

DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
OF
LAUREL RUN

THIS DECLARATION, made on the date hereinafter set forth, by Southwest Holdings, LLC, hereinafter referred to as "DECLARANT".

WITNESSETH

WHEREAS, Declarant is the owner of certain property, situate, lying and being in the County of Franklin, State of Virginia, known as Laurel Run, which is more particularly shown and described on the plat of Laurel Run, recorded and in the Clerks Office of the Circuit Court in Franklin County, Virginia, in Deed Book ____ at Pages ____ thru ____.

NOW, THEREFORE, Declarant hereby declares that all of the properties described above 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 described properties or any part thereof, their heirs, successors, and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I
DEFINITIONS

Section 1. "Association" shall mean and refer to the Laurel Run Property Owners Association, its successors and assigns.

Section 2. "Owner" or "Owners" shall mean and refer to the record owner whether one or more persons or entities, of fee simple title to any tract or lot in Laurel Run, excluding those having such interest merely as security for the performance of an obligation.

Section 3. “Road” shall mean and refer to all roadways, as shown on the plat of Laurel Run and which road loads from Virginia Secondary Route 640 through the subdivision.

Section 4. “Subdivision” shall refer to all of the property shown within the perimeters of the plat of Laurel Run, recorded aforesaid.

Section 5. “Tract” shall refer to any of the tract(s) or lot(s), 1 thru 29, inclusive as shown on the plat of Laurel Run, recorded aforesaid. The words “tracts”, “lots” and or “parcel” are used interchangeable, with each having the same meaning.

Section 6. “Declarant” shall mean and refer to the Southwest Holdings, LLC, and its successors and assigns.

Section 7. “Member” shall mean and refer to the record owner of a tract in Laurel Run (not to include Tract 29), which holds a membership in the Property Owner’s Association.

Section 8. “Membership” shall mean and refer to a member in good standing of the Property Owner’s Association.

Section 9. “Detached Buildings” shall mean and refer to any structures detached from the main resident. For example: sheds, garages, all outbuildings.

ARTICLE II

MEMBERSHIP AND VOTING RIGHTS

Section 1. The Association Membership

Every Owner of a Tract in Laurel Run, except the owner(s) of Tract 29, shall be a member of the Laurel Run Property Owners Association. Membership shall be appurtenant to and may not be separated from ownership of any Tract.

Section 2. The Association 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, and shall be entitled to one (1) vote for each Tract owned. When more than one person holds an interest in any tract, all persons shall be members, but entitled to only one vote for the Tract owned. The vote for such Tract shall be exercised as the

members among themselves determine, but in no event shall more than one (1) vote be cast for any one Tract.

Class B – The Class B member(s) shall be the Declarant and shall be entitled to three (3) votes for each Tract owned. The Class B membership shall cease and be converted to Class A membership at any time the Declarant may determine, but must be converted when the total votes outstanding in Class A membership equal the total votes outstanding in Class B membership, or within a period of seven (7) years from the date of recordation of the Declaration, whichever occurs first.

ARTICLE III

COVENANT FOR MAINTENANCE AGREEMENT

Section 1. Creation of the Lien and Personal Obligation of Assessments

Each Owner of any Tract, by acceptance of the deed, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay the Association: (a) annual assessments or charges, (b) special assessments for capital improvements, each said assessment is to be established and collected as hereinafter provided, and (c) special assessment for the expenses of the Association including, but not limited to, insurances costs, utility costs, legal fees and expenses. The annual and special assessments, if not timely paid, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for the delinquent assessments shall not pass to his successors in title unless expressly assumed by them. There shall be no assessment against any Tract owned by the Declarant until such time as the Declarant's Class B membership has been converted to Class A membership pursuant to Article II, Section 2.

The Association shall also have the authority, to establish, fix and levy a special assessment on any Tract to secure the liability of the Owner thereof to the Association arising from breach by such Owner of any of the provisions of this Declaration, which breach shall require the expenditure of time or money (including legal fees and expenses), or both, by the Association for repair or remedy.

Each Owner covenants for himself, his heirs, successors and assigns, to pay each assessment levied by the Association on the Tract described in such conveyance to him/her within ten (10) days after receipt of an invoice for the same, and further covenants that if said charge shall not be paid within thirty (30) days from the date that said invoice is deposited, postage prepaid, in the United States mails, in an envelope addressed to such Owner at the address of the Tract, and to such other address as said Owner shall have designated, and the amount of such charge shall become a lien upon said Owner's Tract and shall continue to be such lien until fully paid.

Section 2. Purpose of Assessments

The assessments levied by the Association shall be used exclusively for the improvements and maintenance of the roads, drainage easements, sign maintenance, entrance landscaping, and enforcement and defense of these covenants. Tract 29 is excluded from assessment due to a separate and isolated entrance, but is subject to all covenants, conditions, and restrictions (excluding minimum floor area).

Section 3. Annual Assessment

Until January 1 of the year immediately following the conveyance of the first Tract to an Owner, the annual assessment shall be Two Hundred Dollars (\$200.00) per Tract.

From and after January 1 of the year immediately following the conveyance of the first Tract to an Owner, the maximum amount the annual assessment may be increased each year by the Association will be no more than twenty percent (20%). Once Twenty Thousand Dollars (\$20,000) is accumulated in this fund, no additional assessments will be made until funds are below Twenty Thousand Dollars (\$20,000). From time to time, as the Association deems necessary, the fund amount and/or the assessment amount may be increased with a 2/3 majority vote of the members.

Section 4. Special Assessments for Capital Improvements

- a. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the road, and drainage easements.

b. Special assessments can be incurred for expenses of the Association.

Section 5. Uniform Rate Assessment

Both annual and special assessments must be fixed at a uniform rate for all Tract Owners (except Tract 29, as to the annual assessment) and may be collected on a semi-annual or annual basis.

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

The annual assessments provided for herein shall commence as to all Tracts on the first day of the month following the conveyance of that Tract. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Association shall fix the amount of the annual assessment against each Tract 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 Association shall establish the due dates. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Tract have been paid.

Section 7. Effect of Nonpayment of Assessments: Remedies of the Association

Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of nine percent (9%) per annum, or such other rate as set by the Association, but not to exceed the legal rate of interest for a judgment. The Association may bring an action at law against the Owner(s) personally obligated to pay the same, or foreclose the lien against the property. No Owner may waive or otherwise escape liability for the assessments provided for herein. Any and all legal fees and expenses incurred by the Association through attempts to remedy Nonpayment of Assessments by the Owner(s) shall become the responsibility of said Owner(s) to pay in full and in a timely manner, so as not to incur late fees.

Section 8. Subordination of the Lien to Mortgages

The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Tract shall not affect the assessment lien. However, the sale or transfer of any Tract pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer, but shall not relieve the individual

responsible from the payment of the assessment herein provided. No sale or transfer shall relieve such Tract from liability for any assessments thereafter becoming due or from the lien thereof.

ARTICLE IV
MAINTENANCE OF ROADS

Section 1. Responsibility of Association

In addition to its various other duties, the Association shall assume responsibility for maintenance of all roads in Laurel Run Subdivision and as the same travels thru the Subdivision including drainage easements. The road shall be kept in good condition in keeping with high standards of appearance, and to provide a safe road right of way. The Association shall negotiate and award an annual contract with a licensed contractor to provide road repairs and snow removal on all roads within the Subdivision.

ARTICLE V
GENERAL PROVISIONS

The Declarant does hereby, of its own free will, impose, for the protection of the Tracts hereinafter mentioned, in order that the same may be properly developed, certain restrictions, covenants and conditions which shall apply to all of the Tracts owned by Southwest Holdings, LLC, which said restrictions, covenants and conditions are as follows, to-wit:

1. ARCHITECTURAL CONTROL COMMITTEE: No building shall be erected, placed or altered on any Tract until the construction plans and specifications and a plan showing the location of the structure have been approved by the Architectural Control Committee (which committee shall be designated by Southwest Holdings, LLC) as to quality of workmanship and materials, harmony of external design with existing structures, and as to location with respect to topography and finish grade elevation. No fence or wall shall be erected, placed or altered on any Tract nearer to any street than the minimum building setback line unless similarly approved. Approval shall be as provided herein:

- (a) Membership: The Architectural Control Committee is composed of three (3) members designated initially by the Declarant. A majority of the Committee may designate a representative to act for it. The initial Committee shall consist of one member to serve a three year term, a second member to serve a two year term, and a third member to serve a one year term. Upon completion of each member's term, all association members are requested to vote for a replacement committee member. Replacement Committee members will be decided by a majority vote at the regularly scheduled annual meeting. Every replacement Committee member will serve a two year term. In the event of death or resignation of any member of the Committee, the remaining members of the Committee shall have full authority to designate a successor. Neither the members of the Committee nor its designated representative shall be entitled to any compensation for services performed pursuant to the covenants.
- (b) Procedure: The Committee's approval or disapproval as required in these covenants shall be in writing. In the event the Committee, or its designated representative, fails to approve or disapprove within forty-five (45) days after plans and specifications have been submitted to it, and, if no suit to enjoin the construction has been commenced within ninety (90) days of completion, approval will not be required, however, plans and/or specifications must comply with Architectural ordinances.

2. LAND USE AND BUILDING TYPE

- (a) No structure shall be erected on any individual Tract other than one private, single-family dwellings, with detached buildings. No separate facilities shall be built or used for the purpose of renting, nor shall the use of any mobile home as a permanent or temporary residence be permitted on any Tract.

- (b) No business or commercial activity shall be allowed other than home occupations as defined by the Franklin County Zoning Ordinance as Home Occupations, Class A.
- (c) No visible trade materials or inventories may be stored. No trucks (trucks with a 25,000 GVW or larger classification), tractors, or inoperative vehicles may be stored, used, or parked where visible from road.
- (d) All modular products shall be of “off-frame construction” and built to prevailing state building codes and must be approved by the Architectural Control Committee or their designee prior to construction on said lot. The Architectural Control Committee has the right to refuse any plan due to design and specifications of the said product.

3. **TEMPORARY STRUCTURES:** No temporary house, trailer, tent, garage, or other outbuilding shall be placed or erected on any Tract, provided, however, that the Committee may grant permission for any such temporary structure for storage of materials during construction. No such temporary structures as may be approved shall be used at any time as a dwelling place.

No outside toilets shall be constructed on any Tract, except during construction and must be removed at the end of construction or once the building under construction is in use, whichever occurs first. All plumbing fixtures, dishwashers, toilets or sewage disposal systems shall be connected to a septic tank or other sewage system constructed by the Tract Owner and approved by the appropriate governmental authority.

4. **TIME ALLOTTED FOR CONSTRUCTION:** Once physical construction of improvements is started on any Tract, the improvements must be substantially completed in accordance with plans and specification, as approved, within one (1) year from commencement. Failure to comply will result in the Tract Owner(s) being assessed a monthly fine equal to 1% of the value stated on the building permit for said improvements. All physical improvements must be kept in compliance with the local building code and regulations.

5. **MINIMUM FLOOR AREAS:** Except for Tract 29, no dwelling shall be erected on any Tract shown hereon having a minimum enclosed and heated livable floor area less than the following: The principal residence shall have a minimum of seventeen hundred (1,700) square feet of usable floor space on one level, excluding basement, garages, porches, storage rooms, breezeways and terraces. Where the principal residence to be erected on a Tract is to be a multi-story dwelling, it shall contain a minimum of thirteen hundred (1,300) square feet of floor space on main level and a total minimum of nineteen hundred (1,900) square feet of floor space with the hereinabove exclusion as to garages, etc., to apply.
6. **BUILDING LOCATION:** No building shall be located on any Tract nearer than one hundred (100) feet to the front property line nor fifty (50) feet to a side and rear property lines. Where these setback lines are found to be impractical for the utility of a particular Tract, they may be changed by written approval of the Architectural Control Committee.
7. **VINYL SIDING:** Vinyl siding can be used, provided the front elevation has at least twenty five (25) percent brick, stone, or other architectural products.
8. **ROOFING MATERIAL:** Only the following shall be used as roofing materials for structures constructed on Tracts: wood shakes, slate, architectural shingles or architectural metal.
9. **TREATMENT OF FOUNDATIONS:** No exposed concrete, cinder or masonry foundations shall extend above finish grade unless it is of an architectural nature (textured) that is approved by the Architectural Control Committee.
10. **HOME EQUIPMENT:** All outdoor clothes poles, clotheslines, and similar equipment shall be so placed or screened by shrubbery as not to be visible from any street within the Subdivision.
11. **UTILITY LINES:** All electric, telephone or other utility services shall be run below ground from service drop at street. No additional overhead lines shall be permitted for any purpose, including lines run to detached buildings or fences.

12. **STORAGE OF FUEL, TRASH, and SERVICE ITEMS:** Every tank for the storage of fuel installed outside any building in the Subdivision shall be either buried below the surface of the ground or screened to the satisfaction of the Committee by fencing or shrubbery. Every outdoor receptacle for ashes, trash, rubbish or garbage shall be installed underground, screened or so placed and kept as not to be visible from any street within the Subdivision at any time except during refuse collections. If an Owner is planning on storing such service items as lawnmowers, grills, etc., outside of the dwelling, he must construct a screening fence to shield and hide the items from view. Plans for any screening, including screening fences, shall delineate the size, design, texture, appearance, and location must be approved by the Architectural Control Committee prior to construction.
13. **FENCING:** No fencing shall be erected on any Tract other than of wood, vinyl, or stone within one hundred fifty (150) feet of any road in the Subdivision and must be approved prior to erection by the Architectural Control Committee. No fence may be constructed closer than twenty five (25) feet to street property line. In addition, no fencing without the approval of the Architectural Control Committee.
14. **RUINED BUILDINGS:** Any dwelling or outbuilding on any Tract in the Subdivision which may be destroyed in part by fire, windstorm or by any other cause or act of God must be rebuilt or all debris removed and the Tract restored to a slightly condition with reasonable promptness.
15. **MAINTENANCE OF PROPERTY:** It shall be the responsibility of each Tract Owner to prevent the development of any unclean, unsightly or unkept conditions of building or grounds. Non-operating cars, unused objects or apparatus, or any portion thereof, shall not be permitted to remain on any Tract. No unused, stripped down, partially wrecked, or junk motor vehicles or sizeable parts thereof shall be permitted to be parked on any street in the Subdivision, or on any Tract. Additionally, all RV's shall be garaged or parked behind main living areas and removed from view.

(a) All Tracts shall be kept clean and free of garbage, junk, trash, debris, or any substance that might contribute to a health hazard or the breeding and habitation of snakes, rats, insects, etc. Each Owner of a respective Tract shall cause each lawn to be mowed as needed, cause the maintenance and protection of landscaping insuring proper drainage of the Tract so as to prevent soil erosion, and cause the maintenance of the home and any other structures and improvements located on said Tract insuring its good condition and appearance in the opinion of the Architectural Control Committee referred to above.

16. **SIGNS:** No sign of any kind shall be displayed to the public view on any Tract except one (1) sign advertising the Tract for sale or rent, or signs used by a builder to advertise the property during the construction and sales period. Such signs shall be no larger than those customarily used in the real estate business for said purposes.

17. **ANIMALS:** A total of two farm animals shall be allowed on each Tract for personal use only. Farm animals shall be defined as cattle, horses, sheep, goats, alpacas, or other similar breeds. Any and all other farm animals outside of this definition shall be submitted for review and approval by the Property Owner's Association before the animals shall be allowed on the Tract. This covenant shall not prohibit the Tract Owners from keeping household pets. Farm buildings shall be permitted under the following condition:

(a) No stable or barn shall be erected closer than one hundred twenty five (125) feet from the front property line and fifty (50) feet from side and rear property lines.

(b) All outbuildings, additions, pools, pool houses, or other improvements, must be submitted to the Architectural Control Committee for approval prior to the start of said improvement. If prior approval is not obtained prior to the start of said improvement, the Property Owner's Association reserves the right to have said improvement removed. Furthermore, the Tract Owner(s) will be fully responsible for full payment of the costs of any legal expenses and fees, and any charges

incurred by the Property Owner's Association for removal of said improvements.

18. USE OF PROPERTY: No offensive or noxious activity shall be carried on upon any Tract, nor shall anything be done thereon tending to cause discomfort, annoyance, or nuisance to the neighborhood. There shall not be maintained any plants or animals or device or thing of any sort whose normal activity or existence is in any way noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of other property in the neighborhood by the Owners thereof.
19. PUBLIC UTILITY EASEMENT: There shall be a public utility easement (also known as P.U.E.), twenty (20) feet in width along front property lines of all Tracts and as shown on plat. This P.U.E. is for the purpose of installing utilities and the utility companies are thereby and expressly permitted to deviate from the P.U.E. where deviation is necessary.
20. DRIVEWAY ENTRANCES: No driveway shall be installed, without prior approval with a member of the Architectural Control Committee and written approval of the proposed entrance by such Committee. The intent is to preserve the natural appearance of the area bordering the road insofar as possible. Therefore, such materials that are used to construct erosion control structures of any kind shall be either stone or wood and installed in a natural or pleasing manner. A gravel base shall be installed and maintained during construction. All driveways shall be paved for a distance of twenty-five (25) feet from the subdivision road. Each lot owner shall be responsible for any damages to the streets (including shoulders) caused by contractors, moving companies, or invitees. Drainage for roadways and natural water courses shall not be altered in a way that will adversely affect adjacent property owners or damage roads and/or drainage structures. Additionally, lot owners may be assessed damages by Association or Declarant. Damage assessments are subject to remedies set forth in Article III, Section 7.
21. TRACT SUBDIVISION: No single Tract may be subdivided by an Owner so as to create a new lot or building site. However, land may be conveyed to

adjacent property owners for purposes of boundary line adjustment or existing lot lines may be vacated to result in larger lots. Under no circumstance, should any Tract have less than 5 acres of land and all Tracts must comply with Franklin County subdivision regulations with regards to lot size. Property Owner's Association fees are applicable and due for all Tracts that are not combined. Any and all conveyances and lot line vacations must be shown on the recorded deed.

22. TERM: These covenants are to run with the land and shall be binding on all parties and all persons claiming under them for a period of twenty-five (25) years from the date these covenants are recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years unless an instrument signed by a majority of the then Owners of the Tracts has been recorded agreeing to change said covenants in whole or in part.
23. MODIFICATIONS: The Association (with a 3/4 majority vote) reserve the right to modify, revoke, alter or amend these restrictions, covenants and conditions.
24. INDEMNIFICATION OF DECLARANT: The Declarant and the Architectural Committee are always to be held harmless for any and all restriction enforcements and decisions on ordinances.

We, the undersigned, do hereby certify:

That we are the duly elected and acting Board of Directors of the Laurel Run Property Owners Association,

That the above is a true, complete, and accurate statement of the matters contained herein, and that these By-Laws were created and are held in the ordinary course of business of the Association.

In Witness Whereof, we, being all of the Directors of the Laurel Run Property Owners Association, have hereto set our hands this 26th day of APRIL, 2007.

Southwest Holdings LLC

275 Corporate Drive, Rocky Mount, VA

By: J. Michael H. White

Title: Member / Manager

State of VA
County of FRANKLIN

Sworn to and subscribed before me on
the 26th day of April, 2007

Carl W. Moyer
Notary Public's Signature
My Commission Expires 4-30-2008

