment is made as hereinafter provided. No Owner subject thereto may waive or otherwise avoid liability for such Townhouse Roofing Assessments by the nonuse or abandonment of his Lot.

(b) Purpose of Townhouse Roofing Assessments. The Townhouse Roofing Assessments levied by the Association shall be used for the purpose of providing the periodic repair and replacement of roofs and gutters of all townhouses at such times and in such manner as the Board of Directors of the Association shall determine.

(c) Basis and Maximum of Annual Townhouse Roofing Assessment. The annual Townhouse Roofing Assessments shall be made on the basis of a fiscal year beginning January 1 and ending December 31. Until January 2, 2011, the maximum annual Townhouse Roofing Assessment on each improved Townhouse Lot (improved by a completed townhouse structure for which a certificate of occupancy has been issued by County of Rockingham, Virginia) shall be \$50.00 per year. There shall be no annual Townhouse Roofing Assessment on any unimproved Lots or on any Lot improved by a structure other than a townhouse. Each fiscal year thereafter, the maximum annual Townhouse Roofing Assessment may be increased by up to five percent (5%) per year of the prior year's annual Townhouse Roofing Assessment effective January 1 of each year by the Board of Directors of the Association,

without a vote of the Members, which Board of Directors may fix such annual increase after due consideration of the current and anticipated costs and needs of the Association for the purpose of providing the periodic roofing and gutter work of all townhouses. Any increase requested by the Board of Directors in the usual annual Townhouse Roofing Assessment above the annual 5% increase over the prior fiscal year's assessment must be approved by a majority of the quorum at a meeting of the Association duly called for that purpose. The payment due date for the Townhouse Roofing Assessment shall be established by a majority vote of the Board of Directors of the Association.

(d) Special Townhouse Roofing Assessment. In addition to the annual Townhouse Roofing Assessment authorized above, the Association may levy in any assessment year a special Townhouse Roofing Assessment applicable to that fiscal year only for the purpose of defraying, in whole or in part, the costs of any major and/or extraordinary roofing and gutter work of any townhouse provided that any such special Townhouse Roofing Assessment shall have the consent of two-thirds (2/3) of the quorum at a meeting of the Association duly called for this purpose.

(e) Uniform Rate of Assessment. Both annual and special Townhouse Roofing Assessments must be fixed at a uniform rate for all improved townhouse Lots as a class, and may be collected in advance on a quarterly or annual basis.

Section 12. Initial Working Fund. The Board of Directors shall levy a one-time "initial" assessment at settlement against the Owner of a Lot who is a Class "A" member at the time of conveyance from the Declarant. Such initial assessment shall be One Hundred and No/100ths Dollars (\$100.00), and shall be used for working capital and commencing the business of the Association or any other purpose established by the Board of Directors.

ARTICLE V

Duties of Association

Section 1. There is reserved to the Association, and its successors and assigns, which shall have title to the Common Areas within the subdivision, the right and power to erect such fences, structures, buildings, playground equipment, swimming pools, agility trails or other facilities, improvements and appurtenances, for recreation, parking or other civic and/or public purposes, as, in the discretion of the Association, may be appropriate. Uses of the Common Areas shall not interfere with storm water drainage or retention facilities.

Section 2. The Association shall be responsible for snow removal from the parking areas and roadways. Snow removal from the sidewalks shall be the responsibility of the Lot owner. The Association shall be responsible for mowing the Common Areas. Further, the Association shall be responsible for repairing and replacing the roof of each townhome, as the Board of Directors of the Association may direct and in accordance with Article IV, Section 11.

Section 3. The lot owner shall be responsible for removal of lot owner's trash. All trash shall be put in designated areas in closed approved containers. However, the Association, at its discretion, may take responsibility for the removal of lot owners' trash from designated receptacles. It shall be the lot owners' responsibility to place his/her trash in the designated pick up area in the subdivision for removal of trash by the Town.

Section 4. The Association shall maintain and repair the roadways and parking areas shown on the aforesaid Plat as "Private Access and Parking Easement" including repaving as necessary, lining of parking spaces, fire lanes, or traffic patterns, etc.

Section 5. The Association shall maintain and repair the storm water drainage areas as designed and constructed and as required by the County of Rockingham, including the stormwater management easement and private sanitary sewer easement as shown on the Subdivision Plat and all other drainage areas as shown on the aforesaid Subdivision Plat.

Section 6. The Association, by decision of its Board, may delegate its responsibility including the collection of assessments and records pertaining

thereto, to a management company that is in the business of managing such Homeowner Associations.

ARTICLE VI

Use Restrictions

In addition to all other covenants contained herein, the use of the Property and each Lot therein is subject to the following:

Section 1. The Lots shall be used for residential purposes exclusively, and no building shall be erected, altered, placed or permitted to remain on any such Lot other than one used as a single-family dwelling, except as permitted by local zoning ordinances.

Section 2. Except as may be permitted by Section 1 of this Article VI, or as otherwise permitted herein, no part of the Property shall ever be used or caused to be used or allowed or authorized in any way, directly or indirectly, for any business, commercial, manufacturing, mercantile, storing, vending or other such non-residential purposes.

Section 3. No sign or billboard of any kind shall be displayed to the public view on any portion of the Property without the prior written consent of the Board of Directors, except one (1) sign for each Lot, of not more than eighteen inches (18") by twenty-four inches (24"), advertising the Lot for sale or rent, and one (1) security system sign per Lot.

Section 4. No noxious or offensive activity shall be carried on upon any Lot or any part of the Property, nor shall anything be done thereupon which may be, or may become, an annoyance or nuisance to the neighborhood, or which shall in any way unreasonably interfere with the quiet enjoyment of each of the Owners of the respective dwelling unit, or which shall in any way increase the rate of insurance.

Section 5. No structure of a temporary character, trailer, basement, tent,

shack, garage, barn or other out-building shall be used on any Lot at any time as a residence either temporarily or permanently. Garages may not be converted to living space or for any other primary use other than for parking and storage of vehicles. Except for Declarant's construction or sales purposes, no trailer, or similar equipment shall be permitted to remain upon the Property.

Section 6. No commercial, industrial or recreational vehicle (including boats) shall be parked on the Property (except within a garage) without the written consent of the Board of Directors. No motorized vehicle may be used or maintained on the yards, trails, or sidewalks of any Lot or Common Area and no unlicensed vehicles are allowed on the Property. The Board of Directors shall have the right to tow any improperly parked vehicle or any vehicle, the keeping or parking of which in the Common Area violates this Declaration upon forty-eight (48) hours' notice posted on the vehicle. All costs for towing shall become a lien upon such Lot and such lien may be enforced in the same manner as an annual assessment levied in accordance with Section 8, Article IV hereof.

Section 7. The Board of Directors shall have the right to tow any disabled vehicle or other vehicle on which current registration plates are not displayed, which is within any Lot or on any part of the Common Area upon forty-eight (48) hours notice. All costs for towing shall become a lien upon such Lot and such lien may be enforced in the same manner as an annual assessment levied in accordance with Section 7, Article IV hereof. The major repair or extraordinary maintenance of automobiles or other vehicles shall not be carried out on any of the Lots or Common Area.

Section 8. 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 on the Lot subject to such rules and regulations as may be adopted by the Association and provided they are not kept, bred or maintained for any commercial purpose, or in unreasonable numbers. Notwithstanding the foregoing, no animals or fowl may be kept on the Property which result in an annoyance or are obnoxious to residents in the vicinity. Pets must be leashed while on the Property and all pet waste collected and disposed of by the Owner. Owners shall comply with all Town of Mt. Crawford animal regulations.

Section 9. All trash shall be put in designated areas in closed approved containers. Nothing herein shall be deemed to apply to the storage on the Property by Declarant of building materials during, and for use in, the construction of the improvements on the Property.

Section 10. No outside television antenna, radio antenna, satellite dish, direct broadcast satellite (DDS) dish, or similar structure shall be maintained on the Property unless approval for such antenna or dish and the proposed location thereof has been first obtained from the Board of Directors. In order to comply with the applicable rules of the Federal Communications Commission (FCC) relating to the installation of an antenna or dish, the Board of Directors shall act promptly on any request for erection thereof and any restrictions which the Board of Directors places on the installation of such antenna or dish shall not unreasonably delay or prevent its installation, maintenance or use, or preclude reception of an acceptable quality signal.

Section 11. All Owners and occupants shall abide by the Bylaws and any rules and regulations adopted by the Association. Rules and regulations shall be adopted and enforced pursuant to the Virginia Property Owners' Association Act. Any Owner, tenants, guests or other invitees who violates the restrictions of this Declaration or the rules and regulations adopted by the Board of Directors shall be assessed a charge pursuant to Section 55-513 of the Virginia Property Owners' Association Act.

Section 12. Any lease agreement between a Lot Owner and a lessee shall provide that the terms of the lease are subject in all respects to the provisions of this Declaration, the Articles of Incorporation, Bylaws and any rules and regulations of the Association, and that any failure by the lessee to comply with the terms of such documents shall be a default under the lease. All such leases shall be in writing and shall be for an initial term of not less than six (6) months.

Section 13. No Owner, occupant, or any other person shall alter, place or remove any object, equipment, structure or signage on the Common Area without prior written consent of the Board of Directors, except for such items as are specifically allowed or prohibited in this Declaration.

Section 14. None of the foregoing restrictions shall be applicable to the activities of:

(a) Declarant, its officers, employees, agents or assigns, in their development, marketing and sale of Lots or other parcels within the Property; or

(b) To the Association, its officers, employees and agents, in connection with the proper maintenance, repair, replacement and improvement of the Common Area and its facilities; or

Section 15. During reasonable daylight hours the Declarant or member of the Board of Directors, or any other representative of any of them, shall have the right to enter upon and inspect any Lot for the purpose of ascertaining whether or not the provisions of these restrictions have been or are being complied with, and such persons shall not be deemed guilty of trespass by reason of such entry.

ARTICLE VII

Exterior Maintenance

Section 1. Each Owner shall keep each Lot owned by him, and all improvements therein or thereon, in good order and repair and free of debris, and the painting (or other appropriate external care) of all buildings and other improvements, all in a manner and with such frequency as is consistent with good property management. The Association will be responsible for mowing, pruning and cutting all shrubbery (in front of unit). It will be owners' responsibility to mow any fenced in areas and maintain the rear of the property unless the Association Board of Directors determines that it is in the best interest of the Association to mow the rear of the Lots and then only to the extent access is reasonable and open to such areas.

Section 2. Notwithstanding the foregoing Section, no vegetation, grading,

or landscaping shall be allowed which may interfere with stormwater drainage areas on the Lots.

Section 3. In the event an Owner shall fail to maintain his Lot and the improvements situated thereon, the Association or the Declarant shall have the right to enter upon said Lot, after reasonable notification of the Owner, to correct drainage and to repair, maintain and restore the Lot and the exterior of the buildings and any other improvements erected thereon. All costs related to such correction, repair or restoration shall become a lien upon such Lot and such lien may be enforced in the same manner as an annual assessment levied in accordance with Section 8, Article IV hereof.

Section 4. The Association shall charge an assessment for roof (shingle) replacement and shall maintain or replace the roof as necessary (Section 11, Article IV) except each Owner shall be responsible for any damage to the roof other than normal wear and tear.

ARTICLE VIII

General Provisions

Section 1. Enforcement. The Association, or any Owner, or any Mortgagee of any Lot shall have the right to enforce, by any proceeding at law and/or in equity, all restrictions; conditions, covenants, restrictions, liens, charges or other obligations or terms now or hereafter imposed by the provisions of this Declaration, or the Articles of Incorporation or Bylaws of the Association. Failure by the Association or by any Owner or by any Mortgagee of any Lot to enforce any covenant or restrictions herein contained or any provision of the Bylaws or Articles of Incorporation of the Association shall in no event be deemed a waiver of the right to do so thereafter. There shall be and there is hereby created and declared to be a conclusive presumption that any violation or breach or attempted violation or breach of any of the within covenants or restrictions or any provision of the Bylaws or Articles of Incorporation of the Association cannot be adequately remedied by action at law or exclusively by recovery of damages.

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

Section 3. Duration. Except where permanent easements or other permanent rights or interests are herein created, the covenants and restrictions of the 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 twenty (20) years each. (2029)

Section 4. Amendment. Subject to the other limitations set forth in this Declaration, this Declaration may be amended by an instrument approved by not less than two-thirds (2/3) of the Members voting at a meeting of the Members. The amendment instrument shall be recorded among the County of Rockingham land records. Unless a later date is specified in any such instrument, any amendment to this Declaration shall become effective on the date of recording.

Notwithstanding anything to the contrary herein contained, the Declarant reserves the right to amend this Declaration without the consent of any Owners, or any other persons claiming an interest in the Property or the Association if such amendment is necessary or desirable (i) to bring this Declaration into compliance with any rules, regulations or requirements of the Federal Housing Administration, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, or County of Rockingham, Virginia; (ii) to make non-material or corrective changes; or (iii) to reflect the relocation of boundary lines between the Common Area and any Lots or among any Lots, provided however that an approved resubdivision of the affected property is properly recorded.

Section 5. Annexation and Withdrawal. Additional lots or property may be annexed to the Property by Declarant, or by the owner of such property with the approval of the Declarant, without the consent of the Class A members of the Association. Except as otherwise provided herein, annexations to the Property shall require the consent of two-thirds (2/3) of the Class A members.

Any annexations made pursuant to this Section, or otherwise, shall be made by recording a Supplementary Declaration among the land records of the County of Rockingham, which Supplementary Declaration shall extend the scheme of this Declaration to such annexed property or by the recordation of a deed of dedication or deed of subdivision for such additional property or any portion thereof which shall by its terms subject such additional property to the operation of the provision of this Declaration. Such annexations need not be made by the Declarant; provided, however, that so long as the Declarant is a Class B Member, any such annexation accomplished by persons other than the Declarant shall have the consent of the Declarant. On the first day of the month following recordation of the above described Supplementary Declaration, deed of dedication or subdivision, all lots described in the Supplementary Declaration, deed of dedication or subdivision shall be assessed a pro rata share of the annual assessments and any special assessments then due in accordance with Article IV.

The Declarant shall have the unilateral right to withdraw any portion of the property, by executing and recording a Declaration of Withdrawal.

Section 6. Rights of Mortgagees - Notice. The Association shall promptly notify the First Mortgagee on any Lot for which any assessment levied pursuant to the Declaration, or any installment thereof, becomes delinquent for a period in excess of thirty (30) days and the Association shall promptly notify the First Mortgagee on any Lot with respect to which any default in any other provision of this Declaration remains uncured for a period in excess of thirty (30) days following the date of such default. Any failure to give any such notice shall not affect the validity or priority of any First Mortgagee on any Lot and the protection extended in this Declaration to the Mortgagee shall not be altered, modified or diminished by reason of such failure.

No suit or other proceeding may be brought to foreclose the lien for any assessment levied pursuant to this Declaration except after ten (10) days written notice to the First Mortgagee on the Lot which is the subject matter of such suit or proceeding. If the Association employs a management agent and then subsequently undertakes "self-management," it shall promptly give written notice of such occurrence to all of the First Mortgagee of record on the Lot.

Any First Mortgagee of any Lot may pay any taxes, utility charges or other charges levied against Common Area which are in default and which may or have become a charge or lien against Common Area and any such First Mortgagee may pay any overdue premiums on any hazard insurance policy or secure new hazard insurance coverage on the Common Area. Any First Mortgagee who advances any such payment shall be due immediate reimbursement of the amount so advanced from the Association.

Eligible Mortgagees shall have the following rights:

- (a) The right to inspect the Association's documents and records.
- (b) Notice of any extraordinary actions of the Association.
- (c) Notice of termination or lapse or material modification of any insurance policy held by the Association.
- (d) Notice of any proposal to terminate the Declaration or dissolve the Association at least Thirty (30) days before any such action is taken.
- (e) The right of eligible mortgagees to demand professional management of the Association.
- (f) The right of eligible mortgagees to demand an audit of the Association's financial records.

Section 7. Mortgagee Notification and Presumptive Approval.

Notwithstanding the foregoing, all notices and rights of Mortgagees shall pertain only to those Mortgagees who are listed with the Association. Each Owner must notify the Association of his Mortgagee's name and address. If any notice is given or consent requested pursuant to Section 6 of this Article and the Mortgagee does not respond within thirty (30) days of such notice, then such Mortgagee shall be deemed to have approved such notice or consent.

Section 8. Casualty Losses. In the event of substantial damage or destruction to the Common Area, the Board of Directors of the Association shall give prompt written notice of such damage or destruction to the holders of all First Mortgages of record on the Lots. No provision of the Declaration or the Articles of Incorporation or the Bylaws of the Association shall entitle any Member to any priority over the holder of any First Mortgagees of record on his Lot with respect to the distribution to such member of any insurance proceeds paid or payable on account of any damage or destruction of the Common Area.

Section 9. Condemnation or Eminent Domain. In the event any part of the Common Area is made the subject matter of any condemnation or eminent domain proceeding, or is otherwise sought to be acquired by any condemning authority, then the Board of Directors of the Association shall give prompt written notices of any such proceeding or proposed acquisition to the holders of all Mortgages of record on the Lots. No provision of this Declaration or the Articles of Incorporation or the Bylaws of the Association shall entitle any Member to any priority over the holder of any First Mortgage of record on his Lot with respect to the distribution to such Member of the proceeds of any condemnation or settlement relating to a taking of the Common Area.

Section 10. Captions and Gender. The captions contained in this Declaration are for convenience only and are not a part of this Declaration and are not intended in any way to limit or enlarge the terms and provisions of this Declaration. Whenever the context so requires, the male shall include all genders and the singular shall include the plural.

ARTICLE IX

Easements, Etc.

Section 1. Easement to Common Areas and Utility Easement. Each Owner is hereby granted an easement in common with each other Owner for ingress and egress through all of the Common Area (as shown on the aforesaid Subdivision Plat, subject to such reasonable rules, regulations and restrictions as

may be imposed by the Association. Each Owner is hereby granted a non-exclusive right, use and easement of enjoyment for himself and the members of his family, in common with other Owners and their families, in the Common Area.

Section 2. Easements of the Association. There is reserved to the Association, and its successors and assigns, the right and power to remove snow from the parking lots, sidewalks and private access easement at the discretion of the Association. Further, the Association shall maintain the right to mow the Common Area and pave or repair the Private Access Easement. The Association shall maintain the right to repair and replace the roof of each townhome, as the Board of Directors of the Association may direct. The Association may, in its discretion, be responsible for mowing and maintaining the front and sideyards of the Lots to insure uniform care and appearance. Further, the Association may mow the rear of Lots, if access to such Lot is unobstructed, if the Association determines to do so.

Section 3. Easements Over Sidewalks and Private Access and Parking Easement. Each Owner is hereby declared to have an easement and the same is hereby granted by the Declarant over sidewalks and the Private Access and Parking Easement located on all Lots, for the sole purpose of ingress to and egress from the Lots, all in keeping with the provisions of this Declaration and the construction and use of water laterals from water clusters to each unit.

Section 4. Crossover Easement. If the Owner (including the Declarant) of any Lot must, in order to make responsible repairs or improvements to a building on his Lot, enter or cross any Common Area, or a Lot of another Owner, such Owner shall have an easement to do so, provided that said Owner shall use the most direct, feasible route in entering and crossing over such an area and shall restore the surface so entered or crossed to its original condition, at the expense of said Owner.

Section 5. Blanket Easement. An easement is hereby retained in favor of Declarant and the Association over the Lots and any Common Area for installation of landscaping, construction of a common cable television system, a common sprinkler, entrance sign or features, or any other item for the common

enjoyment and/or benefit of the Owners. An easement is further granted for the purpose of the repair and maintenance of any item so constructed. Any entry upon any Lot or any Common Area to effectuate the foregoing purposes shall not be deemed trespass. Each Owner shall hold the Association and/or Declarant harmless from the cost of repairing or replacing any portion damaged or destroyed by such Owner, his family, his guests or invitees.

Section 6. Easement and Right of Entry of Law Enforcement Officials. Etc. An easement and right of entry through and upon the Property is hereby granted to animal control personnel, law enforcement officers, rescue squad personnel, fire fighting and other emergency personnel of the jurisdiction in which the Property is located, and to vehicles operated by said personnel while in the pursuit of their duties. Said emergency personnel shall also have the right of enforcement of cleared emergency vehicle access on roadways and driveways on the Property.

Section 7. Utility Easements. Easements over the Property for the installation and maintenance of electric, telephone, cable television, water, gas, roof drains connected directly to storm sewer, drainage and sanitary sewer lines and facilities and the like are hereby reserved by Declarant, together with the right to grant and transfer the same. Utility easements are also reserved within the private access and parking easement for the benefit of Owners of any Lot for installation and maintenance of such utilities benefiting individual Lots. Declarant also reserves the right to enter onto the Common Area for the purpose of completing the improvements thereon, and on the Lots, and for the further purpose of carrying out any defects in workmanship or materials in the Property or the improvements thereon.

The rights and duties with respect to sanitary sewer and water, cable television, electricity, gas and telephone lines and facilities in favor of the Association and the Owner of any Lot shall be governed by the following:

(a) Whenever water, sanitary sewer, roof drains connected directly to storm sewer, electricity, gas, cable television or telephone connections, lines, cables or any portion thereof, are or have been installed within the Property, the Owner of any Lot, or the Association shall have the

right, and are hereby granted an easement to the extent necessary thereof, to enter upon or have a utility company enter upon any portion of the Property in which said installation lies, to repair, replace and generally maintain said installations.

(b) The right granted in Subparagraph (a), above, shall be only to the extent necessary to entitle the Owner or Association serviced by said installation to its full and reasonable use and enjoyment and provided further that any one exercising said right shall be responsible for restoring the surface of the easement area so used to its condition prior to such use.

(c) In the event of a dispute between Owners with respect to the repair or rebuilding of said connections, or with respect to the sharing of the cost thereof, upon written request of one of such Owners addressed to the Association, the matter shall be submitted to its Board of Directors, who shall decide the dispute, and the decision of the Board shall be final and conclusive on the parties.

Section 8. Drainage Easement. Each Owner covenants to provide such easements for drainage and water flow as the contours of the Property and the arrangement of buildings by Declarant thereon requires. Declarant reserves an easement over all Lots and Common Area for the purpose of correcting any drainage deficiency.

Section 9. Stormwater Management Easement. There is reserved over the Common Area an easement for storm water management including, but not limited to, necessary storm water retention, pipes and piping and drainage easements to insure the proper drainage of storm water.

Section 10. Mutual Access Easement. This Property is subject to a ten (10') foot mutual access easement along the inside of all rear lot lines as shown on the Subdivision Plat made by David Lee Ingram, L.S., dated February 13, 2009, recorded in the aforesaid Clerk's Office in Deed Book 3505, page 431.

ARTICLE X

Party Walls

Section 1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the homes upon the Properties and placed on the dividing line between the Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding the party walls and 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 in proportion to such use.

Section 3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, an Owner who has used the wall may restore it, and if the other Owner thereafter makes use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use, without prejudice, however, to the rights of any such Owner regarding liability for negligent or willful acts or omissions.

Section 4. Weatherproofing. Notwithstanding any other provision of this Article, an Owner who by his/her negligent 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 5. Right of Contribution Runs with Land. The right of any Owner to seek 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 6. Arbitration. In the event of any dispute arising concerning any provisions of this Declaration, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator.

ARTICLE XI

Architectural Control

Section 1. Building Restrictions. No building, fence, wall or other structure shall be placed, commenced, erected or maintained upon any Lot or other portion of the Property, nor shall any exterior addition to or change or alteration therein be made (including change in color) until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors. The Board of Directors may appoint a committee of Owners or a Property Management Company to perform the review duties described in this Declaration.

Section 2. Review Process. The Board of Directors shall regulate the external design, appearance and locations of the Property and improvements thereon in such a manner so as to preserve and enhance values and to maintain harmonious relationship among structures and the natural vegetation and topography. In furtherance thereof, the Board of Directors shall:

(a) Review and approve, modify or disapprove, within forty-five (45) days, all written applications of Owners for improvements or additions to Lots or for modifications and changes to the improvements to the Lots. All applications not acted upon within forty-five (45) days shall be deemed approved;

(b) Periodically inspect the Property for compliance with architectural standards and approved plans for alteration;

(c) Adopt procedures for the exercise of its duties; and

(d) Maintain complete and accurate records of all actions taken.

Section 3. Declarant Exempt. Notwithstanding any provision of this Declaration to the contrary, the provisions of this Article XI shall not be applicable to the Declarant or any Participating Builder or any part of the Property owned by the Declarant.

ARTICLE XII

Insurance

Section 1. Casualty Insurance on Insurable Common Area. The Association shall keep all insurable improvements and fixtures of the Common Area insured against loss or damage by fire for the full insurance replacement cost thereof, and may obtain insurance against such other hazards and casualties as the Association may deem desirable. The Association may also insure any other property whether real or personal, owned by the Association, against loss or damage by fire and such other hazards as the Association may deem desirable, with the Association as the owner and beneficiary of such insurance. The insurance coverage with respect to the Common Area shall be written in the name of, and the proceeds thereof shall be payable to the Association. Insurance proceeds shall be used by the Association for the repair or replacement of the property for which the insurance was carried. premiums for all insurance carried by the Association are Common Expenses included in the Common Assessments made by the Association.

In addition to casualty insurance on the Common Area, the Association, through the Board of Directors, may elect to obtain and continue in effect, on behalf of all Owners, adequate blanket casualty and fire insurance in such form as the Board of Directors deems appropriate in an amount equal to the full replacement value, without deduction for depreciation or coinsurance, of all the Dwelling Units, including the structural portions and fixtures thereof, owned by such Owners. Insurance premiums from any such blanket insurance coverage, and any other insurance premiums paid by the Association shall be a Common Expense of the Association to be included in the regular Common

Assessments of the owners, as levied by the Association. The insurance coverage with respect to the Dwelling Units shall be written in the name of, and the proceeds thereof shall be payable to the Association as Trustee for the Homeowners.

Section 2. Replacement or Repair of Property. In the event of damage to or destruction of any part of the Common Area Improvements, the Association shall repair or replace the same from the insurance proceeds available. If such insurance proceeds are insufficient to cover the costs of repair or replacement of the property damaged or destroyed, the Association may make a Reconstruction Assessment against all Lot Owners to cover the additional cost of repair or replacement not covered by the insurance proceeds, in addition to any other Common Assessments made against such Lot Owner. In the event that the Association is maintaining blanket casualty and fire insurance on the Dwelling Units, the Association shall repair or replace the same from the insurance proceeds available.

Section 3. Annual Review of Policies. All insurance policies shall be reviewed at least annually by the Board of Directors in order to ascertain whether the coverage contained in the policies is sufficient to make any necessary repairs or replacement of the property which may have been damaged or destroyed.

ARTICLE XIII

Merger or Dissolution of Association

The Owners of Lots shall not dissolve or disband the Association, nor shall the Association dispose of any Common Area by sale, or otherwise, to any entity other than a non-profit organization conceived and organized to own and maintain the Common Area, without first offering to dedicate the same to the jurisdiction in which the Property is located, or such other appropriate governmental agency. The Association may dissolve itself according to the provisions of the Articles of Incorporation.

IN WITNESS WHEREOF, JCM Development, LC, Farmers and Merchants Bank and its Trustee have caused this declaration to be signed in their names and on their behalf as thereunto duly authorized.

JCM DEVELOPMENT, LC, a Virginia
limited liability company

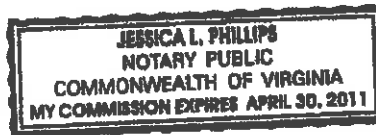
By Chad Branson, MANAGER (Seal)
CHAD BRANSON, Manager

COMMONWEALTH OF VIRGINIA,
CITY OF HARRISONBURG, to wit:

The foregoing instrument was acknowledged before me this
3rd day of ~~August~~ ^{September}, 2009, by CHAD BRANSON, as Manager of
JCM Development, LC, a Virginia limited liability company on
behalf of the company.

My commission expires: 4/30/2011

Jessica L. Phillips Registration #
Notary Public 7091559



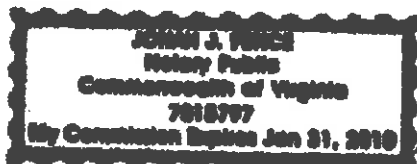
FARMERS & MERCHANTS BANK,
Noteholder

By: Joshua P. Hale, V.P. (Seal)
JOSHUA P. HALE, Vice President

COMMONWEALTH OF VIRGINIA,
CITY/COUNTY OF Rockingham, to-wit:

The foregoing instrument was acknowledged before me in the
jurisdiction aforesaid this 1st day of September, 2009, by JOSHUA P.
HALE, Vice President of Farmers & Merchants Bank, Noteholder.

My Commission Expires: 11/31/10



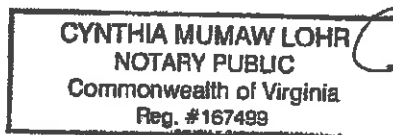
7015707 Joshua J. Pence
Notary Public

Mark B. Callahan (Seal)
MARK B. CALLAHAN, TRUSTEE

COMMONWEALTH OF VIRGINIA,
CITY OF HARRISONBURG, to-wit:

The foregoing instrument was acknowledged before me in the
jurisdiction aforesaid this 8th day of August, 2009, by MARK B.
CALLAHAN, TRUSTEE. September

My Commission Expires: 6/30/2012



Cynthia Mumaw Loehr
Notary Public