



**VIRGINIA ASSOCIATION OF REALTORS®**  
**PURCHASER'S ACKNOWLEDGEMENT OF RECEIPT OF**  
**PROPERTY OWNERS' ASSOCIATION DISCLOSURE PACKET**



Reference is made to the Contract of Purchase dated the \_\_\_\_\_ day of \_\_\_\_\_, between the undersigned as Purchaser therein and \_\_\_\_\_ as Seller therein on property located at \_\_\_\_\_ (the "Property")

The undersigned hereby acknowledge(s) receipt from Seller of a disclosure packet requested from Walnut Creek Homeowners' Association (the "Association") pursuant to the Virginia Property Owner's Association Act, Section 55-508 et seq. of the Code of Virginia (the "Act").

The disclosure packet includes:

1. The name of the association and, if incorporated, the state in which the association is incorporated and the name and addresses of its registered agent in Virginia;
2. A statement of any expenditure of funds approved by the association or the board of directors which shall require an assessment in addition to the regular assessment during the current year or the immediately succeeding fiscal year;
3. A statement, including the amount of all assessments and any other mandatory fees or charges currently imposed by the association and associated with the purchase, disposition and maintenance of the lot and to the right of use of common areas, and the status of the account;
4. A statement whether there is any other entity or facility to which the lot owner may be liable for fees or other charges;
5. A statement of the status and amount of any reserve or replacement fund and any portion of the fund allocated by the board of directors for a specified project;
6. A copy of the association's current budget or a summary thereof prepared by the association, and copy of its statement of income and expenses or statement of its financial condition for the last fiscal year for which such statement is available;
7. A statement of the nature and status of any pending suit or unpaid judgment to which the association is a party which either could or would have a material impact on the association or its members or which relates to the lot being purchased;
8. A statement setting forth what insurance coverage is provided for all lot owners by the association, including any fidelity bond, maintained by the association, and what additional insurance would normally be secured by each individual lot owner;
9. A statement that any improvement or alteration made to the lot, or uses made of the lot or common area assigned thereto by the prior lot owner, are not in violation of any of the instruments referred to in subdivision 12 of this subsection;
10. A statement setting forth any restriction, limitation, or prohibition on the right of a lot owner to place a sign on the owner's lot advertising the lot for sale;
11. A statement setting forth any restriction, limitation, or prohibition on the right of a lot owner to display any flag on the owner's lot including, but not limited to reasonable restrictions as to the size, place and manner of placement or display of such flag and the installation of any flagpole or similar structure necessary to display such flag;

- 12. A copy of the current declaration, the association's articles of incorporation and bylaws, and any rules and regulations or architectural guidelines adopted by the association;
- 13. A copy of the notice given to the lot owner by the association of any current or pending rule or architectural violation; and
- 14. A copy of the fully completed one-page cover sheet developed by the Real Estate Board pursuant to §54.1-2105.1; and
- 15. Certification, if applicable, that the association has filed with the Real Estate Board the annual report required by §55-516.1; which certification shall indicate the filing number assigned by the Real Estate Board and the expiration date of such filing.

\_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_ (SEAL)  
 Date Purchaser

\_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_ (SEAL)  
 Date Purchaser

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**Walnut Creek Homeowners' Association**

**Commonwealth of Virginia**

Registered Agent:

C. Cooper Youell, IV

Gentry Locke Rakes & Moore

10 Franklin Rd, SE, Suite 800

Roanoke, VA 24022

Dues and Assessments: \$150.00 at closing of Lot purchase and \$120.00 per annum

Current Reserve: \$6,070.00

Walnut Creek HOA shall maintain a \$1,000,000 liability policy on common areas.

See HOA Bylaws and Declaration of Covenants, Conditions and Restrictions of Walnut Creek for additional information.

**BYLAWS**  
**OF**  
**WALNUT CREEK HOMEOWNERS' ASSOCIATION**

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## ARTICLE I

### GENERAL PROVISIONS AND DEFINITIONS

Section 1.     Applicability. These Bylaws provide for the governance of Walnut Creek, a planned subdivision development, located in County of Montgomery, Virginia.

Section 2.     Office. The office of the Association shall be located at the Property or at such other place as may be designated from time to time by the Board of Directors. The initial office shall be at the offices of Blue Ridge Development Company, Inc., a Virginia corporation, which address is \_\_\_\_\_

Section 3.     Definitions. Terms used herein without definition shall have the meanings specified for such terms in the Declaration of Covenants, Conditions and Restrictions of Walnut Creek, as amended from time to time.

(a)     "Association" or "Corporation" shall mean and refer to Walnut Creek Homeowners' Association, its successors and assigns.

(b)     "Board" or "Board of Directors" shall mean and refer to the Board of Directors of the Association, its successors and assigns.

(c)     "Developer" shall mean and refer to Blue Ridge Development Group, Inc., its successors and assigns.

(d)     "Declaration" shall mean Declaration of Rights, Covenants and Restrictions filed by Developer in the Clerk's Office of the Circuit Court of Montgomery County, as instrument number \_\_\_\_\_, as the same may be amended from time to time.

(e)     "Lot" shall mean and refer to any designated and numbered parcel contained within the Property.

(f)     "Owner" or "Lot Owner" shall mean and refer to the record owner, whether one or more persons or entities (including the Developer), 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 a title pursuant to foreclosure or any proceedings in lieu of foreclosure.

(g)     "Property" shall mean and refer to the property containing 19.600 acres shown on that certain plat of subdivision dated April 12, 2006 [**CONFIRM DATE**], prepared by Gay & Neel, Inc., and recorded in the Clerk's Office of the Circuit Court for the County of Montgomery, Virginia in Plat Book \_\_\_\_\_, page \_\_\_\_\_, and any and all additions thereto.

## ARTICLE II

### MEMBERS' MEETINGS AND PRIVILEGES

Section 1. Annual Meeting: The first Annual Meeting of the members of the Association shall be held within twelve (12) months from the date the first Lot is conveyed by Developer, and each subsequent Annual Meeting of the members shall be held in the same month of each year thereafter. If the day for the Annual Meeting of the members is a legal holiday, the meeting shall be held on the next succeeding day not a legal holiday.

Section 2. Other Meetings: A special meeting of the members of the Association shall be held on the call of the President or the Board of Directors. In addition, the holders of at least twenty-five percent (25%) percent of all votes entitled to be cast on any issue proposed to be considered at the special meeting may call a special meeting of the members by signing, dating, and delivering to the Secretary of the Corporation one or more written demands for the meeting and describing the purpose or purposes for which such meeting is to be held.

Section 3. Notice of Meeting: All meetings of the members shall be held at the times and places as determined by the President or the Board of Directors of the Association. Written notice stating the place, day and hour of each meeting of the members, and in case of a special meeting the purpose or purposes for which the meeting is called, shall be given either personally or by mail, to each member of record entitled to vote at such meeting. Such notice shall be given no less than ten (10) nor more than sixty (60) days before the date of such meeting, except that notice of a members' meeting to act on an amendment to the Articles of Incorporation, a plan of merger, a proposed sale of assets pursuant to § 13.1-900 of the Code of Virginia (1950), as amended, or the dissolution of the Corporation, shall be given no less than twenty-five (25) nor more than sixty (60) days before the date of such meeting. Any such notice shall contain or be accompanied by a copy of the proposed amendment, plan of merger, or dissolution.

If an annual or special meeting is adjourned to a different date, time, or place, notice need not be given if the new date, time, or place is announced at the meeting before adjournment, provided, however, that if the meeting is adjourned to a date more than one hundred twenty (120) days after the date fixed for the original meeting, notice of the adjourned meeting shall be given under this Section 3 of this Article to all persons who are members as of the applicable record date.

Section 4. Membership. Every Owner shall be a member in the Association pursuant to the terms of Section 5 of this Article.

Section 5. Classes of Members. The Association shall have two classes of members: Class A and Class B. Class A members shall be every Owner of a Lot other than Developer. The sole Class B member shall be the Developer.

Section 6. Voting Rights; Quorum Defined: Each Class A member shall be entitled to one vote for each Lot owned by such member. The Class B member shall be entitled to one vote for each Lot owned by the Developer, plus 600 votes. Forty percent (40%) of the votes entitled to be cast on any matter constitutes a quorum. Once a member is represented for any purpose at a meeting, he is

deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless a new record date is or shall be set for that adjourned meeting as provided in Section 7 of this Article.

Less than a quorum may adjourn a meeting to a fixed time and place, and further notice shall be given if required by Section 3 of this Article.

Except for the election of directors, amendment to the Bylaws and, where the Articles of Incorporation or applicable law requires the vote of a greater percentage, if a quorum exists, action on a matter by a voting group is approved if the votes cast within the voting group favoring the action exceed the votes cast opposing the action.

Section 7. Record Date: The Board may fix in advance the record date for one (1) or more voting groups in order to make a determination of members for any proper purpose, including, but not limited to, a determination of members entitled to notice or to vote at any meeting of members or any adjournment thereof. A record date fixed under this Section may not be more than seventy (70) days before the meeting or action requiring a determination of members.

A determination of members entitled to notice of or to vote at any meeting of members shall be effective for any adjournment of the meeting unless the Board fixes a new record date. The Board shall fix a new record date if the meeting is adjourned to a date more than one hundred twenty (120) days after the date fixed for the original meeting.

Section 8. Conduct of Meetings: The President shall preside over all meetings of the members. If the President be absent, the Vice-President shall preside. If no such officer be present, a Chairman shall be elected by the meeting. The Secretary of the Corporation shall act as Secretary of all the meetings if he or she is present. If the Secretary is absent, the Chairman shall appoint a Secretary of the meeting. The Chairman of the meeting may appoint one or more inspectors of election to determine the qualification of voters, the validity of proxies, and the results of ballots.

Section 9. Action Without a Meeting: Any action required or permitted to be taken at a meeting of members may be taken without a meeting and without action by the Board if all of the members entitled to vote with respect to the subject matter of such action sign one (1) or more written consents describing the action taken and deliver the same to the Secretary of the Corporation for inclusion in the minutes or filing with the corporate records. Any action taken by unanimous written consent shall be effective according to its terms when all consents are in the possession of the Corporation. A member may withdraw consent only by delivering a written notice of withdrawal to the Corporation prior to the time that all consents are in the possession of the Corporation. Action taken by written consent is effective as of the date specified therein provided that the consent or consents state the date of execution by each member. Unless otherwise determined under Section 7 of this Article, the record date for determining members entitled to take action without a meeting is the date the first member signs the written consent.

A written consent signed by all the members entitled to vote in accordance with this Section has the effect of an unanimous vote of the members.

If notice of proposed action is required by law to be given to non-voting members and the action is to be taken by unanimous consent of the voting members as provided in this Section, the Corporation shall give its non-voting members written notice of the proposed action at least ten (10) days before the action is taken. The notice shall contain or be accompanied by the same material that would have been required by law to be sent to non-voting members in a notice of meeting at which the proposed action would have been submitted to the members for action.

Section 10. Proxies. A vote may be cast in person or by proxy. Such proxy may be granted by any Owner in favor of only another Owner, the Secretary of the Association, the Developer or his Mortgagee. Proxies shall be duly executed in writing, shall be witnessed, shall be valid only for the particular meeting designated therein and must be filed with the Secretary before the appointed time of the meeting. Such proxy shall be deemed revoked only upon actual receipt by the person presiding over the meeting of notice of revocation from any of the persons owning such Lot.

### ARTICLE III

#### BOARD OF DIRECTORS

Section 1. Number, Election and Term: The Board of Directors (the "Board") shall be elected at the Annual Meeting of the members or at any special meeting held in lieu thereof. No individual shall be named or elected as a Director without his prior consent. The number of initial Directors shall be three (3). The members of the Association may, by majority of all votes entitled to be cast, increase or decrease the number of Directors, provided that the Board shall be composed of no fewer than three (3) and no more than seven (7) Directors. No reduction in the number of Directors shall have the effect of shortening the term of any incumbent Director. Directors need not be members or residents of the Commonwealth of Virginia. Unless otherwise removed by the members pursuant to Section 3 of this Article III, Directors shall hold office for three (3) year terms.

The terms of Directors shall be staggered, Directors shall serve until their term expires or until their respective successors are elected, provided that any Director may be removed from office at any time as permitted in the Articles of Incorporation and these Bylaws.

Section 2. Staggered Terms: For purposes of staggering the terms of Directors, in order to allow for continuity and smooth transition of leadership, there shall be three (3) Groups of Directors. For purposes of distinguishing between the different classes, they shall be designated Group 1, Group 2 and Group 3. The initial terms of initial Group 1 Directors shall expire on the scheduled date of the Corporation's Annual Meeting in the first calendar year following that in which initial Directors are appointed. The initial terms of initial Group 2 Directors shall expire one (1) year following the expiration of Group 1 Directors' initial terms. The initial terms of initial Group 3 Directors shall expire two (2) years following the expiration of Group 1 Directors' initial terms. Upon removal or resignation of any Director, any replacement Director shall serve the remainder of his or her predecessor's term. For purposes of classifying initial Directors, and in the event the members, in accordance with these Bylaws, vote to increase or decrease the number of Directors, there shall be maintained in each class of Directors, as closely as possible, an equal number of Directors.

Section 3. Removal and Vacancies: The members may remove one (1) or more Directors with or without cause. A Director may be removed by the members only at a meeting called for the purpose of removing him, and the notice of the meeting must state that the purpose, or one of the purposes of the meeting, is removal of the Director. Unless a greater number of votes is required by the Articles of Incorporation, a Director may be removed if the number of votes cast to remove him constitutes a majority of the votes entitled to be cast at an election of Directors.

Any vacancy on the Board of Directors, including a vacancy resulting from an increase in the number of Directors, may be filled either by a majority of the Board or by a majority of those members present at a meeting of members at which a quorum has been established, provided, however, if the vacant office was held by a Director elected by a voting group of members, only the members of that voting group are entitled to vote to fill the vacancy if it is filled by the members. If the Directors remaining in office constitute fewer than a quorum of the Board of Directors, they may fill the vacancy by the affirmative vote of a majority of the Directors remaining in office. A vacancy that will occur at a specific later date, by reason of a resignation effective at a later date or otherwise, may be filled before the vacancy occurs, but the new Director may not take office until the vacancy occurs.

Section 4. Meetings and Notices: The Annual Meeting of the Board shall be held, without notice, immediately following the Annual Meeting of the members. Other meetings of the Board shall be held at times fixed by resolution of the Board, or upon the call of the President or a majority of the members of the Board. Notice of any meeting not held at a time fixed herein or by resolution of the Board shall be given to each Director at his residence or business address by delivering such notice to him or by telephoning or telegraphing it to him at least twenty-four (24) hours before the meeting. Any such notice need not set forth the purpose of the meeting. Meetings may be held without notice if all the Directors are present or those not present waive notice before or after the meeting.

A Director may waive any notice required by law, the Articles of Incorporation, or these Bylaws before or after the date and time stated in the notice, and such waiver shall be equivalent to the giving of such notice. Except as hereinafter provided, the waiver shall be in writing, signed by the Director entitled to the notice, and shall be filed with the minutes or corporate records. A Director's attendance at or participation in a meeting waives any required notice to him of the meeting unless the Director at the beginning of the meeting or promptly upon his arrival objects to the holding of the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

The Board of Directors may permit any or all Directors to participate in a regular or special meeting of the Board by, or conduct the meeting through the use of, any means of communication by which all Directors participating may simultaneously hear each other during the meeting, provided that the Secretary of the meeting shall maintain complete and accurate minutes of all such meetings.

Section 5. Quorum and Voting. Except as otherwise provided in the Articles of Incorporation or these Bylaws, a quorum of the Board of Directors consists of a majority of the Directors elected and serving as of the time of the meeting in question, provided, however, that in no event shall a quorum be deemed to consist of fewer than two-thirds of the number of Directors fixed under

Section 1 of this Article. If a quorum is present when a vote is taken, the affirmative vote of a majority of Directors present is the act of the Board of Directors.

A Director who is present at a meeting of the Board of Directors or a Committee of the Board of Directors when corporate action is taken is deemed to have assented to the action taken unless (1) he objects at the beginning of the meeting or promptly upon his arrival to holding the meeting or transacting specified business at the meeting; or (2) he votes against, or abstains from, the action taken.

Whenever the Board is required by law to recommend or approve any proposed corporate act, such recommendation or approval shall not be required if the proposed corporate act is adopted by the unanimous consent of the members.

Section 6. Conduct of Meetings. The Board shall appoint one of its members to serve as Chairman of the Board. The Chairman of the Board shall serve at the pleasure of the Board, and shall preside over all meetings of the Board at which he is present. If the Chairman be absent at any meeting of the Board or if no Chairman has been appointed, a Chairman of the meeting shall be appointed unless the president of the Corporation is also a member of the Board and is present, in which event the president shall act as Chairman of the meeting.

Section 7. Action Without a Meeting: Any action required or permitted to be taken at a meeting of the Board or any committee thereof may be taken without a meeting if such action shall be evidenced by one (1) or more written consents stating the action taken, signed by all members of the Board or committee, as the case may be, and included in the minutes or filed with the corporate records. Action taken under this Section is effective when the last Director signs the written consent unless the consent specifies a different date, in which event the action taken is effective as of the date specified therein, provided that the consent states the date of execution of each Director. A written consent under this Section shall have the same force and effect as a unanimous vote of the Board or members of the committee, as the case may be.

Section 8. Insurance Requirements: The Board of Directors shall adopt provisions requiring the Corporation, to purchase and maintain casualty and general liability insurance covering all Common Areas or other property owned or leased by the Association. To the extent that such insurance coverage can not be purchased or is considered by the Board in its reasonable discretion not to be cost effective, compliance with this Section shall be excused.

Section 9. Powers and Duties. The Board of Directors shall have all of the powers and duties necessary for the administration of the affairs of the Association. The Board of Directors shall have the power from time to time to adopt any Rules and Regulations, as may be amended from time to time. In addition to the duties imposed by these Bylaws or by any resolution of the Association that may hereafter be adopted, the Board of Directors shall on behalf of the Association:

- (a) Prepare and adopt an annual budget which sets forth the annual assessment.

- (b) Establish the means and methods of collecting the annual assessments and any special assessments from the Owners and establish the period of the installment payment, if any, of the annual assessment.
- (c) Provide for the operation, care, upkeep and maintenance of all of the Common Areas.
- (d) Designate, hire and dismiss the personnel necessary for the maintenance, operation, repair and replacement of the Common Areas and for providing services for the Property and, where appropriate, provide for the compensation of such personnel and for the purchase of equipment, supplies and material to be used by such personnel in the performance of their duties, which supplies and equipment shall be deemed part of the property of the Association.
- (e) Collect the assessments against the Owners, deposit the proceeds thereof in bank depositories designated by the Board of Directors and use the proceeds to carry out the administration of the Association.
- (f) Make and amend the Rules and Regulations.
- (g) Open bank accounts on behalf of the Association and designate the signatories thereon.
- (h) Make, or contract for the making of, repairs, additions and improvements to or alterations of the Property, and repairs to and restoration of the Property, in accordance with these Bylaws, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings.
- (i) Enforce by legal means the provisions of the Declaration, these Bylaws and the Rules and Regulations.
- (j) Act on behalf of the Owners with respect to all matters arising out of any eminent domain proceeding, and notify the Owners of any litigation against the Association involving a claim in excess of \$25,000.
- (k) Obtain and carry insurance against casualties and liabilities as may be deemed appropriate by the Board of Directors, pay the premiums therefor and adjust and settle any claims thereunder.
- (l) Keep books and detailed accounts of the receipts and expenditures affecting the Property, and the administration of the Association. Such books and vouchers accrediting the entries therein shall be available for examination by the Owners, their attorneys, accountants and authorized agents during general business hours on business days at the times and in the manner set and announced by the Board of Directors for the general knowledge of the Owners. All books and records shall be kept in accordance with generally accepted accounting principles, and the same may be audited by an independent auditor retained by the Board of Directors.

(m) Borrow money on behalf of the Association when required in connection with any instance relating to the operation, care, upkeep and maintenance of the Property or property owned or leased by the Association; provided, however, that the consent of at least two thirds of all, obtained either in writing or at a meeting duly called and held for such purpose in accordance with the provisions of these Bylaws, shall be required to borrow any sum in excess of \$25,000.

(n) Acquire, hold, lease and dispose of any interest in any real property and mortgage the same if such expenditures and hypothecations are included in the budget adopted by the Association.

(o) Employ or dismiss a Managing Agent in accordance with the terms and conditions set forth in Section 10 of this Article III.

(p) Do such other things and acts not inconsistent with law, the Declaration, or these Bylaws.

Section 10. Managing Agent. The Board of Directors may employ for the Property a "Managing Agent" at a compensation to be established by the Board of Directors.

(a) Requirements. The Managing Agent if employed shall be a bona fide business enterprise, which may manage common interest residential communities. Such firm shall have adequate experience in real estate community management and shall employ persons possessing a high level of competence in the technical skills necessary to proper management of the Property. The Managing Agent must be able to advise the Board of Directors regarding the administrative operation of the Property.

(b) Duties. The Managing Agent shall perform such duties and services as the Board of Directors shall direct. The Board of Directors may delegate to the Managing Agent all of the powers granted to the Board of Directors by these Bylaws other than the powers set forth in subsections (b), (f), (g), (n), (o) and (p) of Section 9 of this Article. The Managing Agent shall perform the obligations, duties and services relating to the management of the Property, the rights of Mortgagees and the maintenance of reserve funds in compliance with the provisions of these Bylaws.

(c) Standards. The Board of Directors shall impose appropriate standards of performance upon the Managing Agent. Unless the Managing Agent is instructed otherwise by the Board of Directors:

(1) the cash method of accounting shall be employed and expenses required by these Bylaws to be charged to more than one but less than all Owners shall be accounted for separately;

(2) two or more persons shall be responsible for handling cash to maintain adequate financial control procedures;

(3) cash accounts of the Association shall not be commingled with any other accounts;

(4) no remuneration shall be accepted by the Managing Agent from vendors, independent contractors or others providing goods or services to the Association whether in the form of commissions, finders fees, service fees or otherwise; any discounts received shall benefit solely the Association;

(5) any financial or other interest which the Managing Agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board of Directors; and

(6) a financial report shall be prepared at least quarterly for the Association containing:

(A) an income statement reflecting all income and expense activity for the preceding month on an accrual basis;

(B) an Account Activity Statement reflecting all receipt and disbursement activity for the preceding month on a cash basis;

(C) an account status report reflecting the status of all accounts in an "actual" versus "projected" (budget) format;

(D) a balance sheet reflecting the financial condition of the Association on an unaudited basis; and

(F) a Delinquency Report listing all Owners who are delinquent in paying assessments or accounts due the Association and describing the status of any actions to collect such assessments.

(d) Limitations. The Board of Directors may employ a Managing Agent for a term not to exceed one year. Any contract with the Managing Agent must provide that it may be terminated, without payment of a termination fee, without cause on no less than thirty days' written notice; or in the case of termination for cause, without prior written notice.

#### ARTICLE IV

##### OFFICERS

Section 1. Number, Election, and Term: The Board of Directors, promptly after its election each year, shall elect a President, a Secretary and a Treasurer, and may elect or appoint one (1) or more Vice Presidents and such other officers as it may deem proper. Any person may simultaneously hold more than one (1) office. All officers shall serve for a term of one (1) year or

until their respective successors are elected, but any officer may be removed summarily with or without cause and at any time by the Board of Directors.

Section 2. Duties of President: The President shall be the chief executive officer of the Corporation, and when present, shall preside at all meetings of the members. Unless a Chairman of the Board of Directors has been elected and is present, the President, when present, shall also preside at meetings of the Board of Directors, provided that he is a member of the Board of Directors. The President shall have the power and authority to sign all certificates of membership, bonds, deeds, mortgages, extension agreements, leases, and contracts of the Corporation. The President shall further perform all of the duties commonly incident to his office along with such other duties as the Board shall designate from time to time.

Section 3. Duties of Vice President: Except as specifically limited by resolution of the Board of Directors, the Vice President shall perform the duties and have the powers of the President during the absence or disability of the President, and shall further have the power and authority to sign all bonds, deeds, and contracts of the Corporation. The Vice President shall further perform all duties commonly incident to his office, and shall perform such other duties and have such other powers as the Board shall designate from time to time.

In the event that more than one Vice President shall be elected or appointed to office at any one time, the power and authority of each of the respective Vice Presidents shall be determined by resolution of the Board.

Section 4. Duties of Secretary: The Secretary shall keep accurate minutes of all meetings of the members and the Board, and shall be authorized to affix the seal of the Corporation to any and all documents and instruments duly executed on behalf of the Corporation by any of its officers. In the absence of the Secretary at any meeting, an assistant secretary or a secretary pro tempore shall perform the duties of the Secretary at such meeting. The Secretary shall further perform all the duties commonly incident to the office of Secretary, and shall perform such other duties and have such other powers as the Board shall designate from time to time.

Section 5. Duties of Treasurer: The Treasurer, subject to an order of the Board of Directors, shall have the care and custody of the money, funds, valuable papers, and documents of the Corporation (other than his own bond, if any, which shall be in the custody of the President). The Treasurer shall further keep accurate books of account of the Corporation's transactions, which books shall be and remain the sole property of the Corporation and, together with all its property in his possession, shall be subject at all times to the inspection and control of the President and the Board. The Treasurer shall further have and exercise all of the powers and duties commonly incident to his office, and shall have and exercise such other duties and powers as the Board shall from time to time designate.

## ARTICLE V

### LIABILITY AND INDEMNIFICATION OF OFFICERS AND DIRECTORS

Section 1. Liability: Pursuant to Va. Code § 13.1-870.1(E), no officer or director of the Corporation shall be liable for damages arising out of a single transaction, occurrence, or course of conduct in excess of any compensation received by the director or officer from the Corporation in the twelve months immediately preceding the act or omission for which liability was imposed. An officer or director who serves the Corporation without compensation shall not be liable for damages in any such proceeding.

Section 2. Indemnification: To the full extent permitted under Article 9, Chapter 10 of Title 13.1 of the Code of Virginia, the Corporation shall indemnify any officer or director for any liability accruing to him or her because he or she was an officer or director of the Corporation.

## ARTICLE VI

### ASSESSMENT OF MEMBERS

As more particularly described in the Declaration, the Board of Directors shall have the power to fix, levy, collect, and enforce payment of, by any lawful means, annual and special assessments. The amount of assessments shall be determined from time to time by the Board of Directors. Assessments shall be levied in an equitable manner as determined by the Board of Directors in its reasonable discretion, provided, that all Lots shall be assessed at an equal rate, without consideration of the value of any improvements on individual Lots. All assessments shall be in accordance with the Declaration and shall be used primarily for the purpose of providing for management, maintenance, preservation and architectural control of the Lots and the Common Areas and the operational and administrative costs of Association.

## ARTICLE VII

### SEAL

The seal of the Corporation shall be a flat-faced circular die with the word "SEAL" and the name of the Corporation engraved thereon.

## ARTICLE VIII

### VOTING OF OTHER STOCK HELD

Unless otherwise provided by the Board of the Corporation, the President may either appoint agents or attorneys to vote any stock of any other corporation owned by this Corporation or may attend any meeting of the holders of stock of such other corporation and vote such shares in person.

ARTICLE IX

CHECKS, NOTES AND DRAFTS

Checks, notes, drafts and other orders for the payment of money shall be signed by the President or the Treasurer of the Corporation, or such other person or persons as the Board may authorize from time to time. The signature of any such person may be a facsimile when authorized by the Board.

ARTICLE X

FISCAL YEAR

The fiscal year of the Corporation shall begin on January 1 and end on December 31 of each year.

ARTICLE XI

AMENDMENT OF BYLAWS

A proposed amendment to these Bylaws shall be adopted upon the vote of two-thirds of all votes entitled to be cast, by members present or represented by proxy at the meeting at which such proposed amendment is considered. In the event of a conflict between the terms and conditions set forth in these Bylaws and the Declaration, the provisions of the Declaration shall control.

**Declaration of Covenants,  
Conditions and Restrictions of  
Walnut Creek**

This Declaration of Covenants, Conditions and Restrictions of Walnut Creek is made as of the 15<sup>th</sup> day of May, 2006 by BLUE RIDGE DEVELOPMENT GROUP, INC., a Virginia corporation, hereinafter referred to as "Developer."

RECITALS

WHEREAS, Developer is the owner of those certain parcels of real property located in the County of Montgomery, Virginia, containing, in the aggregate, 19.600 acres, said parcels being a portion of tax map number 80-(A)-42, and being more particularly described on Exhibit A attached hereto.

WHEREAS, Developer desires to develop the Property into a residential community known as Walnut Creek and to provide for the preservation of the values of the Property and to this end desires to subject the Property to the covenants, restrictions, easements, charges and liens as hereinafter set forth (the "Covenants") for the benefit of the Property and each Lot Owner;

WHEREAS, Developer has deemed it desirable, for the efficient preservation of the values of the Property to incorporate, under the laws of the Commonwealth of Virginia, Walnut Creek Homeowners' Association, a non-stock, non-profit corporation, which will be delegated and assigned the powers and obligations of maintaining the Common Areas within the Property, administering and enforcing these Covenants, and levying, collecting and disbursing the assessments and charges as hereinafter provided and as set forth in the Bylaws of the Association.

NOW, THEREFORE, Developer hereby declares that all of the Property, or any portion thereof, shall be held, sold, conveyed, occupied and used subject to the terms and conditions, and for and during the period of time, hereinafter set forth.

ARTICLE I  
DEFINITIONS

1. "Additional Land" shall mean and refer to those tracts or parcels of land added to the Property pursuant to Article III hereof.
2. "Association" shall mean and refer to the Walnut Creek Homeowners' Association, its successors and assigns.
3. "Board" or "Board of Directors" shall mean and refer to the Board of Directors of the Association, its successors and assigns.

4. "Common Areas" shall mean and include all areas of the Property not part of any Lot, including the Recreation Lot and the Open Spaces.

5. "Developer" shall mean Blue Ridge Development Group, Inc., its successors and assigns.

6. "Emergency Access Road" shall mean the emergency access road leading from the Property to the tie in with Industrial Drive located in the Town of Christiansburg, providing a second means of egress from the Property, designated at the "15' temporary access esmt." shown on the Plat.

7. "Lot" or "Lots" shall mean and refer to any parcel of real property contained with boundary lines and designated by an individual lot number as shown on the Plat, but does not include the Recreational Lot.

8. "Owner" or "Lot Owner" shall mean and refer to the record owner, whether one or more persons or entities, or the Developer, 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 a title pursuant to foreclosure or any proceedings in lieu of foreclosure.

9. "Plat" shall mean and refer to shown on that certain subdivision plat dated January 18, 2006, entitled "Plat of Major Subdivision of Walnut Creek, Phase I, A Portion of Tax Parcel No. 80-(A)-42", prepared by Gay and Neel, Inc., and recorded in the Clerk's Office of the Circuit Court of Montgomery County in Plat Book 26, pages 111 - 119.

10. "Property" shall mean all or part of the real estate described in Exhibit A attached hereto, and all addition thereto, as are subject to this Declaration, as the same may be amended from time to time.

11. "SWD Facility" shall mean the "Stormwater Detention Facility" shown on the Plat, together with the access easement leading from Crosscreek Drive to the Storm Water Detention Facility.

## ARTICLE II MEMBERSHIP AND VOTING RIGHTS

1. Every Lot Owner shall be a member of the Association and membership shall be appurtenant to and may not be separated from the ownership of any Lot.

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

a) Class A members: Class A members shall be all Lot Owners (with the exception of Developer) and shall be entitled to cast one vote per Lot, with each vote

valued equally. Notwithstanding the number of parties owning any one Lot, only one vote may be cast per Lot.

b) Class B member: The Class B member shall be the Developer, its successors and assigns. The Class B member shall be entitled to cast one vote per Lot owned by Developer, plus 600 votes, it being the intention of the Developer to retain the majority voting power until the Developer conveys the last Lot to a Class A member or no longer has any interest in the Property. Class B membership shall cease and be converted to Class A membership on December 31, 2025.

### ARTICLE III PROPERTY SUBJECT TO THIS DECLARATION

1. Description. The real property subject to this Declaration is all that property located in Montgomery County, Virginia, as described in Exhibit A attached hereto and made a part hereof.

2. Expansion by Developer. Developer hereby reserves the exclusive right to incorporate Additional Land, whether now owned or to be acquired in the future by Developer, into the Property, for a period terminating on December 31, 2025. **This right is unilateral in nature, requiring no consent from any purchaser or mortgagee.** If Developer exercises this right, it shall record proper documents incorporating such other lands into the Property, thereby enlarging the Property and subjecting such Additional Land to this Declaration.

3. Contractions by the Developer. Developer hereby reserves the exclusive right to withdraw any part of the land which is subject to this Declaration, whether now owned or to be acquired in the future by Developer, for a period terminating on December 31, 2025. **This right is unilateral in nature, requiring no consent from any purchaser or mortgagee.** If Developer exercises this right, it shall record proper documents withdrawing such lands from the Property, thereby contracting the Property and withdrawing such lands from this Declaration.

4. Effect of Expansion or Contraction.

a) In the event that any Additional Land is incorporated as a part of the Property:

i) Such Additional Land shall be considered within the definition of Property herein recited for all purposes of this Declaration; and

ii) Any and all persons or entities, other than Developer, owning lots within the Additional Land shall become a Class A member of the Association and shall possess the rights, duties and obligations of the same as set forth herein.

b) Any land or Lots which are withdrawn from the Property by the Developer shall no longer be subject to this Declaration and the Owner of any such Lot shall not be a member of the Association or entitled to vote on any matter of Association business.

5. Mergers. The Association may merge or consolidate with other similar associations or corporations, including, but not limited to condominium associations, upon the passage of two-thirds (2/3) of the votes entitled to be cast on such matter at a meeting of the Association duly called for such purpose.

#### ARTICLE IV COVENANT FOR MAINTENANCE ASSESSMENT

1. Creation of the Lien and Personal Obligation of Assessments. Subject to subsequent provisions setting forth the obligation of the Developer to pay assessments, the Developer, for itself and its successors or assigns, and for each Lot, hereby covenants, and each Owner of any Lot by acceptance of a deed or other transfer document therefore, whether or not it shall be so expressed in such deed or other transfer document, is deemed to covenant and agree to pay to the Association on terms and conditions established by the Association:

- a) Annual assessments dues or charges; and
- b) Special assessments for capital improvements and operating, repair and replacement reserve funds, such assessments to be fixed, 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 Lot shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall be the obligation of the person or persons who were the Owners of such Lot at the time the assessment fell due. The personal obligation for delinquent assessments shall, unless paid, pass to the Owner's successors in title. A properly perfected lien shall pass with and encumber the title to the Lot.

2. Purpose of Assessments and Duty of Association to Maintain the Emergency Access Road, SWD Facility and the Common Areas. The assessments levied by the Association shall be exclusively for the purpose of promoting the recreation, health, safety and welfare of the Lot Owners and shall be used by the Association to make all necessary and required improvements to, and maintenance of, the Common Areas, the Emergency Access Road, the SWD Facility and for services and facilities devoted to this purpose and related to the use and enjoyment of the Emergency Access Road, the SWD Facility and the Common Areas, including, but not limited to, the payment of taxes and insurance thereon and repair, replacement, and additions thereto, for the cost of labor, equipment, materials, management and supervision thereof, and for operating reserve funds for repair and replacement of the Emergency Access Road, the SWD Facility and the Common Areas and

facilities thereon. The Association shall have the duty to maintain and repair the Emergency Access Road, the SWD Facility and the Common Areas, including the improvements thereon.

3. Basis and Maximum of Annual Assessments.

a) The Association shall have the full right to establish and collect annual assessments for the purpose of maintaining the Common Areas, the SWD Facility and the Emergency Access Road and in order to provide adequate financial resources to perform the other duties with which it is charged. The amount of such annual assessments shall be established annually by the Board of Directors and upon the establishment of the amount of the annual assessment, all Lot Owners shall be notified of the amount of such fee and the terms of the payment thereof.

b) In the event that a Lot Owner fails to pay the annual assessment or special assessment as provided herein within the prescribed times, the Association shall have the power to impose a lien on the Owner's Lot and the Association may charge an Owner interest at a rate of ten percent (10%) on any delinquent annual or special assessment until the same is paid. The lien shall be perfected at such time as the Association records or causes to be recorded a Notice of Lien in the office of the Clerk of the Circuit Court of Montgomery County. The notice of lien shall contain the name of the Association, the name of the Lot Owner who is delinquent in its payments, a description of the Lot upon which the lien is to be imposed, a reference to this Article, a statement of the amount of the delinquent payment and the time when said payment became due and a statement of the percent of interest claimed or any penalty or attorney's fee provided, all as may be established by the Association. Such Notice of Lien shall be recorded not more than 120 days from the time such assessments becomes due and payable. The lien provided by this Article shall be enforced by a suit in equity in conformity with the statutes and rules governing such suits as may apply and prevail at the time such a suit to enforce a lien is instituted. In no event shall such suit be instituted more than twelve (12) months from the time such assessment became due and payable. No Lot Owner may waive, or otherwise escape liability for the assessments provided for herein by non-use of the Common Areas.

4. Determination of Annual Assessments.

a) Fiscal Year. The fiscal year of the Association shall consist of the twelve month period commencing on January 1<sup>st</sup> of each year and terminating on December 31<sup>st</sup> of that year.

b) Preparation and Approval of Budget. Each year on or before October 31<sup>st</sup>, the Board of Directors shall adopt a budget containing an estimate of the total amount which it considers necessary to pay the cost of maintenance, management, operation, repair and replacement of the Common Areas, and the cost of materials, insurance premiums, services, supplies and other expenses and the rendering to the Lot Owners of all related services. Such budget shall also include such reasonable amounts as

the Board of Directors considers necessary to provide working capital, a general operating reserve, and reserves for contingencies and replacements. The Board of Directors shall send to each Owner a copy of the budget, in a reasonably itemized form which sets forth the amount of the common expenses payable by each Owner, on or before November 30<sup>th</sup> preceding the fiscal year to which the budget applies. The said budget shall constitute the basis for determining each Owner's assessment as hereinbefore provided.

c) Reserves. The Board of Directors shall build up and maintain an adequate reserve for working capital and to cover other contingencies, which shall be collected as part of the annual assessment as hereinbefore provided. All funds accumulated for reserves shall be kept in a separate bank account, segregated from the general operating funds, and, if the Board of Directors deems it advisable, funds accumulated for each type of reserve shall be kept in a separate bank account, identified by reference to the specific category of reserve. Extraordinary expenditures that are not originally included in the annual budget and which may become necessary during the year shall be charged first against such reserves. Except where an emergency requires an expenditure to prevent or minimize loss from, damage to, or deterioration of, the Common Areas, reserves accumulated for one purpose may not be expended for any other purpose unless approved by the Association. If the reserves are inadequate for any reason, including non-payment of any Owner's assessment, the Board of Directors may at any time levy a further assessment in accordance with the provisions hereof, which may be payable in a lump sum or in installments as the Board of Directors may determine. In the event there is a balance of reserves at the end of any fiscal year and the Board of Directors determines the Association may lose its tax exempt status due to such balance, the balance may be returned on an equal or pro rata basis to all Members who are current in the payment of all assessments due to the Association. At the time any Lot is conveyed by Developer such purchaser shall pay at closing of the Lot a one-time, non-refundable amount equal to \$150 to establish working capital and a reserve fund.

d) Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Board of Directors to prepare or adopt the annual budget or adjusted budget for any fiscal year shall not constitute a waiver or release in any manner of an Owner's obligation to pay his assessment as herein provided, whenever the same shall be determined, and in the absence of any annual budget or adjusted budget, each Owner shall continue to pay the assessment at the then existing rate established for the previous fiscal period in the manner such payment was previously due until notified otherwise.

5. Special Assessments for Capital Improvements and Operating Reserves. In addition to the annual assessments authorized by Section 3 of this Article IV, the Association may levy in any assessment year a special assessment (which must be fixed at one uniform rate for each Lot) 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 of or upon the Common Areas, the Emergency Access Road or the SWD Facility, including the necessary fixtures and personal property related thereto, and for operating the Common Areas, the Emergency Access Road and the SWD Facility, for which a reserve fund does not exist or is not adequate, provided that any such special

assessment shall have the assent of the majority of the votes entitled to be cast at a meeting duly called for this purpose.

6. Date of Commencement of Annual Assessments; Due Dates. The annual assessments as to any Lot shall commence on the conveyance of such Lot from the Developer to an Owner and shall be due and payable to the Association thereafter on the first day of each calendar month unless the Board of Directors require the annual assessments to be paid quarterly, in which case the assessments shall be due at the beginning of the next quarter. The due date of any special assessment under Section 5 of this Article IV hereof shall be fixed in the resolution authorizing such assessment. Subject to the further provisions of Section 8 of Article IV hereof, the Developer shall not be obligated to pay dues or assessments as to any Lot prior to the time the same is conveyed by Developer.

7. Change of Annual Assessment. In the event of any change in the annual assessment as set forth herein, the Board of Directors shall fix the date of commencement and the amount of the assessment against each Lot for each assessment period at least thirty (30) days in advance of such date or period. Written notice of the assessment shall thereupon be sent to every Owner subject thereto. The Association shall, upon demand at any time, furnish to any Lot Owner liable for said assessment a certificate in writing signed by an officer of the Association, setting forth whether said assessment has been paid, or the amount of any unpaid assessment. A reasonable charge may be made by the Association for the issuance of such certificate. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

8. Developer's Obligation to Pay Assessments. There shall be no obligation on behalf of the Developer to pay assessments on any Lot or Lots owned by Developer or to any entity which is assigned the rights of the Developer.

9. Subordination of the Lien to First Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage on the Lot. Notwithstanding the foregoing, any mortgage, trustee or the designees of such mortgagee or trustee upon taking peaceful possession of the secured premises under the terms of any mortgage, deed of trust or other security instrument shall become liable for the payment of any dues and assessments outstanding at the commencement or which may become due during the term of such possession.

10. Exempt Property. The following properties subject to this Declaration shall be exempted from the assessment charges and liens created herein:

a) All properties dedicated to and accepted by a governmental body, agency or authority, and devoted to public use; and

b) Any and all Lots for so long as title to the same is held by the Developer, its successor or assigns.

Section 11. Initial Annual Assessment. The initial annual assessment for each Lot is \$120.00.

ARTICLE V  
ARCHITECTURAL CONTROL COMMITTEE

1. Organization, Power of Appointment and Removal of Members. There shall be an Architectural Control Committee (hereafter referred to as the "ACC"), organized as follows:

a) Committee Composition. The ACC shall consist of three members. None of such members shall be required to be an architect or to meet any other particular qualifications for membership.

b) Initial Members. The initial members of the ACC shall be selected by the Developer.

c) Appointment and Removal. The right to appoint and remove all members of the ACC at any time shall be and it is hereby vested solely in Developer, its successors or assigns.

d) Assignment. The Developer may assign its right to appoint members of the ACC by executing an agreement of assignment and recording it among the land records of the County of Montgomery, Virginia. The right to remove or appoint members to the ACC shall transfer to the Association on December 31, 2025, unless sooner conveyed.

e) Vacancies. Vacancies on the ACC shall be filled by the Developer, or whoever then has been assigned by the Developer the power to appoint Committee members. A vacancy or vacancies on the ACC shall be deemed to exist in case of the death, incapacity, or resignation of a member thereof.

2. Duties. It shall be the duty of the ACC to consider and act upon any and all development plans submitted to it by any Lot Owner pursuant to the terms hereof, to adopt ACC rules as necessary, and to carry out all other powers and duties conferred upon it by this Declaration. The ACC may also develop rules for the maintenance and upkeep of unimproved Lots consistent with the relevant provisions of this Declaration.

3. Meetings and Compensation. The ACC shall meet from time to time as necessary to perform its duties hereunder. The vote or written consent of any two members at a meeting or otherwise shall constitute the act of the Committee. The Committee shall keep and maintain a written record of all actions taken by it at such meetings or otherwise. Members of the ACC shall not be entitled to compensation for their services.

4. Architectural Control Committee Rules. The ACC may, from time to time and in its sole and absolute discretion, adopt, amend and repeal, by unanimous vote or written consent, rules and regulations, to be known as "Architectural Control Committee Rules". Said Rules shall interpret and implement this Declaration by setting forth the standards and procedures for ACC review and the guidelines for architectural design, placement of buildings, landscaping, color schemes, exterior finishes and materials and similar features which are recommended for use in the Declaration. It shall be the responsibility of each Lot Owner to obtain a current set of Architectural Control Committee Rules before constructing any improvements or making changes to existing improvements, or any Lot.

5. Waiver. The approval of the ACC of any plans, drawings or specifications for any work done or proposed, or for any other matter requiring the approval of the ACC under this Declaration shall not be deemed to constitute a waiver of any right to withhold approval of any similar plan, drawing, specification or matter subsequently submitted by approval.

6. Liability. Neither the ACC nor any member thereof shall be liable to any Owner, or to any other party, for any damage, loss or prejudice suffered or claimed on account of:

a) The approval or disapproval of any plans, drawings, or specifications, whether or not defective.

b) The construction or performance of any work whether or not pursuant to approval plans, drawings and specifications.

c) The development of any property.

Approvals granted by the ACC shall in no way be considered a substitution for, or carry any liability for the requirements of the local building or zoning codes. Without in any way limiting the generality of any of the foregoing provisions of this Section, the ACC, or any member thereof, may, but is not required to, consult with or hear the views of any Owner with respect to any plans, drawings, specifications, or any other proposals submitted to the ACC.

7. Time for Approval. In the event the ACC fails to approve or disapprove any construction or landscaping plan within thirty (30) days after at least one (1) copy of all plans and related data of said plans and specifications have been received by the ACC, approval will be deemed to have been given and the provisions of this Article to have been fully complied with. The foregoing notwithstanding, the ACC may extend such thirty (30) day period if its members deem such an extension necessary to obtain expert opinions or for other reasons that the ACC deems appropriate; provided, however, that no such extension may exceed an additional sixty (60) days.

ARTICLE VI  
GENERAL PROHIBITIONS, RESTRICTIONS AND RULES

1. All Lots shall be used for residential purposes only. No Lot shall be subdivided so as to create two or more Lots from a single Lot; provided Lot lines may be adjusted.

2. No temporary house, trailer, tent, garage or other outbuilding shall be placed or erected on any Lot, provided, however, that the Developer may grant permission for any such temporary structure for storage or use during construction. No such temporary structure shall be used as a dwelling place.

3. All boats, trailers, travel homes or other camping or pleasure equipment shall be stored off street and screened in a manner so as to minimize their visibility. Where possible, all such storage should be in rear of a Lot. So long as Developer owns any Lot or any portion of the Property, the location of any such storage and screening must be approved by Developer in writing. If such screening cannot be done in such a manner to satisfy Developer then said boat, trailer, travel home or pleasure equipment cannot be stored on any Lot.

4. All Lots shall be kept clean and free of non-operating or unlicensed motor vehicles, garbage, junk, trash, debris, or any condition that might contribute to a health hazard, or any condition creating an unsightly environment.

5. Each Lot Owner shall maintain his Lot and the area between the front lot line and the street, curb or pavement and landscaping thereon, including timely lawn mowing and snow removal. Developer reserves the right to perform maintenance on any Lot where such maintenance is deficient, without permission from any party, and charge the cost thereof to the subject Lot Owner.

6. No noxious, offensive or illegal activities shall be carried on any Lot; nor shall anything be done on any Lot that shall be or become an unreasonable annoyance or nuisance to any other Lot Owner.

7. No above-ground swimming pool will be permitted, excluding children's small wading pools.

8. No animals or livestock of any description except common household pets, shall be kept on any Lot. Household pets shall not be kept if they are being bred or maintained for any commercial purposes.

9. In order to implement effective insect and fire control, the Developer reserves for itself and its agents the right to enter upon any Lot on which a residence has not been constructed, and upon which no landscaping plan has been established, such entry to be made at the expense of the Lot Owner by personnel with tractors or other

suitable devices, for the purpose of towing, removing, clearing, cutting or pruning underbrush, weeds or other unsightly growth, which in the opinion of the Developer detracts from the overall beauty, setting and safety of the Property. The Developer and its agents may likewise enter upon such Lot to remove any trash which has collected on such Lot; provided nothing herein shall be construed to create an obligation on the part of the Developer to perform any act or service.

10. Free standing storage sheds, work shops, garages, etc. must be designed and located as an integral part of the dwelling and its landscape design. Structures should be massed with the house and incorporated into the overall design with landscaping, walkways, fencing, etc. and should be of the same style, finished materials and color as the dwelling. This also applies to dog houses, gazebos, play houses, deck railings and similar structures.

11. So long as Developer owns any Lot or portion of the Property, no commercial signs, including "for rent", or other similar signs, shall be erected or maintained inside or outside any residence on any Lot except as may be required by law. However, one "for sale" sign will be allowed so long as it does not exceed 2' X 3' in size. However, Developer shall have the right, and may give Lot builders the right to erect Developer approved signs.

12. Any dwelling or outbuilding on any Lot which may be destroyed in whole or in part by fire, windstorm or by any other cause or act of God, must be rebuilt, and all debris must be removed, and the Lot restored to a sightly condition with reasonable promptness. In no event shall debris remain longer than three (3) months after the casualty.

13. No chain link or stockade style fencing can be installed on any Lot on the Property. All fences must be approved by the ACC in writing prior to installation. No fence can be in excess of four feet in height except that certain smaller privacy areas may be in excess of four feet if approved. Also, no fencing can enclose the front portion of any Lot except that in certain areas, small pieces of decorative fencing may be approved by the Review Board.

14. Radio, hand radio, shortwave or electronic transmission, approved as to location, or reception of any kind shall not be permitted on any Lot without written permission of Developer or the Board of Directors, which may be denied for any reason whatsoever. Exterior radio or television antennas shall not be installed without prior written approval of the ACC. No satellite dish exceeding 24" in diameter shall be permitted on any Lot and any such dish of permitted size must be located in the rear of the house.

15. Any tank used for the storage of fuel must be installed on a Lot exterior below the surface of the ground or screened and enclosed and must have prior written approval from the Developer or the ACC. Every outdoor receptacle for trash and garbage shall be screened so as to be not visible from any street within the Property. Said

screening must be compatible with the overall design of the dwelling. If a Lot Owner is planning on storing such service items as lawnmowers, grills, etc., outside of the dwelling, these items must be screened to conceal them from view. Plans and specifications for such screening must be approved prior to construction by the ACC.

16. All outdoor clothes poles, clothes lines and similar equipment shall be so placed or screened as to be minimally visible from any street. Swing sets and similar children's play equipment must also be in the back of the house and regularly maintained by painting and anchoring. Location thereof shall be approved by the ACC.

17. All additional electric, telephone, cable TV or other utility lines shall be installed below ground. No additional overhead utility lines shall be permitted for any purpose.

18. No building shall be located on any Lot nearer to the front Lot line than the minimum setback lines shown on the Plat. No building shall be placed within ten (10) feet of any side Lot line or within twenty-five (25) feet of the rear Lot line.

19. No dwelling shall be erected on any Lot having less than a minimum enclosed livable floor area of 1,750 square feet.

20. Once construction of improvements is started on any Lot, the improvements must be constructed of a substantial quality of new materials, completed in accordance with plans and specifications, as approved by the ACC, within one (1) year from date of commencement. No residence shall be occupied unless it has been substantially completed as specified by the plans and specifications, and a certificate of occupancy has been issued by the governing authority.

21. No unsightly ornamentation shall be permitted on a Lot exterior. The ACC shall have absolute discretion as to what is deemed unsightly.

22. No motor vehicle repairs other than routine cleaning and maintenance shall be conducted on any Lot or the Property.

23. No motor vehicles will be allowed to operate on the Common Areas without the written permission of the Developer.

24. No "yard sales" may be conducted except as approved by the Developer and/or the Association.

25. No exposed concrete, cinder or concrete block masonry retaining walls shall be constructed on any Lot, though split face may be approved by the ACC.

26. All exterior surfaces of any Lot improvement must comply with the following requirements:

a) All exposed concrete or concrete masonry foundations shall be covered with brick, stone or split face block, above finish grade of any building, except to comply with the provisions of the applicable building code.

b) All exterior plywood siding shall be stained with at least two coats of premium grade stain. All wood siding to be stained shall be installed with galvanized aluminum nails or equivalent. All paint or stain colors used on exterior must be approved by the ACC.

c) Aluminum windows and doors may be used, provided they are anodized bronze or black or painted to match the trim or main color of the dwelling. Steel windows and doors may be used provided they have a factory applied bronze or stain grade or enamel finish, and may not be left in their natural color. All screen fabric must be non metallic.

d) All gutters and downspouts shall be in the same color or a compatible contrast as the exterior finish siding material.

e) The minimum roof pitch permitted will be 5/12 (5" in 12" slope). However, Developer may require a higher pitch.

27. No street, road or driveway shall be built for access to or from any property adjoining the boundaries of the Property, except by the Developer.

28. All owners of Lots will be responsible to insure that final grading of their Lots will conform with the grade of all drainage easements as constructed by the Developer or shown on the Plat. Any modifications to grade of drainage easements may be remedied by the Developer at the Lot Owner's expense. Developer has the right to enter onto a Lot Owner's property without it deemed as trespass, to implement effective and adequate erosion control, provided such Lot Owner is given notice and first has right to take corrective actions.

29. The Association assumes all liability for the maintenance and operation of the storm water retention facilities after the development is complete and those areas are decded to the Association.

30. The Association shall pay any real and personal property taxes and other charges assessed against the Common Areas. Additionally, the Association shall maintain a policy or policies of liability insurance, insuring the Developer, the Association and its agents, guests and invitees and the owners of Lots against liability to the public or to said owners, their guests and invitees incident to ownership or use of the Common Areas in an amount not less than \$1,000,000. Owners may obtain similar insurance coverage for their Lots.

31. Developer reserves the right to limit the use of any Common Areas. There shall be no outdoor parties or yard sales on or in any of the Common Areas without the written permission of the Developer or the Association.

32. No trees more than four inches (4") in diameter may be cut down or removed by any Lot Owner (other than Developer); provided that such trees may be cut down or removed if located within, or within fifteen of, the boundary of the foot print of the dwelling to be erected on any Lot or if a Lot Owner obtains the prior written consent of Developer.

33. All driveways must be hard surfaced, and must be completed no later than three (3) months following the issuance of a certificate of occupancy for the dwelling on any Lot.

34. No on-frame modular homes are permitted on any Lot

ARTICLE VII  
RIGHTS IN THE COMMON AREAS

1. Owners' Easements of Enjoyment. Subject to the provisions of this Declaration, every Owner shall have a right and easement of enjoyment in and to the Common Areas, which easement shall be appurtenant to and shall pass with the title to every Lot.

2. Title to Common Areas. The Developer shall have the absolute and unilateral right to transfer all Common Areas within the development to the Association. Upon such tender of transfer, the Association shall be required to accept the same and receipt the property transfer whether it be real or personal provided that such property be in usable condition and in reasonably good working order with allowance of normal and ordinary wear and tear without further claim against the Developer or successors or assigns. The transfer of title of all Common Areas to the Association shall take place no later than December 31, 2025.

3. Lot Owners' Easements. Each Lot Owner is hereby granted an easement appurtenant to his Lot in common with each other Lot Owner for ingress and egress through all Common Areas and over all designated roadways, subject to such reasonable rules, regulations and restrictions as may be imposed by the Association.

ARTICLE VIII  
MISCELLANEOUS

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

event any legal action or proceeding is commenced to enforce any restriction, condition, covenant, reservation or term of this Declaration, the party bringing such action shall be entitled to collect as part of such proceedings, the court costs, reasonable attorney's fees and expenses of litigation incurred by such enforcing party should the other party be found to have violated and been in breach of this Declaration.

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

3. Violations and Nuisance. Every act or omission whereby any provision of this Declaration which is violated in whole or in part is hereby declared to be a nuisance and may be enjoined or abated, whether or not the relief sought is for negative or affirmative action, by Developer or the Association.

4. Violation of Law. Any violation of any municipal or local law, ordinance or regulation, pertaining to the ownership, occupation or use of any Lot or Common Areas, is hereby declared to be a violation of this Declaration and subject to any or all of the enforcement procedures set forth herein.

5. Remedies Cumulative. Each remedy provided for herein is cumulative and not exclusive.

6. Delivery of Notices and Documents. Any written notice or other documents relating to or required by this Document may be delivered either personally or by mail. If by mail, it shall be deemed to have been delivered two (2) days after a copy of same has been deposited in the United States mail, postage prepaid, certified mail, return receipt requested.

7. The Declaration. By acceptance of a deed or by acquiring any ownership interest in any Lot or portion of the Property included within this Declaration, each person or entity, for himself, or itself, his heirs, personal representatives, successors, transferees and assigns, binds himself, his heirs, personal representatives, successors, transferees and assigns to all of the provisions, restrictions, covenants, conditions, rules and regulations now or hereafter imposed by this Declaration and any amendments thereof. In addition, each such person by so doing thereby acknowledges that this Declaration sets forth a general scheme for the improvement and development of the Property and hereby evidences his intent that all the restrictions, conditions, covenants, rules and regulations contained herein shall run with the land and binding on all subsequent and future owners, grantees, purchasers, assignees, and transferees thereof. Furthermore, each person fully understands and acknowledges that this Declaration shall be mutually beneficial, prohibitive and enforceable by the various subsequent and future owners.

8. Duties and Liabilities of Lot Owner During Construction. If any Lot Owner elects to construct any improvements on his or her Lot, the Lot Owner agrees to

develop the property and construct the improvements under the following terms and conditions:

a) In the event Lot Owner's contractor damages any Common Areas or property owned by another Lot Owner, including, but not limited to, damages due to grading or construction activities, Lot Owner shall repair such damages at Lot Owner's expense. In the event such repairs are not made to Developer's satisfaction after due notice to Lot Owner, Developer shall have the right to make such repairs and Lot Owner shall repay Developer for all such expenses plus interest at a rate of ten percent (10%) per annum until repaid. Also, Lot Owner shall be liable to Town of Christiansburg and the County of Montgomery, Virginia, and/or any authority or political subdivision of the Commonwealth of Virginia for any damage to any property owned by the Town of Christiansburg, County of Montgomery or the Commonwealth of Virginia, which damage is caused by the construction of the improvements and shall hold the Developer harmless from any loss or expense in connection therewith

b) Any land disturbed during construction of improvements on any Lot shall be promptly seeded or landscaped to prevent erosion. Developer reserves the right to perform such seeding if not done by Lot Owner in a timely manner, and the cost thereof shall be charged to the subject Lot Owner and a lien for such costs, attorneys fees or other expenses, recorded among the County land records against the Lot and its owners.

c) The Lot Owner is responsible for all improvements on his or her Lot including, without limitations, filling, grading, tree removal and driveway apron.

d) Lot Owner and Lot Owner's contractor shall indemnify and save the Developer harmless from and against all liability, damage, expense, causes of action, suits, claims or judgments arising from the construction of the improvements on a Lot.

e) The improvements shall be constructed in compliance with all applicable laws, rules and regulations, including, but not limited to, all State and local building code requirements and zoning ordinances and regulations.

f) During construction, the Lot Owner shall be responsible for cleaning any and all debris and mud from the roads that accumulate as a result of the Lot Owner's construction or excavation. In addition, during construction, the Lot Owner shall take all steps reasonably necessary to prevent debris and dust from blowing off the Lot and on to other Lots and upon the completion of construction; the Lot Owner shall promptly remove all debris from the Lot.

9. Property Owner's Association Assessments. The Developer, for each Lot owned within Property hereby covenants, and each Owner of any such Lot by acceptance of a deed therefore whether or not it shall be so expressed in such deed, is deemed to covenant and agree to the following:

a) To be bound by and to comply with all the terms and conditions contained in this Declaration, and the terms and conditions of the Bylaws of the Association.

b) To promptly pay to the Association all assessments as determined from time to time by the Board of Directors.

10. No Discrimination. Neither the Developer, nor the Association, shall discriminate in any manner against any person on the basis of race, religion, national origin, ethnicity, or gender with respect to the Properties or any Lot.

11. Reserved Easements. Developer reserves the exclusive right to grant and dedicate easements and rights of way of any kind to any proper entity after recordation of any subdivision plat for any portion of the Property and future additions thereto. Developer reserves the right at any time until it sells its last Lot or portion of the Property, to declare and use for its sole benefit and for the benefit of its assigns, a 20 foot drainage and/or utility easement **regardless of whether the Lot has been conveyed by Developer.** Said 20 foot easement shall be centered along any Lot line, so that in any event, not more than 10 feet of the easement width shall lie on any one Lot. Such easements shall be established by the recordation of a plat showing the location thereof, with Developer's signature; **and such granting or dedication shall take effect as to any subject Lot without the permission of the Owner or mortgagee thereof.** Developer has the right to maintain storm water easements until the last Lot is sold, and has permission to enter any Lot at any time it deems it necessary.

12. Enforcement. Enforcement shall be by proceedings at law or in equity against any person or persons violating or attempting to violate any covenant either to restrain violation and/or to recover damages. Developer or the Association reserves the exclusive right to perform any act set forth anywhere in this Declaration on behalf of a Lot Owner who has failed to abide by any affirmative obligation set forth herein or who has violated any prohibition herein. Such act shall include but not be limited to any act of maintenance, lawn care, construction of a required Lot improvement or removal or correction of a prohibited or faulty Lot improvement. All costs of such acts on behalf of Lot Owner, including interest, attorney fees, and recording taxes shall be charged to the subject Lot Owner, and a lien setting forth such costs may be recorded by Developer against the subject Lot owner and Lot among the land records. In addition, Developer or the Association may bring any appropriate legal action against a Lot Owner to enforce or to cure any breach of this Declaration or amendments thereto. In such event, the Lot Owner shall pay for all court costs, expense of litigation, and attorneys' fees of the Developer or the Association.

13. Future Roads. No street or road connecting the Property to adjoining lands may be constructed on any Lot or portion of the Property unless such street or road is constructed by Developer, or Developer gives its express written permission for such construction. Developer reserves the right to use any Lot for placement of a road to adjoining property.

14. Amendment. Developer shall retain the exclusive right to amend, alter, expand and update the contents of this Declaration or amendments thereto or to add any real estate to the scope of this Declaration or amendments thereto, without the permission of any party. Any amendment or alteration to the Declaration shall take effect only after Developer has caused to be recorded and amended Declaration among the County land records. Once the Developer no longer owns any Lot or has any interest in the Property, the Declaration may be amended by an instrument duly recorded among the land records in the County of Montgomery, Virginia, signed by officer of the Association, provided that two-thirds of the Owners of all the Lots have agree in writing to the amendment.

15. Incorporation of Recitals. The recitals set forth hercinabove are incorporated herein.

WITNESS the following signature this 13 day of May, 2006.

Blue Ridge Development Group, Inc.

By: [Signature]

Its: [Signature]

COMMONWEALTH OF VIRGINIA

COUNTY OF Mont., to wit:

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of May, 2006, by \_\_\_\_\_ of Blue Ridge Development Group, Inc., on behalf of the corporation.

\_\_\_\_\_  
Notary Public

My commission expires on: \_\_\_\_\_

Exhibit A

ALL of Lots #1 – #37 inclusive, the Recreation Lot, all roads within Phase I (Crosscreek Drive, Falor Ln. and Milton Ave.) and the areas designated as Open Spaces #1, #2, #3 and #4, containing, in the aggregate, 19.600 acres, all as shown on a subdivision plat dated January 18, 2006, entitled, “Plat of Major Subdivision of Walnut Creek, Phase I, A Portion of Tax Parcel No. 80-(A)-42”, prepared by Gay and Neel, Inc., a copy of which plat is recorded in the Clerk’s Office of the Circuit Court of Montgomery County, Virginia, in Plat Book 26, pages 111 – 119 (the “Plat”).

Being the same property conveyed to Developer from Walnut Creek Development Group, LLC by deed dated May 24, 2006 recorded in the aforementioned Clerk’s Office as instrument number 06005493.

**Walnut Creek Homeowners' Association (HOA) Annual Budget**

Monthly Dues: \$10 per lot

One time Special Assessment due at closing: \$150

**Line Items of anticipated Annual Expenditures of HOA:**

\$750 Maintenance of Stormwater Retention Pond:

\$1,800 Mowing, re-mulching, maint. of rec. area, basketball court and goal, and play equip.

\$1,500 Maint., weed removal, re-mulching of Walnut Creek walking trails, if necessary

\$500 Landscaping, maint., re-planting of greenery at perm. Walnut Creek ent. marker

\$50 State Corporation Commission Registration Fee

\$500 Accounting and Tax Preparation Fees

**Current Annual Income of HOA:**

41 Lots sold at \$10 per lot per month: \$4,920

Special Assessment at closing: \$6,150

Total: \$11,070

**Actual Aggregate Income since 2006**

Special Assessments at closing: \$6,150

Per month Dues (prorated):\$3,097

*\*Information accurate as of October 12, 2007*

*\*\*Developer has paid all initial maintenance costs of common areas*