

**DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS
of
HIGHLANDS AT MECHUMS RIVER OWNERS ASSOCIATION, INC.**

This is an outline only and is not legally bound. Please refer to the full Declaration for details.
This Declaration was made August 10, 1991 by David H. Pettit, Trustee of The Mechums River Land Trust.

Article I - DEFINITIONS

Section 1 - Association. Highlands at Mechums River Owners Association, Inc.

Section 2 - Property. Certain real property, subdivided into 76 lots numbered Lot 75 through Lot 150, to be served by state maintained roads accessing off of US Route 240 as shown on the Plat

Section 3 - Common Area. All real property owned by the Declarant or the Association for the common use and enjoyment of the members of the Association

Section 4 - Lot. Lots 75 through 150 as shown on the Plat

Section 5 - Member. Every person or entity who holds membership in the Association

Section 6 - Owner. The owner of fee simple title to any Lot

Section 7 - Declarant. David H. Pettit, Trustee of The Mechums River Land Trust

Section 8 - Declaration. The covenants, conditions, restrictions, easements, reservations, liens and charges and all other provisions set forth or amended in this document

Section 9 - Board of Directors. The Board of Directors of the Association

Section 10* - Streets. Streets, roads or circles on the Property which provide access between Lots and Rt. 240

Section 11 - ACB. The Architectural Control Board that regulates external appearance and use of the Lots

Section 12 - Craig. Craig Builders of Albemarle, Inc.

Section 13 - Republic. Republic Homes Investment Corp.

Article II - PROPERTY SUBJECT TO DECLARATION

Section 1 - Existing Property.

Section 2 - Additions to Existing Property. Declarant has the right to add other property in the vicinity of the Property to the operation of the Declaration and the jurisdiction of the Association.

Article III - ASSOCIATION

Section 1* - Duties. A non-stock corporation (Highlands at Mechums River Owners Association) which has the powers of:

- a) owning, maintaining and administering the Common Area and Private Roads
- b) maintaining the Lots
- c) administering and enforcing all covenants, conditions, restrictions, and easements
- d) collecting and dispersing the assessments
- e) promoting the health, safety, common good and general welfare of the residents of the Association.

Section 2 - Membership. Every Owner of a Lot shall be a Member of the Association.

Section 3* - Voting Rights. There are two classes of voting membership:

Class A. All Owners of Lots with the exception of Class B Members. Class A members shall be entitled to one vote for each Lot owned (only one vote per Lot).

Class B. The Declarant. The Class B Member shall be entitled to 3 votes for each Lot owned by the Class B Member. Declarant's Class B membership shall cease and be converted to Class A membership on the earlier of a) Dec. 31, 2001; or b) the date on which the number of total votes of Class A Members equals or exceeds the number of total votes of Class B Members.

Section 4 - Board of Directors. The Board of Directors is elected by majority vote of the Members as set forth in the Bylaws.

Section 5 - Powers and Duties of the Board of Directors. The Board of Directors. has all of the powers and duties necessary for the administration of the affairs of the Association and may take any such action on behalf of the Association except that required by the Members of the Association.

Section 6 - Powers and Duties of the Association. As set forth in this Declaration and in the Articles of Incorporation and in the Bylaws.

Section 7 - Quorum. At any duly called meeting of the Association, a quorum for the conduct of business exists if at least 50% of Class A (72 out of 142) votes are represented either in person or by proxy.

Article IV - COMMON AREA AND STREETS

Section 1 - Composition of Common Area. Common Area consists of all areas shown and described as Common Area or Open Space as shown on any recorded plat of Highlands at Mechums River

Section 2 - Title to Common Area. Declarant will convey fee simple title to the Common Area to the Association.

Section 3 - Members' Easements of Enjoyment in Common Area. Each Member, his immediate family, guests and tenants shall have a right and easement of enjoyment in and to the Common Area subject to the provisions listed in Article IV, Section 3

Section 4 - Common Area Easements. The Board of Directors may grant any easement in the Common Area.

Section 5 - Streets. Accepted by VDOT into the Secondary System of Highways

Section 6* - Private Roads. The Private Roads as shown on the Plat are considered as Common Area

Article V - EASEMENTS

Section 1 - Drainage and Utility Easements. The Declarant has a right-of-way on, above, and underground all areas subject to this Declaration whether within any Common Areas or Lots, except the area under buildings, patios, walks, decks, porches or other improvements constructed by the Declarant, by the Republic, or approved by the ACB. The purpose of these easements is to construct, maintain, inspect, regrade, replace and repair vegetation, road shoulders, lines, wires, cables, conduits, sewers, pipes, water mains and other suitable equipment for the conveyance of water, sewer, gas, telephone, electricity, television cable, exterior lighting, storm water and other utilities and public conveniences for any purpose required by Albemarle County or VDOT. Such purposes also include storm and surface water drainage, including pipes, ditches, culverts, swales and other suitable facilities. These easements include the right to cut any trees, brush and shrubbery, dig or grade any soil and take any other similar action as reasonably necessary. Any damage to the Property resulting from the use of the easements shall be promptly repaired at the expense of the party causing such damage.

Section 2 - Party Wall. Any wall built as part of the original construction of the house which is placed upon the dividing line between Lots is called a party wall. Both of the adjacent Lot Owners divided by the wall has the right to use the party wall as their exterior building wall. The cost of reasonable repair and maintenance of the party wall is shared equally by the adjacent Lot Owners. If a party wall is damaged or destroyed by fire or other casualty, each adjacent Lot Owner will contribute 50% to the cost of repair or restoration.

Section 3* - Joint Driveway Easement. Two adjacent Lots may be served by a single driveway on which there is an access easement for the benefit of the two Owners. The easement shall be 20 feet wide and the length shall be from the Street to the point where the joint driveway splits into each Lot. Each of the owners is responsible for one-half of the cost of repairs and maintenance of the joint driveway.

Article VI - COVENANT FOR ASSESSMENTS

Section 1* - Creation of the Lien and Personal Obligation of Assessments. Each Owner of any Lot must pay to the Association:

- 1) Community Assessments collected on a monthly basis,
- 2) Attached Home Maintenance (AHM) Assessments collected on a monthly basis only from the Owners of Lots which are planned for attached homes,
- 3) Special Assessments for community or capital improvements, and
- 4) Correction Assessments for correction of noncompliance with this Declaration. All of these categories of assessments are collectively referred to as Assessments. Each Assessment shall be the personal obligation of the Owner, and the personal obligation shall not pass to such Owner's successors in title unless expressly assumed by them in writing.

Section 2* - Purpose of Assessments.

(a) Community Assessments are used to promote the enjoyment, health, safety, and welfare of the residents in the Property and in particular for repair, improvement, provision, maintenance, enhancement and replacement of the Common Areas, drainage facilities, signs, landscaping, grounds, fencing, exterior lighting, sprinkler system, mailboxes, services, and facilities. The Association will use Community Assessments to:

- 1) maintain all Common Area including storm water detention or runoff control facilities if any
- 2) operate recreational facilities if any
- 3) provide snow removal from the Streets until they are accepted into the State Secondary System
- 4) provide maintenance and snow removal for Private Roads
- 5) provide, maintain and replace as necessary such Common Area signs, fencing, lighting, landscaping and sprinkler systems as deemed appropriate by the Board of Directors and maintain maintenance bonds as may be required by VDOT for landscaping or median maintenance.
- 6) be in charge of the general control of the entire Property, and may make any reasonable regulations consistent with the purposes stated herein
- 7) maintain liability insurance for Common Area and pay any taxes on the Common Area
- 8) attempt to establish and maintain reasonable reserves to accomplish all of the above

(b) AHM Assessments are used for exterior maintenance of the Lots. The Association will use AHM Assessments to:

- 1) provide lawn mowing, lawn fertilizing and shrubbery trimming in the front and side yards of Lots. The Association will not maintain the rear of any Lot unless it voluntarily elects to do so.
- 2) provide exterior maintenance and replacement when deemed necessary by the Board of Directors for wear and tear of siding including painting, and of roofs, downspouts and exterior trim. The Association is not responsible for exterior repairs or maintenance required by casualty loss.
- 3) provide termite control as and when it deems necessary
- 4) attempt to establish and maintain reasonable reserves to accomplish all of the above

Section 3A* - Basis and Maximum of Community Assessments. Owners shall pay Community Assessments on the first day of the month. Community Assessments may be increased by up to 10% per year effective January 1 of each year without a vote of the Members, by the Board of Directors. Any increase in Annual

Assessments in excess of the 10% increase must be approved by a majority vote of the Members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 3B* - Basis and Maximum of AHM Assessments. AHM Assessments are in addition to Community Assessments. Owners shall pay AHM Assessments on the first day of the month. AHM Assessments may be increased by up to 10% per year effective January 1 of each year without a vote of the Members, by the Board of Directors. Any increase in Annual Assessments in excess of the 10% increase must be approved by a majority vote of the Members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 4* - Special Assessments and Special AHM Assessments. The Association may levy a Special Assessment in any year applicable to that year only for the purpose of defraying, in whole or in part, an unexpected or unusually large expense or anticipated expense, the cost of any construction or reconstruction, an unexpected repair or replacement of a capital improvement upon the Common Area, or for any other reason found by the Board of Directors to be in the best interest of the Association. Any Special Assessment or Special AHM Assessment must be approved by a 2/3 vote of the Members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5* - Uniform Rate of Assessment. All Assessments except Correction Assessments must be fixed at a uniform rate for all Lots and collected on a monthly basis unless the Board of Directors determines otherwise. Correction Assessments shall be fixed on a case-by-case basis and need not be uniform.

Section 6* - Date of Commencement of Assessments; Due Dates. Community and AHM Assessments shall commence on the first day of the month following conveyance of a Lot to an Owner. Written notice of the Annual Assessment shall be sent to every Owner.

Section 7 - Effect of Nonpayment of Assessments; Remedies of the Association. Any Assessment not paid when due shall be delinquent, and shall bear interest from the date of delinquency (18% per annum) until paid. All delinquency, interest, and costs of collection, including reasonable attorney's fees shall be payable by the Owner. The Association may take legal action against the Owner personally obligated and/or it may foreclose a lien against the Lot.

Section 8 - Lien for Payment of Assessments. There is a continuing lien on each Lot in order to secure the payment of Assessments (including interest and costs of collection and attorney's fees). Prior to filing a Memorandum of Lien, ten days written notice of the Association's intent to file such Memorandum shall be given to the Owner by certified mail.

Section 9 - Exempt Property. The following property shall be exempt from Assessments: a) all property dedicated to a local utility or public authority such as VDOT, Virginia Power, etc., b) the Common Area, and c) all properties (except Lots) owned by a charitable or non-profit organization.

Section 10 - Correction Assessments. The Association or the ACB may impose non-uniform Correction Assessments upon any Lot and its Owner in the manner set forth in Article VIII, Section 2 or Article IX.

Article VII - ARCHITECTURAL CONTROL

Section 1 - Purpose. The ACB regulates the external design, appearance, use, location and maintenance of improvements and landscaping on any Lot or Common Area, other than improvements constructed or landscaping done by Declarant or Craig. These regulations are to preserve and enhance values, maintain a harmonious relationship among structures and the natural vegetation and topography and to preserve the general character and color, tone and architectural compatibility of the area as originally constructed. Dwellings on adjacent Lots which are separated by party wall must be painted the same color for siding and trim and must have the same roof shingle color and window type.

Section 2 - Composition of Architectural Control Board. The Association appoints at least three of its Members to the ACB, which may be replaced at any time for any reason whatsoever.

Section 3 - Required Approval to Commence Work. No exterior improvements, alterations, repairs, change of paint color, change of roof color, excavations, changes in grade, clearing, major landscaping or other work which in any way alters any Lot from its natural state cannot be performed without the prior written conditional approval signed by each member of the ACB. No building, fence, exterior wall, or changes to any existing structures can be commenced or made until prior written conditional approval signed by each member of the ACB.

Section 4 - Procedure. None of the work described in Section 3 above can begin until plans and specifications (describing the nature, size, kind, shape, height, materials, colors and location of the work) have been submitted to the ACB and conditionally approved in writing and signed by each member of the ACB after consideration of the plans and specifications. The ACB may adopt additional procedures as to the information it requires to be submitted with any request for approval.

Section 5 - Conditional Approval Presumption. If the ACB fails to respond in writing to a request for approval within 60 days after the appropriate materials and plans have been submitted in writing to it, the submitted plans shall be deemed to have been conditionally approved. The burden shall be upon the Owner to show the date of the submission and that the plans were properly submitted to the ACB.

Section 6 - Conditional and Final Approval. Conditional approvals may become final approvals upon the ACB's inspection of the actual completion of the work and finding them to be as set forth in the plans submitted to it. If the completed work, as judged by the ACB, does not conform to the approved plans, then the ACB's approval, whether given in writing or by presumption, may be withdrawn. The Owner must notify the ACB in writing within 30 days after the completion of the work that he requests final approval. The ACB then has 30 days to inspect and grant or refuse final approval in writing. If final approval is refused, the Owner must make changes and resubmit until final approval is obtained.

Section 7 - Final Approval Presumption. If appropriate action has not been commenced within 180 days after the completion of the work, it shall be conclusively presumed to have received final approval by the ACB.

Section 8 - No Approval. If an Owner commences any work which requires ACB approval without its conditional approval or complete any work without seeking ACB final approval within 30 days of completion, the ACB, the Association, or any Member may take appropriate legal or equitable action. Furthermore, the ACB or the Association has the right (but not the obligation) to correct any violation and impose Correction Assessments as set forth in Article VIII, Section 2.

ARTICLE VIII - USE RESTRICTIONS

Section 1 - Limitation of Use of Lots and Common Area. The Lots and Common Area shall be occupied and used as follows:

- a) (1) Residential Use*. No Lot shall be used for any purpose, except that described in the following subparagraph (2), other than a single family private residence.
(2) Home Occupation*. A Lot may be used for a home occupation provided that i) the occupation is done so solely within the dwelling, ii) no persons other than members of the single family residing on the premises shall be engaged in the home occupation, and iii) the occupant obtains from the County of Albemarle and maintains a "Class A Home Occupation Permit".
- b) Common Area Use. Nothing shall be stored in the Common Area without prior consent of the Association. Nothing shall be altered or constructed in or removed from the Common Area without prior written consent of the Association. No waste is permitted in the Common Area.
- c) Nuisance. No noxious, boisterous or offensive activity is permitted upon any Lot or in the Common Area, nor shall anything be done which may be or may become an annoyance, nuisance, fire hazard or safety hazard to anyone or to any improvements (property). The Board of Directors has the authority to determine in writing whether any activity conducted upon any Lot constitutes a nuisance upon the submission to it of a complaint in writing by any Owner regarding such activity.

The Association has full authority and power to abate any nuisance provided that the Owner has failed to abate said nuisance within reasonable time after written notice has been given to the Owner.

- d) Liability Insurance. Nothing shall be done or kept in any Lot or Common Area which will increase the rate of insurance on the Common Area without prior written consent of the Association. No owner shall permit anything to be done or kept in his Lot or in the Common Area which will result in the cancellation of insurance on any Lot or Common Area, or which would be in violation of any law.
- e) Signs. No sign of any kind (including "For Sale" signs) can be displayed to the public view on or from any Lot, the Common Area, or on or from within any structure on any Lot.
- f) Pets. No more than two dogs, cats or other domesticated household pets may be kept on each Lot. No pet is permitted off the pet-owner's Lot except on a leash. Owners of pets must promptly clean up after their pet. Any dog that demonstrates dangerous behavior, as judged by the Board of Directors, can be immediately evicted and not be permitted upon any Lot or Common Area thereafter.
- g) Fences. No fence is permitted upon any front or side yards. Fences may be erected in the back yards if approved by the ACB.
- h) Trash. Trash cans and containers must be maintained within ACB approved screened bins concealed from view from the Streets and adjacent Lots. Street side trash pick-up is not permitted, and trash pick-up can take place only at locations that are approved or designated by the Association.
- i) Antennas. No exterior roof antennas of any kind are permitted. No satellite dishes exceeding 2 feet in diameter are permitted.
- j) Trees. No living tree larger than 2 inches in diameter (measured 3 feet from the ground) may be cut down or removed from any Lot without prior written permission from the ACB.
- k) Clothes Drying. No clothing, laundry or wash is permitted to be aired or dried on any portion of a Lot exposed to view from any other Lot, the Common Area or any Street.
- l) Inoperable Vehicles. No inoperable vehicle is permitted on the Property for more than 48 hours.
- m) Vehicles. Vehicles without a current license and valid inspection sticker is not permitted on any Lot, Street or on the Common Areas. The more than 3 vehicles may be maintained or stored on any Lot (excluding those stored in garages).
- n) Recreational and Other Vehicles. No mobile home, trailer, camper, bus, recreational vehicle, dune buggy, tow truck, tractor, backhoe, boat, truck over 3/4 ton rated capacity is permitted to be placed, stored or parked on any Lot, Street or Common Area either temporarily or permanently. The Association has the power to regulate or prohibit the placement, storage or parking (temporary or permanent) within the Property of any vehicle which in the opinion of the majority of the Board of Directors detracts from the general aesthetic character and harmony of Highlands at Mechums River.
- o) Temporary Structures. No temporary structure, tent or trailer is permitted on any Lot or Common Area at any time as a residence.
- p) Toys, Bicycles, Equipment. All toys, bicycles, tricycles, lawn and garden implements and machines, and the like must be kept stored out of sight from other Lots or Streets from sunset to sunrise.
- q) Drainage. No owner can interfere with the natural drainage of surface water from his Lot to the detriment of any other Lot.
- r) Firewood. No more than a cord of firewood may be stored at any time on any Lot. All wood piles must be stored in the rear of the Lot no closer than 10 feet to any structure used as a residence and either uncovered or covered with a dark colored tarp.

- s) Woodstoves. No woodstoves are permitted to be installed, maintained, or used on any Lot.
- t) Mailboxes. No mailbox may be altered in any way without written ACB approval.
- u) Storage Tanks. No underground storage tanks are permitted in any Lot or Common Area without ACB written approval.
- v) Exterior Appearance. Each Owner is responsible for a well maintained exterior appearance of his Lot including reasonable maintenance of lawn and shrubbery in those areas not maintained by the Association (and if maintenance is not the responsibility of the Association). Each Owner must maintain and mow the grass in the rear of his Lot so that it does not exceed 6 inches in length. Each Owner must also maintain all decks, porches and patios in a neat, orderly and well-maintained fashion and must not use them for storage.

Section 2 - Correction Assessments and Remedies. Any Owner that violates or fails to comply with the provisions of Article VII or Section 1 of Article VIII may be liable for Correction Assessments provided that written notification was delivered to the Owner. If such Violation(s) is not stopped or corrected (within the time set forth in the written notification) and continues, then without further notice, the ACB or Association are irrevocably granted permission to come upon the Lot of said Owner and may fully or partially stop, halt, or correct such Violation(s), without liability for so doing, and the costs incurred (including interest and attorney's fees) shall be charged as a Correction Assessment to such Owner. The ACB or the Association has the right (but not the obligation) to correct the Violation(s). Correction Assessments may be collected as other Assessments as specified in Article VI including suit at law or in equity or by filing a notice of lien.

ARTICLE IX - CASUALTY DAMAGE TO LOTS

Section 1 - Obligation to Rebuild. If any structure on any Lot is damaged or destroyed by fire, windstorm, or other casualty, the Owner of the Lot is responsible for and shall bare the cost of rebuilding or repairing the structure to the same standards and appearance as existed previously. The rebuilding or repairing must commence within 60 days of such damage and should be completed within 6 months from the date of commencement. If the Owner fails to reconstruct or repair the structure to the satisfaction of the Board of Directors, the Association after 30 days prior written notice to the Owner has the right to reconstruct or repair the structure, and the cost thereof (including interest and attorney's feed) will be assessed against the Owner as a Correction Assessment.

Section 2 - Insurance. The Owner if each Lot must maintain an "all risk" hazard or homeowners insurance policy covering the improvements of the Owner's Lot against loss or damage due to fire, explosion, windstorm, casualty or other insurable cause. If an Owner fails to maintain such insurance, the Association after 5 days written notice, has the right (but not the obligation) to procure such insurance in the name of the Owner and assess the charges and an administrative fee of \$250.00 against the Owner as a Correction Assessment.

ARTICLE X - GENERAL PROVISIONS

Section 1 - Enforcement. The Association has the right to enforce all covenants, conditions, restrictions, reservations, liens and charges imposed by the provisions of this Declaration and may seek damages for violations of such provisions. Before such action, the Owner shall be given the opportunity for a hearing before the Board of Directors. Written notice shall be given to the Owner 14 days prior to the hearing. An Owner may also seek to enforce all covenants, etc. against another Owner.

Section 2 - Fees and Costs. In seeking enforcement of the provisions of this Declaration, the Association shall be awarded court costs and reasonable attorney's fees, if it substantially prevails.

Section 3 - Severability. Invalidation of any provisions of this Declaration shall in no way affect any other provisions which shall remain in full force and effect.

Section 4 - Prohibited Discrimination. No transfer of any interest or offer to acquire any interest in any Lot shall be refused by any Owner to any person because of race, color, religion, sex or national origin. No provision of this Declaration shall be used to discriminate against any person because of race, color, religion, sex or national origin.

Section 5 - Amendments. This Declaration may be modified or amended during the first 20 year period by an instrument signed by Declarant after being approved by a more than 2/3 vote of the Members who are voting in person or by proxy at a meeting duly called for this purpose. After this period the Declaration may be amended only by an instrument signed by more than 2/3 of the Lot Owners.

Section 6 - Duration. This Declaration shall run for a period of 20 years from October 7, 1991, after which time the Declaration shall be automatically extended for successive periods of 10 years.

Section 7 - Trustee Disclaimer. Declarant executes this Agreement not personally but as Trustee, and that David H. Pettit personally has no responsibility or liability for performance of the Declaration.

* These sections have been amended either in part or in their entirety, and the amended versions are shown.