



COMMONWEALTH of VIRGINIA
DEPARTMENT OF PROFESSIONAL AND OCCUPATIONAL REGULATION

3600 West Broad Street, Richmond, Virginia 23230-4917
Telephone: (804) 367-8500 TDD: (804) 367-9753
<http://www.dpor.virginia.gov>

DEPUTY DIRECTORS:
KAREN W. O'NEAL
Licensing & Regulation
NICK A. CHRISTNER
Compliance & Investigations
STEVEN L. ARTHUR
Administration & Finance

JAY W. DeBOER
DIRECTOR
DAVID B. ASHE
CHIEF DEPUTY

February 7, 2007

POA of Carters Mills East, Inc.
Glenn Hill
11900 Hull Street Road
Midlothian, VA 23112

Dear Community Representative:

Having successfully filed the above association's application in according with the Common Interest Community Management Information Fund Regulations, the Real Estate Board has issued the association a certificate of filing effective as of the date of this letter.

Your association's certificate of filing is enclosed.

Sincerely,

REAL ESTATE BOARD
Community Association Liaison Office

DEPARTMENT OF PROFESSIONAL AND OCCUPATIONAL REGULATION
COMMONWEALTH OF VIRGINIA

3600 West Broad Street, Richmond, VA 23230
Telephone: 1 (804) 367-8500

EXPIRES ON
02-28-2008

NUMBER
0250 005955

REAL ESTATE BOARD
COMMON INTEREST COMMUNITY ASSOCIATION
CERTIFICATION OF ANNUAL REPORT

PROPERTY OWNERS ASSOCIATION OF CARTERS MILLS EAST INC
GLENN HILL
POA OF CARTERS MILL EAST, INC.
11900 HULL STREET ROAD
MIDLOTHIAN VA 23112



Jay W. DeBoer
Jay W. DeBoer, Director

Alteration of this document has AFTER CONSULTATION WITH PROFESSIONAL OR REAL ESTATE BOARD THROUGH WRITTEN REPORTS (ELECTRONIC RECORDS) OR UNDER THE SIGNATURE OF BOARD.

Utilities

11/19/03
11:00

Commonwealth of Virginia



STATE CORPORATION COMMISSION

Richmond, November 19, 2003

This is to certify that the certificate of incorporation of

Property Owners' Association of Carters Mill East, Inc.

was issued and admitted to record in this office and that the said corporation is authorized to transact its business subject to all Virginia laws applicable to the corporation and its business. Effective date: October 10, 2003



State Corporation Commission

Attest:

Joel H. Beck
Clerk of the Commission

ARTICLES OF INCORPORATION
OF
PROPERTY OWNERS' ASSOCIATION
OF
CARTERS MILL EAST, INC.

The undersigned, pursuant to Chapter 10 of Title 13.1 of the 1950 Code of Virginia states as follows:

ARTICLE ONE

The name of the corporation shall be:

Property Owners' Association of Carters Mill East, Inc.

ARTICLE TWO

The Corporation is to have two classes of members namely:
Class A Members, which shall be owners of an improved lot; and

Class B Members, which shall be the Declarant as designated in the Restrictive Covenants of Carters Mill East.

ARTICLE THREE

During the Declarant control period the directors of the Corporation shall be appointed by the Declarant. After the Declarant control period ends, directors shall be elected by members of the Corporation.

ARTICLE FOUR

The initial registered office which is the business office of the initial Registered Agent is:

10303 Memory Lane, Suite 101,
Chesterfield, VA 23832.

The Registered office is physically located in the County of Chesterfield, VA.

The initial registered agent shall be Randy B. Rowlett whose address is 10303 Memory Lane, Suite 101, Chesterfield, VA 23832, who is a member of the Virginia State Bar and a resident of Virginia.

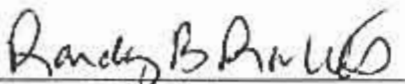
ARTICLE FIVE

The initial directors are:

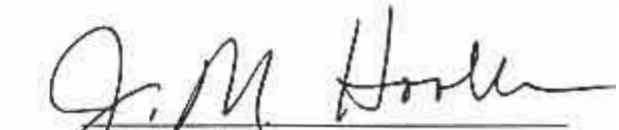
<u>Name</u>	<u>Address</u>
Glenn M. Hill	11900 Hull Street Road Midlothian, VA 23112
Charles E. Bailey	11900 Hull Street Road Midlothian, VA 23112

ARTICLE SIX

The period of duration of the Corporation shall be perpetual.



Randy B. Rowlett
Incorporator



J. M. Hooker
Incorporator

03 DEC 17 11 00

113651

RECORDS MANAGEMENT
DIVISION OF VA

APOSTILLE

(Convention de la Haye du 5 Octobre 1961)

1. Country: United States of America

This public document

2. has been signed by Joel H. Peck

3. acting in the capacity of Clerk of the State Corporation Commission

4. bears the seal/stamp of The State Corporation Commission,
Richmond, Virginia

Certified

5. at Richmond, Virginia 6. This 16th day of December, 2003

7. by the Secretary of the Commonwealth of Virginia

8. No. 65443

9. Seal/Stamp:



10. Signature:

Anita A. Rimler
Secretary of the Commonwealth

VIRGINIA:
IN THE CLERK'S OFFICE OF THE CIRCUIT
COURT OF CHESTERFIELD COUNTY, THE 17 DAY
OF DEC 2003, THIS DEED WAS PRESENTED
AND WITH THE CERTIFICATE.....ADMITTED TO
RECORD AT 11:00 O'CLOCK. THE TAX IMPOSED
BY SECTION 58.1-802 IN THE AMOUNT OF
\$.00 HAS BEEN PAID.

TESTE: JUDY L. WORTHINGTON, CLERK

Utilities
File

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. SUBDIVISION CHESTERFIELD COUNTY, VIRGINIA

THIS DECLARATION is made and entered into on Dec 17, 2003, by PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC., hereinafter designated as the "Declarant".

RECITALS

WHEREAS, Declarant is the owner of a certain real estate situated in Matoaca District, Chesterfield County, Virginia, known as PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC., as shown on plat of subdivision made by BALZER & ASSOCIATES, date Dec 6, 2003, and recorded in the Clerk's Office of the Circuit Court of Chesterfield County, Virginia, in Plat Book 140, at pages 1-7 hereinafter called the "Property"; and

WHEREAS, in order to provide and insure uniform and orderly development of the Property, Declarant desires to subject all lots to the covenants, conditions and restrictions hereinafter set forth for the benefit of the Property and each owner thereof.

DECLARATION

NOW, THEREFORE, Declarant hereby declares that the Property is and shall be held, transferred, sold, conveyed, occupied and used subject to the following covenants, conditions and restrictions, such covenants conditions and restrictions to run with, bind and burden the Property for and during the period of time hereinafter specified.

ARTICLE I DEFINITION OF TERMS

DEFINITIONS

ASSOCIATION is defined as PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. Home Owner's Association, Inc., its successors and assigns, and any other community or owners association within PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. organized by the Developer or others with the consent of the Developer.

PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. is defined as that certain real property shown on a plat of PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC., made by BALZER & ASSOCIATES dated

FILE TO LOT 112'S

_____, 2003 and recorded in the Clerk's Office, Circuit Court of Chesterfield County, Virginia in Plat Book ____ at pages _____ and any additions which are annexed thereto.

CLERK'S OFFICE is defined as the Clerk's Office of the Circuit Court of the County of Chesterfield, Virginia.

DECLARANT is BayHill Development Corporation, their successors or assigns, and any agent or agents appointed by them, their successors and assigns, to act on their behalf for the purpose of administering or enforcing, in whole or in part, the rights reserved unto the Developer in this Declaration.

DECLARANT CONTROL PERIOD is defined as the period of time commencing on the date that this Declaration is recorded in the Clerk's Office and when one hundred percent (100%) of the Lots permitted by the Zoning Approval for PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. have Certificates of Occupancy issued for the residences constructed thereon and have been conveyed to parties other than the Declarant or builders holding title solely for the purpose of construction and resale; or when the Declarant voluntarily terminates the Declaration Control Period.

DECLARANT'S UTILITY RIGHTS is defined as the exclusive and assignable rights, powers, easements and privileges hereby reserved by the Declarant to go on, over, under and upon every portion of the, PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. Common Area except those portions upon which structures have been erected, to erect, lay, implant, construct, maintain, extend, use and repair electric, television, and telephone poles, wires, cables, and conduits, drainage ways, sewers, water mains and other suitable equipment for the conveyance and use of electricity, telephone equipment, gas, water, sewer, drainage and other public and private conveniences and utilities, including the right to locate, construct, maintain, use and repair wells, pumping stations and water pressure regulating vaults. These rights include the right to cut any trees, bushes or shrubbery and the right to make any gratings of the soil or take any similar action reasonably necessary to provide and extend economical and safe installation and maintain reasonable standards of health, safety and appearance. The Declarant's Utility Rights shall also include the exclusive and alienable right to sell, grant and convey or dedicate roadways or other means of vehicular and pedestrian egress and ingress throughout PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC.. The Declarant's Utility Rights are and shall be in addition to any and all other easements reserved herein and upon any subdivision plat or other easement agreement. The Declarant's Utility Rights also include the right to maintain and preserve the main entrance to PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. and to maintain and preserve the grass along PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC..

PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. COMMON AREA is defined as all real property owned or to be owned by the Association for the common use and enjoyment of all Owners. The PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. Common Area shall consist of all property conveyed to the Association which is designated or described as common area and shall include all property shown on any subdivision plat, any plat attached to a deed of conveyance from Declarant or

otherwise recorded by the Declarant in the Clerk's Office, which is designated as PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. Common Area. Each portion of PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. Common Area shall be deemed to have been created as Caters Mill East Common Area on the date that the plat first depicting and describing such portion as Caters Mill East Common Area is recorded in the Clerk's Office. Any portion of PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. Common Area may be conveyed by the Declarant to the Association at any time after or contemporaneously with its creation, and the Association shall be bound to accept any property conveyed to it by the Declarant as PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. Common Area. All easements reserved by and or conveyed to the Association for the common use, benefit and enjoyment of the Owners or which are otherwise depicted upon a plat, recorded in the Clerk's Office, shall be deemed to be PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. Common Area.

DECLARATION is defined as this Declaration of Covenants and Restrictions as well as all amendments hereto which are properly effected.

IMPROVED LOT is defined as a Lot upon which a residence has been substantially completed. A residence shall be deemed to be substantially completed upon issuance of a temporary or final Certificate of Occupancy.

LOT is defined as any Lot depicted upon a subdivision plat approved by the County of Chesterfield, Virginia and recorded in the Clerk's Office which effects a subdivision of any land within PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC., including any Lot upon which a single family residence can be constructed. Lot does not include any area depicted as Common Area, easements or the like.

LOT OWNER or **OWNER** is defined as the record owner, whether one or more persons or entities, of a fee simple title to any Lot, including the Declarant, but excluding those having such interest merely as security for the payment of a debt or the performance of an obligation.

MASTER PLAN is defined as the drawing which represents the conceptual plan for the future development of PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC.. Since the concept for future development of PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. is subject to continuing revision and change by the Declarant, references to the Master Plan shall be references to the latest revision thereof. A copy of the Master Plan shall be on file at the principal place of business of the Developer.

MORTGAGEE is defined as any first priority Deed of Trust or Mortgage which secures a loan or indebtedness made, insured or guaranteed by an institutional lender, insurer or guarantor which encumbers or constitutes a lien upon any property within PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC..

MORTGAGEE is defined as any institutional lender, insurer or guarantor of a loan or indebtedness secured by a first priority Deed of Trust or Mortgage which encumbers or

constitutes a lien upon any property within PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC.,

SECTION 2. INTERPRETATION. The definitions and text contained in the Article are substantive and not solely illustrative or precatory. The provisions of the Article shall be given full force and effect and shall govern the construction of the Declaration.

ARTICLE II
PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC.
COMMON AREA

Section 1. Lot Owner's Easements Every Lot Owner is granted and shall have a right and easement to use and enjoy the Carters Mill Common Area which shall be appurtenant to and shall pass with the title to every Lot subject to the following provisions:

- (a) The Association shall have the right to charge reasonable admission and other fees for the use of any facility which may be situated upon the PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. Common Area from time to time;
- (b) The Association shall have the right to suspend a Lot Owner's voting rights and the right of the Lot Owner to use any of the PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. Common Area for any period of time during which the Lot Owner is in default in the payment of any assessment against his Lot. In addition, such rights may be suspended by a notice from the Board of Directors for a period not to exceed sixty (60) days for any single and nonrecurring infraction of the Association's Rules and Regulations or for a breach of or default under any of the covenants or provisions of the Declarations. In the event that such infraction, breach or default is continuous or recurring, then, and in that event, such rights may be suspended for a period commencing on the date that the Lot Owner is given notice of the cause for such suspension and ending not more than sixty (60) days after the date such infraction, breach or default ceases or is remedied;
- (c) The Declarant's Utility Rights;
- (d) The Association shall have the right, subject to the Declarant's Utility Rights, to dedicate or transfer all or any part of the PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members of the Association. No such transfer or dedication except for the transfer or dedication of utility easements by the Association or any transfer or dedication made in the exercise of the Declarant's Utility Rights shall be effective unless approved by two-thirds (2/3) of all of the votes entitled to be cast by all of the Members of the Association;
- (e) The rights of parties holding rights under easements reserved; and
- (f) Other rights of the Declarant set forth in this Declaration.

Section 2. Declarant's marketing Rights. Notwithstanding any provisions contained in the Declaration to the contrary, so long as construction and initial sale of Lots shall continue, it shall be expressly permissible for the Declarant and the Declarant hereby reserves an easement to maintain an carry on upon portions of the PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. Common Area and any Lots which it owns facilities (including sales and business offices, model units and sales and marketing pavilions and activities as, in the sole opinion of the Declarant may be reasonably required, convenient or beneficial to the construction or sale of property within PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. and Declarant shall have an easement for access to such facilities. The right to maintain and carry on such facilities and activities shall include specifically the right to use Lots owned by the Declarant and any Clubhouse, pavilion or community center which may be owned by the Declarant or the Association as models and sales offices, respectively.

Section 3. Improvements. The Declarant or the Association shall have the right, but not the obligation, to develop or improve the PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. Common Area for the use and benefit of the residents of PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. including the right to do the following:

- (a) make access trails, paths, boardwalks, bike trails and jogging trails throughout the PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. Common Area and all improvements incident thereto;
- (b) develop and make playgrounds and playing fields with related activities, in addition to those which are part of the Recreational Facilities;
- (c) protect the PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. Common Area from erosion by planting trees, plants, and shrubs and by the construction and maintenance of filtration and detention basins and other means deemed appropriate including cutting fire breaks and removal of vegetation and trees;
- (d) exercise, by Declarant only, of Declarant's Utility Rights;
- (e) make any and all other improvements to PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. Common Area as the Declarant or the Association may deem appropriate.

Section 4. Maintenance of Common Areas. No dumping of trash, garbage, sewage, sawdust or any unsightly or offensive materials (except in receptacles placed for such purpose) shall be permitted or placed upon the PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. Common Area except as is temporary and incidental to the bona fide improvements of the PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. Common Area in a manner consistent with its classification as PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. Common Area.

Section 5. No Public Rights. The granting of the easements in the PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. Common Area in this Article in no way grants to the public or the owners of any land outside of PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. the right to enter any part of the PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. Common Area.

The creation of the PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. Common Area in no way shall be deemed or construed to be a dedication of such areas for the general public welfare or use.

Section 6. Delegation of Use. Any Lot Owner may, delegate, in compliance with the By Laws, his right of enjoyment to the PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. Common Area and the facilities thereon to the members of his family or contract purchasers who reside on the Lot and his guests when accompanied by the Lot Owner. If the Lot Owner leases an Improved Lot, the Lot Owner's right of enjoyment to the PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. Common Area and facilities thereon shall be automatically delegated to the Lot Owner's tenants.

ARTICLE III
PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC.
HOMEOWNERS ASSOCIATION
MEMBERSHIP AND VOTING RIGHTS

SECTION 1. MEMBERSHIP. Every Lot owner shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of a lot. When more than one person holds an interest in any property in PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. to which a vote is allocated, all such persons shall be members. In any instance where the members are entitled to personally cast their votes and when more than one person holds an interest in property within PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC.: (a) the vote for such property shall be exercised as the co-owners among themselves determine, but no more votes may be cast with respect to such property than have been allocated to such property; (b) if only one co-owner of property casts the votes allocable to that property, the presiding officer at the meeting at which such vote is to be cast shall deem that the vote allocable to such property is to be cast by such co-owner; and (c) if the parties together entitled to cast a vote with respect to property in which they hold a co-interest cannot among themselves determine how to exercise such vote, the presiding officer of the meeting at which such vote is to be cast shall disallow the vote with respect to such property.

Section 2. VOTING RIGHTS. The Association shall have the following classes of voting membership:

Class A. Class A members shall be the owners with the exception of the Declarant during the Declarant Control Period of all improved lots, who shall be entitled to one vote for each Improved Lot owned;

Class B. Class B members shall be the owners (with the exception of the Declarant) of all Lots which are not improved lots who shall not be entitled to any vote unless and until the unimproved Lot ceases to be exempt from any assessment pursuant to this Declaration, at which time they shall be entitled to one-quarter (1/4) of one (1) vote for each unimproved Lot owned; and

Class C. Class C members shall be the Declarant which, during the Declarant Control Period, shall be entitled to three (3) votes for each Lot within PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. owned by it. After the Declarant Control Period, to the extent the Declarant owns any Lots in PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC., it shall be either a Class A or Class B member.

Section 3. DECLARANT CONTROL. During the Declarant Control Period, the Declarant shall have the sole and absolute right to appoint, in its sole and absolute discretion, the members of the Board of Directors.

ARTICLE IV ASSESSMENTS

SECTION 1. CREATION OF THE LIEN AND PERSONAL OBLIGATION OF ASSESSMENTS. The Declarant, for all the properties located within PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC., covenants, and each Lot Owner by acceptance of a deed for any property within PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC., whether it shall be expressed in such deed of note, is deemed to covenant and agree to pay to the Association (i) annual assessments, (ii) special assessments and (iii) special assessments to remedy unsightly conditions. Such assessments shall be established and collected as hereinafter provided. All the assessments set forth above together with interest, costs of collection, including attorney's fees, shall be a charge on the land of every Lot Owner and shall be a continuing lien upon the property against which each such assessment is made, inferior in lien and dignity only to real estate taxes and bona fide duly recorded deeds of trust. Each such assessment, together with interest, late charges, costs of collection, including attorney's fees, shall also be, in addition to a lien on the Lot, imposed hereby, their personal obligation of the Lot Owner or Lot Owners such personal obligations being the joint and several obligation of each Lot Owner of any one Lot, if more than one), at such time as the assessment falls due.

SECTION 2. PURPOSE OF ANNUAL ASSESSMENTS. The annual assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. and the establishment of reserves therefore, including by way of example, and without limitation or restriction:

(a) Implementing and maintaining security measures and precautions, including but not limited to a gatehouse at the entry of PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. and retaining a security guard or guards, walls and fencing, floodlighting, alarm systems and such other measures as either the Declarant or the Association deem desirable or prudent (although the foregoing is a permitted purpose, the Declarant and the Association shall in no way be required or obligated to perform any of the foregoing unless directed by a majority of the Board of Directors or the members).

(b) Maintenance of any private roadways within PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. and any emergency entrances and exits required by the County of Chesterfield for ingress and egress by emergency vehicles and service, **so long as the emergency access is in existence it shall be maintained by the Association and it shall always be free of all obstructions and vegetation and shall have gates with locks in good working order and condition. The pavement in the emergency access shall be maintained to comply with the original load limit capabilities.**

(c) Maintenance and preservation of the PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. Common Area;

(d) Maintenance and preservation of the main entrance to PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. and grass along Carters Garden Drive from the entrance to PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. to Lot 1 and Lot 65.

(e) Payment of any real and personal property taxes and other charges assessed, against the PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. Common Area and against the equipment and other personal property which may be owned by the Association;

(f) Payment of salaries and benefits of all employees in connection with carrying out the Association's duties, responsibilities and rights under this Declaration; and

(f) Maintenance of a policy or policies of insurance, insuring the Declarant, the Association and its employees, agents and other (as determined by the board of Directors in their sole discretion) with respect to the PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. Common Area as required by this Declaration.

SECTION 4. SPECIAL ASSESSMENT TO REMEDY UNSIGHTLY CONDITIONS.

(a) Lot Owner's Duty to Maintain. Each Lot Owner covenants to the Declarant, the Association and to every other Lot Owner to maintain the Lot owned by the Lot Owner and the structures located on that Lot, in an attractive, neat, sightly and first class appearance and condition. To that end, each Lot Owner shall regularly and properly affect the following to and on his property:

(i) The cleaning, painting and general maintenance of the exterior of the residence and every other structure on the property;

(ii) The repair and replacement of roofs, gutters, downspouts, exterior building surfaces, and exterior glass surfaces of the residence and every other building on the property;

(iii) The repair and replacement of all walls and fences on the property;

(iv) The maintenance, repair and cleaning of all walks, curbs, stoops and steps on the property; and

(v) The maintenance, including cutting, pruning, feeding, watering and, if necessary and permitted, the removal of the trees, shrubs, grass and other landscaping items on the property.

(b) Enforcement and Lien. If it is determined by the Board of Directors in its sole and absolute discretion that a Lot Owner is failing to maintain its property or the improvements located thereon, as required above, the Board of Directors shall give such Lot Owner written notice stating the nature of such Lot Owner's failure and stating that the Board of Directors shall take such action as it deems necessary to remedy such failure to maintain if (i) such failure to maintain is not remedied within ten (10) days if such failure to maintain is capable of immediate or prompt remedy (as determined in the reasonable discretion of the Board of Directors), or (ii) remedial action is not commenced within ten (10) days and after diligently prosecuted to completion of such failure to maintain is not capable of immediate or prompt remedy (as determined in the reasonable discretion of the Board of Directors). If the Lot Owner thereafter fails, as determined in the sole and absolute discretion of the Board of Directors, to appropriately respond within the time limit stated above or the additional time limit permitted by the Board of Directors, the Board of Directors shall have the power and duty to take such actions as are necessary to remedy the Lot Owner's failure to maintain the Lot Owner's property as provided above. To that end, the Board of Directors, its contractors, employees, management the Board of Directors, its contractors, employees, management agents, and other agents, are granted and shall have the irrevocable and absolute rights, license and power to enter on to the Lot Owner's property, without notice to the Lot Owner, to effect such cleaning, painting, maintenance, repair and replacement as the Board of Directors deems necessary. The cost of all such maintenance and repair to a Lot Owner's property effected by the Board of Directors in accordance with this Section shall be charged directly to the Lot Owner as a special assessment to remedy unsightly conditions, and shall be due and payable in full within thirty (3) days after the date that notice of the assessment is given. The Board of Directors may enforce the collection of such assessment against the Owner personally and foreclosing the lien created in this Article for the same.

SECTION 5. COSTS BORNE DIRECTLY BY LOT OWNER. If the need for maintenance or repair required by this Article is caused by the willful or negligent act or omission of a Lot Owner, its family, employees, tenants, agents, guests, permittees or invitees, as determined by the Board of Directors after giving the Lot Owner notice and opportunity to

respond to the board of Directors, the cost of such maintenance or repair shall be charged directly to such Lot Owner and added to and become a part of the assessment to which such Lot Owner's property is subject.

SECTION 6. SPECIAL ASSESSMENTS. In addition to the annual assessments and special assessments to remedy unsightly conditions authorized above, the Association may levy a special assessment applicable for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. Common Area, fixtures and personal property related thereto, or to any other special need of the Association. A special assessment may be made without the prior approval of the members of the Association to the extent that the amount of the special assessment payable in one (1) year does not exceed ten percent (10%) of the regular annual assessment for the same year. Any special assessments, the payment of which exceeds such amount, whether singularly or when combined with prior special assessments in the same fiscal year, must have the consent of more than two-thirds (2/3) of the votes entitled to be cast by all of the members of the Association.

SECTION 7. EXEMPT PROPERTY After commencement of annual assessments as provided by this Article the following lots shall be exempt from annual assessments:

- (i) Lots owned by Declarant, developer, or any assigns thereof;
- (ii) improved lots for twelve (12) months from date of conveyance by developer or until a certificate of occupancy is issued by Chesterfield County for occupancy of the improvements constructed on such lot or a residence, which ever event occurs first.

SECTION 8. RATE OF ASSESSMENT. The amount of the annual assessment, the special assessment imposed upon each property within PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. will be determined by multiplying the total amount of the assessment to be imposed by a fraction the numerator of which shall be the "assessment unit" applicable to the particular property assessed and the denominator of which shall be the aggregate number of assessment units applicable to all property within PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. subject to the particular assessment, set forth as follows:

- (a) Each Improved Lot shall have an assessment unit of one (1); and
- (b) Each Lot, which is not an Improved Lot and which is not exempt from assessment pursuant to this Article, shall be an assessment unit of twenty five one-hundredths (0.25).

SECTION 9. DETERMINATION OF ANNUAL ASSESSMENT.

- (a) The annual assessment shall be fixed by the Board of Directors in accordance with a budget prepared and approved by the Board of Directors. Such budget shall contain provisions for reasonable reserves.

(b) The initial annual assessment and all subsequent annual assessments which are less than ten percent (10%) greater than the previous year's annual assessment shall be fixed by the Board of Directors without submission of the same to the Association for approval. Any approved budget and resulting annual assessment approved by the Board of Directors which is more than ten percent (10%) greater than the previous year's annual assessment must be presented to the Lot Owners at the annual meeting of the Association preceding the fiscal year in which such assessment shall go into effect. The annual assessment approved by the Board of Directors shall automatically go into effect on the first day of the succeeding fiscal year unless disapproved by more than two-thirds (2/3) of the votes entitled to be cast by all of the members of the Association. Upon any such disapproval, the Board of Directors shall promptly meet to establish a revised budget and assessment and shall submit the same to a special meeting of the Association. The revised budget and assessment approved by the Board of Directors shall go into effect as of the first day of the fiscal year unless again disapproved by more than two-thirds (2/3) Association. If for any reason the Association does not approve a budget and assessment for a fiscal year which must be approved as set forth above prior to commencement of the fiscal year, the budget and assessment for the preceding fiscal year automatically increased by ten percent (10%), shall remain in effect until the budgets and assessments have been approved.

SECTION 10. DATE OF COMMENCEMENT OF ANNUAL ASSESSMENTS AND DUE DATED. At settlement of the sale of each improved Lot, the purchaser shall pay to the PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. Homeowners Association, the sum of ONE HUNDRED TWENTY-FIVE AND NO/100 (\$125.00) to be applied towards the maintenance and preservation of the PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. Common Area. Assessments for the maintenance of the PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. Common shall be due and payable on January 1 of each and every year, except as to exempt property. Such payment shall be pro-rated from closing to January 1 of the next year.

SECTION 11. NON-PAYMENT AND REMEDIES. If any Lot Owner is more than forty (40) day's delinquent in the payment of any installment of any assessment contemplated by this declaration, the entire unpaid balance of the assessment may be declared immediately due and payable by the Board of Directors. Additionally, any assessment, or installment thereof, not paid within thirty (30) days after the date upon which it is due shall be assessed a late charge of One Dollars (\$1.00) per day until paid; provided, however, if such late charge shall ever be deemed to be in excess of that which is permitted under applicable law, interest shall accrue on such unpaid amount at the highest rate permitted by applicable law. Moreover, if any assessment, or any installment thereof, is not paid within forty (40) days after the date upon which it is due, the Association may bring an action at law against the Lot Owner personally obligated to pay the same and initiate proceedings to foreclose the lien against the Lot Owner's property and cost of collection, including attorney's fees and every Lot Owner by accepting a deed to property in PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC., whether so expressed in the deed or not, covenants and agrees to pay the same. No Lot Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. Common Area or abandonment of its property.

ARTICLE V
REQUIRED IMPROVEMENTS AND RESTRICTIONS

Section 1. No property shall be used except for residential purposes. Only one residence may be constructed on such parcel. Outbuildings not inconsistent with the residential use may be erected with approval in writing as provided in paragraph 2 hereon.

Section 2. No building, structure, outbuilding, fence or wall shall be erected, placed or altered on any property until the construction plans have been filed with and approved by the architectural control committee as to the quality of workmanship and materials and type of construction, and harmony of exterior design with existing structures, and as to location with respect to topography and finish grade elevation.

Section 3. The architectural control committee, hereinafter referred to as "Committee" is composed of Glenn M. Hill and Charles E. Bailey or their legally designated representative, either of whom may act as representative of committee.

Section 4. The Committee's approval, or disapproval, as required in these covenants shall be in writing. In the event the committee or its designated representative fails to approve or disapprove within 30 days after plans and specifications have been submitted to it, or in any event, if no suit to enjoin the construction or alteration has been commenced prior to the completion of said construction or alteration, after notice in writing of said construction has been received by said committee, or any member covenants shall be deemed to have been fully complied with.

Section 5. Approval by the Committee shall not constitute a basis for liability of the member or members of the Committee, the Committee or the Owner for any reason including without limitation: (i) failure of the plans to conform to any applicable building code, or (ii) inadequacy or deficiency in the plans resulting in defects in the improvements.

Section 6. No sign of any kind shall be displayed to the public view on any property except one sign of not more than six square feet advertising the property for sale or rent, or signs used by a builder to advertise the property during the construction or sales period.

Section 7. No trailer or motor home, tent, shack, garage, barn or other outbuildings erected on any property shall be at any time used as a residence, temporarily or permanently, nor shall any structure of a temporary character be used as a residence; provided, however, this clause shall not be construed to prevent servant quarters being installed over a detached garage or other outbuilding.

Section 8. No trailer, boat or motor home having a height of three feet or more shall be parked over 12 hours in any one week on any property or driveway so as to be visible from the street. No motor vehicle shall be parked over 12 hours in any one week on any property without having current Virginia State license tag, unless such vehicle is parked in an enclosed garage.

Section 9. No property shall be used or maintained as a dumping ground for rubbish. Trash, garbage, or other waste shall not be kept except in sanitary containers. All incinerators or other equipment for the storage or disposal of such materials shall be kept in a clean and sanitary condition in rear yards only.

Section 10. No individual sewerage disposal system or water system shall be permitted on any property unless such system is designed, located and constructed in accordance with the requirements, standards, and recommendations of state and local public health authorities. Approval of such systems as installed shall be obtained from such authorities.

Section 11. All property shall be maintained free of tall grass, undergrowth, dead trees, weeds and trash, and generally free of any condition that would decrease the attractiveness of the property.

Section 12. No fence shall be erected on any portion of any Lot except in accordance with plans and specifications for construction thereof approved in writing by the Committee, its successors or assigns; provided, however, that the Committee agrees to be reasonable in considering requests construction of fences and hereby sets for the general standards to be used in considering request therefore:

- (a) No fences shall be permitted between the rear of a building and the street line.
- (b) No fence or hedge that is higher than 45 inches shall be permitted, except that approval may be granted by the Committee, its successors or assigns, for a higher fence or hedge in special circumstances.

Section 13. No above ground swimming pools in excess of 100 square feet.

Section 14. The exterior of all houses and other structures must be completed within one (1) year after the construction of same shall have commenced, except where such completion is impossible or would result in great hardship to the owner or builder due to strikes, fires, national emergency or natural calamities. Houses may not be temporarily or permanently occupied until the exteriors thereof have been completed. During the continuance of construction, the owner of the parcel shall require the contractor to maintain the lot in a reasonably clean and uncluttered condition.

Section 15. No animals, livestock or poultry of any kind shall be raised, bred, or kept on any parcel except that dogs, cats and other household pets may be kept, provided, (i) they are not raised, bred or kept for commercial purposes and (ii) they shall not become an annoyance or nuisance to other property owners.

Section 16. Unless approved by the Committee, no antenna, aerial, or device shall be erected or placed on any property, dwelling house, garage, or other outbuilding other than the normal antenna, aerial or device necessary to facilitate the reception of television signals, and/or radio signals, normally incident to the radio and television receivers normally used in the home.

Satellite/dish type television antennas are specifically prohibited unless specifically approved in writing by the committee.

Section 17. No agricultural uses shall be made of any property shown on attached plat without having first been approved by the Committee.

Section 18. The Owner, while it may during the course of the development of the property subject to or to be subjected to the covenants, conditions, and restrictions herein set forth, may undertake to maintain certain areas within the rights of way and/or easements within certain areas within the rights of way and/or easements within said development. Said conduct on the part of the Owner shall not be deemed to impose any continuing liability on the Owner to do so and the Owner reserves to itself at all times the right to discontinue any such maintenance.

Section 19. Enforcement shall be by proceedings at law or in equity against any person or person violating or attempting to violate any covenant, either to restrain violation or to recover damages. If no proceedings are instituted within sixty days of written notice of any violation, then it shall be conclusively presumed in any legal proceedings that the violation or attempted violation has been waived by all parties owning or having an interest in property, whether or not such parties have actual notice of said violation or attempted violation.

Section 20. The Owner reserves the rights (i) to revise, alter or amend these Restrictions as to any of the Lots owned by it, (ii) to vary the dimensions, lines and size of any Lots owned by it, and with the consent of the owner of any of the Lots sold by the Owner or its predecessor, (iii) to revise, alter or amend these restrictions as to such Lots, and (iv) to vary the dimensions, lines and size of any such Lots, provided no Lot shall be deemed to constitute a building site unless it conforms with the requirements of the Chesterfield County Code.

Section 21. The Owner reserves to itself, its successors or assigns, the right to operate and maintain other facilities such as churches, schools, recreational areas, country clubs, shopping centers, et cetera, on other property owned by it in Chesterfield County, Virginia, not included in the Property, provided such other facilities be approved by the Planning Commission of Chesterfield County, Virginia, and provided further that such other facilities are not inconsistent with the development of a high residential community upon the property; and any person acquiring any interest in the property shall be acceptance thereof be deemed to have consented hereto.

Section 22. Invalidation of any one of these covenants by judgment or court order shall in no ways affect any of the other provisions which shall remain in full force and effect.

Section 23. As long as the Declarant owns any real property in the general area of the Property described on the subdivision plat of PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC., , and continues the same general scheme of development, Declarant may submit additional real property to the provisions of this Declaration by filing a supplement hereto in the aforesaid Clerk's Office.

Section 24. These covenants are to run with the land and shall be binding on all parties and all persons claiming under tem for a period of 50 years from the date these covenants are recorded, after which time said covenants shall be automatically extended for an additional 10 years unless an instrument signed by a majority of the then owners of the property have been recorded, agreeing to change said covenants in whole or in part.

Section 25. The person or persons, authorized to approved plans and specifications as set forth in paragraph 3 hereof may waive in writing the violation of any of these restrictions and the same person or persons may amend, modify, or waive, in writing, any of the above restrictions on property which may be at that time owned by Glenn M. Hill and Charles E. Bailey and/or Bayhill Development Corporation together with the written consent of the then property owners may amend, modify or waive, in writing, any of the above restrictions on property which has been sold.

ARTICLE VI **ANNEXATION OF ADDITIONAL PROPERTY**

Section 1. ANNEXATION WITHOUT APPROVAL OF ASSOCIATION MEMBERSHIP. As the owner thereof, or it not the owner, with the consent of the owner thereof, Declarant shall have the unilateral right, privilege and option, from time to time, at any time to subject to the provisions of this Declaration and the jurisdiction of the Association additional property. Such annexation shall be accomplished by recording a Declaration of Annexation in the Clerk's Office annexing such additional property. Such Declaration of Annexation shall not require the consent of the Lot Owners. Any such annexation shall be effective upon the recordation of such Declaration of Annexation unless otherwise provided therein. Nothing in this Declaration shall be construed to require Declarant or any successor to develop any additional property. Declarant shall be free to develop and rezone any additional property owned by it, as it deems appropriate in its discretion and expressly disclaims any warranty or representation that any additional property shall be developed as part or incorporated with PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC..

Section 2. ACQUISITION OF ADDITIONAL COMMON AREA. Declarant may convey to the Association additional real estate, improved or unimproved, which upon conveyance or dedication to the Association shall be accepted by the Association as Carters Mills East Common Area, and thereafter shall be maintained by the Association at its expense for the benefit of all its members.

Section 3. AMENDMENT. This Article shall not be amended without the prior written consent of Declarant, so long as the Declarant owns any property described in Exhibit A.

ARTICLE VII **ENFORCEMENT**

SECTION 1. FINES The Board of Directors shall have the power to impose reasonable fines, which shall constitute a lien upon the property of the violating Lot Owner, and to suspend a Lot Owner's right to vote for violation of any duty imposed under this Declaration,

the By-Law, or any rules and regulations duly adopted hereunder; provided, however, nothing herein shall authorize the Association or the Board of Directors to limit ingress and egress to or from a Lot.

(a) **NOTICE.** Notice prior to any sanction hereunder, the Board of Directors or its delegate shall serve the alleged violator with written notice describing (i) the nature of the alleged violation, (ii) the proposed sanction to be imposed, (iii) a period of not less than ten (10) days within which the alleged violator may present a written request to the Board of Directors or its delegate for a hearing; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a challenge is begun within ten (10) days of the notice. If a timely challenge is not made, the sanction stated in the notice shall be imposed.

(b) **HEARING** If a hearing is requested in a timely manner, the hearing shall be held before the Board of Directors, or a committee thereof, affording the Lot Owner a reasonable opportunity to be heard. Prior to the effectiveness of any sanction imposed hereunder, proof of proper notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of a notice, together with a statement of the date and manner of delivery, is entered by the office, Director or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed. The Board of Directors may, but shall not be obligated to, suspend any proposed sanction if the violation is cured within the ten (10) days period. Such suspension shall not constitute a waiver of the right of impose sanctions as a result of future violations of the same or other provisions and rules by any party.

SECTION 2. ADDITIONAL ENFORCEMENT RIGHTS. The Declarant and the Association shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Declarant or the Association to enforce any covenant or restriction herein contained shall not be construed or deemed a waiver of the right to do so thereafter.

ARTICLE VIII **GENERAL PROVISIONS**

SECTION 1. AMENDMENTS BY THE DECLARANT. During the Declarant Control Period, the Declarant may unilaterally without any consent of the allocation of members thereof record amendments to this Declaration in the Clerk's Office to effect (i) technical deletions, additions and revisions to this Declaration which correct, clarify or further the intent of this Declaration but which do not alter the substantive rights of the Owners or Mortgagees as a condition precedent to their approval of this Declaration, (ii) effect the annexation of additional property as provided in this Declaration (iii) release from this Declaration and terminate this Declaration as to, any portion of PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. which is not a Lot, PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. Common Area, and (iv) make realignments of the boundaries of any part of the PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. Common Area

which has not been conveyed to the Association, to effect any other amendment or change whenever deemed necessary by the Declarant..

SECTION 2. TERM AND AMENDMENT. The covenants and restrictions of this Declaration shall run with and bind the land, for a period of fifty (50) years from the recordation of this Declaration in the Clerk's Office after which the term of this Declaration shall be automatically extended for successive periods of ten (10) years, unless an approved instrument terminated at any time by an instrument approved by more than two-thirds (2/3) of the votes entitled to be cast by all of the members of the Association, except in such instance as this Declaration itself prohibits, such amendment or termination. Any amendment or termination of this Declaration to be effective must (i) be executed by the president of the Association,, (ii) have attached to it the sworn affidavit of the secretary of the Association stating that the amendment was approved by the requisite number of votes of the members of the Association and (iii) be recorded in the Clerk's Office.

SECTION 3. DECLARANT'S RIGHTS.

(a) Any or all of the special rights and obligations of the Declarant may be transferred to other parties, provided that the transfer shall not reduce an obligation nor enlarge a right beyond that contained herein, and provided, further, no such transfer shall be effective unless it is pursuant to a written instrument signed by the Declarant and duly recorded in the Clerk's Office. So long as Declarant continues to have rights under this paragraph, no party shall record any declaration of covenants, conditions, and restrictions, or declaration of condominium or similar instrument affecting any portion of PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. without Declarant's review and written consent thereto, and any attempted recordation without compliance herewith shall result in such declaration of covenants, conditions and restrictions, or declaration of condominium or similar instrument being void and of no force and effect unless subsequently approved by recorded consent signed by the Declarant. This Section may not be amended without the express written consent of the Declarant; provided, however, the rights contained in this Section shall terminate upon the earlier of (a) fifty (50) years from the date from which this Declaration is recorded, or (b) upon recording by Declarant of a written statement by which the Declarant terminate its rights hereunder.

(b) Declarant may designate a successor declarant or declarants to take and hold some or all of its respective rights, power, privileges and obligations as Declarant under this Declaration, by written instrument recorded in the Clerk's Office. The Association and the Owners shall not enjoy any of the rights, powers, privileges, or obligations of the Declarant unless specifically granted or assigned by this Declaration or by written instrument executed by the Declarant and recorded in the Clerk's Office. The "Declarant's Utility Rights" shall continue to remain vested exclusively in the Declarant even after such time as the Declarant has conveyed some or all of its other rights, title and interest in and to the Lots and all other portions of the property, unless specifically assigned or conveyed as provided herein.

SECTION 4. EXCLUSIVE USE OF THE NAME "PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC." The Declarant is the sole and exclusive owner of, and shall have the sole and exclusive right to use, the name "PROPERTY

OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC." within, on or about and with respect to the property, ventures, trade and housing within, conducted within or about or located on any of the property within Carters Mills East. No party shall use the name "PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC." in connection with any business, neighborhood or organization, nor shall the name "PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC." be placed on or incorporated in any sign or other visible medium without the prior written consent of the Declarant, which consent may be withheld by the Declarant in its sole discretion.

SECTION 5. SEVERABILITY. Invalidation of any one of these covenants or restrictions by judgment or court order shall not affect any other provisions which shall remain in full force and effect.

SECTION 6. INTERPRETATION. Notwithstanding anything contained herein to the contrary, all the provisions of these covenants shall be subject to and conform with the applicable provisions of the Zoning Ordinances and subdivision approval for PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC.. The Declaration shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia. To the extent this declaration contains provisions relating to elements of, or property within, PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. which are not presently a part of PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC., such provisions shall not be deemed applicable unless and until such time, if ever, that such elements or such property become a part of PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC. by the annexation of such property or construction of such elements, or both. However, all provisions which may initially be inapplicable but which become applicable have been applicable beginning on the date that this Declaration is recorded in the Clerk's Office with the same priority as all provisions of this Declaration which are initially applicable.

IN WITNESS WHEREOF, the undersigned, being the owner of PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC., and the Declarant of these restrictions, has caused this Declaration to be executed by Glenn M. Hill, its President, as of the day and year first above written.

ACKNOWLEDGEMENT FOR PRINCIPAL

State of Virginia
County/City of Chesterfield, to wit:

I, Fay D. Williamson, a Notary Public in and for the County/ City and State aforesaid, do certify that Glenn M. Hill whose name is signed to the foregoing bond, personally appeared before me in my County/City and State aforesaid and acknowledged the same to be his act and deed.

My commission expires 10/31/05.

Given under my hand and seal this 18th day of November 2003.

Fay D. Williamson
Notary Public

BY-LAWSOF
PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC.ARTICLE IDEFINITION OF TERMSSECTION 1. DEFINITIONS:

ASSOCIATION is defined as Property Owners' Association of Carter's Mill East, Inc., a Virginia nonstock corporation (Carters Mill East), its successors and assigns, and any other community or owners association within Carters Mill East organized by the Developer or others with the consent of the Developer.

CARTERS MILL EAST is defined as that certain real property shown on a plat of Carters Mill East Subdivision made by BALZER & ASSOCIATES dated 12/6/03 and recorded in the Clerk's Office, Circuit Court of Chesterfield County, Virginia in Plant Book 140, at pages 1-7 and any additions which are annexed thereto.

CLERK'S OFFICE is defined as the Clerk's Office of the Circuit Court of the County of Chesterfield, Virginia.

DECLARANT is defined as Carters Mill East

DECLARANT CONTROL PERIOD is defined as the period of time commencing on the date that this Declaration is recorded in the Clerk's Office and ending when the last lot in Carters Mill East is sold or the declarant relinquishes its control, whichever event occurs first.

DECLARANT'S UTILITY RIGHTS is defined as the exclusive and assignable rights, powers, easements and privileges hereby reserved by the Declarant to go on, over, under and upon every portion of the property of Carters Mill Common Area and the Recreational Facilities except those portions upon which structures have been erected, to erect, lay, implant, construct, maintain, extend, use and repair electric, television, and telephone poles, wires, cables, and conduits, drainage ways, sewers, water mains and other suitable equipment for the conveyance and use of electricity, telephone equipment, gas, water, sewer, drainage and other public and private conveniences and utilities, including the right to locate, construct, maintain, use and repair wells, pumping stations and water pressure regulating vaults. These rights include the right to cut any trees, bushes or shrubbery and the right to make any gratings of the soil or take any similar action reasonably necessary to provide and extend economical and safe installation and maintain reasonable standards of health, safety and appearance. The Declarant's Utility Rights shall also include the exclusive and alienable right to sell, grant and convey or dedicate

roadways or other means of vehicular and pedestrian egress and ingress throughout Carters Mill East. The Declarant's utility Rights are and shall be in addition to any and all other easements reserved herein and upon any subdivision plat or other easement agreement.

CARTERS MILL EAST COMMON AREA is defined as all real property owned or to be owned by the Association for the common use and enjoyment of all Owners. The Carters Mill East Common Area shall consist of all property conveyed to the Association which is designated or described as common area and shall include all property shown on any subdivision plat, any plat attached to a deed of conveyance from Declarant or otherwise recorded by the Declarant in the Clerk's Office, which is designated as Carters Mill East Common Area. Each portion of Carters Mill East Common Area shall be deemed to have been created as Carters Mill East Common Area on the date that the plat first depicting and describing such portion as Carters Mill East Common Area is recorded in the Clerk's Office. Any portion of Carters Mill East Common Area may be conveyed by the Declarant to the Association at any time after or contemporaneously with its creation, and the Association shall be bound to accept any property conveyed to it by the Declarant as Carters Mill East Common Area. All easements reserved by and or conveyed to the Association for the common use, benefit and enjoyment of the Owners or which are otherwise depicted upon a plat, recorded in the Clerk's Office, shall be deemed to be Carters Mill East Common Area.

DECLARATION is defined as this Declaration of Covenants and Restrictions as well as all amendments hereto which are properly effected.

IMPROVED LOT is defined as a Lot upon which a residence has been substantially completed. A residence shall be deemed to be substantially completed upon the earlier to occur of (i) issuance of a temporary or final Certificate of Occupancy; or (ii) twelve (12) months from the date that a Building Permit for the residence is issued.

LOT is defined as any Lot depicted upon any subdivision plat approved by the County of Chesterfield, Virginia and recorded in the Clerk's Office which effects a subdivision of any land within Carters Mill East, including any Lot upon which a single family residence can be constructed. Lot does not include any area depicted as Common Area, easements or the like.

LOT OWNER or OWNER is defined as the record owner, whether one or more persons or entities, of a fee simple title to any Lot, including the Declarant, but excluding those having such interest merely as security for the payment of a debt of the performance of and obligation.

MORTGAGE is defined as any first priority Deed of Trust or Mortgage which secures a loan or indebtedness made, insured or guaranteed by an institutional lender, insurer or guarantor which encumbers or constitutes a lien upon any property within Carters Mill East.

MORTGAGEE is defined as any institutional lender, insurer or guarantor of a loan or indebtedness secured by a first priority Deed of Trust or Mortgage which encumber or constitutes a lien upon any property within Carters Mill East.

SECTION 2. INTERPRETATION. The definitions and text contained in the Article are substantive and not solely illustrative or precatory. The provisions of the Article shall be given full force and effect and shall govern the construction of the Declaration.

ARTICLE II

MEMBERSHIP AND VOTING RIGHTS

SECTION 1. MEMBERSHIP Every Lot Owner shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of a lot. When more than one person holds an interest in any property in Carters Mill East to which a vote is allocated, all such persons shall be members. In any instance where the members are entitled to personally cast their votes and when more than one person holds an interest in property within Carters Mill East: (a) the vote for such property shall be exercised as the co-owners among themselves determine, but no more votes may be cast with respect to such property than have been allocated to such property; (b) if only one co-owner of property casts the votes allocable to that property, the presiding officer at the meeting at which such vote is to be cast shall deem that the vote allocatable to such property is to be cast by such co-owner; and (c) if the parties together entitled to cast a vote with respect to property in which they hold a co-interest cannot among themselves determine how to exercise such vote, the presiding officer of the meeting at which such vote is to be cast shall disallow the vote with respect to such property.

SECTION 2. VOTING RIGHTS The Association shall have the following classes of voting membership;

Class A. Class A members shall be the owners (with the exception of the Declarant during the Declarant Control Period) of all improved lots, who shall be entitled to one vote for each Improved Lot owned;

Class B. Class B members shall be the Declarant which, during the Declarant Control Period, shall be entitled to three (3) votes for each Lot within Carters Mill East owned by it. After the Declarant Control Period, to the extent the Declarant owns any Lots in Carters Mill East, it shall be either a Class A or Class B member.

SECTION 3. DECLARANT CONTROL. During the Declarant Control Period, the Declarant shall have the sole and absolute right to appoint, in its sole and absolute discretion, the members of the Board of Directors.

ARTICLE III

SECTION 1. ANNUAL MEETING: The first Annual Meeting of the Members shall be held within twelve (12) months from the date of the incorporation of the Association, subsequent meeting of the members shall be held on the first Monday in January of each year. If that day is a legal holiday, the annual meeting shall be held on the next succeeding day not a legal holiday.

SECTION 2. OTHER MEETINGS: All meetings of the members shall be held at the times or places fixed by the Board of Directors. The time and place shall be stated in the Notice or Waiver of Notice of each meeting. Meetings of the members shall be held whenever called by

the President or the Secretary, by a majority of the Directors, or upon the written request of the members who are entitled to cast one-fourth (1/4) of all of the votes of the Type A membership.

SECTION 3. NOTICE OF MEETINGS Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least fifteen (15) days (but no more than sixty [60] days) before such meeting to each Member entitled to vote, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of the notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

SECTION 4. QUORUM AND VOTING: The holders of 30% of the votes of each class of membership entitled to vote shall constitute a quorum at any meeting of the members. Less than a quorum may adjourn the meeting to a fixed time and place, no further notice of any adjourned meeting being required.

SECTION 5. CONDUCT OF MEETINGS: The President shall preside over all meetings of the Members. If he or she is not present, any vice President shall preside. If none of such officers are present, a Chairman shall be elected by the meeting. The Secretary of the Association shall act as Secretary of all the meetings if he or she is present. If he or she is not present, the Assistant Secretary shall act as Secretary, and if he or she is not present, the Chairman shall appoint a Secretary of the meeting. The Chairman of the meeting may appoint one or more inspectors of the election to determine the qualification of voters, the validity of proxies, and the results of ballots.

SECTION 6. VOTING: At every meeting of the Members, each Type A Member shall have the right to cast one (1) vote for each Type A membership which he owns on each question. The vote of the Members representing fifty-one percent (51%) of the total of the votes at the meeting, in person or by proxy, calculated as aforesaid, shall be necessary to decide any question brought before such meeting, unless the question is one upon which, by the express Declaration or of these By-laws, a different vote is required, in which case such express provision shall govern and control. The vote for any membership which is owned by more than one person may be exercised by any of the co-owners present at any meeting unless any objection or protest by any other owner of such membership is noted at such meeting. In the event all of the co-owners of any membership who are present at any meeting of the Members are unable to agree on the manner in which the votes for such membership shall be cast on any particular questions, then such vote shall be counted as a fraction of one vote in proportion to the total number of co-owners of a membership for purposes of deciding that question. In the event any membership is owned by a corporation, then the vote for any such membership shall be cast by a person designated in a certificate signed by the President or any Vice President of such corporation and attested by the Secretary or an Assistant Secretary of such corporation and filed with the Secretary of the Association, prior to or during the meeting. The vote for any membership which is owned by a trust or partnership may be exercised by any trustee or partner thereof, as the case may be, and, unless any objection or protest by any other such trustee or partner is noted at such meeting, the Chairman of such meeting shall have no duty to inquire as to the authority of the person casting such vote or votes. No Type A Member shall be eligible to vote, either in person or by proxy, or to be elected to the Board of Directors, who is shown on the books or management accounts of the Association to be more than sixty (60) days delinquent in any payment due the Association.

SECTION 7. PROXIES. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot. No proxy shall be valid after eleven (11) months from its date, unless otherwise provided in the proxy.

ARTICLE IV BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

SECTION 1. NUMBER: The affairs of the Association shall be managed by a Board of Directors initially consisting of three (3) natural persons. During the declarant control period, the declarant shall designate the members of the board of directors and the term that each shall serve as a member of the Board of Directors.

Members of the Board of Directors need not be members of the Association.

SECTION 2. ELECTION OF BOARD OF DIRECTORS: Once the declarant control period ends or at the time the declarant relinquishes to the Association the right to elect the members of the Board of Directors which ever event occurs first, the election of the Board of Directors shall take place as follows:

Each type A and type B member (if applicable) shall cast the total number of votes to which he/she is entitled for each vacancy on the Board of Directors cumulative voting shall not be allowed. Each director shall be elected by a majority of those members voting.

SECTION 3. TERM OF OFFICE: At the first annual meeting in which Directors are elected, by the Members, the Members shall elect one (1) Director for a term of three (3) years, one (1) Director for a term of two (2) years, and the remaining Director(s) for a term of one (1) year; and at each annual meeting thereafter, the Members shall elect a Director to each vacancy for a term of three (3) years.

SECTION 4. REMOVAL: After the first annual meeting of the Members, at which time the Directors are elected by the Members, any Director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. Prior to the first annual meeting of the Members any Director may be removed from the Board, with or without cause, by the Declarant. In the event of death, resignation or removal of a Director, his successor shall be selected by the remaining Members of the Board and shall serve for the unexpired term of his predecessor.

SECTION 5. COMPENSATION: No director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

SECTION 6. ACTION TAKEN WITHOUT A MEETING: The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors and such approval is filed with the minutes of the proceedings of the Board of Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

**ARTICLE V
BOARD OF DIRECTORS**

SECTION 1. NUMBER, ELECTION AND TERMS: The Board of Directors shall be elected at the Annual Meeting of the Stockholders or at any special meeting held in lieu thereof. The number of the Directors shall initially be three who shall be designated by the Declarant.

**ARTICLE VI
NOMINATION AND ELECTION OF DIRECTORS**

SECTION 1. NOMINATION: Nomination for election to the Board of Directors, commencing with the first annual meeting of Members shall be made by the floor at the annual meeting.

SECTION 2. ELECTION: Election to the Board of Directors shall be by secret written ballot. At such election the Members of their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

**ARTICLE VII
MEETINGS OF DIRECTORS**

SECTION 1. REGULAR MEETINGS: Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors, but at least two (2) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone or telegraph, at least six (6) days prior to the date named for such meeting.

SECTION 2. SPECIAL MEETING: Special meeting of the Board of Directors may be called by the President on three (3) days' notice of each Director, given personally or by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of any two (2) of the Directors.

SECTION 3. QUORUM: A majority of the number of Directors shall constitute a quorum of the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

SECTION 4. FIDELITY BONDS: The Board of Directors may require that all officers, Directors and employees of the Association regularly handling or otherwise responsible for the funds of the Association shall furnish adequate fidelity bonds or equivalent insurance against acts of dishonesty. The premiums on such bonds or insurance shall be paid by the Association.

**ACTION VIII
POWERS AND DUTIES OF THE BOARD OF DIRECTORS**

SECTION 1. POWERS: The Board of Directors shall have power to:

(a) adopt and publish rules and regulations governing the use of the Common Area, and the personal conduct of the members and their guests hereon, and to establish penalty for the infraction thereof;

(b) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration;

(c) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and

(d) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

SECTION 2. DUTIES: It shall be the duty of the Board of Directors to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Type A Members who are entitled to vote;

(b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) as more fully provided in the Declaration, to:

(1) fix the amount of the annual assessment against each Residential Lot at least thirty (30) days in advance of each annual assessment period;

(2) direct the preparation of an Index of all Residential Lots on the Registration List;

(3) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

(4) foreclose the lien against any property for which assessments are not paid within sixty (60) days after due date or to bring an action at law against the Owner personally obligated to pay the same.

(d) issue, or cause an appropriate office to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(e) procure and maintain adequate liability and hazard insurance on property owned by the Association;

(f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(g) cause the Common Areas to be maintained;

(h) otherwise perform or cause to be performed the functions and obligations of the Board of the Association as provided for in the Declaration and Articles of Incorporation and these Bylaws.

SECTION 3. MANAGEMENT AGENT:

(a) The Board of Directors may but shall not be required to employ for the Association a management agent or manager (the "Management Agent") at a rate of compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall from time to time authorize in writing. Any management agreement entered into by the Association shall provide, inter alia, that such agreement may be terminated for cause by either party upon thirty (30) day's written notice thereof to the other party and without cause upon ninety (90) days' written notice to the other party. The term of any such management agreement shall not exceed one (1) year; provided, however, that the term of any

such management agreement may be renewable by mutual agreement of the parties for successive one-year periods.

**ARTICLE IX
OFFICERS AND THEIR DUTIES**

SECTION 1. ENUMERATION OF OFFICERS: The officers of this Association shall be a President and Vice President, who shall at all times be members of the Board of Directors, a Secretary and a Treasurer, and such other officers as the Board may from time to time by resolution create, all of which officers are to be elected by the Board of Directors.

**ARTICLE X
OFFICERS**

SECTION 1. ELECTION: The Officers of the Association shall be a President, a Vice-President, Secretary and Treasurer, all of whom shall be elected by the Board of Directors for a term of one year and shall hold office until their successors are qualified. The Board of Directors shall have the authority to elect one or more Vice Presidents, Assistant Secretaries and Assistant Treasurers as it may deem advisable whose duties shall be established by the members at the time of their election.

SECTION 2. PRESIDENT: The President shall have the general charge and management of the business of the Association, under the supervision of the Board of Directors, shall preside or appoint another to preside at all meetings, shall sign or countersign all contracts and other instruments of the Association; shall make reports to the Directors and members and perform all other duties as are incident to this office, or are properly required of him or her by the Board of Directors. The President shall be a Director.

SECTION 3. SECRETARY: The Secretary shall issue notices for all meetings, shall keep their minutes, shall have charge of and keep the seal of the Association, and affix the same to the certificates of stock when such certificates are signed by the President and Secretary, shall affix the seal, attested by his or her signature, to such other instruments as may require the same, and shall make such reports and perform such other duties as are incident to his or her office, or are properly required by the Board of Directors.

SECTION 4. TREASURER: The Treasurer shall have the care and custody of and be responsible for all the funds and securities of the Association, and for keeping full and accurate accounts of all receipts and disbursements in the books belonging to the Association. He or she shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Association in such depositories as may from time to time be designated by the Board of Directors.

SECTION 5. VICE-PRESIDENT: The Vice-President, shall assume the responsibilities of the President at any meetings at which the President does not attend. He or she shall also assume all obligations of the President should the President for any reason be unable to complete his or her term of office.

SECTION 6. ASSISTANT SECRETARY: The Assistant Secretary, if elected by the Board of Directors, shall assume the responsibilities of the Secretary at any meetings at which the Secretary does not attend. He or she shall also assume all obligations of the Secretary should the Secretary for any reason be unable to complete his or her term of office.

SECTION 7. ASSISTANT TREASURER: The Assistant Treasurer, if elected by the Board of Directors, shall assume the responsibilities of the Treasurer at any meetings at which the Treasurer does not attend. He or she shall also assume all obligations of the Treasurer should the Treasurer for any reason be unable to complete his or her term of office.

SECTION 8. REMOVAL AND VACANCIES: Any officer may be removed summarily with or without cause at any time by the vote of the majority of all of the Directors. Vacancies as to officers shall be first filled by the appropriate assistant officer or vice president, or if none such assistant officer or vice president has been previously elected, by a vote of a majority of the then remaining Directors though less than a quorum.

ARTICLE XI

SECTION 1. INDEMNIFICATION AGAINST LIABILITY: The Association shall, to the extent permitted by law, indemnify and hold harmless each person who shall serve any time as a Director or officer of the Association, from and against any and all claims and liabilities to which such person shall become subject by reason of any action alleged to have been taken or permitted by him or her as such Director or officer and shall reimburse each such person for all legal and other expenses reasonably incurred by him or her in connection with any such claims or liability; provided, however, that no such person will be indemnified against or be reimbursed for any expenses incurred in negligence or willful misconduct.

ARTICLE XII COMMITTEES

The Association may appoint an Architectural Review Board, as provided in the Declaration, In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE XIII INSURANCE

SECTION 1. INSURANCE: The Board of Directors of the Association shall obtain and maintain, to the extent reasonably available, at least the following:

- (a) A comprehensive policy of public liability insurance with a "severability of Interest Endorsement" or its equivalent in such amount and in such forms as may be considered appropriate by the Board of Directors but not less than One Million and No/100 Dollars [\$1,000,000.00] covering all claims for bodily injuries and/or property damage arising out of single occurrence including, but not limited to, legal liability, hired automobile liability, non-owned automobile liability, liability for property of other and, such other risks as shall customarily be covered with respect to projects similar in construction, location and use, including any and all other liability incident to the ownership and use of the Common Areas and facilities or any portion thereof; and
- (b) Workmen's compensation insurance to the extent necessary to comply with any applicable law; and
- (c) A "Legal Expense Indemnity Endorsement," or its equivalent, affording protection for the officers and Directors of the Association for expenses and fees incurred by any of them in defending any suit or settling any claim, judgment or cause of action to which any such officer or Director shall have been made a party by reason of his or her services as such; and
- (d) Such other policies of insurance, including insurance for other risks of a similar or dissimilar nature and fidelity coverage as required by these Bylaws, as are or shall hereafter be considered appropriate by the Board of Directors.

SECTION 2. LIMITATION: Any insurance obtained pursuant to the requirements of this Article shall be subject to the following provisions:

(a) All policies shall be written or reinstated with a company or companies licensed to do business in the State where the project is located and holding a rating of "A + AA" or better in the current edition of Best's Insurance Guide.

(b) Exclusive authority to negotiate losses under said policies shall be vested in the Board of Directors of the Association, or its authorized representative.

(c) In no event shall the insurance coverage obtained and maintained pursuant to the requirements of this Article XI be brought into contribution with insurance purchased by the owners of the Lots or their mortgagees, as herein permitted, and any "no other insurance" or similar clause in any policy obtained by the Association pursuant to the requirements of this Article XI shall exclude such policies from consideration.

(d) All policies shall provide that such policies may not be canceled or substantially modified (including cancellation for non-payment of premium) without at least thirty (30) days' prior written notice to any and all insured's named thereon, including any mortgagee of any Lot who request such notice in writing.

(e) All policies shall contain a waiver of subrogation by the insurer as to any and all claims against the Association, the Board of Directors, the members of the Association and their respective agents, employees or tenants, and of any defenses based upon co-insurance or invalidity arising from the acts of the insured.

ARTICLE XIV

CASUALTY DAMAGE – RECONSTRUCTIN OR REPAIR

SECTION 1. USE OF INSURANCE PROCEEDS: In the event of damage or destruction to the Common Properties by fire or other casualty, the same shall be promptly repaired, replaced or reconstructed in substantial conformity with the original plan and specification for the Common area with the proceeds of insurance available for that purpose, if any.

SECTION 2. PROCEEDS INSUFFICIENT: In the event that the proceeds of insurance are not sufficient to repair damage or destruction of the Common Properties caused by fire or other casualty not insured against, then and in either of those events, upon resolution of the Board of Directors, the repair, replacement and reconstruction of the damage shall be accomplished promptly by the Association at its common expense.

ARTICLE XV

BOOKS AND RECORDS - FISCAL MANAGEMENT

SECTION 1. FISCAL YEAR: The fiscal year of the Association shall begin on the first day of January every year, except for the first fiscal year of the Association which shall begin at the date of recordation of the Declaration among the Land Records for Chesterfield County, Virginia. The commencement date of the fiscal year herein established shall be subject to change by the Board of Directors should the practice of the Association subsequently dictate.

SECTION 2. PRINCIPAL OFFICE - CHANGE OF SAME: The principal office of the Association shall be set forth in the Articles of Incorporation of the Association. The Board of Directors, by appropriate resolution, shall have the authority to change the location of the principal office of the Association from time to time.

SECTION 3. BOOKS AND ACCOUNTS: Books and accounts of the Association shall be kept under the direction of the Secretary and Treasurer or in accordance with generally accepted accounting practices, consistently applied. The same shall include books with detailed accounts, in chronological order, of receipts and of the expenditures and other transactions of the Association and its administration and shall specify the maintenance and repair expenses of the Common Area, services required or provided with respect to the same and any other expenses

incurred by the Association. The amount of any assessment or portion of any assessment, required for payment of any capital expenditure or reserves of the Association shall be credited upon the books of the Association to the "Paid-in-Surplus" account as a capital contribution by the Members.

SECTION 4. ANNUAL STATEMENTS: The Treasurer shall annually, within ninety (90) days after the close of the fiscal year of the Association, prepare and execute under oath a general itemized statement showing the actual assets and liabilities of the Association at the close of such fiscal year, and a statement of revenues, costs and expenses. It shall be necessary to set out in the statement the name of any creditor of the Association owned more than One Thousand and No/100 dollars (\$1,000.00). The Treasurer shall furnish to each member of the Association who may make a written request therefore, a copy of such statement, within thirty (30) days after receipt of such request. Such copy may be furnished to the member either in person or by mail.

SECTION 5. INSPECTION OF BOOKS: The books and accounts of the Association, vouchers accrediting the entries made thereupon and all other records maintained by the Association shall be available for examination by the Members and their duly authorized agents or attorneys, and to the institutional holder of any first mortgage on any Lot and its duly authorized agents or attorneys, during normal business hours and for purposes reasonably related to their respective interest and after reasonable notice. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XVI ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the Residential Lot against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the highest rate of interest allowed by law. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against his Residential Lot, and interest, costs, and reasonable attorneys' fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Residential Lot.

ARTICLE XVII CORPORATE SEAL

The Association may have a seal in circular form having within its circumference the words: Property Owners' Association of Carter's Mill East, Inc., a Virginia corporation.

ARTICLE XVII AMENDMENTS

SECTION 1. These Bylaws may be amended, at a regular or special meeting of the Members, by a vote of a majority of a quorum of Members present in person or by proxy.

SECTION 2. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles of Incorporation shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

**ARTICLE XIX
RIGHTS OF LENDERS**

SECTION 1. CONSENTS BY LENDERS: Any other provision of the Declaration, these Bylaws or the Articles of Incorporation to the contrary notwithstanding, neither the members, the Board of Directors nor the Association shall, by act or omission, take any of the following actions without the prior written consent and approval of two-thirds (2/3) in number of the holders of the first mortgages of record on the Residential Lots;

(a) abandon, partition, alienate, release, hypothecate, dedicate, subdivide, encumber, sell or transfer any of the Common areas directly or indirectly owned by the Association; provided, however, that the granting of rights-of-way, easements and the like for public utilities or for other purposes consistent with the use of the Common area by the members of the Association shall not be considered a transfer within the meaning of this Section; or

(b) abandon or terminate the Declaration; or

(c) modify or amend any substantive provision of the Declaration, or of these Bylaws or of the Articles of Incorporation of the Association; or

(d) merge or consolidate the Association with any other entity or sell, lease, exchange or other transfer all or substantially of the assets of the Association to any other entity; or

(e) substantially modify the method of determining an collecting assessments against an Owner or his residential Lot as provided in the Declaration; or

(f) waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design or the exterior appearances of buildings or structures on the Residential Lots or the exterior maintenance of the Common area; or

(g) fail to maintain fire and extended coverage on insurable Association Common areas on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based on current replacement cost); or

(h) use hazard insurance proceeds for losses to the Common areas for other than the repair, replacement or reconstruction of such Common area.

SECTION 2. ADDITIONAL RIGHTS OF MORTGAGEES - NOTICE: The Association shall promptly notify the holder of the first mortgage on any Residential Lot for which any assessment levied pursuant to the Declaration, or any installment thereof, becomes delinquent for a period in excess of thirty (30) days and the Association shall promptly notify the holder of the first mortgage on any Residential Lot with respect to which any default in any other provision of the Declaration remains uncured for a period in excess of thirty (30) days following the date of such default. Any failure to give any such notice shall not affect the validity or priority of any first mortgage on any Residential Lot and the Protection extended in the Declaration to the holder of any such mortgage shall not be altered, modified or diminished by reason of such failure.

No suit or other proceeding may be brought to foreclose the lien for any assessment levied pursuant to the Declaration except after ten (10) days' written notice to the holder of the first mortgage on the Lot which is the subject matter of such suit or proceeding. If the Association employs a management agent and then subsequently undertakes "self-management," it shall promptly give written notice of such occurrence to all of the holders of the first mortgages of record on the Lots.

Any first mortgagee of any Residential lot may pay any taxes, utility charges or other charge levied against the Common areas which are in default and which may or have become a

charge or lien against any of the Common areas and any such first mortgagee may pay any overdue premiums on any hazard insurance policy or secure new hazard insurance coverage on the lapse of any policy, with respect to the Common area. Any first mortgagee who advances any such payment shall be due immediately reimbursement of the amount so advanced from the Association.

SECTION 3. CASUALTY LOSSES: In the event of substantial damage or destruction to any of the Common areas, the Board of Directors of the Association shall give prompt written notice of such damage or destruction to the holders of all first mortgages of record on the Lots. No provision of the Declaration or the Articles of Incorporation or these Bylaws of the Association shall entitle any Member to any priority over the holder of any first mortgage of record on his Lot with respect to the distribution to such member of any insurance proceeds paid or payable on account of any damage or destruction of any of the Common areas.

SECTION 4. CONDEMINATION OR EMINENT DOMAIN: In the event any part of the Common areas is made the subject matter of any condemnation or eminent domain proceeding, or proposed acquisition to the holders of all first mortgages of record on the Residential Lots. No provision of the Declaration or the Articles of Incorporation or these Bylaws of the Association shall entitle any Member to any priority over the holder of any first mortgage of record on his Residential Lot with respect to the distribution to such Member of the proceeds of any condemnation or settlement relating to a taking of any of the Common area.

ARTICLE XX

INTERPRETATION - MISCELLANEOUS

SECTION 1. CONFLICT: These Bylaws are subordinate and subject to all provisions of the Declaration and to the provisions of the Articles of Incorporation of the Association. All of the terms hereof, except where clearly repugnant to the context, shall have the same meaning as they are defined to have in the Declaration. In the event of any conflict between these Bylaws and the Declaration, the provisions of the Declaration shall control; and in the event of any conflict between these Bylaws and the Articles of Incorporation of the Association, the provisions of the Articles of Incorporation shall control.

SECTION 2. NOTICES: Unless another type of notice is herein elsewhere specifically provided for, any and all notices called for in these Bylaws shall be given in writing.

SECTION 3. SEVERABILITY: In the event any provision or provisions of these Bylaws shall be determined to be invalid, void or unenforceable, such determination shall not render invalid, void or unenforceable any other provisions hereof which can be given effect.

SECTION 4. WAIVER: No restriction, condition, obligation or provisions of these Bylaws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

SECTION 5. CAPTIONS: The captions contained in these Bylaws are for convenience only and are not a part of these Bylaws and are not intended in any way to limit or enlarge the terms and provisions of these bylaws or to aid in the construction thereof.

SECTION 6. GENDER, ETC.: Whenever in the Bylaws the context so requires, the singular number shall include the plural and the converse, and the use of any gender shall be deemed to include all genders.

ARTICLE XXI

COMPLIANCE & DISSOLUTION

The Board and/or Members of the home association are prohibited from dissolving the Association and/or disposing of any real property owned by the Association without the prior written approval of the Directors of the Departments of Planning, Environmental Engineering and Transportation for Chesterfield County, Virginia.

The Association and its Board of Directors shall comply with all applicable zoning ordinances, subdivision zoning conditions, and any subdivision requirements of any other agency of Chesterfield County, Virginia

IN WITNESS WHEREOF, we being all of the Directors of Property Owners' Association of Carter's Mill East, Inc. have hereunto set our hands this _____ day of _____, 2003.

PROPERTY OWNERS' ASSOCIATION OF CARTER'S MILL EAST, INC.

By: *Glen M Hill*
President

VIRGINIA:
IN THE CLERK'S OFFICE OF THE CIRCUIT
COURT OF CHESTERFIELD COUNTY, THE 17 DAY
OF DEC 2003, THIS DEED WAS PRESENTED
AND WITH THE CERTIFICATE... ADMITTED TO
RECORD AT 11:00 O'CLOCK. THE TAX IMPOSED
BY SECTION 58.1-802 IN THE AMOUNT OF
\$.00 HAS BEEN PAID.

TESTE: JUDY L. WORTHINGTON, CLERK