

DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS
SACHEM'S HEAD HOMEOWNERS' ASSOCIATION

THIS DECLARATION, made on the date hereinafter set forth by MID-ATLANTIC FINANCIAL GROUP, INC., a Virginia corporation, hereinafter referred to as "Declarant".

WITNESSETH:

WHEREAS, Declarant is the owner of certain property in the County of Chesterfield, Commonwealth of Virginia, which is more particularly described and set forth on SCHEDULE A hereof, attached hereto and by this reference made a part hereof.

NOW THEREFORE, Declarant hereby declares that all of the properties described above shall be held, sold and conveyed subject to the following easement, 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 and shall inure to the benefit of each owner thereof.

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to Sachem's Head Homeowners' Association, Inc., a Virginia non-stock, non-profit corporation, its successors and assigns.

Section 2. "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 Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 3. "Properties" shall mean and refer to that certain real property as described in SCHEDULE A, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 4. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the owners. The Common Area to be owned by the Association at the time of the conveyance of the first lot is more particularly described on SCHEDULE B hereof attached hereto and by this reference made a part hereof. The Common Area shall also include the rights of the Declarant and/or the Association and/or the Owners in and to the use and enjoyment of Evergreen Lake as described in and pursuant to the Evergreen Lake Declaration.

Section 5. "Lot" shall mean and refer to several plots of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area.

Section 6. "Declarant" shall mean and refer to Mid-Atlantic Financial Group, Inc., a Virginia corporation, and its successors and assigns, if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

Section 7. "Evergreen Lake Declaration" shall mean and refer to the Declaration of Covenants, Restrictions and Conditions made by Evergreen Lake Associates, Inc., a Virginia non-stock, non-profit corporation, dated as of the 16th day of April, 1984, and recorded in the Clerk's Office of the Circuit Court of Chesterfield County, Virginia, on the 16th day of July, 1984, in Deed Book 1665, page 1407.

Section 8. "Evergreen Lake" shall mean the Lake as defined and described in the Evergreen Lake Declaration.

ARTICLE II

PROPERTY RIGHTS

Section 1. Owners' 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 Association to suspend the voting rights of an Owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed 60 days for any infraction of its published rules and regulations;

(b) the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency,

authority, or utility for such purposes and subject to such conditions as may be agreed to by the members.

(c) the right of individual owners to the use of Evergreen Lake is subject to the provisions hereof and of the Evergreen Lake Declaration.

Section 2. Delegation of Use. Any Owner may delegate, in accordance with the By-Laws, his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the property; provided, however, that with regard to Evergreen Lake such delegation and use of Evergreen Lake shall be subject to the provisions hereof and of the Evergreen Lake Declaration.

Section 3. Declarant Control. Declarant shall be solely responsible for the maintenance, management and control of the Common Areas and all improvements thereon until such time as Declarant conveys the Common Area to the Association as provided for herein.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Every Owner of a Lot which is subject to assessment 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. The Association shall have two 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 vote for each Lot owned. When more than one 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 vote be cast with respect to any Lot.

Class B. The Class B member shall be the Declarant and shall be entitled to three (3) votes for each Lot which the Declarant is the Owner of record. The Class B membership shall cease and be converted to Class A membership on the happening of either or the following events, whichever occurs earlier:

(a) when total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or

(b) on January 1, 1988.

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 Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs, and reasonable 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 delinquent assessments shall not pass to his successor in title unless expressly assumed by them.

Section 2. Purpose of Assessments and Maintenance. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents in the Properties and for the improvement and maintenance of the Common Area and for a portion of the maintenance and upkeep of Evergreen Lake as provided in the Evergreen Lake Declaration.

In the event that the need for maintenance or repair of the Common Area is caused through the willful or negligent act of an Owner, his family, or guests, or permittees or invitees, the cost of such maintenance or repairs shall be added to and become a part of the assessment to which such Lot is subject.

The Association shall pay any real and personal property taxes and other charges assessed against the Common Area.

The Association shall maintain a policy or policies of liability insurance, insuring the Association and its agents, guests, permittees and invitees and the Owners of the Lots against liability to the public or to said Owners, their guests, permittees or invitees incident to the ownership or use of the Common Area, in an amount not less than One Hundred Thousand (\$100,000.00) Dollars for any one person injured,

Three Hundred Thousand (\$300,000.00) Dollars for any one accident and One Hundred Thousand (\$100,000.00) Dollars for property damage. Said limits shall be reviewed at intervals of not less than three (3) years and adjusted if necessary to provide such coverage and protection as the Association may deem prudent.

Section 3. Maximum Annual Assessment. In addition to the amounts which may be due and under the Evergreen Lake Declaration, until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be One Hundred Eighty and No/100 Dollars (\$180.00) per Lot for lots other than those owned by the Declarant and one-third (1/3) of said amount per Lot for lots owned by the Declarant which do not have completed and occupied dwellings thereon. The Declarant shall pay the same assessment as is paid on lots owned by others on such lots owned by Declarant and on which there is a completed and occupied dwelling.

(a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased each year not more than 20% above the maximum assessment for the previous year without a vote of the membership.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased above 20% by a vote of two-thirds (2/3) of each class of members who are voting in person or by proxy, at a meeting duly called for this purpose.

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

Section 4. Special Assessments for Capital Improvements. 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 Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5. Notice and Quorum for Any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all members not less than 30 days nor

more than 60 days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

Section 6. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots, except as to those lots owned by Declarant which do not have a completed and occupied dwelling thereon as to which all charges shall be one-third (1/3) of the rate for other lots. The Board of Directors may, at its discretion, require the annual and/or special assessments to be paid on a monthly or quarterly basis.

Section 7. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance of any Lot on which there is a completed dwelling. 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 of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance. As to any land annexed by the Declarant the charges shall begin on the first day of the month following the conveyance of any Lot from the annexed land on which there is a completed dwelling.

Section 8. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment not paid within ten (10) days after the due date shall bear a late charge equal to the greater of Ten Dollars (\$10.00) per month until such is paid or 15% per annum from the due date. The Association may bring an action at law against the Owner 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 by non-use of the Common Area or abandonment of his Lot.

Section 9. Subordination of the Lien to Mortgages and Taxes. The lien of the assessments provided for herein shall be subordinate to real estate taxes and the lien of any bona fide duly recorded first deed of trust on each Lot. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, or the sale of any Lot for delinquent taxes 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.

ARTICLE V

ARCHITECTURAL CONTROL

Section 1. Owner Improvements. After initial construction has been completed, no building, fence, wall or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made until the plans and specification 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 the external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board. In the event said Board, or its designated committee, failed to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with.

Section 2. Owners Bound. By accepting a conveyance to him of a Lot, each Owner, for himself, his heirs, successors and assigns, covenants that in the event that there shall be a failure to maintain said Lot and the improvements situate thereon in a manner satisfactory to the Board of Directors of the Association, or if such Owner shall alter or redecorate the exterior of said premises before submission of plans therefor to the Board of Directors as provided in Article V hereof, the Board of Directors shall have the right, through agents and employees of the Association, to enter upon such Lot and to repair, redecorate, maintain, rehabilitate and restore the Lot and the exterior of any improvement, thereon, and that costs thereof shall be assessed to and become a lien upon the Lot so redecorated, repaired, maintained, rehabilitated, or restored and that he will pay, to the

Association, the amount of said charge in time and manner hereinabove set forth. The lien shall be subordinate and inferior to any taxes on the Lot in question.

ARTICLE VI

EASEMENTS

Section 1. Encroachment Easements. Each Owner is hereby declared to have an easement and the same is hereby granted by the Declarant, over all adjoining Lots, for the purpose of accommodating any encroachment by improvements due to engineering error, errors in original construction, settlement or shifting; provided, however, that in no event, shall a valid easement for the encroachment be created in favor of an Owner if said encroachment occurred due to the willful misconduct of said Owner. In the event a structure on any Lot is partially or totally destroyed and then repaired or rebuilt, the Owners of each Lot agree that minor encroachments over adjoining Lots shall be permitted and that there shall be valid easements for the maintenance of said encroachments so long as they shall exist.

Each Lot and its Owner is hereby declared to have an easement and the same is granted by the Declarant, over each adjoining Lot for overhanging roofs and eaves, gutters, downspouts, exterior walls and the maintenance thereof.

As to any Lots upon which there is a zero side lot line setback for structural walls upon which the Declarant causes a structural wall, fence and/or a patio area to be constructed, there is hereby created contiguous with and parallel to such structural wall, fence, patio area and an area extending ten feet from each end of any such wall, fence or patio area, an easement seven (7) feet in width upon and over the Lot immediately adjoining and contiguous with any such structural wall, fence, patio area (the Easement Area). The lot upon which the easement is located shall be known as the "Servient Lot" and the lot for whose benefit the easement is created shall be known as the "Dominant Lot." Such easements shall be for the purpose of permitting overhangs, minor encroachments, drainage and the maintenance, repair or restoration (Upkeep) of any structural wall, fence and/or patio located on any lot line and erected by virtue of a zero setback. The use of the Easement Area shall be restricted to such purposes. Such use is subject to the rights of any other easement holders such as a public utility, and is further subject to the rights of the Owner of the Servient Lot, as set forth herein. Anything herein to the contrary notwithstanding, there shall be no easement along that portion of a structural wall which is a

party wall or is contiguous to another structural wall so as to permit an adjoining lot owner to enter the improvement on the adjoining or adjacent lot.

The Owner of the Dominant Lot shall protect and hold harmless the Servient Lot and its Owner from any and all liens, claims or liabilities arising out of or connected with the use of the Easement Area by the Dominant Lot Owner which may become an annoyance or nuisance to the Owner of the Servient Lot.

The Owner of the Dominant Lot shall have the right, at all reasonable times, to enter the Easement Area in order to repair, maintain or restore any such structural wall, fence and/or patio area located on the lot line; provided, however, that, except in emergencies, such entry shall be allowed only during normal working hours; provided, further, that the Owner of the Servient Lot shall have the right to use the Easement Area to the extent such use is not incompatible with the grant of the easement. The Dominant Lot Owner shall have the right to enter the Easement Area for any repairs or maintenance needed on his Lot.

The easements referred to herein are hereby declared to be appurtenant to the Dominant Lot and may not be severed therefrom. The Owner of the Servient Lot shall avoid any action which shall in any way restrict the use of the structural wall by its Owner including, but not limited to, refraining from attaching any objects to such wall, such as wires, trellises and plantings; defacing the wall in any manner; placing graphics or other design work (whether painted or otherwise) on the exterior wall; or using the wall as a playing surface for any sport.

The Owner of the Dominant Lot shall similarly be prohibited from attaching anything to such wall or from altering it in any way other than painting the wall in such manner as shall be approved by the Architectural Committee. Additionally, such Owner shall not make any openings for windows or otherwise on such wall and shall take no other action, except as specifically contemplated herein.

In the event of any dispute arising concerning such easement, the Owners of the Dominant Lot and Servient Lot shall each choose one arbitrator, who shall choose an additional arbitrator, and their decision with respect to the dispute shall be by a majority vote and shall be binding upon the Owners and enforceable in any court having jurisdiction over same.

Section 2. Easement over Common Area to Evergreen Lake. Each Owner shall have the right of access to and from his Lot and Evergreen Lake over and across the Common Area.

Section 3. Duties of the Association. There is hereby reserved to the Association such easements as are necessary to perform the duties and obligations of the Association as are hereinabove set forth in Article IV hereof.

Section 4. Utilities Easements. There is hereby reserved to the Association and to the County of Chesterfield, Virginia, an easement over the entire Common Area, to the extent as may be required, for the servicing and maintenance of underground and overhead utilities running through, above or under said Common Area.

Section 5. Priority of Easements. Each of the easements hereinabove referred to shall be deemed to be established upon the recordation of this Declaration and shall henceforth be deemed to be covenants running with the land for the use and benefit of the Lots, and the Common Area, as the case may be, superior to all other encumbrances which may hereafter be applied against or in favor of the Properties or any portion thereof.

Section 6. Declarant's Easement. The Common Area shall be subject to an easement for ingress and egress through, and use and enjoyment of by persons lawfully using or entitled to same, including, without limitation, officers, employees and agents of public utility companies in the performance of their duties. The Declarant reserves to itself, its successors and assigns, its employees, agents and contractors, a transferable easement over and on the Common Area in order to make improvements on the Properties and any property that may be added as provided for in Article VII, Section 4.

ARTICLE VII

GENERAL PROVISIONS

Section 1. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

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

Section 3. Term; Amendment and Termination. The covenants and restrictions of this 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 ten (10) years. ~~Except as to the easements created by Article VII~~ hereof, this Declaration may be amended during the first twenty (20) year period by an instrument signed by not less than ninety percent (90%) of the Lot Owners, and amended or terminated thereafter by an instrument signed by not less than seventy-five percent (75%) of the Lot Owners. Any amendment or termination must be recorded in the Clerk's Office of the Circuit Court of Chesterfield County, Virginia.

Section 4. Annexation. (a) Additional land within the area described on the attached Exhibit A, or any part thereof, may be annexed, from time to time, by the Declarant without the consent of members within seven (7) years of the date of the recordation of this instrument provided that the FHA and the VA determine that the annexation is in accord with the general plan heretofore approved by them.

(b) In addition to the land described in (a) above, other additional residential property and Common Area may be annexed to the Properties with the consent of two-thirds (2/3) of each class of members.

Section 5. FHA/VA Approval. As long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: Annexation of additional properties, dedication of Common Area, and amendment of this Declaration of Covenants, Conditions and Restrictions.

Section 6. Noxious of Offensive Activity. No noxious or offensive activity shall be carried on or upon any Lot or any part of the Properties, nor shall anything be done thereon which may be or may become an annoyance or nuisance, public or private, to the neighborhood or which shall in any way interfere with the quiet enjoyment of each of the Owners of his respective dwelling unit, or which shall in any way increase the rate of insurance.

Section 7. Animals. 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 Lots

provided that 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 Properties which result in any annoyance or are obnoxious to residents in the vicinity, and such Lot Owner shall be absolutely liable to each and all remaining Owners, their families, guests, permittees and invitees, and to the Association, for any and all damage to person or property caused by any pets brought upon or kept upon the Lots or the Common Area by any Lot Owner or by members of his family, guests, permittees or invitees.

Section 8. Fire Insurance. Each Owner shall maintain fire insurance with extended coverage endorsement (or more extensive insurance) covering the improvements on the parcel owned by him, and a copy of such policy or other evidence of such insurance in form satisfactory to the Association shall be delivered to the Association. Each such policy shall be in an amount not less than the value of the improvements. In the event of the failure of any Owner to produce evidence of such policy or insurance to the Association, the Association may obtain such insurance and the amount of the premium paid therefor shall be assessed to the Lot and each Owner, by accepting the conveyance to him of a Lot, covenants for himself, his heirs, successors and assigns that such assessment will be paid at the time and in the manner provided hereinabove, and payment therefor may be enforced in the manner set forth hereinabove.

Section 9. Destruction by Fire. Should the improvements on any parcel or parcels be damaged or destroyed by fire or other casualty, the Owner or Owners thereof, shall cause the same to be repaired and restored substantially in accordance with the original plans and specifications therefor, or as approved by the Association. The repairs and restoration work shall commence within thirty (30) days after the happening of the destruction or damage and once commenced shall be pursued diligently to completion and should the same not be timely commenced or carried toward completion with diligence, the Association may elect to repair or restore the same, to complete work or repair and restoration or clean up and remove debris on behalf of and at the cost of such Owner or Owners. Any amounts expended by the Association for such repair or restoration and not reimbursed to the Association by the Owner shall be assessed against said parcel or parcels proportionately based upon the nature and extent of the same as it affects the parcel of each Owner and such assessments shall constitute a lien on the parcel or parcels affected and the amount thereof shall be paid as provided hereinabove and the payment thereof of this Section and of Section 8 above shall not apply to any property acquired by FHA or VA as a result of their mortgage insurance programs.

In the event any Owner or Owners elect not to rebuild their respective improvements following substantially complete destruction thereof, they may be relieved of their obligations set forth in the immediately preceding paragraph provided:

(a) Written permission shall have been granted by the Board of Directors of the Association or by the architectural committee provided for in Article V hereof; and

(b) The Owner or Owners shall have consented to restore their respective Lot or Lots to a condition acceptable to the said Board of Directors or architectural committee; and

(c) Shall have made satisfactory financial arrangements with the Board of Directors of the Association to cover the cost of such approved restoration work.

IN WITNESS WHEREOF, the undersigned Declarant has caused this Declaration to be executed by John F. Carroll, III, President of Mid-Atlantic Financial Group, Inc., as of this 8th day of November, 1984.

MID-ATLANTIC FINANCIAL GROUP, INC.

By [Signature] (SEAL)
President

STATE OF VIRGINIA,

City OF Richmond, to-wit:

The foregoing instrument was acknowledged before me this 8th day of November, 1984, by John F. Carroll, III, President of Mid-Atlantic Financial Group, Inc.

My commission expires: 11-20-87.

[Signature]
Notary Public