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AMENDMENT NO. 2

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF THE COTTAGES AT STONE MILL

THIS AMENDMENT, made this the 27th day of June, 2007, by THE ALLOY GROUP, LLC, a Virginia Limited Liability Company, hereinafter referred to as the "Developer".

R E C I T A L S:

1. By Declaration of Covenants, Conditions and Restrictions of The Cottages at Stone Mill (the "Declaration"), dated April 14, 2005, and of record in the Clerk's Office of the Circuit Court of Franklin County, Virginia, in Deed Book 847, at Page 904, the Developer did impose certain restrictions on the Cottages at Stone Mill (the "Community") providing that additional lands may be developed by the Developer in the same common scheme and plan as the Community (the "Expansion Area").

2. The Developer has expanded the area for the Community to include properties known as Section IV, the Cottages at Stone Mill, which lots and properties are more particularly shown and described according to plat of survey prepared by Cornerstone Land Surveying, Inc., Robert C. Jeans, L.S., dated April 30, 2007, and of record in the Clerk's Office of the Circuit Court of Franklin County, Virginia, in Deed Book 915, at Pages 1111 thru 1112, with this

reference being made for a more complete and particular description of Section IV, The Cottages at Stone Mill.

3. The purpose of this amendment is to provide for the expansion of the Community and incorporate Section IV into The Cottages at Stone Mill, subjecting and reserving the right to subject such additional or expandable lands into the Declaration of Covenants, Conditions and Restrictions of The Cottages at Stone Mill and any amendment thereof. ACCORDINGLY,

NOW, THEREFORE, the Developer hereby amends the original Declaration as recorded in Deed Book 847, at Page 904, to include the property known as Section IV, The Cottages at Stone Mill, which is shown and described on the afore-referenced plat of survey prepared by Cornerstone Land Surveying, Inc., Robert C. Jeans, L.S., dated April 30, 2007, and of record in the Clerk's Office of the Circuit Court of Franklin County, Virginia, in Deed Book 915, at Pages 1111 thru 1112.

EXCEPT, as modified by this Amendment to include the expanded area of land, all of the terms and provisions of the original Declaration as recorded in Deed Book 847, at Page 904, are expressly ratified and confirmed and shall remain in full force and effect.

Witness the following signature and seal:

THE ALLOY GROUP, LLC,
a Virginia Limited Liability Company

BY: _____ (SEAL)
GEORGE W. LOYD, MEMBER

STATE OF VIRGINIA, AT LARGE

COUNTY OF FRANKLIN, to-wit:

The foregoing document was signed and acknowledged before me this the 27th day of June, 2007, by GEORGE W. LOYD, MEMBER OF THE ALLOY GROUP, LLC, a Virginia Limited Liability Company.

My commission expires: September 30, 2011

Martha S. Custer
NOTARY PUBLIC

NOTARY I.D.# 137952

MARTHA S. CUSTER
NOTARY PUBLIC
REG. #137952
MY COMMISSION EXPIRES 9/30/2011
COMMONWEALTH OF VIRGINIA

INSTRUMENT # 070006662
RECORDED IN THE CLERK'S OFFICE OF
FRANKLIN COUNTY ON
June 27, 2007 AT 3:54 AM
ALICE S. HALL, CLERK

BY: Peggy E. [illegible] (DC)

BK 0915 PG 00005

07JUN22 AM 9:26

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AMENDMENT NO. 1
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF THE COTTAGES AT STONE MILL

THIS AMENDMENT, made this the 21st day of June, 2007, by THE ALLOY GROUP, LLC, a Virginia Limited Liability Company, hereinafter referred to as the "Developer", party of the first part, and FREDDIE L. VEST and SHELBY M. VEST, husband and wife, hereinafter referred to as "Vest", parties of the second part.

R E C I T A L S:

1. By Declaration of Covenants, Conditions and Restrictions of The Cottages at Stone Mill (the "Declaration"), dated April 14, 2005, and of record in the Clerk's Office of the Circuit Court of Franklin County, Virginia, in Deed Book 847, at Page 904, the Developer did impose certain restrictions on the Cottages at Stone Mill (the "Community") providing that additional lands may be developed by the Developer in the same common scheme and plan as the Community (the "Expansion Area").

2. The Developer has expanded the area for the Community to include properties known as Section III, the Cottages at Stone Mill, which lots and properties are more particularly shown and described according to plat of survey prepared by Cornerstone Land Surveying, Inc., Robert C. Jeans, L.S., dated March 27, 2007, revised April 3, 2007, and of record in the Clerk's Office of the Circuit Court of Franklin County, Virginia, in Deed Book 909, at Pages 486 thru 4887,

with this reference being made for a more complete and particular description of Section III, The Cottages at Stone Mill.

3. The Developer has conveyed Lot 22, containing 0.146 acre, Section III, The Cottages at Stone Mill, to Freddie L. Vest and Shelby M. Vest, husband and wife, by Deed dated April 6, 2007, and of record in the Clerk's Office of the Circuit Court of Franklin County, Virginia, in Deed Book 909, at Page 735.

4. The purpose of this amendment is to provide for the expansion of the Community and incorporate Section III into The Cottages at Stone Mill, subjecting and reserving the right to subject such additional or expandable lands into the Declaration of Covenants, Conditions and Restrictions of The Cottages at Stone Mill and any amendment thereof. ACCORDINGLY,

NOW, THEREFORE, the Developer hereby amends the original Declaration as recorded in Deed Book 847, at Page 904, to include the property known as Section III, The Cottages at Stone Mill, which is shown and described on the afore-referenced plat of survey prepared by Cornerstone Land Surveying, Inc., Robert C. Jeans, L.S., dated March 27, 2007, revised April 3, 2007, and of record in the Clerk's Office of the Circuit Court of Franklin County, Virginia, in Deed Book 909, at Pages 486 thru 488.

EXCEPT, as modified by this Amendment to include the expanded area of land, all of the terms and provisions of the original Declaration as recorded in Deed Book 847, at Page 904, are expressly ratified and confirmed and shall remain in full force and effect.

Vest, parties of the second part, acknowledge, accept and approve the provisions of this Amendment No. 1, to the Declaration of Covenants, Conditions and Restrictions of The Cottages at Stone Mill.

Witness the following signature and seal:

THE ALLOY GROUP, LLC,
a Virginia Limited Liability Company

BY: _____ (SEAL)
GEORGE W. LOYD, MEMBER

STATE OF VIRGINIA, AT LARGE

COUNTY OF FRANKLIN, to-wit:

The foregoing document was signed and acknowledged before me this the 21st day of June, 2007, by GEORGE W. LOYD, MEMBER OF THE ALLOY GROUP, LLC, a Virginia Limited Liability Company.

My commission expires: July 31, 2010

_____
NOTARY PUBLIC

NOTARY I.D.# 137882

MELINDA K. JONES
NOTARY PUBLIC
REG. #137882
MY COMMISSION EXPIRES 7/31/20 10
COMMONWEALTH OF VIRGINIA

(SEE PAGE 4 FOR REMAINING SIGNATURES.)

Witness the following signatures and seals:

Freddie L. Vest (SEAL)
FREDDIE L. VEST

Shelby M. Vest (SEAL)
SHELBY M. VEST

STATE OF VIRGINIA, AT LARGE

COUNTY OF FRANKLIN, to-wit:

The foregoing document was signed and acknowledged before me this the 21st day of June, 2007, by FREDDIE L. VEST.

My commission expires: July 31, 2010

Melinda K. Jones
NOTARY PUBLIC

NOTARY I.D.# 137882

MELINDA K. JONES NOTARY PUBLIC REG. #137882 MY COMMISSION EXPIRES 7/31/2010 COMMONWEALTH OF VIRGINIA

STATE OF VIRGINIA, AT LARGE

COUNTY OF FRANKLIN, to-wit:

The foregoing document was signed and acknowledged before me this the 21st day of June, 2007, by SHELBY M. VEST.

My commission expires: July 31, 2010

Melinda K. Jones
NOTARY PUBLIC

NOTARY I.D.# 137882

MELINDA K. JONES NOTARY PUBLIC REG. #137882 MY COMMISSION EXPIRES 7/31/2010 COMMONWEALTH OF VIRGINIA

INSTRUMENT # 070006449
RECORDED IN THE CLERK'S OFFICE OF
FRANKLIN COUNTY ON
June 22, 2007 AT 9:26am
ALICE S. HALL, CLERK
BY Sarah M. DeMarco (DC)

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF
THE COTTAGES AT STONE MILL

THIS DECLARATION, dated as of April 14, 2005, by THE ALLOY GROUP, LLC, a Virginia limited liability company, hereinafter referred to as "Developer".

RECITALS

WHEREAS, Developer is the fee simple owner of certain real estate located in the Town of Rocky Mount, Franklin County, Virginia, more particularly described herein, and desires to develop therein a residential community known as THE COTTAGES AT STONE MILL (the "Community"). Said lands specifically includes those shown on plats of survey prepared by Cornerstone Land Surveying, Inc., of record in the Clerk's Office of the Circuit Court of Franklin County, Virginia, in Deed Book 832, at Page 1499 (Section I); Deed Book 839, at Page 51 (Section II); Deed Book 847, at Page 658 (boundary line adjustment between Section I and Section II lots); and Deed Book 847, at Page 900 (showing Common Areas and easements including walking trail easement between Lots 5 and 6, Section I) and, additionally, may include such additional land as may be developed by the Developer in a common scheme and plan as the Community (the "Expansion Area"); and

WHEREAS, the Developer desires to provide for the preservation of the property values, the maintenance, care and upkeep of the grounds and any retaining walls on or within each Lot within the Community and for the maintenance and improvement of the Common Areas and facilities within the Community and, to this end, desires to subject the Property and the Common Areas to the covenants, restrictions, easements, charges and liens (hereinafter referred to collectively as the "Restrictions") as hereinafter set forth for the benefit of the Common Areas and the Property and each Owner thereof; and

WHEREAS, the Developer has deemed it desirable, for the efficient development and preservation of the values and amenities in the Community, to create an agency to which will be delegated and assigned the powers of maintaining and administering the Community facilities, administering and enforcing the covenants and restrictions including architectural review and levying, collecting and disbursing the assessments and charges hereinafter created; and

WHEREAS, the Developer has incorporated under the laws of the Commonwealth of Virginia, as a non-profit, non-stock corporation, THE COTTAGES AT STONE MILL PROPERTY OWNERS ASSOCIATION, INC. for the purpose of exercising the functions aforesaid; and

WHEREAS, the Developer desires that the Restrictions shall run with, burden, benefit and bind the Property, each Lot, the Common Areas and each Lot Owner.

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DECLARATION

NOW, THEREFORE, the Developer hereby declares the Property and the Common Areas are and shall be held, transferred, sold, conveyed, occupied and used subject to the provisions of the Restrictions hereinafter set forth, for and during the period of time hereinafter specified.

ARTICLE I
DEFINITIONS

The following words when used in this Declaration or any supplement hereto (unless the context shall prohibit) shall have the following meanings:

(a) "Architectural Board" shall mean and refer to those individuals charged with the approval of any improvements, alterations and additions to the improvements made on any Lot, Unit, or Common Areas.

(b) "Association" shall mean and refer to THE COTTAGES AT STONE MILL PROPERTY OWNERS ASSOCIATION, INC., its successors and assigns.

(c) "Board" shall mean the Board of Directors of the Association.

(d) "Common Area," "Common Areas," "Common Facilities," "Facilities and/or Common Easements" may be used inter-changeably and shall mean and refer to all portions of the Property and the physical improvements made thereto, other than the area of land shown on the plat of survey of THE COTTAGES AT STONE MILL as individual lots in Section 1 and Section 2, or any future Section made and developed by the Developer to be included as part of this development and scheme of development, to the extent any Lot is shown to contain Common Areas or part thereof. Such common areas are intended to be devoted to the common use and enjoyment of the members of the Association and are not dedicated for use by the general public. Subject to the right of the Developer to add or subtract from the Common Areas to facilitate the future development of the Property, the Common Areas shall, specifically, but without limitation, include: (i) the walking trail easement areas (including but not limited to the walking trail easement between Lot 5 and Lot 6, Section I); (ii) the 35' sign easement areas; (iii) the stormwater management pond and drainage easements associated therewith; (iv) the areas designated as Common Areas on the plat prepared by Cornerstone Land Surveying, Inc., of record in the Clerk's Office of the Circuit Court of Franklin County, Virginia, in Deed Book 847, at Page 900; and (v) the areas designated as Common Areas on any plats associated with Expansion Area(s).

Notwithstanding the above, the Developer specifically reserves the right to remove that 0.374 acre parcel adjacent to Tax Map Parcel No. 211-22 as shown on the plat dated July 30, 2004, prepared by Cornerstone Land Surveying, Inc., of record in the Clerks' Office of the Circuit Court of Franklin County, Virginia, in Deed Book 832, at Page 1499, from the designation as Common Area and incorporate the same within a

lot or lots now existing or later to be created. Upon the demand of Developer, the Association shall convey said 0.374 acre parcel to Developer or Developer's designee. At the time of such conveyance, the 35' sign easement now shown on that 0.374 acre parcel shall be automatically extinguished and terminated.

Additionally, the Developer reserves the right to adjust the size of the Common Areas as shown on the plat recorded in the aforesaid Clerk's Office in Deed Book 847, at Page 900, should the future lots depicted on said plat require, in the Developer's sole discretion, more or less land.

(e) "Developer" shall mean and refer to THE ALLOY GROUP, LLC, a Virginia limited liability company, its successor and assigns.

(f) "Lot" shall mean the land designated by lot number and the property within the lot lines of the individual lot, all as shown on the plat of survey of THE COTTAGES AT STONE MILL (whether Section 1, Section 2 or some future Section), and, further, shall refer to any portion of the Property designed and intended for individual ownership and use as a single family residence.

(g) "Member" or "Members" shall mean and refer to all those Owners who are members of the Association as provided in Article II, Section I, of this Declaration.

(h) "Mortgage" shall mean and refer to any mortgage, deed of trust or similar instrument encumbering a Lot as security for the performance of any obligation.

(i) "Owner" or "Lot Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot, but shall not mean or refer to any mortgagee or subsequent holder of a mortgage, unless and until such mortgagee or holder has acquired title pursuant to foreclosure or any proceedings in lieu of foreclosure.

(j) "Property" or "Community" shall mean and refer to the Property identified on Exhibit "A" attached hereto and any Expansion Area(s) as are subject to this Declaration or any supplemental declaration hereto, and as determined by the Developer.

(k) "Unit" shall mean and refer to the residential structure including garage and all fixtures thereon placed on any Lot.

ARTICLE II
MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a Lot shall be a Member of the Association; provided, however, that any such person or entity who holds such interest merely as security for the performance of an obligation shall not be a Member, unless and until such person or entity has succeeded to such Owner's interest by enforcement of such

security interest. Membership shall be appurtenant to, and may not be separate from, ownership of any Lot.

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

(a) Class A. Class A Member shall be all Lot Owners including the Developer and shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all persons shall be Members. The vote for such Lot shall be exercised as the Lot Owners among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

(b) Class B. The Class B Member shall be the Developer, and shall be entitled to a total number of votes equal to the total number of votes of all Class A Members plus one, so that the Developer will have a number of votes equal to a majority of the total votes of all Members of the Association. The Class B membership shall cease and terminate at such time that the Developer has no rights or interest in the Property.

ARTICLE III
PROPERTY SUBJECT TO THIS DECLARATION

Section 1. DESCRIPTION. The real Property subject to this Declaration is all that Property located in the Town of Rocky Mount, Franklin County, Virginia, known as THE COTTAGES AT STONE MILL as described in Exhibit "A", attached hereto and made a part hereof, and such additions thereto as the Developer may declare.

ARTICLE IV
PROPERTY RIGHTS IN THE COMMON AREAS

Section 1. OWNER'S EASEMENTS OF ENJOYMENT. Subject to the provisions hereof and any applicable rules and regulations imposed by the Association, every Owner shall have a right and easement of enjoyment in and to the Common Areas and such easement shall be appurtenant to and shall pass with the title to every Lot.

Section 2. TITLE TO COMMON AREAS. The Developer shall retain fee simple ownership of the Common Areas and shall provide for the construction, upkeep and maintenance of same until such time as the Common Areas are transferred to the Association. The Developer reserves the right to adjust the size of the Common Areas to facilitate future development of the Property in the Developer's sole discretion. The Developer shall transfer title, control and the maintenance responsibilities of Common Areas and related facilities to the Association no later than at such time as the Developer has transferred legal or equitable ownership of at least seventy-five percent (75%) of the Lots within Section 1 and Section 2, inclusive, to bonafide purchasers for value or when all of the amenities and facilities are completed for Section 1 and Section 2, inclusive, whichever shall first occur, but at the sole election and option of the

Developer, not sooner than five years from the date the Developer sells the first Lot (that is, should the Developer elect to retain title to said Common Areas facilities for such period). The transfer herein required of the Developer shall not exonerate it from the responsibility of completion of the Common Areas and facilities once the transfer takes place. Notwithstanding the transfer of title from Developer to Association, the Association shall, upon the demand of Developer, convey the 0.374 acre parcel described in Article I (d) above to Developer or Developer's designee. At the time of such conveyance, the 35' sign easement now shown on that 0.374 acre parcel shall be automatically extinguished and terminated.

Section 3. EXTENT OF MEMBERS' EASEMENTS. The rights and easements of enjoyment created hereby shall be subject to the following:

(a) The rights of the Association to borrow money for the purpose of improving the Common Areas and, in aid thereof, to mortgage the Property it owns; and the rights of such mortgagee in such properties shall be subordinate to the rights of the Owners hereunder; provided, however, that no such borrowing or mortgaging shall be made unless approved by the vote of two-thirds (2/3) of the Class A membership and the consent of the Class B membership, if any, at a meeting duly called for such purposes. The above provisions shall not prohibit the Developer from borrowing funds for the development of Lots on the Property; it being expressly agreed that the Developer shall retain the right, without the consent of the Association, to borrow funds for the purpose of developing the Property with improvements and Lots.

(b) The right of the Association to take such steps as are reasonably necessary to protect the above-described properties against foreclosure; and

(c) The right of the Association to suspend the enjoyment of rights of any Member for any period during which an assessment remains unpaid, and for any period not to exceed sixty (60) days for any infraction of its published rules and regulations; and

(d) The right of the Association to charge reasonable fees for the use of the Common Areas; and

(e) The right of the Association to dedicate, grant an easement or transfer all or any part of its interests in the Common Areas to any public agency, authority or utility for such purpose and subject to such condition as may be agreed to by the Members; provided, that no such dedication or transfer, or determination as to the purposes or as to the conditions thereof, shall be effective unless an instrument is signed by a majority of the Members entitled to cast Class A Membership votes and the consent of the Class B Member, if any, agreeing to such dedication, transfer and purpose of condition is obtained; and

(f) The right of the Developer prior to the conveyance of the fee interest in the Common Areas to the Association, and of the Association, to grant and reserve

easements and rights-of-way through, under, over and across the Common Areas for the installation, maintenance and inspection of the lines and appurtenances for public water, sewer, drainage, gas, electricity, telephone and other utilities; and

(g) The right of the Developer to amend this Declaration by adding Expansion Area(s); and

(h) The right of the Association to adopt rules and regulations governing the use by the Owners of the Common Areas.

Section 4. DELEGATION OF USE. Any Owner may delegate his rights of enjoyment of the Common Areas and facilities to the members of his family who reside on the Property or to such other persons as may be permitted by the Association.

Section 5. OBLIGATIONS OF THE ASSOCIATION. The Association shall:

(a) Operate and maintain for the use and benefit of all Members of the Association all Common Areas and improvements developed thereon including, without limitation, the walking trail, the 35' sign easement areas, and the storm water management facility; and

(b) Maintain and mow the grass and maintain and replace, as needed, landscaping on the Lots and the Property; and

(c) Provide for snow removal of the driveway and the front walkway serving each Lot;

(d) Provide for the removal of leaves on the Lots, including removal of leaves from the gutters of Units;

(e) Maintain any retaining walls located on the Lots and/or the Property; and

(f) Utilize professional management, if desired, to perform and/or otherwise satisfy these obligation.

The obligation to maintain and care for the grounds associated with each Lot does not include any obligation to maintain the exterior of any Unit, maintenance of the exterior and interior of the dwelling or any building improvement being the responsibility of the Lot Owner, subject to the provisions hereof.